



Strategic Assumptions for Long Term Plan 2021-2031

Rautaki Whakapae mō te Mahere Rae Roa 2021-2031

The Strategic Assumptions are the Council's 'best guess' at how the future may look. They form the basis for planning and are developed from a wide range of sources.

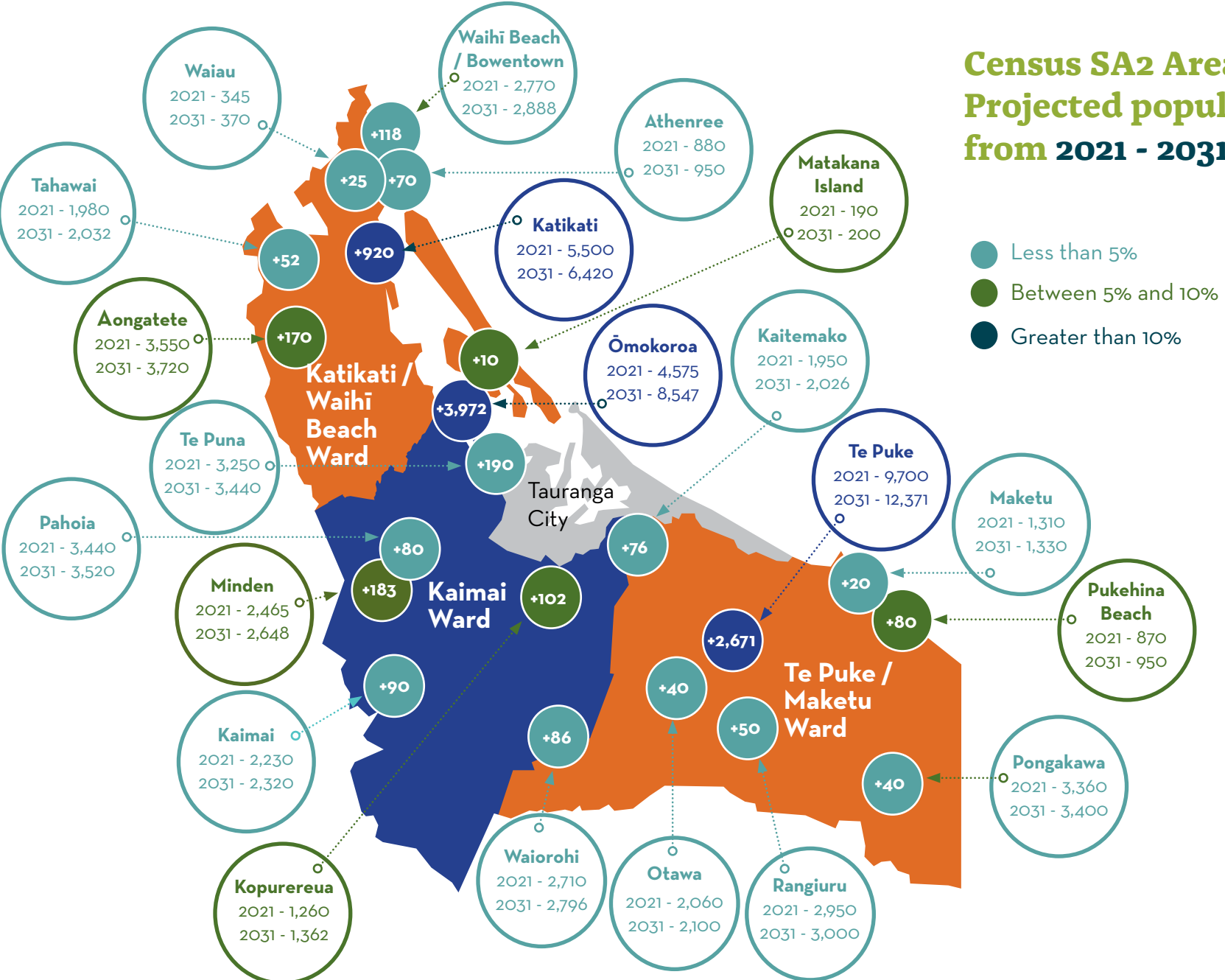
1

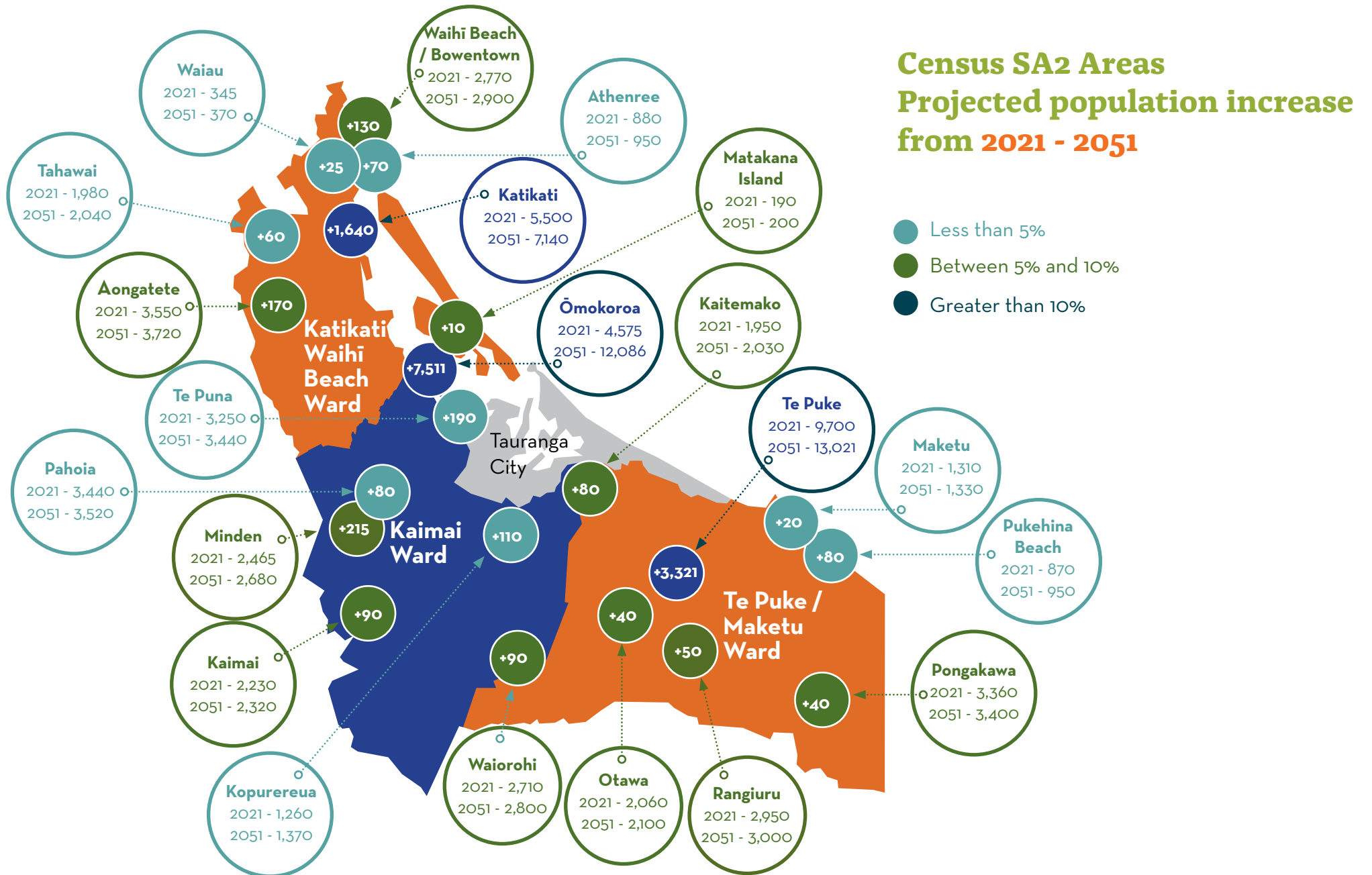
Population growth

Assumption		Implication	Level of uncertainty		Impact	Mitigation
<p>Our District will continue to attract new residents and our population will grow.</p> <p>Growth won't be uniform across the District but will be primarily centered around our urban areas.</p> <p>See table below and maps overleaf for further detail.</p>		<p>Growth affects the number of rateable properties in the District and the expected demand for services and infrastructure.</p> <p>Growth has a lot of benefits but also creates challenges for the delivery of services and funding infrastructure work.</p>	<p>High</p> <p>Based on national assumptions and regional economic projections, we expect sustained growth over the next three years.</p> <p>The potential impacts of COVID-19 have increased the level of uncertainty.</p>		<p>If population growth is faster than expected and the number of rateable properties are under-estimated the consequences are:</p> <ul style="list-style-type: none"> - income growing faster than expected - higher demand for Council services - financial contributions being set too high. <p>Council would respond by bringing forward future expenditure and adjusting financial contributions the following year.