<table>
<tr><th>Forecasting assumption 2024-2034</th><th>Description of risk 2024-2034</th><th>Impact if assumption not correct 2024-2034</th><th>Mitigation 2024-2034</th></tr>
<tr><td colspan="4">Demographics</td></tr>
<tr><td colspan="4">Population growth</td></tr>
<tr><td>Nelson’s population is expected to increase by 5,431 between 2024 and 2034 to 60,837. The projections suggest a relatively modest annual average growth rate for 2023-2033 of around 0.9%. Growth rates are likely to decline over time due to structural population ageing. The rates of growth are based on commissioned demographic analysis and reflect the medium scenario projections from the findings of this analysis.

These projections are higher than those produced by Statistics New Zealand, primarily due to higher net migration assumptions used for this analysis.</td><td>If Nelson’s population growth is higher than projected, it risks putting pressure on Council services and infrastructure. If it is lower than projected Council risks over investing in services.</td><td>Low</td><td>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 Long Term Plan and adjustments made to Council’s work programme. 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.</td></tr>
<tr><td colspan="4">Ageing population</td></tr>
<tr><td>The proportion of the population aged 65 years and over is projected to increase from 21% in 2023 to 26% in 2033.

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.</td><td>If the population age profile varies from what is forecast, particularly if there is accelerated growth in the ageing population, it risks putting pressure on Council to change the type of facilities and services that it provides.</td><td>Medium</td><td>Risks can be mitigated by Council working with the community to prepare for these changes, and appropriately modifying investments in assets and the provision of services.</td></tr>
<tr><td colspan="4">Growth in rating units</td></tr>
<tr><td>It is assumed that the growth in rating units across the next ten years of the Long Term Plan is as follows:
<table>
<tr><th>Year</th><th>Growth</th><th>Number of rating units</th><th>Year on year increase</th></tr>
<tr><td>2024/2025</td><td>0.95%</td><td>23538</td><td></td></tr>
<tr><td>2025/2026</td><td>0.94%</td><td>23760</td><td>222</td></tr>
<tr><td>2026/2027</td><td>0.93%</td><td>23981</td><td>221</td></tr>
<tr><td>2027/2028</td><td>0.93%</td><td>24203</td><td>222</td></tr>
<tr><td>2028/2029</td><td>1.71%</td><td>24618</td><td>415</td></tr>
<tr><td>2029/2030</td><td>1.69%</td><td>25034</td><td>416</td></tr>
<tr><td>2030/2031</td><td>1.66%</td><td>25449</td><td>415</td></tr>
<tr><td>2031/2032</td><td>1.63%</td><td>25865</td><td>416</td></tr>
<tr><td>2032/2033</td><td>1.60%</td><td>26280</td><td>415</td></tr>
<tr><td>2033/2034</td><td>0.69%</td><td>26462</td><td>182</td></tr>
</table></td><td>Economic conditions, demographic factors, and landowner/developer decisions can cause variations in rating unit growth meaning growth could be higher or lower than projected.</td><td>Low</td><td>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. This information is as accurate as possible, so the risk of variation is limited.</td></tr>
</table>

