LTP 2021-2031 Assumptions

Forecasting Assumption 2021-31	Description of Risk 2021-31	Impact if assumption not correct 2021-31	Mitigation 2021-31
COVID-19			
New Zealand avoids a widespread outbreak of COVID-19 and is at Alert Level 1 throughout 2021. Strict border restrictions remain in place until the end of 2021. From the September quarter 2020, New Zealand's economy begins to recover. There is a gradual recovery in demand from New Zealand's trading partner economies.	A resurgence of the virus in New Zealand requiring a return to a higher Alert Level. This would cause major impacts on Council service delivery, especially if Alert Levels 3 or 4 were returned to.	High	Technology is in place to support essential services. Risk to personnel is minimised and mitigated through contact management with those displaying symptoms. Continued investment in, and implementation of remote working capacity and organisational procedures to enable contactless service delivery will help minimise the risk of transmission, and assist in continuous service delivery. Developing and refining continuity and response plans to quickly adapt to pandemic and Alert Level changes will further assist in workflow and service delivery.
Population growth			
Nelson's population is expected to increase by just under 2,500 between 2021 and 2031 to 57,180. The rate of increase for the first three years of the LTP is expected to be low. This is forecast to increase to the medium rate for the subsequent seven years. The rates of growth are based on projections combining Statistics New Zealand and commissioned demographic analysis data. There are a large number of variables associated with the COVID-19 crisis, which will impact migration into and out of Nelson, including border closures and increasing unemployment.	That growth is higher than projected, putting pressure on Council services and infrastructure or that growth over the term of the LTP is lower than projected.	Low	Council is careful when applying population growth estimates to its infrastructure planning, given the uncertainties, so there is generally a good margin for error should growth be higher than projected. Growth projections are reassessed for each LTP and adjustments made to Council's work programme to affect the new forecasts. New infrastructure is usually built for the medium to long term so there is the ability to draw on that future capacity if population growth is higher than projected. This limits the risk exposure.
Ageing population			
The proportion of the population aged 65 years and over is projected to increase from 21.8% in 2021 to 27.75% in 2031. Conversely, the proportion of the population aged under 15 years is projected to decrease from 17.8% in 2021 to 16.3% in 2031. All net future growth in Nelson is forecast to be within the over 65 age bracket. In the other direction, young people may leave Nelson in greater numbers as a challenging job market may result in making larger cities or educational opportunities more attractive. As the population ages, it is assumed the proportion of our population on fixed incomes will increase, with a corresponding pressure on Council to limit rates increases. An ageing population also requires a different balance of services/facilities/activities and changes in spending patterns across Council activities.	The age profile may vary from the forecast, with accelerated ageing putting pressure on Council to change the type of facilities and services that it provides.	Medium	Risks can be mitigated by Council working with the community to prepare for these changes, and appropriately modifying investments in assets and provision of services.