</p> <p>If population growth is lower than expected, the consequences are:</p> <ul style="list-style-type: none"> - over-investment in infrastructure and unused capacity - income from rates and financial contributions falling short of budget, meaning debt is repaid more slowly and interest costs increase - financial contributions being set too low for that financial year. <p>Council would respond by funding the shortfall through rates or increasing debt, or by deferring expenditure. Council is well within its prescribed debt limits with borrowing headroom to raise more debt if required.</p>	<p>Council plans for growth in collaboration with TCC, BOPRC, Iwi and Waka Kotahi through SmartGrowth (including the UFTI initiative).</p> <p>Council re-forecasts growth projections each year through the annual plan to ensure infrastructure provision and service delivery are aligned to growth.</p> <p>We will look at actual consent numbers throughout the year.</p> <p>The timing of growth-related projects is managed to provide infrastructure 'just in time'.</p>
Year ended 30 June	New lots (average annual increase)	Growth rate (average annual increase)	Total dwellings	District population		
2021	244	1.04%	23,399	57,355		
2026	340	1.34%	25,352	62,219		
2031	317	1.17%	27,093	66,300		
2036	160	0.57%	28,312	69,102		
2041	100	0.35%	28,957	70,620		
2046	10	0.03%	29,262	71,203		
2051	10	0.03%	29,312	71,367		



