



Draft key forecasting assumptions

Supporting information for the proposed
Long Term Plan 2024-2034 Consultation Document



Draft key forecasting assumptions

The table below identifies potential key assumptions for the 2024-34 LTP which have been informed by the environmental scan. The assumptions will inform the 2024-34 LTP and will be included as part of the consultation document and draft LTP for community consultation.

Please note:

1. 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.
2. "NEW" before an assumption title indicates the assumption is not in the 2021-2031 Long-term Plan, but is proposed to be included in the 2024-2034 Long-term Plan.
3. The 'Level of Uncertainty' column is colour coded to indicate the level of uncertainty: red = high, amber = medium, green = low.

No.	Assumption	Risk	Level of uncertainty	Potential effects and mitigation measures								
Demographics												
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 2022-2054. Council has adopted Infometrics' medium growth scenario in its planning for this LTP												
1.	<p>Our Population Growth</p> <p>A medium growth scenario is assumed under which the District's population will grow at 0.4%pa over 2023 to 2034 and 0%pa over 2034 to 2054. The population will increase to around 35,900 people in 2034, then ease slightly to around 35,700 people in 2054.</p> <p>Population by Community Board <i>(Infometrics medium projection)</i></p> <table border="1"> <thead> <tr> <th>Community Board</th> <th>2023</th> <th>2034</th> <th>2054</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	Community Board	2023	2034	2054					<p>Population growth across the district, each community board area and settlement occurs at a higher rate than the relatively low rates assumed.</p> <p>The assumed population growth is mainly driven by the District continuing to attract new residents in or near the 65-years-and-older age group.</p> <p>Historically this has been the age group in which the District has</p>	Low	<p>Slower or faster population increases may affect service levels, infrastructure expansion, renewal programmes, and costs (where there are an increased or decreased rates requirements). These effects would be exacerbated by the demands on infrastructure and services during the peak holiday periods.</p> <p>Over or underestimating the demand for services based on planned growth (positive or negative) can have a significant effect on financial estimates.</p> <p>The potential effects include:</p>
Community Board	2023	2034	2054									

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2.	<p>Age Demographics</p> <p>The New Zealand population as a whole is ageing, and the District's age demographics reflect this trend. Population ageing is caused by the transition to lower birth rates and lower death rates.</p> <p>Under the assumed medium population</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>	Low	<p>The 65+ age demographic often have fixed incomes, and this may affect their ability to pay rates and recover from disaster events. They may also need new or different services and facilities to promote their well-being.</p> <p>Any significant variation to the assumed aging</p>																								

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	growth scenario, the population aged 65 years and older is projected to increase from 34% of the District's total population in 2023 to 41% in 2033 and 43% in 2053. This means that from 2033 onwards, over two out of every five residents will be aged 65 years or older. The proportion of the population aged 20-64 years of age will drop from 48% of the population in 2023 to 43% in 2033.	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>population profile may result in certain sectors of the community experiencing lower than expected levels of service.</p> <p>If the proportion of younger people grows, the Council may have to redirect funding to particular activities to suit a younger population.</p> <p>The Council will continue to monitor demographic change and adapt or redirect activities to meet those needs where possible, within reasonable costs.</p>
3.	<p>Peak Population</p> <p>The District will continue to attract a summer population increase of around five times the number of permanent residents. Although the COVID-19 pandemic and the damage to roads caused by severe weather events in early 2023 reduced the numbers of visitors for a few years, the 'peak population' numbers are assumed to grow again over the medium to long term (3-10 years).</p> <p>The highest proportion of visitors to the District over the peak summer period (22 December to 5 January) will continue to be from the Auckland and Waikato regions.</p>	<p>Further damage to roads, delays with repairing the roading network and other economic or other drivers could significantly decrease visitor numbers in the short term (1-3 years).</p> <p>The key travel routes for visitors are the state highways that are not managed by the Council.</p>	Medium	<p>Visitors' needs for services and facilities at peak periods put pressure on the Council's infrastructure and services because they are far in excess of what the usually resident population requires 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>
4.	Dwelling Growth		Low	If dwelling numbers grow slower than is projected,