LTP 2021-2031 Assumptions

Forecasting Assumption 2021-31	Description of Risk 2021-31	Impact if assumption not correct 2021-31	Mitigation 2021-31
Climate change			
Climate Change Hazards Council relies on scientific advice from NIWA and governmental advice from the Ministry for the Environment. The frequency and intensity of some types of natural disaster, e.g. flooding and fire, will increase due to the impacts of climate change. This is consistent with recent experience and with scientific predictions of climate change impacts. Increased risk to low lying land of inundation from sea level rise will occur. Temperatures rising will contribute to increased storm rainfall intensity, and total sea level rise by 2090 is projected to be 0.6m-0.9m above pre-industrial levels, with the rate of rise increasing over this time, and additional rise ongoing well beyond 2100. Vulnerabilities to cultural, environmental and social impacts exist for areas of Nelson including, but not limited to, Nelson Central, The Wood, Monaco Peninsula, Rocks Road, the Maitai River, Matangi Awhio/Auckland Point and the Glen. When preparing the Whakamahere Whakatū Nelson Plan the Dynamic Adaptive Pathways Approach will be incorporated for engagement with the community on coastal and climate change impacts. New policy and strategy frameworks will be prioritised and developed to inform adaptation responses. The most likely scenario for Nelson is a 2.2 degrees Celsius increase of temperatures by the end of the century, and days above 25 degrees Celsius increasing from 17 days a year to 61. Correspondingly, annual rainfall will increase by 16%, and the amount of rainfall experienced in a one-in-100 year event will increase by 22%. Conversely, higher temperatures will bring about periods of more intense drought, which has associated fire risks. For the period of the LTP it is assumed that existing levels of service are sufficient to respond to the effects of climate change, and will continue at current levels. Greenhouse Gas Emissions Council has adopted central government targets and the five year budgets (yet to be determined) for reducing greenhouse gas (GHG) emissions by 5% by 2025. The cost of this sits within each Council activity. After all reasonable and cost-effective emissions reduction opportunities have been explored, a Council-wide offsetting approach will be developed. The contribution of renewable energy sources to the national grid will progressively increase over time. This is expected to contribute to a steady reduction in the carbon footprint of Council assets that draw on mains power. It is also assumed that Central Government will introduce national-level emissions reductions initiatives that will assist Council in achieving its own carbon emission targets. Council should be able to achieve its emissions targets of net zero GHG emissions other than biogenic methane by 2050, and a 24 to 47 percent reduction below 2017 biogenic methane emissions by 2050, including 10 percent reductions below 2017 biogenic methane emissions by 2030.	Climate Change Hazards Increased numbers or severity of increased extreme weather events, such as heavy rainfall with flooding and slip consequences, and dry weather resulting in drought and fire, lead to increased costs for Council in both responding to the events and building greater resilience into infrastructure. There is a risk that inadequate assessment of the likelihood and impact of more frequent higher intensity natural hazard events leaves the Council unprepared to respond appropriately. Underestimation of the impacts will lead to greater disruption to the community and essential services, and increased costs to Council. Over estimation of the impacts may result in Council having over-spent in preparing for risk factors. Continued investment in at-risk areas means that the total value of the property and/or infrastructure that is exposed to such risks could increase, unless part of this investment includes risk mitigation. Greenhouse Gas Emissions Should emissions reduction targets be regarded as too low, public perceptions may be that Council is not taking a leadership position. Conversely, if targets are too high, there is a risk of a failure to meet them, with a corresponding loss of credibility and failure to meet community expectations. Lack of commitment and resource allocation may also result in a failure to achieve targets on time. Failure to directly achieve reductions in emissions could then require offsetting to reach budgets/targets. This could be accommodated through either purchasing carbon credits or sequestration through planting, both of which would increase costs.	High	Climate Change Hazards A characteristic of Nelson is the concentration of lifelines infrastructure (road network, port, airport, wastewater treatment ponds etc.) located in low-lying areas. Council relies on the Ministry for the Environment's guidance, together with our own assessments and those of experts (e.g., scientific advice from the National Institute of Water and Atmospheric Research - NIWA) in estimating sea level rise, and reviews assumptions when the Ministry for the Environment releases updated guidelines to inform mitigation initiatives. Mitigation efforts include work identifying hazards in the draft Nelson Plan and advising affected landowners. In addition, Council intends to commence work with iwi partners, the community and key stakeholders to discuss areas of concern, and consider a range of potential mitigation options and their feasibility. Council is developing Civil Defence Emergency Plans that include climate change considerations. Additionally, Council supports landowners on farming, production and forestry land to minimise/reduce erosion. This is occurring through advice and funding for riparian and coastal planting, as well as investigations into which planting approaches will be best suited for future climate change scenarios. Council is also undertaking a Dynamic Adaptive Pathways Planning Approach through the development of the Nelson Plan. This will allow consideration of risks, values and response options to climate change. Greenhouse Gas Emissions Engagement undertaken with the community to set targets that are both attainable and supported by the community at large. Appropriate allocation of financial and staffing resources to achieve targets. Regular reporting of progress to Council. There is also work to address climate change through • Investing in modal shifts towards public and sustainable transport options such as walking and cycling • Increasing Nelson’s liveability through development and implementation of an Urban Greening Plan and CBD activities • Promoting waste minimisation by working with the community to reduce waste and increasing organic matter composting, including food waste and green matter, and supporting recycling of plastics 1, 2 and 5.