Relationship with iwi			
Strengthening an authentic partnership between Council and iwi of Te Tauihu 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 • Increased engagement and partnership with iwi and Council on legislative proposals and changes 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 have limited capability and capacity to engage on the volume of Council projects; (ii) Council may not have capability and capacity to resource the needs of the relationship; (iii) staff may not have time available to attend professional development courses to improve cultural capability. The risk of not resourcing opportunities to strengthen an authentic Council iwi partnership are: • It being perceived as an insincere relationship • Unrealistic expectations from both Council and iwi, leading to tensions • A competing requirement of iwi staff time that is under resourced Council working reactively and inefficiently with iwi.	Medium	Council will focus on strengthening its relationship with iwi by: • Funding that supports iwi capability and capacity to engage with Council • Attracting staff who are culturally competent • Developing planning tools and strategies that are reflective of a meaningful partnership with iwi/Māori Supporting opportunities for staff cultural competency development.
Climate change and natural disasters			
Climate change risks and impacts			
The expected risks of climate change for Nelson are based on science and projections from the Intergovernmental Panel on Climate Change, NIWA and governmental advice from the Ministry for the Environment. Sea-level rise projections are based on a range of global emissions scenarios developed by the Intergovernmental Panel on Climate Change and recommended by the Ministry for the Environment. Council considers a range of sea-level rise scenarios in its planning. It is assumed that it is not possible to reduce the mid-century warming, due to the amount of greenhouse gas emissions already accumulated in the atmosphere – i.e. that the projections for mid-century are already 'locked in'. Current roles and responsibilities in relation to climate change adaptation are unclear and expected to be clarified through legislative reform. It is assumed that, under any new legislation, Council will have a lead role to play in preparing Nelson for the impacts of climate change.	Increased numbers or severity of extreme weather events, such as heavy rainfall with flooding and slips, and dry weather resulting in drought and fire, would 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 would leave Council and the community unprepared to respond appropriately. Inadequate investment to reduce exposure to climate change risks would result in significantly greater costs than if proactive measures were taken. It would also 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.	Medium	To prepare Nelson for the impacts of climate change, Council is following the Dynamic Adaptive Pathways Planning (DAPP) process, recommended by the Ministry for the Environment in the Coastal Hazards and Climate Change Guidance for Local Government. This process enables Council to develop an adaptation plan the full extent and timing of climate change impacts is uncertain. Parts of Nelson Central are subject to flood risks and future intensification will be guided by the outcomes of the DAPP process. Over the period 2024-2034, Council will continue to work through the steps in the DAPP process, adapting the approach as new climate information is made available and drivers of change occur. Council will also closely monitor updates to ensure it is following the latest science, projections and guidance. Plan Change 29 (the Housing Plan Change) limits opportunities for intensification in low lying areas. Subsequent plan changes will be required to increase the resilience of the community, including regionally significant infrastructure. Council will continue to make allowances for increased stormwater management for areas that are identified as low lying and flood prone.
Greenhouse gas emissions			
It is assumed that current policies (as set out in Aotearoa New Zealand's Emissions Reduction Plan) will be implemented and New Zealand's emissions will reduce in line with emissions budgets. Over the next few years, there is likely to be significant further policy reform (for example through local government and	A change in central government direction, for example through a change in Government, could result in a different emissions reduction pathway and policies than what is set out in the current Emissions Reduction Plan. With growing legislative requirements and	Medium	Staff will closely monitor developments in central government policy, to anticipate possible shifts in direction and reprioritise work accordingly. The Long Term Plan will include appropriate allocation of financial and staffing resources for the climate change work programme, and funding to grow the resource allocation to match the growing workload over time.

resource management reform) requiring local government to give greater priority to climate change mitigation and adaptation.	community expectations to respond to climate change, there needs to be a corresponding increase in resources available for the climate change work programme. If this does not occur, Council risks not meeting expectations, failing to meet its operational emissions reduction targets, and failing to implement legislative requirements. Council has previously made a number of statements and commitments (for example through declaring a Climate Emergency) to provide a leadership role on climate change. If this is not supported by a comprehensive work programme that is well-resourced, Council risks failing to meet community expectations.		Climate change adaptation and mitigation objectives will be embedded across key Council work programmes, in particular: transport, waste management and minimisation, forestry, resource management planning and utilities. Engagement will be undertaken with the community to set targets that are ambitious, attainable and consistent with scientific evidence regarding the reductions needed to limit global warming to 1.5 degrees. Staff will report regularly to Council on progress with this work programme.
New Zealand Emissions Trading Scheme (NZ ETS)			
Council has assumed that the 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 NZ ETS settings. NZ ETS unit pricing in the short-term is likely to fluctuate before increasing. This will impact the Regional Landfill Business Unit.	Rising NZ ETS costs could result in increasing costs to Council from waste emissions managed under the Regional Landfill Business Unit. This will provide greater financial incentives to reduce emissions at the landfill.	Medium	If the increase in NZ ETS costs is materially higher than assumed, Council may need to increase waste management fees and charges, increase rates to fund these costs or reduce waste minimisation funding. The Regional Landfill Business Unit is proposing to mitigate the increase by improving landfill gas collection and destruction, pre-purchasing units to fix the cost, and to pass the remaining cost to consumers through landfill charges.
Natural disasters			
It is assumed that natural disasters will occur in the Nelson area during the life of the Long Term Plan. Nelson is located on a fault line meaning a major earthquake is not a matter of "if but when".	Greater than anticipated magnitude or frequency of natural disaster events could result in greater costs for Council in both recovery and in 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. Priority has been given to identification (completed) and remediation 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 were completed in 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. 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). Council has sufficient borrowing capacity above its self-imposed debt cap to be used as funding in the case of a natural disaster where costs exceed its emergency reserves.