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	<p>In 2023 there are around 27,300 dwellings in the District. A medium growth scenario is assumed under which the number of dwellings will increase by 1,500 between 2023 and 2034, at an average of 140 more dwellings per year. This is a steady fall from a peak of 360 in 2023, driven by a challenging macroeconomic environment in the short-term, and slowing population growth in the long term. From 2038, dwelling numbers are assumed to remain static, reflecting flat population and household growth.</p> <p>Dwelling growth will be strongest between 2022 and 2034 in Matarangi (1.0%pa) and Whitianga (0.8%pa). Growth will be solid in Coromandel (1.0%), Cooks Beach (0.7%pa) and Hāhei (0.7%pa).</p> <p>Even under a zero dwelling growth scenario, construction activity is likely to continue as dwellings reach the end of their economic lives, housing intensification requires demolition of old dwellings, and sea level rise prompts retreat in some areas.</p> <p>Dwelling increase by Community Board <i>(Infometrics medium projection)</i></p>	<p>Economic conditions and the discretionary nature of the housing market cause variations in dwelling growth from that assumed.</p> <p>Dwelling growth in settlements, ward areas and across the District occurs at higher or lower rates than assumed.</p>		<p>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 numbers of dwelling units than projected could put pressure on the Council’s ability to provide infrastructure and services. However, there would be more properties to pay the cost of providing Council infrastructure and services.</p> <p>The Council regularly reviews dwelling unit numbers.</p>



No.	Assumption				Risk	Level of uncertainty	Potential effects and mitigation measures
	Community Board	2022	2034	2054			
	Coromandel-Colville	2,467	2,693	2,696			
	Mercury Bay	9,329	10,311	10,349			
	Tairua-Pāuanui	4,285	4,526	4,529			
	Thames	5,409	5,568	5,570			
	Whangamatā	5,488	5,785	5,795			
	Total	26,978	28,885	28,939			
5.	<p>Rating Unit Growth</p> <p>A medium growth scenario is assumed and rating units are projected to increase by 1.0%pa in 2034, and by 0.3%pa in 2054.</p> <p>Residential rating units are projected based on assumed dwelling growth. Industrial and commercial rating units are projected based on forecast districtwide employment growth.</p> <p>All other rating units are assumed to remain constant over time, which reflects that they are either constrained by available land or limited information is available about their</p>				<p>Rating unit growth occurs at higher or lower rates than assumed in the District, in the community board areas or settlements.</p>	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</p>



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	<p>growth trend.</p> <p>The forecast for rating units over the next ten years is shown on the table below.</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Total number of rating units</th> </tr> </thead> <tbody> <tr><td>2023</td><td>28,210</td></tr> <tr><td>2024</td><td>28,480</td></tr> <tr><td>2025</td><td>28,694</td></tr> <tr><td>2026</td><td>28,896</td></tr> <tr><td>2027</td><td>29,061</td></tr> <tr><td>2028</td><td>29,226</td></tr> <tr><td>2029</td><td>29,396</td></tr> <tr><td>2030</td><td>29,508</td></tr> <tr><td>2031</td><td>29,613</td></tr> <tr><td>2032</td><td>29,701</td></tr> <tr><td>2033</td><td>29,781</td></tr> <tr><td>2034</td><td>29,832</td></tr> </tbody> </table>	Year	Total number of rating units	2023	28,210	2024	28,480	2025	28,694	2026	28,896	2027	29,061	2028	29,226	2029	29,396	2030	29,508	2031	29,613	2032	29,701	2033	29,781	2034	29,832			<p>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> <p>The Council regularly reviews rating unit numbers.</p>
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External Factors																														
6.	Economic Outlook (<i>To be reviewed up to June 2024</i>)	Economic growth stalls or is	High	Ongoing uncertainty in the international, national																										