Census SA2 Areas Projected population increase from 2021 - 2031





Climate change

Assumption	Implication	Level of uncertainty	Impact	Mitigation
<p>As a result of climate change the Western Bay of Plenty can expect to see:</p> <ul style="list-style-type: none"> • more hot days (temperatures 25 degrees or more) • milder autumns and winters • wetter winters • decreasing summer rainfall with heavier downpours • fewer cold nights and frosts • Rising sea levels (0.52m above MVD 1953 at 2070). <p>Overall there will be more extreme weather and storm events (potentially three times more frequent) and increased risk from natural hazards such as coastal erosion and inundation.</p> <p>Council will plan using RCP8.5, however individual projects will undertake their own modelling as appropriate.</p> <p>This will have social, economic and environmental consequences that are difficult to predict and plan for.</p> <p>The Zero Carbon Act and new regulations will require reporting on the actions Council is taking to move towards zero carbon by 2050.</p>	<p>Council's business must respond to climate change now to ensure a level of preparedness for future impacts. Failure to respond will lead to significant future challenges and costs.</p> <p>The local economy may be negatively impacted by climate change, particularly through changes to growing conditions and susceptibility to new pests.</p> <p>Council will have to meet additional reporting requirements.</p>	<p>Moderate</p> <p>We know climate change will impact on our business, however the exact nature, extent and timing of the impacts is difficult to predict.</p> <p>The major impacts of climate change are expected outside of the 10-year planning horizon.</p>	<p>If the impacts of climate change are felt more severely within the 10 years, the likely consequences are:</p> <ul style="list-style-type: none"> • failure to meet the levels of service, primarily in stormwater (due to infrastructure being undersized) • impacts on Council assets located on the coast • unbudgeted maintenance and / or capital costs due to damage to assets. 	<p>Coastal Erosion Responses Policy, to provide a decision-making framework to address impacts on Council-owned assets on the coast. Asset assessments will be undertaken to identify vulnerability and \$200,000 per annum has been budgeted for coastal erosion works.</p> <p>Council has modelled harbour inundation scenarios, alongside BOPRC and TCC, through the Natural Hazards Charter. Council is also modelling impacts of climate change on our stormwater systems.</p> <p>As a member of the BOP Lifelines Group, Council is investigating the resilience of our infrastructure.</p> <p>Council has developed a Climate Change Action Plan to set out the intended actions to respond to climate change impacts over the next three years. Council will focus on understanding the level of risk our assets face.</p> <p>See from page 31 for more information.</p>