Legislative and Regulatory Changes			
There are reforms and legislative changes impacting local government that are likely to progress or come into effect during the period of the Long Term Plan. It is assumed that Council will be affected by other government legislation. However, as the nature of these changes is not known, it is not possible to make appropriate financial provision at this stage, except where noted elsewhere in these forecasting assumptions. It is assumed that the Council will have the opportunity to submit on legislation likely to affect it and that central government will work with councils to ensure that any legislative changes are managed appropriately.	Central government's proposed changes could require changes to Council's work programme and budgets and decrease work in some areas. The changes could create uncertainty and require re-prioritisation of work programmes.	Low	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 resources that will need to be included in the final Long Term Plan. Council's work programme in this area will change as needed to respond.
Amalgamation of water services – Water Services Reform			
It is assumed Council will continue to manage water supply, wastewater, and stormwater for the lifetime of the Long Term Plan 2024-2034. Therefore, funding for assets, staff and contractors who deliver water services will continue to be included in the budgets.	There is still considerable uncertainty about the future management of the three waters services. If Council's role in managing and delivering water services changes it would mean Council's Long Term Plan will need significant adjustment and it could have impacts on Council finances, staffing, capital works programmes and operations.	High	Council will respond to the direction provided by the incoming Government and engage closely with the Te Tauihu councils, iwi and stakeholders as needed.
Resource management reforms			
Under the resource management reforms all current national policy statements and environmental standards and other environmental regulation will be combined into a new national planning framework. The new system will require Nelson to work jointly with Tasman District Council and iwi to develop strategic growth and resource management plans. This will involve resourcing and funding a separate entity to carry out the development, monitoring and review of the plans. Council has allocated budget to review the Nelson Resource Management Plan, whether the function sits within Council, or under a new Natural and Built Environments Act, if the Act is not repealed by the incoming Government. It is assumed there will be obligations on Council to develop, implement and maintain strategic growth and resource management plans. Council will continue to have a role in the regulatory authorising environment and monitoring and compliance functions.	Until the legislative changes are finalised it is difficult to estimate the likely impact on Council. The new legislation brings with it obligations for Council to fund the new regionally based planning system.	Low	Council will make any adjustments necessary to respond to changes to the resource management legislation through annual plans and the Long-Term Plan 2027-2037.
Future for Local Government Review			
In April 2021, the government established a Ministerial Inquiry into the Future for Local Government. The overall purpose of the review is to "identify how our system of	There is potential for a gradual change to how Council works and is funded with these reforms. This will have ramifications for work programmes,	Low	The Council will make any adjustments necessary to respond to changes to local government legislation through annual plans and the Long-Term Plan 2027-2037.