LTP 2021-2031 Assumptions

Forecasting Assumption 2021-31	**Description of Risk 2021-31**	**Impact if assumption not correct 2021-31**	**Mitigation 2021-31**
Useful lives of significant assets			
It is assumed triennial reassessments of the useful lives of significant assets during the ten year period covered by this plan will continue. Significant assets will have lifespans that are consistent with initial assessments. The detail of useful lives for each asset category is covered in the Statement of Accounting Policies.	Assets wearing out earlier than predicted and funding needs to be found for replacements.	Low	Changes would be made to underlying capital expenditure programmes to allocate funding for replacement assets.
Vested Assets			
Vested Assets are engineering assets such as roads, sewers and water mains, paid for by developers and vested to Council on completion of the subdivision. It is assumed that vested assets will remain the same over the term of the Plan as projects from the previous five years are completed. If required, additional budget can be added to the plan on account of private development agreements. However as these agreements occur as and when private developers undertake work, this figure is largely indeterminable in advance. Council assumes that the impact of vested assets will be neutral, in that the costs associated with the additional assets will be offset by a proportionate increase in rates revenue. The impact of higher or lower growth is not considered significant.	Given that forecasts of growth, particularly in the first three years of the LTP, are lower than the 2018-2028 LTP, vested assets are also expected to be lower.	Low	Vested assets must be maintained by Council and depreciation provided for, therefore if growth is higher than forecast Council will increase its budget to maintain those assets.
Inflation/Price changes			
Due to the effects of COVID-19 and the Alert Level lockdowns, New Zealand has entered into a recession. There may be some bounce back in the following quarters as economic activity shifts, which may in turn be followed by further recessionary periods. It is assumed this will have a corresponding impact on demand for products and inflation.	Inflation higher than expected, increasing costs for Council.	Medium	There is likely to be some variation in actual rates of inflation, but Council will continue to rely on current parameters the Reserve Bank is required to operate under in terms of inflation being held within the range of 1%-3%. Current inflation is sitting at 1.5%.

LTP 2021-2031 Assumptions

Forecasting Assumption 2021-31	Description of Risk 2021-31	Impact if assumption not correct 2021-31	Mitigation 2021-31
The economy			
The COVID-19 pandemic has had a significant impact on the New Zealand and Nelson economies and will continue to do so over the LTP period. Lockdowns over the April to June quarter of 2020 led to a quarterly fall in GDP of 12.9%. The number of people on the Jobseekers benefit nationally rose to 204,116 in September 2020, an increase of 43% on the same period last year. The situation remains dynamic and we will not have a settled understanding of the impact for some time. Economic impacts have been defying expectations with stock markets remaining strong, houses prices experiencing record sales and prices, and the labour market has become tight due to increased demand for seasonal labour usually met by migrant workers. In part, this is due to the successful implementation of monetary and fiscal stimulus packages from Central Government, including the wage subsidy, increased government spending and decreased interest rates. The impact of COVID-19 on the economy is heavily sector related at this stage. Sectors associated with tourism such as recreation, hospitality and retail will continue to be adversely impacted as long as New Zealand's international borders remain closed. Tourism numbers are expected to still be at 75% of pre-COVID-19 levels in 2030. Other sectors such as agriculture, construction and manufacturing are largely able to operate as normal. Exports have remained at similar levels throughout the COVID-19 pandemic. The ability of other countries to manage ongoing COVID-19 outbreaks will affect the global economic outlook. Some of New Zealand's markets such as Europe and the US are expected to be hardest hit, while others such as China and other Asian nations are now re-bounding. Any ongoing economic downturn will affect ratepayers and businesses' ability to pay for Council services. Furthermore, it is assumed that the impact of COVID-19 on the economy is likely to disproportionately affect young people and women, due to these groups being more likely to be employed in sectors impacted by COVID-19 as well as part time employment. COVID-19 is also assumed to have an impact on people's wellbeing.	A downturn in the regional economy may exacerbate affordability issues in the community, with some residents and businesses finding it more difficult to meet financial commitments including rates.	Low	A focus on affordability and support for initiatives such as the work of the Nelson Regional Development Agency, combined with ongoing Council investment in maintaining Nelson's attractiveness as a destination for talent and focus on investment by supporting the regional economy. Continued Council investment in projects which will help reinvigorate the economy. It is also expected that the proportion of older adults remaining in the workforce will continue to rise, improving incomes at older ages and somewhat mitigating against forecast workforce shortages. Working with external stakeholders to facilitate ease of job seeking and recruitment outcomes in Nelson, coupled with ensuring economic catalyst projects occur, will support the retention and establishment of jobs. These will be targeted at a range of demographics across the Nelson population.