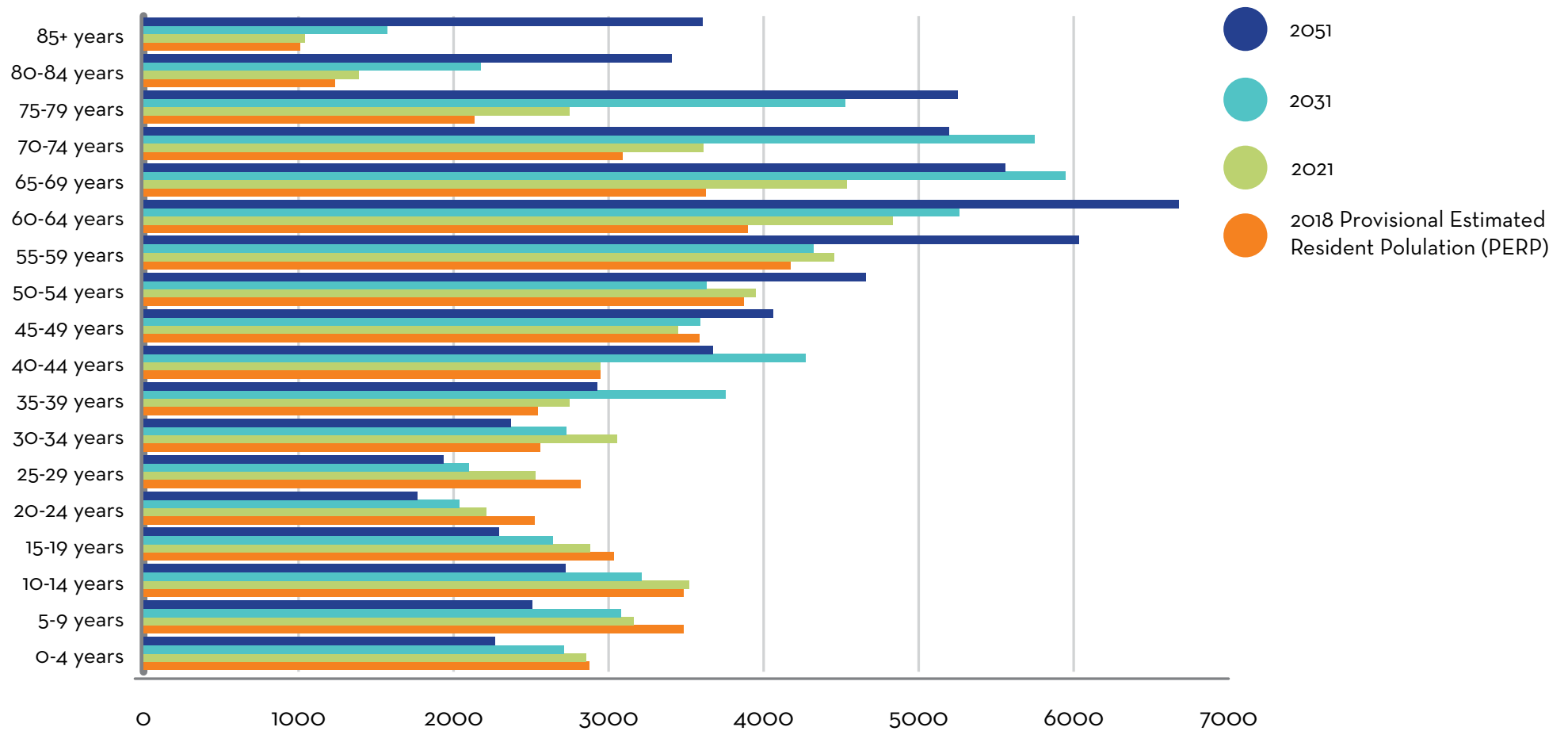
3

Demographics

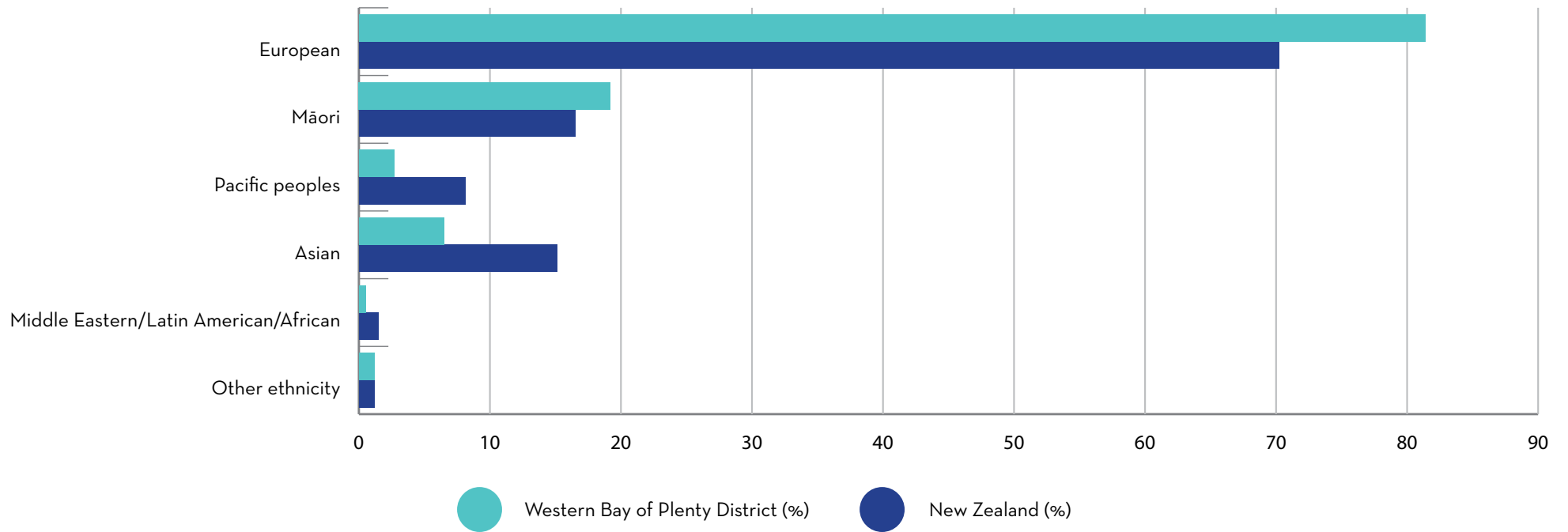
Assumption	Implication	Level of uncertainty	Impact	Mitigation
<p>The make up of our communities will change. As a District we will become older and more diverse.</p> <p>There will be variation between communities as people move and places grow. For example, Te Puke’s average age dropped in the last census.</p> <p>The graphs and charts overleaf provide further detail.</p>	<p>Increasing cooperation between local government and health sectors to understand and deliver healthy environments for residents.</p> <p>Changing household occupancy (ageing population and single occupancy balanced against cultural norms of multiple generations in one house).</p> <p>Impacts on the District’s labour force.</p> <p>Changing methods of engagement to involve different communities and create welcoming, tolerant communities.</p> <p>Continued cultural awareness practices in communities and workplaces.</p> <p>Changing use of infrastructure.</p> <p>Changing recreation patterns may change investment priorities.</p>	<p>Low</p> <p>Some changes such as the ageing population are clear, because they are determined by the make up of the existing population and our current birth rate. Immigration is more difficult to predict and would potentially affect our population growth. The impacts of this have been addressed under the population growth assumption.</p>	<p>An over-estimation or under-estimation of this assumption is considered immaterial – as any major impacts would be felt in population growth changes (addressed under the population growth assumption).</p>	<p>We continually monitor population demographics through SmartGrowth, using census data and NIDEA projections.</p> <p>Our community engagement guidelines assist us to work with communities and respond to their changing needs.</p> <p>We are a funding partner in the Welcoming Communities programme, which assists local communities that have a high number of international migrants.</p> <p>The Spaces and Places Strategy guides our decision making for recreational facilities, and provides a framework to consider changing recreation patterns.</p>



2021-51 LTP Age Projections



Ethnic groups for people in Western Bay of Plenty and New Zealand. (2018 Census)