<table>
<tr><td>local democracy needs to evolve over the next 30 years, to improve the wellbeing of New Zealand communities and the environment, and actively embody the treaty partnership.”
The review includes, but is not limited to, roles and functions of local government, as well as representation, governance, funding and financing.
As the review will be reporting just before a general election and is unlikely to be the highest priority for a new government, the assumption is that any substantial change will be slow to result. Council has therefore prepared the Long Term Plan 2024-2034 assuming that its existing roles and functions (not impacted by other reforms) will continue.</td><td>operational and capital expenditure, and budgeting, as well as other areas that may come out of the review. It may also have impacts on costs for Council or changes to the way Council delivers services.
However, until the review is complete, and the Government has made its intentions clear it is difficult to estimate any impact on Council.</td><td></td><td></td></tr>
<tr><td colspan="4">Economic environment</td></tr>
<tr><td colspan="4">Economic Forecasts</td></tr>
<tr><td>It is assumed Nelson’s economy will grow at a similar rate to the long-run average for New Zealand for most of the 10 years. Treasury expects inflation to fall to 4.6% in 2024and drop inside the Reserve Bank’s target band of 1-3% inflation by 2025. Treasury has forecast New Zealand’s real production GDP to change as follows to 2027[1]:<table><tr><th>Year</th><th>Average Annual % Change</th></tr><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></table>Any ongoing economic downturn will affect ratepayers’ and businesses' ability to pay for Council services and affect people’s wellbeing. It will also have an impact on Council’s work programme and delivery of services.
Tourism is an important component of the Nelson economy, with it contributing around 4.1%[2] to the city’s GDP and it has been affected by COVID-19 restrictions in recent years. Visitor arrivals to New Zealand are expected to grow an average of 4% each year, reaching 5.1 million visitors in 2025. Spend is forecast to grow at a slightly higher rate than the growth of visitor numbers, suggesting that spend per visitor will increase.</td><td>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.
This would also impact Council’s ability to make financial commitments.</td><td>Medium</td><td>A focus on affordability, value for money and continued Council investment in sustainable projects which will help reinvigorate the economy and improve economic wellbeing.</td></tr>
<tr><td colspan="4">Inflation/price changes</td></tr>
<tr><td>Council has used inflation figures provided by BERL in preparing its Long Term Plan 2024-3024, along with other</td><td>Inflation higher than expected would increase costs for Council, reducing its programme to invest in and</td><td>Medium</td><td></td></tr>
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[1] https://www.treasury.govt.nz/sites/default/files/2023-09/prefu23.pdf
[2] Regional Economic Profile 2022, Infometrics

councils in New Zealand. BERL has provided two sets of figures – one set with water infrastructure and one set without water infrastructure. Council has used the figures that include water infrastructure for the ten years of the Long Term Plan. Financial year CPI LGCI 2024/25 – 2.9 2025/26 – 2.2 2026/27 – 2.3 2027/28 – 2.3 2028/29 – 2.2 2029/30 – 2.1 2030/31 – 2.0 2031/32 – 2.0 2032/33 – 1.9 2033/34 – 1.9	maintain infrastructure and facilities, and impacting its ability to deliver the levels of service set out in the Long Term Plan 2024-2034. There is still a lot of uncertainty about forecasting inflation. Previous forecasts have varied from the actual rates of inflation.		If inflation is higher than assumed, Council will consider increasing rates and charges, reducing its programme of investment in facilities and infrastructure, increasing debt and/or reducing levels of service. If inflation is lower than assumed, Council costs will be lower and Council will consider reducing rates and/or fees and charges or selectively increasing levels of service.
Interest rates			
In preparing the Long Term Plan 2024-2034, Council has assumed the following interest rates, based on forecasts provided by PwC, Council's Treasury Advisors. These interest rates include the cost of both funds already borrowed and anticipated new debt at anticipated future interest rates. Financial Year 2024/25 – 4.85 2025/26 – 4.63 2026/27 – 4.63 2027/28 – 4.79 2028/29 – 4.9 2029/30 – 5.06 2030/31 – 5.21 2031/32 – 5.21 2032/33 – 5.21 2033/34 – 5.21	Higher interest rates would increase costs for Council.	Medium	Projected interest costs are largely hedged against changes in floating interest rates over future years. Therefore, the impact of interest rate increases over future years is low. However existing hedge commitments reduce over time (in accordance with Council's Policy) so that in the later years of the Plan the impact of changing interest rates would be greater which would be met either by increasing rates or adjusting down future borrowing requirements. Council manages interest rate exposure in accordance with its Liability Management Policy and in line with advice from Council's independent treasury advisor.
Labour market			
The significant current and future anticipated labour market shortages make it difficult for Council to hire staff with appropriate technical qualifications needed to deliver work programmes. Sustained labour market shortages are expected in many of the occupations that Council is likely to be recruiting for, which will be compounded by a decreasing proportion of the Nelson population being of working age. Shortages in particular skill areas are highly likely and demand for more flexible and hybrid working options will increase.	A more competitive marketplace with accompanying labour shortages would mean Council may not be able to deliver work programmes on time due to the absence of enough sufficiently qualified staff. Greater reliance on consultants to fill temporary workforce gaps may increase costs.	Low	Council would reconsider service delivery to manage skills shortages, and to help maintain output. Providing remote working options may increase the pool of expertise to recruit from and changing the work programme to help Council implement a targeted variety of employment scenarios and working arrangements. 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.