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	<p>Global and national forecasts signal ongoing uncertainty in economic growth. The Treasury forecasts (https://www.treasury.govt.nz/publications/efu/pre-election-economic-and-fiscal-update-2023) slow national economic growth to continue over the next eighteen months as high inflation necessitates high interest rates. High interest rates are expected to constrain economic growth to a quarterly average of 0.4% over the next year. After a period of slow growth, the Treasury expects annual inflation to return to within the Reserve Bank of New Zealand’s target by December 2024 and interest rates to gradually ease from late 2024. From mid-2025 economic growth is projected to grow slowly. However, the subdued global growth outlook weighs on export demand and prices. From actual GDP growth of 1.2% in 2022, Treasury forecasts future GDP % growth as follows:</p> <table border="1" data-bbox="271 1129 535 1385"> <tbody> <tr> <td>2024</td> <td>1.3%</td> </tr> <tr> <td>2025</td> <td>2.0%</td> </tr> <tr> <td>2026</td> <td>3.3%</td> </tr> <tr> <td>2027</td> <td>3.2%</td> </tr> </tbody> </table>	2024	1.3%	2025	2.0%	2026	3.3%	2027	3.2%	<p>slower than expected.</p>		<p>and local 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>Financial pressures on households and businesses may affect rates affordability (see Assumption 8 below).</p> <p>A cautious approach is needed in the short-term. The Council will regularly monitor economic conditions.</p>
2024	1.3%											
2025	2.0%											
2026	3.3%											
2027	3.2%											



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	<p>The District’s economic momentum is heavily restrained. Despite experiencing a strong resurgence after the COVID-19 pandemic, the severe weather events in 2023 have caused the momentum to ease. Current estimates show annual growth to 30 September 2023 has slowed to 0.8%pa. The weather events and ebbing of national tourism momentum have impacted the local tourism-related sector. The tourism sector will remain under pressure until 2024. Significant pressures remain on the agricultural sector due to high on-farm costs and falling export prices. The reduced flow of visitors and persistent cost-of-living challenges have dragged annual consumer spending growth into the negatives for the first time in several years.</p> <p>Assuming the roading network is fully restored by mid-2024, economic growth in the longer-term can be assumed to return to pre-pandemic (2019) levels and generally follow the national trend in GDP growth, as it has historically.</p>			
7.	<p>Tourist and Visitor Numbers <i>(To be reviewed up to June 2024)</i></p> <p>The number of visitors to the District will remain constrained until work to recover</p>	Visitor numbers may not return	High	Reduced visitor numbers through the period of the Long Term Plan will have a significant negative

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	<p>from the severe weather events in January and February 2023, including repairs to the District's roading network, is completed.</p> <p>An increase in visitors is unlikely in the short-term, while the District's roading and other infrastructure remains in a state of repair and recovery.</p> <p>In the medium to long term visitor numbers will return to pre-pandemic levels.</p>	<p>to pre-pandemic levels in the medium to longer term.</p> <p>Reduced visitor numbers in the medium to longer term will continue to have consequential negative effects for the District's economy and well-being.</p>		<p>impact on the District's economy.</p> <p>The Council's Recovery Plan for the 2023 weather events includes actions to support local businesses with grants and other services to keep them sustained until infrastructure repairs are completed.</p> <p>The implications from increasing or decreasing visitor numbers will be considered in Council's future planning.</p>
8.	<p>[NEW] Rates affordability</p> <p>Average household income will remain static, and the individual share of national GDP over previous 30 years will continue to decrease.</p> <p>The average household income in the District was \$73,500 in 2023, which was lower than the New Zealand average of \$125,177. It is assumed economic affluence will not be a key driver of demand for increased Council services from the majority of the community.</p>	<p>A combination of the ageing population and short-term slow economic growth mean rates affordability is unlikely to change in the medium-long term.</p>	Low	<p>Matters affecting people's income are largely outside the Council's control, a cautious approach is needed in the short-term.</p>
9.	<p>Covid-19 Pandemic</p> <p>It is assumed that New Zealand will avoid significant effects from any resurgence of the Covid-19 virus, and that no further</p>	<p>COVID-19 response measures require a lockdown of the District, Waikato region or more</p>	High	<p>A new COVID-19 variant may substantially reduce the functionality of some Council activities with</p>