4

Technology

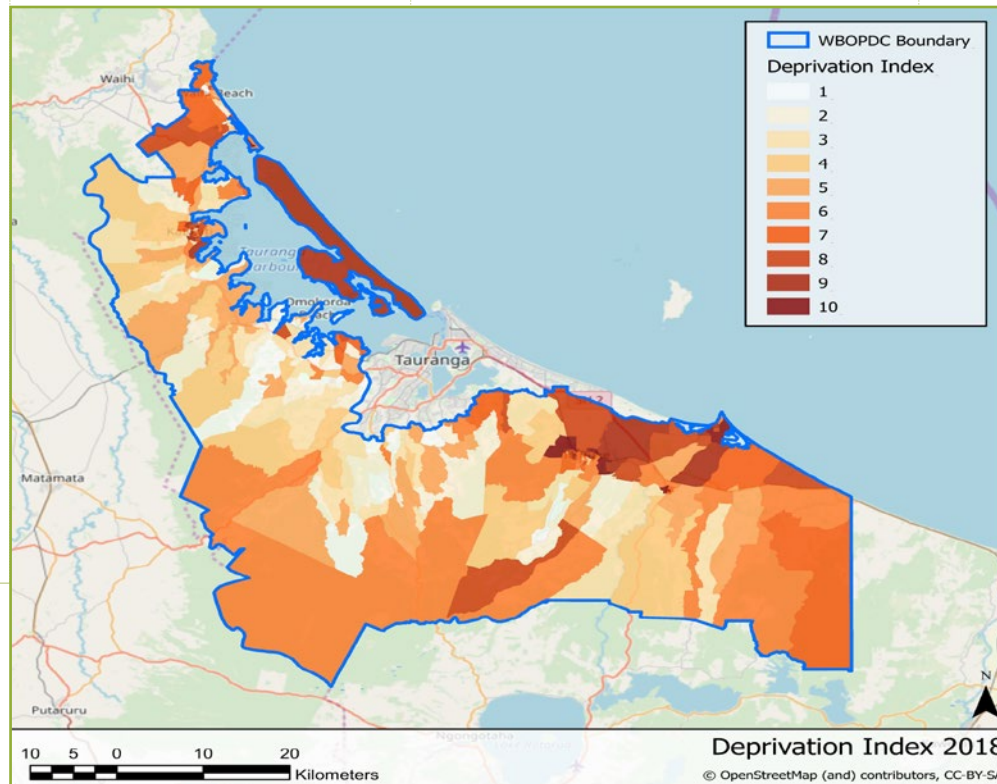
Assumption	Implication	Level of uncertainty	Impact	Mitigation
<p>Technology is changing fast and will continue to do so.</p> <p>We expect to see:</p> <ul style="list-style-type: none"> greater connectivity throughout our District, including rural broadband, fibre in all urban areas, and remedying of mobile blackspots within the 10-year period more digital disruption that is transformational and impacts on the way we live public demand for open data more empowered individuals wanting to co-design solutions to problems new models of asset ownership (called Infrastructure As A Service) smart communities seeking everything 'on demand' and increasing requirements to provide 'real time' information more demand to be able to work from home and carry out 'traditional' business remotely. 	<p>Advances in data and analytics should improve capacity, performance, and reliability of infrastructure, shifting design from meeting peak demand to ways of smoothing out the peaks. This should enable us to get more out of our existing infrastructure.</p> <p>Expect to see changes in how the business operates with increased remote working capabilities.</p> <p>Customer services and how we engage with our customers and communities will change.</p> <p>Increasing connectivity between energy, transportation and technology driving infrastructure investment decisions.</p> <p>There will be increased opportunities to deliver demand management and non-asset solutions as better information is available.</p> <p>More 'localised' micro-solutions may become available and affordable, as opposed to large centralised infrastructure networks.</p>	<p>Low for years 1 - 3. High for years 4 - 10.</p> <p>We know changes will happen, but we don't know exactly when or how disruptive those changes will be.</p>	<p>More infrastructure is likely to become obsolete before the end of its life cycle.</p> <p>Maintenance programmes may be more responsive, leading to less costly repairs.</p> <p>There may be renewal and capital expenditure decisions made on the best available information now, that are inefficient or do not meet future usage requirements. However, disruption is not an excuse for inaction.</p>	<p>Council has budgeted for continued investment into our information technology to better support our operations and improve customer experience.</p> <p>We also have an additional project to look at making the organisation increasingly future ready, with \$8.5 million budgeted over the 10 years.</p>



5

Social

Assumption	Implication	Level of uncertainty	Impact	Mitigation
<p>Equality and equity will continue to be issues. This may increase due to the economic implications of COVID-19 and its unprecedented nature.</p> <p>We have greater income and wealth imbalances than in the past. Some communities have reduced access to services and less ability to pay for services. We expect this imbalance to remain.</p> <p>As a result of COVID-19 it is likely that some residents will be worse off than previously. However, others may also be better off.</p> <p>The map to the right gives an indication of these patterns.</p>	<p>There will be increased demand placed on social services, community support organisations, and relief funds.</p> <p>Council may need to tailor solutions and investment for some communities, to ensure people are receiving the services they need.</p> <p>These may be geographic communities, or parts of the population (eg. older people).</p>	<p>Medium</p> <p>We expect the imbalance between communities to remain, or to change only slightly.</p>	<p>Should the pattern of social-economic wellbeing change radically across our District, Council may have to postpone, amend or add new projects to the work programme.</p> <p>Changes would generally be gradual and as such the overall financial impact would be low.</p>	<p>Regular monitoring of social deprivation index through the LTP cycle.</p> <p>Consideration of social wellbeing and needs through Council projects and plans.</p> <p>Council will continue to build on its strong relationships with community groups and organisations.</p>



6

Economic

Assumption	Implication	Level of uncertainty	Impact	Mitigation
<p>The local economy will return to 2019 levels and grow from 2022.</p> <p>At the District and sub-regional levels, the economic outlook is fairly positive. Our economy has been cushioned from some of the impacts of COVID-19 due to our diverse economy, strong rural sector (especially horticulture) and low reliance on international tourists.</p> <p>The local economy will have largely recovered from the impacts of COVID-19 by close of 2022 with growth above 2019 levels.</p> <p>On the back of strong and continued population growth, the Western Bay of Plenty's economy is projected to continue to grow. We are part of the Golden Triangle (Auckland / Waikato / Bay of Plenty) and our economic growth is expected to be above the national average.</p> <p>We expect to see an increase in 'sustainable' low waste, low emission business practices as standard.</p> <p>We expect to see:</p> <ul style="list-style-type: none"> • significant growth in the kiwifruit industry • growth in the avocado industry • growth in domestic tourism. 	<p>The kiwifruit industry is a high water user and its water demand will increase. This may put pressure on resources and infrastructure.</p> <p>Continued economic growth will require provision of business land. Demands for freight movement will need consideration in transport network planning.</p> <p>Growth in tourism means targeted infrastructure investment may be needed (such as toilets in rest areas, upgraded walking tracks). This will require cooperation with central government agencies.</p> <p>There may be increased pressure on the natural environment from increased use.</p> <p>The demands on the capacity of industry to deliver infrastructure projects may mean increased competition, leading to increased prices and possibly time delays.</p>	<p>High</p> <p>Forecasts align with national forecasts for economic growth and local trends, however the impacts of COVID-19 are uncertain.</p>	<p>Moderate</p> <p>The level of economic activity and growth in the District can directly impact ratepayers' ability to pay, while also influencing the level of financial contributions collected as development occurs or the level of demand placed on infrastructure.</p> <p>Investment decisions will be made cognisant of this uncertainty.</p>	<p>Continual monitoring of the situation and 'just in time' infrastructure will aid in mitigating some of these issues.</p> <p>Council will continually monitor the District's economic situation and may revise any plans, with consultation through Annual Plans if necessary.</p> <p>Council will continue to provide funding for organisations such as Priority One, Tourism BOP, Te Puke EDG, and Katch Katikati.</p>