The shrinking of our working-age population, as well as the region’s average wage being the lowest in the country, will contribute to ongoing problems maintaining Council’s workforce.			
Operational			
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 Long Term 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.	There is a risk of assets wearing out earlier than predicted and funding needs to be found for replacements. There is no extensive damage to Council's local roading network following the diversion of traffic from the State Highway during the August 2022 severe weather event.	Low	Council would make changes to underlying capital expenditure programmes to allocate funding for replacement assets.
Vested assets			
Vested Assets are engineering assets, such as roads, 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.	Council has more assets vested and this could increase the depreciation and maintenance expense in subsequent years.	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 and provide for the additional depreciation.
Cost to deliver capital projects			
A competitive local market 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. Council will continue to work with contractors to achieve a living wage for their staff. It is assumed that this escalation of prices will continue in the medium term. It is assumed that major projects will be completed on time and within budget but acknowledges that not all projects will be completed on time as unforeseen issues will occur.	Increases in project prices resulting in higher costs would have 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 will be undertaken so that Council has the best information available.
Delivery of the capital programme			
Notwithstanding best intent to deliver the capital works programme, Council assumes that the full capital works programme will not always able to be fully delivered for a variety of reasons including project delays, weather and a range of other constraints. Council has also made an	There is a risk that the cost of the capital programme may be more or less than the 90% budgeted for. If more is spent Council’s debt will be more than forecast with an associated increase in costs.	High	Increased flexibility in the capital works programme around timing of projects could help mitigate this matter. Council ensures adequate consultation and analysis prior to work commencing so that it has the best information available to adjust the work programme as needed. Council will consider the impacts on rates, debt and levels of service

assumption that it is unlikely to use the full amount of contingency for every project. An overall downward adjustment of approximately 10% per year to the total capital programme cost has therefore been made to avoid overfunding the activities.	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 deemed essential that run into significant cost increases, may require rates or borrowing increases or reallocation of funds from other projects to offset the higher costs.		when making any adjustments to the work programme. Priority will be given to making adjustments which reduce rates and debt increases but which are also least likely to have a negative impact on the Long Term Plan levels of service.
Earthquake prone buildings			
It is known that Council faces future costs with regard to earthquake prone building (EPB) assets. Civic House has earthquake prone status and being a EPB Priority Building, and Council premises, has a Taskforce assigned to address the compliance requirement. Council has four assets with EPB notices and it is assumed these properties will remain Council owned. Work will need to be completed between now and 2034 on these properties. Council as a Territorial Authority is required to identify EPBs and issue EPB notices. Identification of all priority buildings was completed by 30 June 2022, and all remaining EPBs need to be completed by 30 June 2027.	Significant additional expenditure on earthquake strengthening buildings risks not being met by assigned budgets. EPB work can initiate other compliance work as part of consenting processes, therefore there is a risk that required work could become more significant than anticipated.	Medium	Processes are underway to seek Council direction to confirm intention for each asset with EPB status – options that may be considered are whether to a) retain and strengthen, b) deconstruct, or c) dispose of asset. Not all options are available for all assets but understanding Council's preferred direction will allow for staff to manage time, target tasks to be done, and set appropriate budgets.
Pandemics			
It is assumed New Zealand will avoid significant impacts from an epidemic or pandemic including COVID-19, and that no further lockdowns or major border restrictions are required.	A pandemic or epidemic could have significant impact on New Zealand and the Nelson region resulting in restrictions and/or illness, which would have a major impact on Council's ability to deliver services.	Medium	Council will maintain its organisational understanding of managing pandemic risks in the workplace and capacity of the organisation to work remotely.
Resource consents			
It is assumed that any resource consents held by Council that are due for renewal during the life of the Long Term plan 2024-2034 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. In terms of Council's role as regulator adjusting to the new resource consent regime, it is assumed there will be more permitted standards meaning less resource consents to process but more monitoring requirements/expectations of those permitted standards. It is assumed there will not be a drop in the overall number of staff or costs but potentially a change in roles to be able to undertake monitoring as well as processing.	Conditions of resource consents could be altered and significant new compliance costs or consents may not be able to be renewed as expected. Changes to the staff roles are required when transitioning to the new resource consent regime, to be able to undertake more monitoring as well as processing.	Medium	Budgets based on current expected levels of activity. More effort may not transfer into increased recovery so Council will have to carefully monitor expenditure in the absence of more capacity.
Financials			
Loan arrangements			
It is assumed that new borrowing or renewal of existing borrowings can be obtained from financial institutions including the Local Government Funding Agency on competitive terms given Council's strong credit rating.	Access to committed loan facilities less than expected may result.	Medium	Council minimises this risk by maintaining a strong credit rating and a mix of current and non-current borrowings as per its Liability Management Policy. Council's guarantor status for the Local Government Funding Agency also minimises the risk of not being able to borrow the

