NGĀ WHAKATATAU MATUA

KEY ASSUMPTIONS

4

Our Significant Assumptions

When we are planning we have to make some assumptions about what is going to happen in the future. We can never know for certain what is going to happen, so we make these assumptions based on the best information we have available to us. Below are the assumptions we have made for the LTP and Financial Strategy 2021-31, and the Infrastructure Strategy 2021-51.

	What we've assumed	How we've used this assumption: Growth and demand	Lifecycle of assets	Levels of service	Risk	Level of uncertainty	Reasons for uncertainty and financial impacts
1.	**Covid-19** The global Covid-19 pandemic continues to develop across the world. In response to the pandemic and threat to public health the whole of New Zealand went into a high level lockdown on Wednesday 25 March 2020. A further high level lockdown for Auckland and a lower level lockdown for the rest of the Country occured on Wednesday 12 August 2020. The long term impact on local, regional and national economies is yet to be determined. For the purpose of the LTP and the associated strategies we have assumed that there will be no significant impact on our activities and services as a result of Covid-19 or other pandemics. We have used the mid scenario in terms of recovery which expects a prolonged but generally healthy economic recovery for our district.	✓		✓	The risk is high, as we are seeing resurgence of the virus overseas. There is an ongoing risk that New Zealand will have another resurgence of the virus, which may trigger another lockdown of the economy- either regionally or nationally to some extent.	High	Measures to contain Covid-19 in New Zealand have resulted in a severe economic downturn. Levels of activity and employment have declined, with income and spending consequently uncertain. During 2019/20 there was a reduction in revenue from Council's facilities (eg. pools, aerodrome, Firth Tower and libraries) that were closed during the lockdown. Fees and charges were around $170,000 lower than budgeted over the period of the lockdown. A prolonged future lockdown may also impact on income from resource consents, development contributions and the timing of our capital exenditure. Should the Civil Defence Emergency Operating Centre be activated again in response to Covid-19, there may also be additional operational costs to Council. Due to the uncertainties relating to Covid-19, the potential financial impact cannot be quantified. Council has established a recovery reserve fund as a tool to mitigate financial impacts.
2.	**Changing weather patterns and natural hazards** We have assumed that there will be no significant impact from natural disaster and that our funding of civil defence will continue. The Intergovernmental Panel on Climate Change (IPCC) Fifth Assessment Report was completed in 2014. This states that warming of the climate system is unequivocal, and since the 1950s, many of the observed changes are unprecedented. Central Government recognises climate change as a long term strategic issue for New Zealand. NIWA's Climate Change Projections for New Zealand projects higher temperatures and less rainfall across the Waikato Region. The Ministry of Environment has indicated for the Waikato region that there is likely to be more frequent droughts which is likely to lead to water shortages. Our infrastructure asset management plans take these projections into account as part of the overall planning and budget preparation. In the Strategy we have taken the effects of climate change into account for certain activities that it would affect the most (such as stormwater, water and wastewater). Climate change could also pose challenges for the District in relation to land use and the economy in the future (such as crop production). We recognise New Zealand's vulnerability to natural disasters. If our communities are not adequately prepared we may not be able to recover from a natural disaster.	✓			The risk is low in the short term and there is a medium risk for the term of this strategy. Projected climate change and hazard scenarios (such as storm events) could occur more or less regularly than what has been projected. A lack of prepared-ness and resilience in the event of a natural disaster would com-promise our ability to provide services to the community. Significant natural disasters could com-promise our commu-nity's ability to pay for services. Significant natural disasters could further increase insurance costs beyond	High	Changing weather patterns and natural hazards could have adverse impacts on public and private property, and our infrastructure such as the roading and stormwater networks. Overestimating the effects of climate change or hazards could result in unnecessary work, but underestimating the effects could impact on emergency project works. Either scenario would affect ratepayers as infrastructure and hazard planning cost money. A significant natural disaster could disrupt our economy and day to day activity, reducing the ability of our community to pay for services and significantly increase insurance costs – as has been seen with the Canterbury earthquakes. The financial effects of these risks depend on the occurrence and scale of future natural disasters, so the timing and financial impact on the forecasts in the Strategy cannot be quantified.
3.	**Te tiriti o Waitangi/Treaty of Waitangi Settlements** We have assumed that there will be no significant additional costs to us arising from Treaty of Waitangi settlements, including co-management agreements.	✓			The impact of Te tiriti o Waitangi/Treaty of Waitangi settlements may be greater than expected.	Low	The government is in the process of completing settlement negotiations with Iwi in and around our District. The outcomes of the settlement processes have already or will result in co-governance arrangements. We will need to partner with Iwi and other councils in the Waikato Region in the formation and operation of co-governance entities. Co-management processes may add costs, but we have not been able to quantify what those costs (if any) will be.