7

Environmental

Assumption	Implication	Level of uncertainty	Impact	Mitigation
<p>Environmental sustainability will play an increasingly important role in decision making.</p> <p>In line with the changing global environment, environmental sustainability will continue to be a requirement. We expect to see:</p> <ul style="list-style-type: none"> • increasing standards for water quality • increasing requirements for efficient use of water • increasing expectation for waste minimisation • continued movement towards a low carbon operation and low carbon transportation network • an increasing focus on the management and use of harbour and coastal margins, as a result of the NZ Coastal Policy Statement and sea level rise. 	<p>A business as usual approach to asset renewals and capital projects is likely to be insufficient to address new requirements. Changes are likely to come with higher capital and operational costs.</p> <p>These may be offset through joint funding of capital projects with central government agencies and other local authorities.</p>	<p>Low</p> <p>Implementation of recently revised legislation is expected to address water quality and efficient use of water and increased planning requirements are anticipated through a series of new national party statements. See page 99 for more details.</p> <p>The Zero Carbon Act provides a strong government direction for the nation.</p> <p>Council's Waste Management and Minimisation Plan emphasises the need for waste reduction.</p>	<p>Low</p> <p>Sudden increase in expectations or requirements may have significant impact on current operations or capital projects, however planning and implementation timeframes will mean sudden changes are unlikely.</p>	<p>Council has included additional budgets to address increased standards for our three waters services and for predicted increased requirements as part of resource consent renewals.</p> <p>Council is working to reduce our organisational carbon impacts.</p>



8

Community expectations

Assumption	Implication	Level of uncertainty	Impact	Mitigation
<p>Our communities continue to have higher expectations for delivery of Council services.</p> <p>We expect to see:</p> <ul style="list-style-type: none"> continued demands to not only maintain, but also improve levels of service across all of Council's business (with increased associated costs) continued demands from the community to keep rates as low as possible continued requirements of increased environmental standards and environmental sustainability demands for social sustainability and investment. <p>Level of service changes are signalled in the LTP (for example for libraries, recreation facilities, swimming pools, cycleway and kerbside waste collections).</p>	<p>Council will need to continue to find innovative ways to fund service delivery, other than through rates.</p> <p>There will be tension between differing expectations between different groups.</p> <p>The key principle of 'growth pays for growth' needs to be balanced against the uncertainties of when population growth will occur and how Council can then fund growth-related infrastructure projects where these are required in advance of growth occurring.</p>	<p>Low</p> <p>Community expectations are frequently communicated with Council and level of service changes consulted on through the LTP process.</p>	<p>Low</p> <p>Level of service changes are often undertaken incrementally and with subsequent projects reassessed and possibly open to consultation.</p>	<p>Council actively seeks community input into decision making.</p> <p>Feedback is sought through the LTP 2021-2031 consultation processes on level of service changes.</p>

9

Political

Assumption	Implication	Level of uncertainty	Impact	Mitigation
<p>There will be increased collaboration.</p> <p>Working with other organisations can deliver multiple benefits and thinking 'outside the square'.</p> <p>We expect to see:</p> <ul style="list-style-type: none"> continued emphasis on partnerships across the community and organisations, and shared service models increasing public demand for different models of services delivery and community input more legislative changes that will impact on the way Council does business, such as Urban Development Authorities. 	<p>Council will need to be flexible in order to respond to this changing environment. It's important we maintain collaborative arrangements and look to build capability, as there will be an increased push for them in the future.</p>	<p>Low</p> <p>This is an observed trend that has been experienced and observed over several years.</p>	<p>Low</p> <p>Collaboration is regularly considered as we look at improvements and operational actions.</p> <p>Use of Urban Development Authorities and Boundary changes will still require a planning process and Council's active involvement.</p>	<p>Council will continue to actively collaborate where benefits can be made for the District. This may occur with other neighbouring council's through joint contract procurement sub-regionally such as through BOPLASS or SmartGrowth, or at a sector level with other provincial and rural Councils.</p> <p>Active involvement and communication is key for Council to mitigate any residual risk this poses.</p>



Community participation

Assumption	Implication	Level of uncertainty	Impact	Mitigation
<p>Communities want to engage with Council's in different ways. They want to be actively involved in decision making. At the same time they are 'time-poor' and it's challenging to get the right level of engagement.</p>	<p>Council will need to continuously evolve the way we engage our communities and be inclusive of all members of our communities.</p> <p>We will need to rethink our traditional project management and delivery structures so that communities can have a greater role in what we do.</p>	<p>Low</p>	<p>Low</p> <p>We will look at different ways to work with, hear from, and involve the community through Council's decision-making processes and projects.</p>	<p>Council will continue to actively engage with our communities through a variety of means.</p>