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	<p>lockdowns or major border restrictions will be necessary.</p> <p>The effects of the global Covid-19 pandemic will continue to be felt in the short-term (1-3 years) and the pandemic is likely to have as yet unknown longer term consequences. These effects include:</p> <ul style="list-style-type: none"> • Economic impacts – on key sectors such as tourism and related services, on the rural sector due to labour shortages and processing disruptions. • Transport impacts – disruption of global supply chains with flow-on effect to local freight and distribution patterns. • Travel/work behaviour patterns – more people working from home and more flexible working arrangements; travel demand and customer desire are driving changes that could be embedded in the long term. 	<p>broadly.</p> <p>Community expectations about the pandemic being over will have been affirmed by pandemic-related restrictions no longer being in force. Those expectations may flow on to all other aspects of life returning to business-as-usual sooner than is realistically possible. It may also lead to criticism of the Council if progress on Council’s work programme is not seen to be being made quickly enough.</p>		<p>consequential negative impacts on revenue.</p> <p>The Council’s has operational resilience practices in place to ensure essential activities continue to function in the event of a lockdown, and non-essential services have the capacity to operate as fully as is safely possible. The Government continues to monitor for new variants arriving from overseas.</p>
10.	<p>Treaty of Waitangi Settlements <i>(To be reviewed up to June 2024)</i></p> <p>Legislation currently before Parliament, scheduled to be passed in 2024, will implement three settlements with mana whenua in the District. The settlements are for Ngāti Hei, Ngāti Paoa and Ngāti Tara</p>	<p>There will be pressure on the Council’s resources to implement the settlements.</p>	Low	<p>Council will need to respond effectively to new ways of working with iwi. There will be new demands on operating budgets to achieve this.</p> <p>The Council will monitor progress of the legislation</p>



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	<p>Tokanui and include returning some Council reserves to iwi and some reserves being co-managed with iwi.</p>			<p>through Parliament and continue to engage with mana whenua in the District about their aspirations.</p>
11.	<p>Availability of Staff and Contractors</p> <p>It is assumed that we will be able to retain and find skilled staff and contractors to undertake work that is required, to the agreed standards, deadlines and cost.</p>	<p>Due to labour market conditions, some staff vacancies will not be able to be filled in a timely manner. The demand for contractors will also be high and impact their availability.</p>	Medium	<p>Council will continue to take measures, including offering employment arrangements such as flexible work options, competitive remuneration, a range of benefits and relocation support, to both retain and attract skilled staff and contractors as required.</p> <p>Roles that can be performed remotely could potentially be more easily filled, though the number of workers who are willing to live remotely from their jobs is limited.</p>



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12.	<p>Significant Land Use Changes</p> <p>In some areas of the district, there is insufficient land zoned to meet demand for housing and business activities. Spatial planning initiatives will identify areas where significant land use changes are needed.</p> <p>Changes to the District Plan will be needed to provide for future development indicated in spatial plans.</p> <p>The district plan will become fully operative by the end of 2024, making it easier for private plan changes to be progressed.</p>	<p>Rezoning of land cannot be progressed efficiently, due to appeals on changes to the District Plan.</p> <p>Continuing shortage of land for housing- and business activities impact negatively on economic growth and community well-being.</p>	Medium	<p>The 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>
Climate Change				
13.	<p>Climate Change Risks and Impacts</p> <p>The expected risks of climate change for Thames-Coromandel District are based on climate science and projections from the Intergovernmental Panel on Climate Change, National Institute of Water and Atmospheric Research (NIWA) and governmental advice from the Ministry for the Environment.</p> <p>Climate change will affect the District at least in line with predicted national changes such as higher temperatures, sea level rise, longer dry periods and more intense rainfall</p>	<p>There is risk that negative effects associated with climate change occur at a faster rate and with more detrimental effects.</p> <p>If projections are not considered in Council planning, this could impact on asset management, community resilience and legal liabilities.</p>	Moderate	<p>The Council will continue to implement current climate change work in several areas, including the Shoreline Management Pathways project.</p> <p>A Climate Change Strategy will be developed during the first three years of the LTP to identify, integrate and co-ordinate further mitigation and adaptation measures required across Council and the community.</p> <p>Included in the new Climate Change Strategy will be the development of a Climate Change Risk</p>