LTP 2021-2031 Assumptions

Forecasting Assumption 2021-31	Description of Risk 2021-31	Impact if assumption not correct 2021-31	Mitigation 2021-31
Labour market			
There are significant labour market shortages that make it difficult for Council to hire staff with appropriate technical qualifications it needs to deliver work programmes. In the long term sustained labour market shortages are expected, which may be compounded by a decreasing proportion of the population in Nelson being of working age. Shortages in particular skill areas are likely. COVID-19 may further impact this with access to overseas job markets being significantly hindered, potentially offset by skilled returnees increasing the labour market.	A more competitive marketplace with accompanying labour shortages. Council may not be able to deliver work programmes on time due to the absence of enough sufficiently qualified staff. Social requirements, such as balancing demographics among new staff, may increase recruitment costs and timeframes. Greater reliance on consultants to fill temporary workforce gaps may increase costs.	High	Reconsidering service delivery to address skills shortages, and to help maintain work programmes. Remote working options may increase the pool of expertise to recruit from. Changing the work programme to help Council implement a targeted variety of employment scenarios and working arrangements.
Growth in rating units			
The estimated growth in the City's ratings units is 0.6% across the ten years of the Long Term Plan. Year Growth Number of rating units Year on year increase 2021/22 0.6% 22725 2022/23 0.6% 22861 136 2023/24 0.6% 22998 137 2024/25 0.6% 23136 138 2025/26 0.6% 23275 139 2026/27 0.6% 23415 140 2027/28 0.6% 23555 140 2028/29 0.6% 23696 141 2029/30 0.6% 23838 142 2030/31 0.6% 23981 143	Growth in rating units is higher or lower than projected.	Low	Council has used current property information from its valuation service provider (Quotable Value) to assess the level of growth in rating units, along with an assessment of year on year increases from recent years.
Natural disasters			
It is assumed that natural disasters will occur independently of climate change in the Nelson area during the life of the Long Term Plan. Nelson is located on a faultline meaning a major earthquake is not a matter of if but when. Similar risks of landslides and flood events that do not have climate change as a contributing factor are present. Fire risk, particularly in summer, presents a risk to housing and infrastructure in Nelson. Droughts are likely to contribute to the frequency and intensity of fire hazards. Plans are made through the Nelson Tasman Civil Defence Emergency Management Group which illustrate the degree of risk faced by Nelson in terms of natural disasters including earthquakes (infrequent but high consequence) and flooding (likely but lower consequence).	Greater than anticipated magnitude or frequency of natural disaster events resulting in greater costs for Council in both recovery and building greater resilience into infrastructure.	High	A characteristic of Nelson is the concentration of lifelines infrastructure (road network, port, airport, wastewater treatment ponds etc.) on or near hazards such as fault lines, vulnerable soils, low-lying ground and the coast. Increasing awareness of Earthquake Prone Buildings through legislative requirements will increase understanding of earthquake resilience in buildings and infrastructure. Another mitigation effort is the work identifying potential hazards in the draft Nelson Plan and advising affected landowners. Priority has been given to identification (completed) and remediation (over 50% completed as of quarter two 2020/21) of unreinforced masonry buildings in Nelson's central city. Strategic transport routes for emergency response have been identified and approved. Identification of potentially earthquake prone buildings along these routes is to be completed by 2022. Owners of these prioritised buildings will be required to complete seismic work within 12.5 years of identification. Identification of other potentially earthquake prone buildings is to be completed by 2027. Owners of these will have 25 years to complete seismic work.