11

Tangata Whenua

Assumption	Implication	Level of uncertainty	Impact	Mitigation
<p>Partnerships with Māori will continue to increase in importance.</p> <p>The settlement of the Treaty of Waitangi (Te Tiriti o Waitangi) claims in the District will continue over the next 10 years. This will change the economic landscape, and is likely to offer new opportunities for collaboration and partnership.</p>	<p>Council may need to change the way it manages its assets to provide for greater iwi involvement. This may also impact on how we use natural resources, such as our water takes and stormwater discharges. Council is part of a joint committee of iwi authorities and councils, set up to co-govern the Kaituna River, and to look to bring all our efforts into alignment.</p> <p>This will also be a key opportunity, as settlements will provide iwi organisations with the power to invest in economic and social development projects which will ultimately benefit our community as a whole.</p>	<p>Low</p> <p>Treaty settlement processes are finalised, underway or are nearing completion.</p>	<p>Low</p> <p>Council maintains relationships with iwi in our area and will continue to build on these.</p>	<p>Through the development of the LTP 2021-2031, Council has specifically sought input from iwi and Māori.</p> <p>Council will continue to build on the relationships we maintain.</p>



Assumption	Implication	Level of uncertainty	Impact	Mitigation
<p>We expect to see continued focus on the way Council delivers its core services and provides infrastructure for growth.</p> <p>There is likely to be increased regulation aimed at delivering higher public health and environmental standards.</p> <p>Legislative reforms are likely to continue to focus on alternative ways to deliver public services. For example the review of Three Waters and joint Council-controlled organisations for providing services. Similarly the Future of Local Government Review and the Resource Management Act reform will have impacts.</p> <p>There is currently insufficient detail regarding the possible changes to the delivery of Three Waters (water supply, wastewater and stormwater) services. This is similar for the Local Government Review and the Resource Management Act reform work. It is prudent to plan on a business as usual approach to service delivery, but with an allowance for staff time for the initial phases as indicated by Central Government.</p>	<p>Council will need to be involved in any national conversations about service delivery, to ensure we are ready to adapt to any changes that are made at the national level.</p> <p>Costs associated with the impact of legislative changes are unlikely to be recovered from Central Government. These may be substantial.</p> <p>Individual activities of Council may need to make specific assumptions.</p>	<p>Moderate</p> <p>Legislative change and national direction is highly dependent on the political direction and priorities at the time.</p>	<p>High</p> <p>Some changes to the delivery of services could significantly alter how Council functions, however the generally lengthy development process of legislation and implementation phases will allow for suitable planning and may require community consultation.</p> <p>Changes to the delivery of three waters could significantly impact Council's financial position, depending on how this is structured. This could impact the Council's levels of debt, forecast capital and operational expenditure and income. The actual impact can not be quantified at this point.</p>	<p>Continue to watch and input into legislative developments, to ensure a Western Bay of Plenty voice is heard and Council is prepared for any changes.</p>

13

COVID-19

Assumption	Implication	Level of uncertainty	Impact	Mitigation
<p>Disruptive events, such as COVID-19, have significant potential to cause shocks to international, national and local systems.</p> <p>Implications for the District are wide ranging and depend on the level of domestic infection rates, national and international responses.</p> <p>Impacts on the economy and population growth are expected to be greatest, but possibly short term. International tourism is expected to continue to be significantly impacted.</p> <p>Currently we are expecting economic impacts in 2020 and for these to be largely recovered by the close of 2022.</p> <p>We assume that our projects and works will be completed to time, as planned in the LTP, and there will be no significant delays caused directly or indirectly by COVID-19.</p>	<p>Council may need to be in a position to respond to emerging events. Council may consider bringing forward some infrastructure projects in order to help maintain economic activity in the District and support impacted workers.</p> <p>Alternatively, Council may look to defer projects in order to limit additional economic stresses.</p> <p>Council may need to change the way we work and how we use our public spaces to limit infection.</p> <p>Council may need to reschedule the timing of projects and works or reconsider budgets, due to COVID-19.</p>	<p>High</p> <p>The future situation is uncertain and very difficult to predict.</p>	<p>High</p> <p>Implications for Council's growth and financial models and work programmes could be extensive. Council will have to be flexible in its response.</p> <p>The key impact of any lockdowns affecting our District or material/contractor availability, would be potential delays in Council project delivery and associated expenditure.</p>	<p>Council will continue to monitor the situation and may revise any plans, with consultation through Annual Plans if necessary.</p>



Assumption	Implication	Level of uncertainty	Impact	Mitigation
<p>How land is used in the District will change.</p> <p>We expect to see a physical expansion and increased intensification of urban areas. This will generally be in line with the District Plan and the new SmartGrowth Joint Spatial Plan (incorporating the Urban Form and Transport Initiative (UFTI)).</p> <p>This may see an increase in impervious surfaces in urban areas.</p> <p>The Joint Spatial Plan will result in a new urban settlement pattern being developed. This may signal the development of new residential areas. However, this is likely to be in the 10-50 year time period.</p> <p>We will also expect to see continued conversion of dairy land to horticulture over the next 10 years.</p>	<p>Council will have to ensure that services are appropriately sized to accommodate growth and service any growth areas.</p> <p>Similarly, increased horticulture development may have implications for roading.</p>	<p>Low</p> <p>Growth areas are sufficiently well signalled through the District Plan and SmartGrowth. The development of a new settlement pattern will require a political process, community engagement and a high level of technical scrutiny to ensure it is viable.</p> <p>Horticulture growth is currently occurring and has been well signalled by industry.</p>	<p>Moderate</p> <p>Land use changes have direct implications for the design of our services. If this occurs in unexpected areas, or does not occur as planned, then there may be financial implications.</p>	<p>Council will maintain input into SmartGrowth and UFTI.</p> <p>Council will be reviewing the District Plan during the course of this LTP.</p>