No.	Assumption	Risk	Level of uncertainty	Potential effects and mitigation measures
	<p>and storm events. Regional projections assume increases in the amount and frequency of rainfall could cause more river flooding in some areas, while longer periods without rainfall will cause drought.</p> <p>Predicted sea level rise and increased storm surges will affect low-lying areas and estuaries and could threaten Council and community infrastructure, affect aquifers by saline intrusion into existing water supply bores, and reduce the efficiency of land drainage in coastal and estuarine areas. This will worsen coastal erosion and flooding and may accelerate long term erosion.</p>			<p>Assessment to inform planning of future mitigation and adaptation/resilience actions.</p>
14.	<p>[NEW] Greenhouse Gas Emissions</p> <p>Current policies (as set out in Aotearoa New Zealand’s Emissions Reduction Plan) will be implemented and New Zealand’s (and the Council’s) emissions will reduce in line with emissions budgets.</p>	<p>Government policy may change or alter significantly and require the Council to adjust its operations accordingly. This is unlikely due to cross-party support for reducing emissions.</p>	Low	<p>The Council will include the development of an Emissions Reduction Plan for its own greenhouse gas emissions in its new Climate Change Strategy, and will continue current work to track its progress towards reduction targets, such as:</p> <ul style="list-style-type: none"> • promoting electric vehicle use • upgrading streetlights to cut electricity use • partnering with Waikato Local Authority Shared Services energy management programme to monitor energy use at all sites, investigate opportunities for energy efficiency improvements and increase the use renewable energy

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				<ul style="list-style-type: none"> working with community groups to improve walking and cycling infrastructure; and putting in place an affordable bus service in Thames.
15.	<p>[NEW] New Zealand Emissions Trading Scheme</p> <p>The New Zealand Emissions Trading Scheme (NZ ETS) costs will rise in the medium to long term as a result of amendments to the Climate Change Response Act 2002, including changes in the NZ ETS settings.</p> <p>The Council will continue its existing waste collection arrangements and maintain the existing network of Refuse Transfer Stations and community resource recovery centres. The Council's participation in the NZ ETS will remain limited to its waste management operations.</p>	<p>Government policy may change or alter significantly and require the Council to adjust its operations accordingly. This is unlikely due to the cross-party support for the Emissions Trading Scheme.</p>	Low	<p>No effect unless there is a major change to the ETS that affects Council's carbon accounting.</p>
16.	<p>[NEW] Natural Hazard/Emergencies</p> <p>Land instability and the resulting slippage is a serious and widespread natural hazard for the District. Coastal erosion also puts many of our communities at risk, particularly if there is a serious weather event.</p> <p>There will be at least one serious weather event every year which will require a State</p>	<p>Increased rainfall volumes and intensities will cause land instability and more land slippages. Temporary sea water inundation of land, and permanent coastal erosion, will cause risks to life and property, economic and community</p>	Medium	<p>Potential effects include: loss of life; ill-health (physical and mental); partial or complete loss or damage to property; impacts on local businesses, the District's economy and delivery of services; damage or loss of Council and community assets and infrastructure; and insurance premiums increased or withdrawn.</p>

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	of Emergency to be declared.	wellbeing.		Mitigation measures include: increased Council investment in services and asset renewals and replacement in order to return services to pre-impact capacity; and increased resourcing of Council's recovery operations and future planning.
17.	<p>[NEW] Roading Recovery <i>(To be reviewed up to June 2024)</i></p> <p>The following milestones in the Recovery Plan will be implemented and achieved:</p> <ul style="list-style-type: none"> for state highways, the partnership with Waka Kotahi is formed and formalised, 50 priority sites to repair and or build resilience are identified, with work planned and funded by central government to proceed. for local roads, all 114 identified repair sites have initial geotechnical assessments completed to assess ongoing risk. Detailed designs and consents are being progressed. A work programme is in place, and estimated budgets/funding confirmed, including the FAR contribution to funding from Waka Kotahi. Repairs to Tapu-Coroglen, Colville and Kennedy Bay Roads are 100% funded by the Crown from the Waka Kotahi RSR programme. 	<p>Further severe weather events may cause more damage to the already fragile roading network, hampering recovery in affected communities and requiring additional repair works.</p> <p>Funding for Waikato Regional Council and central government contributions to the Recovery Plan may be reduced following, respectively, completing of the long term planning process and the general election.</p>	Medium	<p>Achievement of some of the milestones for state highways is outside Council's control because it is dependent on central government work and funding. Council will continue to monitor and keep under review.</p> <p>The Council will continue to work with Waikato Regional Council and central government to confirm funding, and include substantial contingencies in budgets for repair of local roads.</p>