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4.	**Legislation** Changes to legislation have a direct impact on the way we conduct our business. The speed and scale of review of legislation depends largely on the policy direction and priorities of the government of the day. We expect there to be changes to legislation during the life of the LTP, but we have assumed that these will not have a significant effect on our business, with the exception of the 'Three Waters' reform and Resource Management Act 1991 reform which we have described as individual assumptions below.	✓		✓	Central government will reform legislation and this may have a significant effect on the activities we undertake and the cost of providing them.	Medium - High	Most changes to legislation are known about in advance, giving councils the ability to prepare for implementation. The cost and impact of future legislative changes on our activities are dependent on the specific services affected by the legislative change. We are aware of ongoing discussions in Parliament around electoral reform, and would also anticipate some changes to legislation that affect local councils as a result of the three waters reform. Further changes and direction from Central Government are also anticipated as part of the implementation of the Climate Change Zero Carbon Amendment Act. At the time of writing no details about potential changes are known, and the LTP has been prepared based on the legislation in force at the time of writing. We will continue to monitor this space closely.
5.	**Three Waters Reform** The Taumata Arowai-the Water Services Regulator Act 2020 came into force in August 2020. The Act establishes a water services regulator (Taumata Arowai) to oversee and enforce a new drinking water regulatory framework, with an additional oversight role for wastewater and stormwater networks. The Government has announced a programme to reform local government water services delivery arrangements. The Government has indicated its intention for the creation of new entities that are of significant scale, asset owning, and publicly owned to deliver water services. We expect there will be changes to the three water services delivery arrangements and this may have a significant impact on our business, for example if the reforms result in assets transferring from Council to a new entity. For the purposes of the LTP forecasts we have assumed we will continue to deliver water and wastewater services over the full term of the LTP. Under the reform programme, we may handover operations to a new service organisation during the term of the LTP. However, our LTP financial strategy and infrastructure strategy have been prepared based on the status quo, as at the time of writing we cannot reliably quantify what the impact of any changes may be. We have assumed that the Stormwater activity will remain unchanged over the life of the LTP. We have assumed that the costs of transition would be funded from future stimulus funding rounds from central government.	✓	✓	✓	The Three Waters Reform may significantly change the way the three waters services are delivered and funded and that this change will result in significant funding and resourcing implications for the rest of Council (refer also to assumption 7).	High	Our LTP, Financial Strategy and Infrastructure Strategy have been prepared based on status quo, as at the time of writing we cannot reliably quantify what the impact of any changes may be. Regardless of how the entity is structured in the future, Council is focused on continuing to provide good value infrastructure for our community. **Reasons for uncertainty:** At the time of writing, we know with some certainty that new legislation around how the three water services will be provided in the future is likely to come into effect during the life of the LTP. The details of what this may look like and the timing if implementation is still highly uncertain, and therefore the impact on Levels of Service and financial forecasts remain unknown. It is expected that the next piece of legislation regarding setting up the new water service providers will be confirmed during 2021-22. If and when any new delivery model has been established through legislation, we may be required to undertake a LTP amendment and we will consult with our community accordingly. **Financial Impact:** The current value of Council's three water assets is $174 million (approximately 26% of Council's total assets). Annual rates revenue collected to maintain and renew these assets is approximately $12.7 million (approximately 35% of Council's total annual rates revenue). Any changes to our balance sheets would potentially also impact on our ability to borrow and debt levels. In addition, it is likely that changes in the three waters will have significant on the remaining functions of Council (refer also to assumption 7). The Government's proposal (as of August 2020): · Entities with scale with between 100,000 and 1,000,000 connections · Asset ownership to transfer to new entities · New entities be established in law · Council to retain equity ownership Council has signed a Memorandum of Understanding with to work collaboratively on the preparation of setting up a new provider.