LTP 2021-2031 Assumptions

Forecasting Assumption 2021-31	Description of Risk 2021-31	Impact if assumption not correct 2021-31	Mitigation 2021-31
Earthquake prone buildings			
It is assumed Council will face ongoing costs with regard to earthquake prone building assets, particularly Council premises in relation to those around Civic House. It is assumed Civic House remains at 100% code compliance. However, decisions about work to be undertaken and the timing of any necessary work will allow costs to be adequately spread. Council as a Territorial Authority is required to identify Earthquake Prone Buildings (EPB) and issue EPB notices. Identification of all priority buildings is completed by 30 June 2022, and all EPB by 30 June 2027.	New work is identified, or required work is more significant than anticipated. Risk that if there is a greater number of actual and potential Earthquake Prone Buildings than anticipated, and that legislative deadlines may not be met. Significant additional expenditure on earthquake strengthening buildings may not be met by assigned budgets.	Medium	Managing staff tasks and time budgets in order to optimise efficiency in dealing with increased workloads. Produce a report evaluation and plan to review buildings and upgrade by the legally required deadline. Review high risk buildings first.
Upcoming Central Government Legislative and Regulatory Changes			
Changes to legislation impacting local government and the economy are likely to take place during the period of the Long Term Plan. It is assumed that central government will work with councils to ensure any legislative and regulatory changes are managed appropriately, and to ensure benefits from its commitment to partnership with the local government sector are realised. It is assumed that any changes will result in increased costs to ratepayers. These changes are in addition to already declared changes below: • National Policy Statements on Urban Development, Indigenous Biodiversity, Air Quality, Highly Productive Land, Discharge to Air of Greenhouse Gases, and Freshwater Management • National Environmental Standards on Freshwater and Marine Aquaculture • Resource Management (Measurement and Reporting of Water Takes) Regulations and Resource Management (Stock Exclusion) Regulations • Repeal of the Resource Management Act.	Central Government's proposed changes will significantly increase Council's work programme and need to be funded through either changes in budgets, increased efficiency, support from central government or higher rates. Increased services, for example in environmental monitoring, should benefit current and future generations. The changes to the National Policy Statement for Freshwater Management will impact monitoring and reporting requirements, plan development and implementation effects for infrastructure and the natural environment. Council's work programme in this area will change correspondingly to respond. Additional information will be included in the final LTP assumptions.	High	By working closely with central government, Council can best understand its obligations under upcoming regulatory and legislative changes. This will allow Council to best forecast what resources will need to be included in the final LTP.
Amalgamation of water services - Three Waters			
Council's budgets for the Long Term Plan 2021-2031 will be prepared assuming that there will be a continuing provision of water services by Council. The current central government work programme proposes that new entities be established to manage the Three Waters services by July 2022. If this arises, Council will incorporate changes into the relevant Annual Plan and/or LTP.	Amalgamation of water provision into a regional entity would require adjustments to the Long Term Plan in regards to water services.	High	Council will continue to engage with central government and neighbouring councils as the policy direction for the Three Waters activities continues. On 13 August 2020, Council entered a Memorandum of Understanding with Central Government to secure funding as well as Council participation. A delivery plan has been submitted to MBIE outlining the planned finances and work programme for the project.

LTP 2021-2031 Assumptions

Forecasting Assumption 2021-31	Description of Risk 2021-31	Impact if assumption not correct 2021-31	Mitigation 2021-31
Cost to deliver Capital projects			
A competitive local market / impact of COVID-19 means tenders are being received with prices above expectations. Furthermore, additional requirements and compliance issues that are included in contractual terms, such as carbon and freshwater requirements and waste minimisation, may increase prices further. It is assumed that this escalation of prices will continue in the medium term. Annual budgets are assumed to be slightly higher from 2024-2031, relative to 2021-2023. Therefore it is assumed that major projects will be completed on time and within budget.	Increases in project prices results in higher costs, with potential upward pressure on rates and debt. Delays in project completion or additional costs may result in other major projects being reassessed in terms of both available budget and timeframes for completion. Important projects that run into significant cost increases, that are deemed essential, may require rates or borrowing increases or reallocation of funds from other projects to offset the higher costs.	High	Increased flexibility in the capital works programme around timing of projects could help mitigate this trend. Reassessing Council's work programme to ensure adequate consultation and analysis prior to work commencing is undertaken so that Council has the best information available.
Delivery of the Capital programme			
New capital budgets have been prepared assuming that they will be delivered. However, Council has made an overall downward adjustment to the total capital programme of approximately 10% per year. This adjustment acknowledges that Council is unlikely to use the full amount of contingency in the programme for every project and enables Council to avoid overfunding the activities.	Delays in project delivery within the capital programme that are greater than the 10% lag assumed. Alternatively that more than 90% of projects within the capital programme are delivered on time than assumed through the 10% lag. If more projects are delivered on time than anticipated, Council's debt will be higher than forecast with an associated increase in interest costs. Delays in project completion or additional costs may result in other major projects being reassessed in terms of both available budget and timeframes for completion. Important projects that run into significant cost increases, that are deemed essential, may require rates or borrowing increases or reallocation of funds from other projects to offset the higher costs.	High	Increased flexibility in the capital works programme around timing of projects could help mitigate this trend. Reassessing Council's work programme to ensure adequate consultation and analysis prior to work commencing is undertaken so that Council has the best information available.
Interest rates			
In preparing the Long Term Plan Council has assumed the following interest rates (figures taken from the 2021-31 LTP): Financial Year 22 - 2.94% 23 - 2.78% 24 - 2.67% 25 - 2.73% 26 - 2.83% 27 - 3.00% 28 - 3.05% 29 - 3.12% 30 - 3.14% 31 - 3.19%	Higher interest rates will increase costs for Council. Lower interest rates will decrease costs.	High	Base interest rate assumptions use the most recent Reserve Bank of New Zealand 90 day bank bill rate forecasts, and long term historical 90 day bank bill averages. Council's all-up interest rate cost includes the current fixed rate borrower swap hedge portfolio and assumptions regarding future credit margins. If actual interest rates are higher than the assumed rate, this cost would be rated for, or future borrowing requirements adjusted. A degree of protection against fluctuating interest rates has been provided through the use of interest rate swaps. Council is also a member of the Local Government Funding Agency, which provides access to loans at a lower rate than Council could obtain directly from banks.