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Legislative Reform				
18.	<p>Resource Management Reform <i>(To be reviewed up to June 2024)</i></p> <p>The Natural and Built Environments Act 2023 and Spatial Planning Act 2023 have been repealed. The provisions of the Resource Management Act 1991 are the law again though the Government intends to replace it.</p> <p>It is assumed any replacement legislation will continue to require the Council to develop, implement and maintain strategic resource management plans, including spatial plans, and to exercise regulatory authorising, monitoring and compliance functions.</p>	<p>The Government has not announced what the planning framework and system in the replacement legislation will be, or when the new legislation will be enacted.</p>	High	<p>A watching brief will be kept on the changing legislative and resource management policy direction of the new Government.</p>
19.	<p>Future for Local Government Review <i>(To be reviewed up to June 2024)</i></p> <p>It is unknown whether (or to what extent) central government will accept the final recommendations of the Review, released in June 2023.</p> <p>It is assumed that:</p> <ul style="list-style-type: none"> the existing role and functions of local government will remain unchanged during the 2024-2034 Long Term Plan 	<p>The changes to the role and function of local government recommended by the Future for Local Government Review will be implemented sooner than anticipated, and there will be significant changes to the role and functions of the Council, and</p>	High	<p>The Council will keep a watching brief on central government's intentions about acceptance and implementation of the Review's recommendations.</p>



No.	Assumption	Risk	Level of uncertainty	Potential effects and mitigation measures
	<p>timeframe;</p> <ul style="list-style-type: none"> the Council will not change its current governance model; and there will be no significant change to the range or nature of services . 	<p>the services it provides.</p> <p>Substantial costs would likely be required to implement the necessary restructuring or establishment costs.</p> <p>Changes in the purpose and role of local government may have substantial impacts on budgets and financial forecasts.</p>		
20.	<p>Water Services Reform Programme <i>(To be reviewed up to June 2024)</i></p> <p>Water services will continue to be managed by the Council in all ten years of the 2024-2034 Long-term Plan. [The Water Services Acts Repeal Act 2024 reversed the reforms made by the previous Government, but alternative legislation to change how councils will manage water services has not yet been announced].</p>	<p>Any new legislation will not provide for water services to continue to be managed by the Council for all ten years of the 2024-2034 Long Term Plan.</p>	High	<p>If new legislation removes management of water services from the Council’s responsibility, the 2024-2034 Long-term Plan and other Council planning documents will need to be amended. A watching brief will be kept on the Government’s policy direction.</p>
Significant Assets				
21.	<p>Lifecycle of significant assets</p> <p>The useful asset life reflects the best estimate available as at forecast date and is based on current asset information held.</p>	<p>Some assets may wear out and fail sooner, or later, than calculated.</p>	Medium	<p>There is no certainty that asset components will last their design lives exactly. However, replacement is budgeted at the expected end of useful life and earlier replacement will result in a</p>

No.	Assumption	Risk	Level of uncertainty	Potential effects and mitigation measures
	The useful life of each class of asset is outlined in the Statement of Accounting Policies for Prospective Financial Statements - Depreciation. Some assets may wear out and fail sooner, or later, than calculated.	There may be inadequate replacement reserves.		loss on disposal of any residual value. 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.
22.	<p>Resource consent standards/property designations</p> <p>All projects in the Long Term Plan that are required to gain resource consent will do so in a timely manner, within the cost estimates provided.</p> <p>Any new property designations required for new wastewater, water, stormwater and solid waste systems, or for the significant upgrading of existing systems, will be able to be obtained 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 not being obtained, or necessary land purchased, before the scheduled time of construction.</p>	Medium	<p>While recent reforms have expedited appeal processes, consenting processes can still be costly.</p> <p>Designation processes have been streamlined but can still be 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>
Financial Assumptions				
23.	<p>Capability to deliver projects</p> <p>Capital expenditure projects will be</p>	The delivery of capital	High	