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6.	**Resource Management Act 1991 Review** The Resource Management Review Panel was appointed by the Minister for the Environment in 2019 to review and provide recommendations on how to improve environmental outcomes and better enable urban and other development within environmental limits. Our LTP, in particular our Resource Consents and Monitoring and Strategies and Planning activities have been prepared based on status quo, as at the time of writing we cannot reliably quantify what the impact of any changes may be. Our asset management approach (for example applying for new resource consents) also assumes status quo, this will need to be revised once more detailed legislative changes are available.	✓		✓	A major reform of the Resource Management Act 1991 may significantly change the way our spatial and strategic planning will be occur in the future.	High	The review panel released its recommendations in June 2020 (https://www.mfe.govt.nz/publications/rma/new-directions-resource-management-new-zealand-report-of-resource-management-review). The key recommendations include that the Resource Management Act 1991 should be repealed and replaced with new legislation to be called the Natural and Built Environments Act. The review also recommends a new Strategic Planning Act to promote the social, economic, environmental and cultural wellbeing of present and future generations through long-term strategic integration of functions exercised under the Natural and Built Environments Act, Local Government Act, Land Transport Management Act and Climate Change Response Act. The recommendations from that report will not be considered by Government until after the 2020 General Election. It is therefore highly uncertain what, if any, of these recommendations will be pursued as part of any review of our environmental planning legislation.
7.	**Local government structure** We have assumed that the structure of local government will remain the same and that no reorganisation process will occur during the life of the LTP.			✓	Reorganisation could occur, resulting in an amalgamation of councils and a review of functions within the Waikato Region.	Medium	Reorganisation processes can be triggered by the community under the Local Government Act 2002. If this occurred we would need to respond to any proposal with a decision being made by the Local Government Commission. Reform can also be driven by Central Government. The proposed reforms to Three Waters Services and the Resource Management Act 1991 may result in significant changes to local government structure. At the time of writing, what these changes may look like is difficult to predict and therefore we are unable to quantify potential impact.
8.	**Council's strategic direction** Council confirmed its strategic direction (Vision and Outcomes) to guide the LTP and other strategic documents and policies in April 2020. The LTP, Financial Strategy and Infrastructure Strategy have a strategic focus on Council's five priority areas of enabling connected infrastructure, economic opportunities, healthy communities, environmental sustainability and vibrant cultural values.	✓		✓	Council could decide to change its strategic direction.	Low	A clear strategic direction has been set for the LTP. It is expected that the Strategic Vision and Outcomes will be reviewed every three years to align with the LTP process and reflect the vision of the Council of the time. If Council's strategic direction changed any significant changes may result in a re-prioritisation in budget allocation and may require a consultation process.
9.	**Population Growth** The resident population of the District is projected to experience a medium rate of growth from 36,749 in 2021 to 38,968 by 2031 and 38,760 by 2051 which is an annual average growth rate of 0.6% and 0.2% respectfully. Factors such as the ageing population contribute to a projected decline in the average household size from 2.44 in 2021 to 2.40 in 2031 and 2.26 by 2051. For information on rating unit projections please see Section 5.	✓	✓	✓	Growth could be higher or lower than projected due to an increase in births, a decrease in deaths a change in migration or other influences. Growth may also not occur in the areas where we have provided for development.	Low - Medium	Growth, population and household projections are based on the District's actual growth over the last 10 years, as well as assumptions about the rate of births, deaths and migration in the District. We have adopted a 'medium' growth scenario for the District as being the most appropriate for our LTP. These projections were developed over the period November 2019 to February 2020 using the best information available at the time. They were based on the estimated resident population for 2018 which was based on the 2013 census due to the delays with the 2018 census data at the time. They also do not account for the impact of Covid-19, however in forming a recommendation of which scenario to adopt, the effect of Covid-19 has been considered. This is consistent with recommendations from Statistics New Zealand.