15

Inflation rates

Assumption	Implication	Level of uncertainty	Impact	Mitigation
<p>Costs are assumed to increase due to inflation.</p> <p>Financial projections over the 10-year period have been adjusted inline with indices prepared by BERL (September 2020), which deals specifically with the costs local government deal with. Council has identified that the faster rebuild scenario is most suited for our District. The indices are applied according to the types of expenditure that make up each activity.</p> <p>An inflation assumption of 2% has been used for the remaining 20 years of the Infrastructure Strategy.</p> <p>For the Uniform Targeted Rates (UTR) (stormwater, water and wastewater) the inflation rate is defined by Council and is generally based on historic and projected financial information:</p> <p>2022: 3%</p> <p>2023-2031: 1%</p>	<p>Inflation rates impact the expected costs of our services in the future.</p> <p>These vary by activity as the type of goods purchased differ.</p>	<p>Moderate</p> <p>The level of uncertainty for this assumption is moderate. It is difficult to predict inflation over a 10-year period, therefore actual results are likely to vary from these indices, particularly from 2024 onwards.</p>	<p>Moderate</p> <p>If inflation is under-estimated and actual cost increases are materially higher than forecast, budgets for the first year of the LTP may be too low to complete the work scheduled for the year. In such cases the work would be re-scheduled.</p> <p>If inflation is less than forecast, some work may be brought forward from Year 2 of the Plan or surplus revenue held over the following year.</p>	<p>Inflation assumptions are reviewed each year as part of the annual budgeting process.</p>

Projected indexed prices from a 1,000 base in September 2020											
Year	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Roading	1,015	1,048	1,082	1,116	1,151	1,187	1,224	1,261	1,300	1,340	1,381
Planning and regulation	1,014	1,040	1,066	1,094	1,121	1,149	1,178	1,207	1,237	1,267	1,297
Water and environment	978	1,019	1,053	1,089	1,127	1,167	1,202	1,243	1,285	1,328	1,369
Community activity	1,007	1,038	1,067	1,097	1,127	1,159	1,189	1,222	1,256	1,291	1,325

16

Interest rates

Assumption	Implication	Level of uncertainty	Impact	Mitigation
Interest rates will fluctuate over the course of the LTP. However, on average, the interest rate on future term borrowing for the 10 years of the LTP has been estimated at 3.8%.	Interest rates govern the cost of borrowing. While borrowing is beneficial in spreading the cost of infrastructure across all generations that benefit from it, fluctuating interest rates can impact how much we pay.	<p>Low</p> <p>The level of uncertainty for this assumption is low. Council has a high level of confidence in these assumptions, which are based on cost, market information and hedges on existing borrowings through interest rate swaps, in conjunction with advice from New Zealand Treasury experts.</p>	<p>Moderate</p> <p>If interest rate assumptions were too low, it would result in borrowing costs being higher than forecast.</p> <p>If interest rate assumptions were too high, borrowing costs would be lower than forecast. A 0.5% movement on \$150m of debt equates to a \$750k movement in interest expense.</p>	Interest rate assumptions are reviewed each year as part of the annual budgeting process.

17

External funding for projects

Assumption	Implication	Level of uncertainty	Impact	Mitigation
<p>External funding will be available and some projects will be contingent on this.</p> <p>Council and the community often rely on external funding sources to help deliver projects.</p> <p>Council is aware of approximately \$87m of community and recreation facility projects that the community is wanting to deliver over the next 10 years. Where Council is planning on making a contribution, this has been included in the LTP. Otherwise it is assumed that the projects will be delivered with external funding and that there will be no ongoing cost to Council.</p> <p>Council is able to access central government funds in some situations to assist with delivery of projects. It is assumed these projects will not be delivered unless there is certainty of funds from Central Government.</p> <p>There will be more central government funding available in the early years of the LTP, as part of the economic recovery response to COVID-19. However, there will be less funding available from other sectors (philanthropic organisations).</p>	<p>Some projects will only be progressed with sufficient external funding.</p>	<p>High</p> <p>The level of uncertainty for this assumption is high. It is difficult to predict whether community groups and Council for that matter will be successful in obtaining external funding for projects.</p> <p>The level of funding available may vary from our assumptions.</p>	<p>Moderate</p> <p>If the project is unable to secure funds then Council may be approached to meet any shortfall. If this is the case, this request will be considered through the annual budget process. If the project does not proceed, Council will remove the funding contribution (if applicable) from the budget.</p>	<p>Council will continue to talk with partnering agencies regarding funding availability.</p>



Asset lifecycles

Assumption	Implication	Level of uncertainty	Impact	Mitigation (revise through LTP)
<p>Asset lifecycles will align with those forecast and used as the basis of depreciation. It is assumed that assets will be replaced at the end of their useful life.</p> <p>Please refer to the depreciation section of Council's Significant Accounting Policies.</p>	<p>Asset life cycles drive our renewals and maintenance schedules.</p>	<p>Low</p> <p>Asset condition is monitored to ensure that maintenance or replacement is optimised.</p>	<p>Low</p> <p>Several asset classes have very young infrastructure (they have a long time until their theoretical end of life). As such the likelihood of significant levels of failures or early replacement is muted for Council.</p>	<p>Council will continue to maintain its asset management processes and plan accordingly.</p>





Pyes Pa School