No.	Assumption	Risk	Level of uncertainty	Potential effects and mitigation measures
	<p>delivered at the same rate or better than previous years (delivery for the 2023/24 financial year is forecast at 85% to 90%).</p>	<p>expenditure projects could be delayed by one or all of the following: availability of materials and labour, the timing of contracts, reduced funding contributions/subsidies from central government and other agencies (such as Waka Kotahi) and the 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> <p>If delivery of the capital programme is delayed, then proposed outcomes will not be achieved in the timeframes originally intended.</p>		<p>Delay in the delivery of capital expenditure projects may mean that:</p> <ul style="list-style-type: none"> • 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 • work will be deferred to later years of the Long Term Plan and affected programmes of work will be rephased accordingly. <p>The financial implication of such delays include lower borrowings and a reduction in the need for rates/debt, although it is expected that most of this would be undertaken/made-up in later years of the Long Term Plan.</p> <p>Some government funding from Waka Kotahi depends on delivery within prescribed timeframes. Consequently, this work is being prioritised to be delivered on time.</p> <p>Establish processes to rationalise capital expenditure programme to ensure delivery teams are realistic about what can be delivered.</p> <p>Establish procurement strategies to provide efficiencies to deliver projects or programmes of work. Continue to bolster internal project management resources.</p>
24.	Third party funding – Waka Kotahi/NZTA		Low	



No.	Assumption	Risk	Level of uncertainty	Potential effects and mitigation measures
	<p>subsidy</p> <p>The NZTA funding assistance rate has been included at the rate of 51%. The Funding Assistance Rate has been set for a three year period from 2024/25. This will be reviewed in 2026 for the following three years.</p>	<p>There is a risk that the subsidy rates may change.</p>		<p>A 1% movement in the funding assistance rate would result in total costs of \$210,000.</p>
25.	<p>Third party funding – Crown funding for roading resilience projects</p> <p>The Coromandel Bypass and Tapu-Coroglen, Colville and Kennedy Bay Road projects will be 100% funded by the Crown from the Waka Kotahi Resilience Strategic Response (RSR) programme.</p>	<p>The Crown will not fund the programme.</p> <p>The Crown will partly fund the programme.</p>	Medium	<p>The projects would not proceed if the Crown did not fund the resilience programme.</p> <p>A lower level of Crown funding for the programme would result in delay in the delivery of these projects and the entire programme.</p> <p>Council will continue to actively engage with transport network users to retain their support, and work in partnership with Waka Kotahi on the implementation of the resilience programme.</p>
26.	<p>Third party funding for Coastal Hazards projects</p> <p>A third party funding (Crown and or other agency funding) assistance rate has been included at the rate of 60%. The funding assistance rate has been set for the 2024 LTP</p>	<p>The Crown will not fund the programme.</p> <p>The Crown will partly fund the</p>	High	<p>The Coastal Hazards projects may not be able to proceed if third party funding is not secured for the works programme.</p> <p>A lower level of third party funding for the</p>



No.	Assumption	Risk	Level of uncertainty	Potential effects and mitigation measures
	period. However, this will be reviewed in three years time as part of the next LTP.	programme.		<p>programme would result in delays in the delivery of these projects and or the scale/scope of the programme being revised.</p> <p>Council will continue to actively engage with third party funding agencies to secure funding for the proposed Coastal Hazards programme.</p> <p>Council will continue to take an adaptive management approach with the Coastal Hazards programme as proposed in the adopted SMP.</p>