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	Dwellings The number of dwellings is projected to increase from 15,219 in 2021 to 16,325 by 2031 and to 16,897 by 2051. This is a 0.7% average growth rate from 2021 to 2031 and 0.4% average growth rate to 2051. *Rating units* The number of rating units is projected to increase from 15,400 in 2021 to 16,100 by 2031 and to 16,700 in 2051. This is an annual average growth rate of 0.5% from 2021 to 2031 and 0.3% to 2051. Further details on the District population, dwellings and rating units are in Section 5 of this plan. *Land use* The LTP has been prepared on the basis that the majority of growth in the District will be centred in the three urban areas, Matamata, Morrinsville and Te Aroha while the populations of the District's rural areas are projected to remain constant or to decline. Council has adopted town strategies that guide the planning and future development of the three main towns in the District, and adopted Plan Change 47 in 2017, reviewing the areas provided for development in our three main towns. Land use change projections (hectares) from 2013 – 2063 are described in more detail in the Financial Strategy.						The growth in rating units also has a direct impact on rates – if it is higher than projected, rates per property will be lower because we can spread our costs across more ratepayers. However, if it is lower than projected, the opposite occurs and rates would increase, because there would be less ratepayers to share the rating burden. The growth component of new capital projects is funded from development contributions. If growth doesn't occur at the rate predicted, revenue from development contributions will drop compared to budget and we may have to increase rates, borrow additional funds or reconsider the projects. The total value of project costs attributable to growth in the plan is $17.7 million
10.	**Revenue from development contributions** Using the growth data as a basis, we have assumed that over the next 10 years income from development contributions will occur at a steady rate over the life of the LTP. This is in line with the population projections noted above. We anticipate growth tapering off past the current 10 year time period.	✓		✓	Growth could be higher or lower than projected due to an increased in births, a decrease in deaths or a change in migration or other influences. Growth may also not occur in the areas where we have provided for development.	Medium	The growth component of new capital projects is funded from development contributions. If growth does not occur as predicted, revenue from development contributions will drop and we may have to borrow additional funds or reconsider the projects. Revenue from development contributions over the 10 year time period is $13.8 million.
11.	**Major industries** There are a number of major industrial entities operating in the Matamata-Piako District that contribute significantly to our revenue streams including metered water and Tradewaste income, as well as income related to development. We have assumed (unless stated otherwise), that these major industrial entities will continue to operate and require the same services over the 10 years of the plan.	✓		✓	One or more of the major industrial entities could leave the District, or build their own infrastructure, reducing their reliance on Council, and reducing the revenue stream and potentially stranding Council assets.	Low	**Financial Impact:** A significant drop in Tradewaste or metered water revenue would require either additional funding to be obtained through rates, or a reduction in the level of service provided. Approximately 75% of our metered water revenue and 73% of our Tradewaste revenue comes from our five main industrial users. Council is currently reviewing the basis of trade waste fees and charges. These charges affect tankered waste primarily, with larger industrial trade waste users having individual trade waste agreements. An increase in trade waste fees may result in a reduction in demand from Councils septage reception service.

