

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>We expect to see:</p> <ul style="list-style-type: none"> • Omokoroa and Te Puke continuing to grow as an outcome of Plan Change 92 and implementation of medium density rules required by Central Government. • The potential for new development areas on the eastern side of the District in the medium to longer term to meet increasing housing demand. 	<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. However, current projections are based on 2018 Census data as the 2023 Census data was not available for the LTP planning period.</p> <p>Census 2023 data has since been released and projection updates have been made where this data is available and relevant.</p> <p>Growth becomes more difficult to predict over longer time periods because unforeseen events can alter migration, settlement patterns or resource limitations.</p>	<p>High</p> <p>If population growth is faster than expected and the number of rateable properties is 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, and monitors actual consent numbers throughout the year. The timing of growth-related projects is managed to provide infrastructure 'just in time'.</p> <p>The number of new lots and total dwellings have been adjusted for the Annual Plan 2025/26, due to a recent slow down in development, with lower than projected growth in urban areas of Te Puke and Ōmōkoroa, and lower population in Census 2023 especially in Te Puke.</p> <p>Enabling housing that is affordable, accessible, habitable with security of tenure, and appropriate to our life stages and differing needs is one of Council's top five strategic priorities. Growth and financial sustainability are identified as a top risk in Council's Strategic Risk Register.</p> <p>The risk appetite is low-medium and will need to be balanced with the delivery and achievement of the planned growth outcomes.</p> <p>Council is progressing further investigations on the options available for funding growth-related infrastructure.</p>
<p>Year end 30 June</p> <p>2024 301</p> <p>2029 324</p> <p>2034 345</p> <p>2039 120</p> <p>2044 90</p> <p>2049 10</p> <p>2054 10</p>	<p>New lots</p>	<p>Total dwellings</p> <p>24,568</p> <p>26,199</p> <p>27,998</p> <p>28,876</p> <p>29,520</p> <p>29,784</p> <p>29,928</p>	<p>Growth rate</p> <p>1.23%</p> <p>1.24%</p> <p>1.23%</p> <p>0.42%</p> <p>0.30%</p> <p>0.03%</p> <p>0.03%</p>	<p>District Population</p> <p>59,850</p> <p>65,021</p> <p>68,964</p> <p>71,070</p> <p>72,366</p> <p>72,726</p> <p>73,086</p>

2. Climate Change

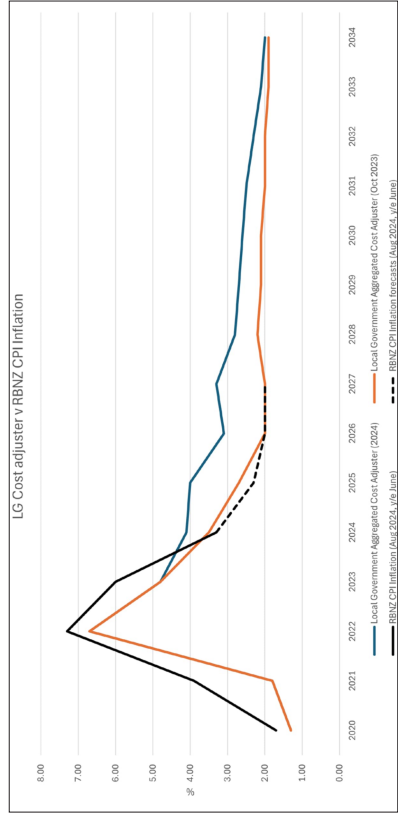
Assumption	Implication	Level of Uncertainty	Impact	Mitigation
<p>As a result of climate change it is modelled to be that the Western Bay of Plenty may expect to see:</p> <ul style="list-style-type: none"> • More hot days (temperatures 25 degrees or more). • Milder autumns and winters. • Wetter winters. • Decreasing summer rainfall with heavier downpours. • Fewer cold nights and frosts. • Rising sea levels (0.52m above MVD 1953 at 2070). <p>Overall, there could 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'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 across all our wellbeings.</p> <p>For example, 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. The Emissions Reduction Plan (under the Zero Carbon Act) has implications on activities of Council including the need to report on and take actions to move towards zero carbon by 2050 in alignment with the government's climate strategy.</p> <p>Coastal properties and flood plain residents are likely to be impacted by insurance retreat within the period covered by the LTP. Council may also be impacted by this if insurers consider that the risks of erosion and inundation of Council owned assets is increasing. The proposed central government guidance on adaptation will also have significant implications for Council.</p> <p>The expectations for this are intended to be addressed in the Climate Change Adaptation Act.</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 chronic impacts of climate change are expected outside of the 10-year planning period.</p>	<p>High</p> <p>If the impacts of climate change are felt more change within the 10 years, the likely consequences are:</p> <ul style="list-style-type: none"> • Impacts on Council assets located in coastal or alluvial environments. • Unbudgeted maintenance and / or capital costs due to damage to assets. • Added complexity in regulatory processes and risk profile of Council including reputational and legal risk. 	<p>Responding to climate change is one of Council's top five strategic priorities. Council's role is as a leader in terms of organisational responses, collaborator through building understanding and knowledge with the community and enabler by being agile and responsive to climate change impacts.</p> <p>Climate change is identified as a top risk in Council's Strategic Risk Register. The risk appetite is medium. Council recognises the importance of an increasing focus on climate change risks, monitoring and assessment of impacts.</p> <p>Council will focus on understanding the level of risk to our assets and beginning to develop options for reducing this risk.</p> <p>Council will plan using RCP8.5, however individual projects will undertake their own modelling as appropriate.</p> <p>Science is constantly improving. There is a need to make decisions on the best science available at the time, but things will change therefore we need to regularly reassess and update with each IPCC report (every 5-6 years).</p> <p>Council's Coastal Erosion Responses Policy provides a decision-making framework to address impacts on Council-owned assets on the coast. \$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.</p>