LTP 2021-2031 Assumptions

Forecasting Assumption 2021-31	Description of Risk 2021-31	Impact if assumption not correct 2021-31	Mitigation 2021-31
Loan arrangements			
It is assumed that the Local Government Funding Agency (LGFA) will be able to meet our borrowing requests within their Policy Covenants set by the LGFA Shareholders.	Access to committed loan facilities less than expected.	Medium	The Local Government Funding Agency should allow Council to diversify funding sources away from the local banks, as well as being able to borrow for longer terms.
Insurance costs			
It has been assumed that insurance premiums continue at current levels plus inflation and that Council can obtain 100% of the cover it is required to hold (40% for infrastructure assets/60% covered by Central Government). It is assumed there will be an increase in the region of 10% for the first year of the LTP; this will continue but taper off over years 3 to 5. It is also assumed that the 40/60% split continues.	Premiums increasing above inflation and/or Council cannot obtain 100% cover.	Medium	Council may reassess levels of service to reduce costs and provide more funds for covering premiums.
Return on investments			
It is assumed that the return on investments, including dividends from Council Controlled Trading Organisations and retained earnings on subsidiaries, will be lower in the first three years of this Long Term Plan as the economy recovers from COVID-19. Then it is assumed it will recover to pre-COVID-19 levels.	Returns lower than expected.	Low	Council could increase rates to provide more capital, or it could consider reducing levels of service.
Revaluation of Non-Current Assets			
Nelson City Council's accounting policy provides for its most significant asset classes (infrastructure assets and land, excluding land under roads) to be revalued with sufficient regularity that the carrying value does not differ materially from fair value. The revaluations will be taking place in the following years: 30 June 2022 30 June 2024 30 June 2026 30 June 2028 30 June 2030 We revalue PPE every year of the plan based on LGCI Capex. Depreciation is calculated based on revalued PPE each year – depreciation on existing assets therefore increases each year starting in Year 2 (as a result of the prior year revaluation). Nelson City Council's accounting policy provides for its most significant asset classes (infrastructure assets and land, excluding land under roads) to be revalued with sufficient regularity that the carrying value does not differ materially from fair value.	Actual revaluation results differ significantly from those forecast in this Long Term Plan.	Medium	Maintaining best practice in accounting policies to minimise risk of assets' carrying value differing significantly from fair value.
NZ Transport Agency funding			
Waka Kotahi has confirmed the Financial Assistance Rate (FAR) will remain at the same rate (51%) over the term of the LTP, but that the total pool of funding has been reduced. This means fewer capital projects may be carried out.	Less funding from Waka Kotahi means Council's share of project costs may increase, or projects may need to be changed.	Medium	Changes to the funding priorities of the Waka Kotahi are outside Council's control, however any significant change to the FAR may require Council to reassess its transport work programme in order to reduce costs and make up capital shortfalls.