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12.	**Rating valuations** All properties in the District will be revalued in 2021 with new values taking effect from 1 July 2022 and every three years after that.	✓			It is possible that this process will change the incidence of rates (e.g. rural values may increase by a greater proportion than urban values).	Medium	No allowance has been made for the possible impact of changes in rating valuations in this plan. We have the opportunity to review this annually as part of the Annual Plan.
13.	**Funding of future replacement of significant assets** We have assumed that depreciation will fund the renewal of significant assets and loans will fund any shortfall if depreciation reserves have been exhausted.			✓	Funding will not be available to replace assets.	Low	If loan funding for renewals is required above the level budgeted, this would also increase interest costs above what has been budgeted for. Each additional $1 million borrowed would increase interest costs by $15,872 per annum and increase rates by 0.04%
14.	**Assets – Useful life and asset information** The useful lives of assets are assessed in accordance with the depreciation rates as set out in our Financial Statement Notes in Section 7. It is assumed that assets will be replaced at the end of their useful life on a 'like for like' basis (i.e. location, size) using the most appropriate materials available at the time the asset is renewed/replaced. There are a number of assumptions and estimates used when performing depreciated replacement cost valuations over infrastructural assets. Valuations of significant assets classes will be performed on an annual basis. Valuations will also be undertaken if we are concerned that values may have shifted significantly over any given period of time for the other assets. Planned asset acquisitions (as per the capital expenditure programme) will be depreciated on the same basis as existing assets. Details about data confidence and asset lives for the various asset groups are included in the relevant asset section of the Infrastructure Strategy.		✓		The physical deterioration and condition assessment used in the valuation of an asset could be at an amount that does not reflect its actual condition. This is a particular risk for those assets that are not visible, such as underground stormwater, wastewater, and water supply pipes.	Low	There is no certainty that asset components will last for their design lives (expected lifespan). These have been identified through the National Asset Management Support Standards and experience to date indicates no significant errors. Asset replacement is budgeted at the expected end of their useful life and earlier replacement will result in a loss on disposal of any residual value. Earlier replacement could mean deferring other capital projects to remain within our self-imposed debt limits. This risk is minimised by performing a combination of physical inspections and condition modelling assessments of underground assets; estimating any deterioration or surplus capacity of an asset.
15.	**Inflation** The forecasted figures in this LTP have been adjusted to include inflation expectations over the next 10 years. The Infrastructure Strategy, which has a 30 year horizon, is also adjusted for inflation. Inflation forecasts were provided by Business and Economic Research Limited (BERL) in September 2020, who was contracted by the Society of Local Government Managers to provide such forecasts specifically for the local government sector for this purpose. We have used the Local Government Cost Index (LGCI) which has been developed based on components of both operating and capital expenditure. The inflation factors below are applied on a cumulative basis. The average inflation factor applied over the 10 years of the LTP is 2.37%. The average inflation factor used in the development of the Infrastructure Strategy for the following 20 years is 2.3%	✓			Inflation occurs at rates much different than forecast.	Medium	Inflation is affected by external economic factors that are outside of our control. There is no certainty that the forecasts will be accurate. If inflation is lower than projected, then additional funding may be required to maintain the existing levels of service. For example, if inflation in the 2022/23 year was 1% higher than forecast, this would require an additional $396,450 in funding.

	What we've assumed	How we've used this assumption: Growth and demand	How we've used this assumption: Lifecycle of assets	How we've used this assumption: Levels of service	Risk	Level of uncertainty	Reasons for uncertainty and financial impacts

2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
0%	2.91%	2.55%	2.48%	2.60%	2.54%	2.56%	2.75%	2.75%	2.60%

	What we've assumed	Growth and demand	Lifecycle of assets	Levels of service	Risk	Level of uncertainty	Reasons for uncertainty and financial impacts
16.	**Borrowing** We have assumed that we will have ready access to loan funds at competitive interest rates. Our strong balance sheet supports this assumption, and as a borrowing member of the Local Government Funding Agency there is more certainty in Council and the local government sector in raising liquidity and debt as needed. The projected average total cost of borrowing for each of the 10 years of the LTPis shown below. These rates include the effect of forward starting interest rate swap contracts that are currently in place for years 1 to 8 of the plan. The interest rate projection is driven by the current implied market 90-day bank bill rate over the next 10 years. To this is added an assumed credit margin for the refinancing of existing debt and the raising of new debt.				Interest rates are higher than expected.	Medium	There is no certainty that the forecasted interest rates will be accurate. If the forecasted borrowing rate proved to be significantly understated, then additional funding may be required to maintain existing levels of service. An increase in the interest rate of 0.5% would increase interest costs for 2021/22 by $185,912 and rates by 0.52%

2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
2.93%	2.69%	2.41%	2.17%	2.13%	2.05%	1.97%	2.01%	2.09%	2.14%

	What we've assumed	Growth and demand	Lifecycle of assets	Levels of service	Risk	Level of uncertainty	Reasons for uncertainty and financial impacts
17.	**Return on investments** The interest rate projections for cash investments shown below are driven by the implied 90 day bank bill rates as implied by the wholesale swap curve, with an added margin of 50 basis points p.a. We have not budgeted to receive returns on investments held for strategic purposes over the next 10 years of this plan (as set out in the Financial Strategy). Interest earned on internally borrowed funds will be used to subsidise rates. Forecast internal interest rates shown below, are calculated at the midway point between Council's average external borrowing and average external treasury investments.	✓			Interest rates are lower than expected. The internal rate of interest could be much lower than forecast.	Medium	There is no certainty that the forecasted interest rates will be accurate. If the forecasted interest rate proved to be significantly overstated, then additional funding may be required to maintain are existing levels of service. A decrease in the investment interest rate of 0.5% would decrease interest income by $53,000 and increase rates required by 0.15%. A reduction in internal interest would result in a shift between general and targeted rate requirements, but overall, would have no significant impact.