4. Inflation

Inflation Sensitivity Analysis +/-0.5%

Assumption	Implication	Level of Uncertainty	Impact	Mitigation
<p>Costs are assumed to increase due to inflation.</p> <p>For year two of the LTP (Annual Plan 2025/26) this has been guided by the Business and Economic Research Limited (BERL) inflation adjusters for Local Government.</p>	<p>Inflation rates impact the expected costs of our services in the future. These vary by activity as the type of goods purchased differ. A period of very high inflation rates has resulted in higher project costs both now and in the longer term pushing up overall debt requirements.</p>	<p>Moderate</p> <p>Council uses BERL inflation adjusters as the underlying basis for developing the assumptions in line with most of the local government sector.</p>	<p>High</p> <p>If inflation is underestimated and actual cost increases are materially higher than forecast, budgets 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, or surplus revenue held over the following year.</p>	<p>Inflation assumptions are reviewed each year as part of the annual budgeting process.</p>

Council is able to identify any local specific cost changes as inflation is included in financial forecasts and Council can therefore reprioritise the work programme if required to maintain consistency in levels of service. This is based on the inflation rates for the periods from the beginning of 2024/25 taken from the Local Government Cost Index (LGCI) prepared by BERL Economics as at October 2023. BERL has since provided a 2024 interim update to the cost adjusters. Council has reviewed these updated cost adjusters alongside August 2024 Reserve Bank (RBNZ) CPI inflation forecasts, to ensure assumptions did not materially impact the 10 years of the Long Term Plan. The 2024 August monetary policy statement has also recognised that inflation fell considerably in the 2024 June quarter. It was noted that recent indicators give confidence that inflation will return to the 1% to 3% target within a reasonable time frame. This data has been mapped on the graph below, showing this latest available information from the RBNZ provides confidence that the assumptions used in the LTP by council are reasonable. A sensitivity analysis has been undertaken to demonstrate what the possible revenue / expenditure impact might be if the inflation is different to the assumptions used.