			funds it requires. Council also prefunds upcoming borrowing maturities early to lower the risk of not being able to borrow.
Insurance costs			
It is assessed that insurance cover for Council assets will be available throughout the period of the Long Term Plan 2024–2034 and that premiums will rise faster than the rate of inflation. Council expects insurance base costs to rise by 15-20% plus the impact of inflation on asset values in those years.	There is a risk that 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. Council could also increase rates.
Return on investments			
It is assumed that the return on investments, including dividends from Council Controlled Trading Organisations and retained earnings on subsidiaries, will continue at current levels, plus inflation.	Returns could be lower than expected.	Low	This would impact on Council's ability to fund services and would likely require an increase in rates. Alternatively, Council could consider reducing levels of service.
Revaluation of non-current assets			
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 as long as the carrying value does not differ materially from fair value. The revaluations for infrastructural asset classes: sewerage, water, drainage, and roads are updated annually with full valuations being completed bi-annually and an index valuation in alternate years. A registered valuer assesses asset unit rate replacement values through analysing areas such as current contract pricing, comparisons of similar councils, impacts of regional and national influences such as weather events, and CPI indexes which are then applied to a full valuation. Assets abandoned during the financial year are disposed then confirmed rates are applied to all Council's infrastructure assets generating a total asset replacement cost, depreciated replacement cost and depreciation. For intervening years, infrastructural assets are revalued by means of applying an inflation index and additional uplift where necessary to align with market rates, whilst accounting for disposals and additions at cost. Each year the valuation produced is peer reviewed by a registered valuer. The latest full valuation was the 2021-22 year and was reviewed by WSP New Zealand Ltd. The next full valuations will be taking place in the following years: 30 June 2024 30 June 2026 30 June 2028 30 June 2030 30 June 2032	Actual revaluation results could differ significantly from those forecast in this Long Term Plan.	Medium	Council will be maintaining best practice in accounting policies to minimise risk of assets' carrying value differing significantly from fair value.

30 June 2034 To forecast for these valuations in this Long Term Plan, we revalue Infrastructural asset classes: sewerage, water, drainage, and roads every year based on Local Government Cost Index (LGCI) Capex. Land is reviewed annually and revalued at market value every five years or if there is a material movement. The latest valuation was conducted as at 30 June 2021 by QV Valuation. We have forecast land revaluations to occur in years 3,6 and 9 of the Long Term Plan. We revalue Property Plant and Equipment (PPE) every year based on Local Government Cost Index (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).			
NZ Transport Agency Waka Kotahi Funding			
Council assumes the NZ Transport Agency Waka Kotahi Financial Assistance Rate (FAR) will remain at the same rate (51%) over the term of the Long Term Plan 2024-2034 and only programmes/projects with strong alignment with the Government Policy Statement on land transport will receive National Land Transport Funding (NLTF).	Projects and programmes that do not qualify for National Land Transport Funding will need to be deferred which may impact levels of service or continued at 100% local share which is likely to impact rates and debt. If the FAR is reduced, Council will need to decide whether to increase its funding (which would impact on rates and/or debt) or to remove work from the work plan (which may impact on services).	Medium to high (depending on the level of change)	Changes to the funding priorities of NZ Transport Agency Waka Kotahi are outside Council's control, however any significant change to the FAR or NLTF eligible works may require Council to reassess its transport work programme in order to reduce costs and/or to make up operational and/or capital shortfalls, with potential impacts on rates and debt or levels of service.
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. 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	If co-funding arrangements changed, the 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 replacements 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.	There is a risk 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 various sources as explained under Loan arrangements section.