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Investment interest rates	0.94%	1.04%	1.11%	1.25%	1.44%	1.66%	1.85%	2.00%	2.07%	2.17%
Internal interest rates	1.93%	1.86%	1.76%	1.71%	1.78%	1.86%	1.91%	2.01%	2.08%	2.16%

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18.	**Subsidies - Waka Kōtahi (NZTA)** We receive annual subsidies of just over $6 million from Waka Kōtahi (NZTA). The funding assistance rate is reviewed by Waka Kotahi every 3 years. We have assumed that the rate of subsidy of 51% will remain constant over the life of the LTP. We have assumed that operating and capital expenditure programs that have in the past received Waka Kōtahi (NZTA) subsidies and/or satisfy the criteria that Waka Kōtahi (NZTA) require in order to provide subsidies will continue to receive subsidy funding over the life of the LTP.	✓		✓	The rate of subsidy received could be higher or lower than expected. Waka Kōtahi (NZTA) could make changes to the subsidy rate, the funding cap or the criteria for inclusion in the subsidised works programme.	Medium	If subsidies from Waka Kōtahi (NZTA) are higher than we've assumed, we could complete our work programmes at a lower cost to ratepayers. Alternatively, if funding from Waka Kōtahi (NZTA) reduced, we would need ratepayers to fund a greater share, or to review our projects or level of service. If our work programmes are not approved by Waka Kotahi (NZTA) then we will need to review our budgets. Work that would otherwise receive subsidy may be deferred, or the approved three year programme may be adjusted as part of future Annual Plans. A reduction in the level of subsidy by 1% per annum would increase general rates by 0.17% on average over the 10 years of the plan and/or would affect the level of service we provide.
19.	**Solid Waste services** Over the course of the LTP we will continue to receive levy contributions from central government (under the relevant provisions of the Waste Minimisation Act 2008). We will apply these funds to projects and provision of recycling services that meet the criteria set out in that Act. In August 2020 Government announced planned increases the to the waste minimisation levy from $10 to $20 per tonne in 1 July 2021, reaching $60 per tonne by 1 July 2024. We expect the way levy funds are allocated to Territorial Authorities (TA's) will change. We have assumed Council will receive a similar level of funding as present; however, this may be made-up from a fixed allocation based on the size of the District and/or opportunities to apply for grants for projects. We have assumed a range of central government direction and national standardisation of kerbside collections will shape both the way our waste services are delivered and the cost of delivering them. This includes a review of the Waste Minimisation Act (the Act), the Litter Act 1979 and the New Zealand Waste Strategy. Council's existing kerbside refuse and transfer stations contract ends in August 2023. We have assumed we will implement a new refuse, recycling and transfer service upon the expiry of the current contract. We are also planning changes to the way this service is funded. We have made an assumption of the increased cost of delivering the new services based on expert advice.			✓	We may not receive the predicted levels of waste levy income. Kerbside collection, transfer station and waste disposal costs may be greater than anticipated.	Low	We use the levy income to fund waste minimisation schemes, educational programmes and waste minimisation projects. If we do not receive the amount of income predicted, expenditure in these areas may need to be reduced or subsidised by general rates. We will know the costs of the new kerbside collection, disposal and transfer station service once the contract procurement process has been completed. An increase of $1 million in costs would increase the targeted rate for solid waste by $97.61.