Inflation rate assumptions over 10 years

Year	Planning & Regulation	Roading	Transport	Community	Water & Environment	Salary & Wage rates - Local Govt Sector	Average
2026	2.70	3.00	2.90	3.00	2.50	4.00	3.02
2027	2.40	2.40	2.40	2.30	3.00	2.20	2.45
2028	2.30	2.60	2.50	2.40	3.00	2.20	2.50
2029	2.30	2.50	2.30	2.30	2.90	2.30	2.43
2030	2.20	2.40	2.40	2.30	2.80	2.20	2.38
2031	2.20	2.40	2.30	2.30	2.80	2.20	2.37
2032	2.30	2.50	2.40	2.30	2.70	2.30	2.42
2033	2.20	2.40	2.30	2.30	2.80	2.20	2.37
2034	2.20	2.50	2.40	2.20	2.70	2.20	2.37

5. Interest Rates

Assumption	Implication	Level of Uncertainty	Impact	Mitigation																						
<p>Interest rates as a result of inflation remain high fluctuating between 5% and 6% over the LTP period. With an increased debt profile, these costs flow through to future years principal and interest repayments.</p>	<p>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> <p>The interest rate assumption for the 2025–26 Annual Plan has been revised to 4.16%, which is 0.90% lower than the 5.06% previously assumed in the Long-Term Plan 2024–34.</p> <p>This lower forecasted rate offers some potential relief in borrowing costs, helping to alleviate financial pressures compared to earlier projections.</p>	<p>Moderate</p> <p>Council has a reasonable 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 Treasury experts.</p>	<p>High</p> <p>If interest rate assumptions were too low, it would result in borrowing costs being higher than forecast. 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>	<p>Interest rate assumptions are reviewed each year as part of the annual budgeting process.</p>																						
<p>Interest rate assumptions over 10 years</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="background-color: #f8d7da;">Year</th> <th style="background-color: #f8d7da;">Interest rate including margin</th> </tr> </thead> <tbody> <tr><td>2025</td><td>6.020%</td></tr> <tr><td>2026</td><td>4.160%</td></tr> <tr><td>2027</td><td>5.029%</td></tr> <tr><td>2028</td><td>5.094%</td></tr> <tr><td>2029</td><td>5.242%</td></tr> <tr><td>2030</td><td>5.389%</td></tr> <tr><td>2031</td><td>5.507%</td></tr> <tr><td>2032</td><td>5.624%</td></tr> <tr><td>2033</td><td>5.694%</td></tr> <tr><td>2034</td><td>5.726%</td></tr> </tbody> </table>					Year	Interest rate including margin	2025	6.020%	2026	4.160%	2027	5.029%	2028	5.094%	2029	5.242%	2030	5.389%	2031	5.507%	2032	5.624%	2033	5.694%	2034	5.726%
Year	Interest rate including margin																									
2025	6.020%																									
2026	4.160%																									
2027	5.029%																									
2028	5.094%																									
2029	5.242%																									
2030	5.389%																									
2031	5.507%																									
2032	5.624%																									
2033	5.694%																									
2034	5.726%																									

16. Land Use

Assumption	Implication	Level of Uncertainty	Impact	Mitigation
<p>How land is used in the District will change.</p> <p>We recognise proposed changes to legislation seek to accelerate the supply of housing.</p> <p>We recognise the National Policy Statement for Highly Productive Land may impact how our rural land is protected.</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 (Including Plan Change 92) and the new SmartGrowth Future Development Strategy. This may see an increase in impervious surfaces in urban areas.</p> <p>The SmartGrowth Strategy 2024-2027 was adopted in July 2024 and with the Future Development Strategy included within it, has determined the urban settlement pattern for the sub-region and priorities for development.</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. Similarly, increased horticulture development may have implications for roading.</p> <p>The Infrastructure Acceleration Fund (IAF) with Kainga Ora and Waika Kotahi for the Omokoroa SH2 intersection will unlock housing delivery in Omokoroa by providing a safe intersection.</p> <p>The Rangiora Business Park (RBP) is under development and the first sites will be available for occupation 2025. RBP will deliver 148ha of industrial land with an expectation that a reasonable percentage will be associated with the horticultural sector.</p> <p>Sectors of the community oppose housing intensification in existing urban areas.</p>	<p>Low</p> <p>Growth areas are sufficiently well signalled through the District Plan and SmartGrowth.</p> <p>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 is a lead investor and is at risk of market down turns which reduces the payment of financial contributions.</p> <p>Investment delays by infrastructure providers could affect timing of development e.g. Waka Kotahi and Takitimu North Link Stage 2.</p>	<p>Council will maintain input into SmartGrowth and Urban Form and Transport Initiative (UFTI).</p> <p>Council has commenced a review of the District Plan.</p>