No.	Assumption	Risk	Level of uncertainty	Potential effects and mitigation measures																								
27.	<p>Interest rates on borrowing</p> <p>Interest rates will increase beyond those budgeted for in the 10 year Long Term Plan. 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-24</td><td>5.27%</td></tr> <tr><td>Jun-25</td><td>5.18%</td></tr> <tr><td>Jun-26</td><td>5.08%</td></tr> <tr><td>Jun-27</td><td>5.07%</td></tr> <tr><td>Jun-28</td><td>5.24%</td></tr> <tr><td>Jun-29</td><td>5.39%</td></tr> <tr><td>Jun-30</td><td>5.88%</td></tr> <tr><td>Jun-31</td><td>6.13%</td></tr> <tr><td>Jun -32</td><td>6.22%</td></tr> <tr><td>Jun -33</td><td>6.29%</td></tr> <tr><td>Jun-34</td><td>6.34%</td></tr> </tbody> </table> <p>Source: PWC based on cost of funds modelling</p>	Year ending	Average cost of funds	Jun-24	5.27%	Jun-25	5.18%	Jun-26	5.08%	Jun-27	5.07%	Jun-28	5.24%	Jun-29	5.39%	Jun-30	5.88%	Jun-31	6.13%	Jun -32	6.22%	Jun -33	6.29%	Jun-34	6.34%	Interest rates will increase beyond those budgeted for in the 10 year Long Term Plan	Medium	<p>The cost per annum to the Council given a 1% increase in the interest rate is below:</p> <p>\$25M \$250,000 \$50M \$500,000 \$75M \$750,000 \$100M \$1,000,000</p>
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28.	<p>Refinancing term loans/external funding</p> <p>Loan servicing is calculated on a table basis over 30 years for infrastructure, with early repayment if surplus reserves are available.</p>	Significant changes in funding or funding sources may result in a revised capital work programme	Low	The Council expects to maintain a significant lead-in time within which it can seek to lock in alternative funding sources. The Council is a																								

No.	Assumption	Risk	Level of uncertainty	Potential effects and mitigation measures
	Refinancing of external loans is assumed to be readily achieved. The Council will take advantage of external funding opportunities where applicable to augment revenue received from rates.	or changes in levels of service.		guarantor and borrower from the Local Government Funding Agency (LGFA) therefore refinancing risk is low.
29.	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 average likely to reflect growth into the Long Term Plan period. The value of vested assets may be greater than predicted thereby increasing depreciation expense.	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. The value of projected Vested Assets is regularly monitored and any material movements that will impact depreciation are built into forecasted depreciation projections.
30.	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.
31.	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	Currency exchange rates will significantly fluctuate	Low	Variations in pricing for large components will have limited impact on rates as these costs are debt-

No.	Assumption	Risk	Level of uncertainty	Potential effects and mitigation measures
	sourced in New Zealand or abroad) will be assessed in New Zealand dollars.			funded and repaid over the life of the assets.
32.	<p>Forestry</p> <p>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.</p>	Prices will continue to be low for the life of the Long term Plan and the quality of irrigated trees will be reflected in a lower log price.	Medium	While this assumption has a medium level of uncertainty, it has very a low impact because returns from log sales are projected to be a minimal source of income.
33.	<p>Price level changes – rate of inflation</p> <p>The Local Government Cost Index measures the cost drivers specific to local government (e.g. concrete, reinforcing steel, bitumen, roading chip, building materials, energy, wages etc.). This differs significantly from the inflation pressures that affect households and measured by the Consumer Price Index (CPI).</p> <p>BERL were commissioned to provide an independent report to local authorities with the forecast inflation on key cost drivers - BERL (Business & Economic Research Ltd) <i>Cost adjusters 2023 final update</i> report. The measure of inflation is forecast at 2.3% - 3.8% annually.</p>	Price level changes will vary from those used.	Medium	<p>Inflation is affected by external factors, most of which are outside the Council's control and influence. Actual individual indices will at times vary from what has been assumed in the Long-term Plan. The 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 2025	June 2026	June 2027	June 2028	June 2029	June 2030	June 2031	June 2032	June 2033	June 2034
Percentage inflation increase	3.00%	5.30%	7.80%	10.30%	12.80%	15.20%	17.60%	20.00%	22.40%	24.80%