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20.	**Sales or transfer of assets** It is assumed throughout this plan that we will retain ownership of our significant assets and continue with the current Council Controlled Organisations.	✓			That the financial or nonfinancial objectives of holding strategic assets or Council Controlled Organisations are not achieved. The risk is low.	High	**Three Waters Reform -** With the proposed Three Waters Reform, there is high uncertainty around future ownership of the three waters assets. At the time of writing the details of the reform are not yet known, and as such we have assumed that Council will retain ownership. **Council Controlled Organisations -** Should specified returns not be attainable, we would review our investment. Such a review may have a financial impact. Any decision to sell or partially sell would be significant and a full proposal with options to be considered would be provided to the community for feedback as part of a consultation process.
21.	**Levels of service** We have assumed that demand for our services and community expectations regarding the level of service we provide will not change significantly from what we have budgeted for. In developing this LTP we have also assumed that the current levels of service we provide will continue unless specifically stated otherwise (refer Assumption 19 - Solid waste services). For some of our assets recent changes to legislation and the regulatory framework require us to change our levels of service. This is particularly true for the water supply services, where increasing environmental and health standards require improved water quality and improved security of water sources. Similar changes can be seen for wastewater and stormwater where increasing environmental standards require improved treatment of wastewater and stormwater before it can be disposed into the environment. The Roading activity is also seeing the continued changes to the levels of service, with the implementation of One Network Road Framework. This is likely to see the levels of service for some roads improve and others decrease.			✓	External factors or budgetary constraints may adversely affect our ability to deliver intended levels of service. There are significant changes in customer expectations regarding demand for services or levels of service.	Low	A number of factors may impact our ability to deliver our intended levels of service, such as financial constraints or a natural disaster. Expectations of the community may also change over time. Changes to levels of service may affect the scale and type of infrastructure and services we provide. Any significant changes to levels of service would require a proposal with options to be considered for feedback as part of a consultation process.
22.	**Resource consents and environmental standards** We hold several resource consents for the activities that we undertake - mainly for taking water for our town water supplies, and discharging stormwater and treated wastewater from our networks. These consents are obtained from the Waikato Regional Council and are influenced by national policy – such as National Environmental Standards and National Policy Statements under the Resource Management Act 1991 framework. We have assumed that the conditions of resource consents for our activities will not be altered significantly although it is acknowledged that there will be some alteration during the life of the LTP.	✓		✓	Conditions of resource consent could be altered significantly and without allowing sufficient time for planning. Changing Environmental standards could increase costs and put pressure on the affordability of the services we provide. Community expectations of the Environmental performance of Council services could increase.	Medium	**Reasons for uncertainty:** The implementation of the Freshwater NPS as well as the future establishment of the Waihou-Piako and Thames-Coromandel Catchment Authority may potentially see future consent conditions becoming more onerous at the time of re-consenting. **Financial Impact:** Resource consents are normally granted for long periods and are anticipated well in advance. However, the final costs of obtaining consents are difficult to predict (given the availability of appeals under the Resource Management Act 1991) and the impacts of changes to environmental standards on infrastructure investment and operation may be significant in the longer term. It is difficult to accurately predict the potential financial effects until the consenting/re-consenting process has begun. We have included renewing resource consents in our budgets for some alteration during the life of the LTP.

	What we've assumed	How we've used this assumption: Growth and demand	Lifecycle of assets	Levels of service	Risk	Level of uncertainty	Reasons for uncertainty and financial impacts
23.	**Collaborative partnerships** Partly in response to the government's direction, we have budgeted in this LTP to work towards greater regional collaboration. However in preparing the LTP we have not assumed any cost savings (other than those from existing partnerships) in our budgets.	✓			Future legislative changes could require greater collaboration than we are planning for. Reviews of services may not result in collabo-ration, efficiencies or a reduction in costs.	Low	An example of a partnership that has been established is the joint provision of rubbish and recycling services with the Hauraki and Thames-Coromandel District Councils, which has resulted in cost savings for the community. Work through WaiLASS and Regional Asset Technical Accord are other examples of regional collaboration. While we will continue to look for efficiencies and cost saving in the provision of our services the financial effects of this work are unknown. We have the ability to review budgets with the Annual Plan.
24.	**Timing of capital expenditure** The ten year budget has been developed on the basis of the best available information on the likely timing of capital projects and programmes.	✓	✓	✓	There is a moderate - high risk that the actual timing of the capital programme is different from that forecasted.	High	Delivery of capital expenditure to a different time frame than projected would have both a financial impact and could impact the timing of when the proposed level of service improvements would be achieved. The financial implications would depend on the planned funding sources for the relevant capital expenditure and its associated expenses. The financial impact would be on funding requirements, borrowings, interest expense, depreciation expense and consequential operating costs. The actual timing of capital expenditure (and the achievement of related service level improvements) will be impacted by a number of factors. One of the key areas under our control is the quality of project management. Other areas such as the market's response to the increased programme certianty and any potential further Covid-19 lockdowns are beyond our control.