LTP 2021-2031 Assumptions

Forecasting Assumption 2021-31	Description of Risk 2021-31	Impact if assumption not correct 2021-31	Mitigation 2021-31
Co-funding arrangements			
It is assumed that for projects where other partners are contributing part of the funding, this funding will continue to be available. It is assumed that where Council could be eligible for Government funding, e.g. Three Waters, COVID-19 recovery and infrastructure and community projects, Council will also seek this funding. Council will seek co-financing where available from Central Government towards implementation of climate change projects.	Partners may no longer be in a position to provide funding which may result in an increased level of funding from Council, or the termination of the project.	Medium	Viability of projects would be reviewed and Council would need to consider its ongoing commitment. Funding for projects may be sought from other sources.
Sources of funds for the future replacement of assets			
It is assumed that funding for the replacement of existing assets will be obtained from the appropriate sources as detailed in Council's Revenue and Financing Policy.	That a particular funding source is unavailable.	Low	Depreciation is used to fund renewals and is funded mainly through rates and user charges. Should other sources of capital funding such as subsidies or development/financial contributions differ from levels forecast in a particular activity, Council is able to access borrowings through its central treasury function.
Relationship with iwi			
Strengthening an authentic partnership between Council and iwi of Te Tau Ihu is central to improving outcomes for iwi/Māori and the Whakatū/Nelson community. It is assumed that Council will resource activities to support greater opportunities for: • Meaningful engagement between iwi and Council (i.e. regular meetings at governance, management and operational levels) • Increased iwi participation in Council decision making • Staff and elected members will continue to develop their understanding of iwi and Māori priorities, legislation, te reo Māori and tikanga Māori.	Establishing ways of working with iwi/Māori requires resources that may not be available. For example (i) iwi may not always be reimbursed for their time to provide advice and guidance on a project, so there is a personal and financial cost to iwi; (ii) staff may not have time available to attend professional development courses to improve understanding of cultural differences The risk of not resourcing opportunities to strengthen an authentic Council iwi partnership are: • It is perceived as an insincere relationship • Unrealistic expectations from both Council and iwi, which leads to tensions • A competing requirement of iwi staff time that is under resourced • Council working reactively with iwi • Project delays.	High	The allocation of adequate staffing and resources to enhance the relationship with iwi and provide opportunities for iwi (or iwi endorsed representatives) to be included in the planning stages reduces the risk for project delays. The inclusion of iwi engagement principles in planning and strategic documents sets the levels of expectation for Council in its relationship with iwi. Ensuring these are well understood and outlined at the beginning of the process will mitigate the risk of misunderstanding, and highlight the sincerity of the relationship.
Resource consents			
It is assumed that any resource consents held by Council due for renewal during the life of the plan will obtain consent. It is assumed, however, that the consents will be subject to a more rigorous process, given national direction in areas such as freshwater. Work has commenced on the project to secure a new consent for the Nelson Wastewater Treatment Plant which is required in December 2024.	Conditions of resource consents altered and significant new compliance costs or consents cannot be renewed as expected.	Medium	Budgets are in place for resource consents.

LTP 2021-2031 Assumptions

Forecasting Assumption 2021-31	Description of Risk 2021-31	Impact if assumption not correct 2021-31	Mitigation 2021-31
Emissions Trading Scheme (ETS)			
Council assumes that ETS costs will rise as a result of the Climate Change Response (Emissions Trading Reform) Amendment Act 2020. Council has assumed that ETS costs will rise as a result of the Climate Change Response (Emissions Trading Reform) Amendment Act 2020. Council has assumed the cost of carbon will be: • $37.50 per NZU for 2021/2022 • $42.50 per NZU for 2022/2023 • $47.50 per NZU for 2023/3024 • %50 per NZU from 2024/2025 to 2030/2031 The potential ETS liability from the Nelson Tasman Regional Landfill Business Unit is combined with that of Tasman District Council. The Business Unit is proposing to mitigate the increase by improving landfill gas collection and destruction and to pass the remaining cost to consumers through landfill charges.	That ETS costs are higher than assumed, costing Council more than forecast through the Regional Landfill Business Unit.	Medium	If the increase in ETS costs are materially higher than assumed, Council may need to increase waste management fees and charges further or increase rates to fund these costs.