

# Ngā matapae Forecasting assumptions



Planning for the future is challenging because there are so many variables that can affect the implementation of the plan. For this reason, it is important to identify and agree on a set of facts or assertions that will “anchor” the planning, budgeting, and decision-making process. These facts or assertions are called forecasting assumptions (or planning assumptions). They need to be based on the best information available at the time and consistent across the organisation.

This Long-term Plan has been prepared in an environment of uncertainty. Climate change, a recent change in government (and resulting changes in

policy and regulatory requirements), and high inflation contribute to a challenging planning environment. For each assumption below, we have included a description of the associated risk and our level of uncertainty. In some cases there is a high level of uncertainty, however for planning and budgeting purposes we must agree on an “anchor”. Where possible we try to understand the impact it turns out to be wrong so that we can be prepared.

Our forecasting assumptions are thoroughly reviewed every three years as part of each Long-term Plan.

## SECTION A – GENERAL ASSUMPTIONS

| ASSUMPTION                                                                                                                                                                                                                                                                                                                       | DESCRIPTION OF RISK                                                                                                                                                                                                                                       | LEVEL OF UNCERTAINTY ABOUT ASSUMPTION | POTENTIAL EFFECTS OF UNCERTAINTY ON FINANCIAL ESTIMATES                                                                                                                                                       |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. CLIMATE CHANGE                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                           |                                       |                                                                                                                                                                                                               |
| Horizons uses high-range emissions scenarios for its planning. The RCP 8.5 trajectory represents the high-range emissions scenario and allows for a precautionary approach when screening for climate change impacts. The high-range data is based on the Manawātū-Whanganui Regional Climate Change Risk Assessment (2021) (1). | The climate modelling that informs our assumptions is based 2011 data provided by the Ministry for the Environment. In keeping with the precautionary principle (“better safe than sorry”) we have chosen the high range (RCP 8.5/ SSP5-8.5) projections. | Medium                                | As identified in the Climate Change Regional Risk Assessment, climate change will have direct impacts Catchment Operations group of activities, indirect impacts on environmental activities, and transition- |



**He whanaungatanga whai mana**  
Our region's relationship with iwi and hapū are respectful and mana-enhancing



**He whatunga waka mauritau**  
Our region has effective transport networks



**He hapori manawaroa**  
Our region's communities are resilient to the impact of natural hazards and climate change

| ASSUMPTION                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | DESCRIPTION OF RISK                             | LEVEL OF UNCERTAINTY ABOUT ASSUMPTION | POTENTIAL EFFECTS OF UNCERTAINTY ON FINANCIAL ESTIMATES |                 |          |                                     |                 |   |              |   |            |   |                                             |   |                                 |   |                         |                                                 |                                                                                                                                                                                                                                                                                                                                                           |  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------|---------------------------------------|---------------------------------------------------------|-----------------|----------|-------------------------------------|-----------------|---|--------------|---|------------|---|---------------------------------------------|---|---------------------------------|---|-------------------------|-------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Climate change is expected to have a range of impacts for our region, including changes in averages and an increase in peak events:</p> <p><b>Changing averages</b></p> <table><tr><th></th><th>High range RCP 8.5 by 2050 (1)</th></tr><tr><td>Temperature (region-wide)</td><td>↑ 0.5° – 1.25°C</td></tr><tr><td>Rainfall</td><td>Summer: ↓ 8-15%<br/>Winter: ↑ 10-15%</td></tr><tr><td>Inland flooding</td><td>↑</td></tr><tr><td>Hot days (2)</td><td>↑</td></tr><tr><td>Frost days</td><td>↓</td></tr><tr><td>Hill country erosion and sediment loads (3)</td><td>↑</td></tr><tr><td>Visual clarity of waterways (3)</td><td>↓</td></tr><tr><td>Sea level rise (r ) (4)</td><td>By 2050: 0.28m-0.43m<br/>By 2100: 0.871.21-1.21m</td></tr></table> <p>These changing conditions will have a negative impact on already challenged ecosystems, with an increased threat to biodiversity, increases in pest incursion and disease (plant and animal/human), and a decrease in food security.</p> <p><b>Peak events</b></p> <p>We assume that the frequency of peak (extreme) events is predicted to increase. These extreme events have a negative impact on immediate and near-future agricultural productivity, health of waterways, erosion, animal and human welfare, and psychosocial health.</p> <p>Likely extreme events include:</p> <ul style="list-style-type: none"><li>▪ severe flooding</li><li>▪ severe drought</li><li>▪ rural fires (scrub, crop, forest)</li></ul> |                                                 | High range RCP 8.5 by 2050 (1)        | Temperature (region-wide)                               | ↑ 0.5° – 1.25°C | Rainfall | Summer: ↓ 8-15%<br>Winter: ↑ 10-15% | Inland flooding | ↑ | Hot days (2) | ↑ | Frost days | ↓ | Hill country erosion and sediment loads (3) | ↑ | Visual clarity of waterways (3) | ↓ | Sea level rise (r ) (4) | By 2050: 0.28m-0.43m<br>By 2100: 0.871.21-1.21m | <p>(Note: In mid-2024, NIWA is expected to release regional data based on the IPCC6 report. Once we have access to this data we will incorporated this into our existing planning information. Searise uses IPCC6 datasets (4).</p> <p>(Note: The Searise range uses SSP5-8.5 at the 50<sup>th</sup> percentile and includes vertical land movement).</p> |  | <p>related impacts on the passenger services activity.</p> <p>There will be a significant impact on insurability and affordability as well as more frequent need for Civil Defence and emergency management response.</p> <p>Building resilience to the impacts of climate change is a strategic priority for Horizons, and as such, there is a strong focus throughout this LTP on addressing the challenge it poses. The known effects have been factored into our 30-year Infrastructure Strategy.</p> |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | High range RCP 8.5 by 2050 (1)                  |                                       |                                                         |                 |          |                                     |                 |   |              |   |            |   |                                             |   |                                 |   |                         |                                                 |                                                                                                                                                                                                                                                                                                                                                           |  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Temperature (region-wide)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | ↑ 0.5° – 1.25°C                                 |                                       |                                                         |                 |          |                                     |                 |   |              |   |            |   |                                             |   |                                 |   |                         |                                                 |                                                                                                                                                                                                                                                                                                                                                           |  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Rainfall                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Summer: ↓ 8-15%<br>Winter: ↑ 10-15%             |                                       |                                                         |                 |          |                                     |                 |   |              |   |            |   |                                             |   |                                 |   |                         |                                                 |                                                                                                                                                                                                                                                                                                                                                           |  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Inland flooding                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | ↑                                               |                                       |                                                         |                 |          |                                     |                 |   |              |   |            |   |                                             |   |                                 |   |                         |                                                 |                                                                                                                                                                                                                                                                                                                                                           |  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Hot days (2)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | ↑                                               |                                       |                                                         |                 |          |                                     |                 |   |              |   |            |   |                                             |   |                                 |   |                         |                                                 |                                                                                                                                                                                                                                                                                                                                                           |  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Frost days                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | ↓                                               |                                       |                                                         |                 |          |                                     |                 |   |              |   |            |   |                                             |   |                                 |   |                         |                                                 |                                                                                                                                                                                                                                                                                                                                                           |  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Hill country erosion and sediment loads (3)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | ↑                                               |                                       |                                                         |                 |          |                                     |                 |   |              |   |            |   |                                             |   |                                 |   |                         |                                                 |                                                                                                                                                                                                                                                                                                                                                           |  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Visual clarity of waterways (3)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | ↓                                               |                                       |                                                         |                 |          |                                     |                 |   |              |   |            |   |                                             |   |                                 |   |                         |                                                 |                                                                                                                                                                                                                                                                                                                                                           |  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Sea level rise (r ) (4)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | By 2050: 0.28m-0.43m<br>By 2100: 0.871.21-1.21m |                                       |                                                         |                 |          |                                     |                 |   |              |   |            |   |                                             |   |                                 |   |                         |                                                 |                                                                                                                                                                                                                                                                                                                                                           |  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |

## Ngā putanga ā-hapori Our community outcomes



**He whakamana hapori, he hapori kori**  
Our region's communities are vibrant and empowered



**He pūnaha hauropi ora**  
Our region's ecosystems are healthy



**He rohe piki te ōhanga, piki te taiao**  
Our region's economy is thriving and environmentally sustainable

| ASSUMPTION                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | DESCRIPTION OF RISK                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | LEVEL OF UNCERTAINTY ABOUT ASSUMPTION | POTENTIAL EFFECTS OF UNCERTAINTY ON FINANCIAL ESTIMATES                                                                                    |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Sources:</p> <p>(1) <a href="https://www.horizons.govt.nz/HRC/media/Data/20210902_Horizons-CCRA_Report-signed_1.pdf">https://www.horizons.govt.nz/HRC/media/Data/20210902_Horizons-CCRA_Report-signed_1.pdf</a></p> <p>(2) The number of days when the maximum air temperature is greater than or equal to 25° (NIWA website, accessed 29 September 2023)</p> <p>(3) <a href="https://freshwater.horizons.govt.nz/___data/assets/pdf_file/0022/4099/NPSFM_2023_Application-of-SedNetNZ-using-updated-erosion-mitigations-with-climate-change-scenarios-in-the-Horizons-region.pdf">https://freshwater.horizons.govt.nz/___data/assets/pdf_file/0022/4099/NPSFM_2023_Application-of-SedNetNZ-using-updated-erosion-mitigations-with-climate-change-scenarios-in-the-Horizons-region.pdf</a></p> <p>(4) <a href="https://searise.takiwa.co/map/6245144372b819001837b900/embed">https://searise.takiwa.co/map/6245144372b819001837b900/embed</a> (accessed 5 October 2023)</p> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                       |                                                                                                                                            |
| 2. EMISSIONS REDUCTION                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                       |                                                                                                                                            |
| <p>In its Climate Action Plan (2023) Horizons has voluntarily set a goal of reducing its gross corporate greenhouse gas emissions by 43% by 2030 from 2019-20 levels (excluding contractors and other scope 3 emissions). This target aligns Horizons with the Intergovernmental Panel on Climate Change 2030 Target.</p> <p>We assume that we will meet this target on the basis of the actions we have committed to in the Climate Action Plan. This plan can be found on the Horizons website.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | <p>There are several risks associated with the assumption that we will meet our self-imposed target:</p> <p>New technology (for example electric utes) not coming on board in a timely fashion. Our target relies on the transition to e-vehicles.</p> <p>The required increase in staffing anticipated in this LTP, not expected at the time we set the target.</p> <p>If central government imposes emission reduction requirements on local government, this will increase costs and/or impact service delivery.</p> <p>If we are unable to meet our targets, the result may be:</p> <p>Reputational damage</p> <p>Reduction in social licence – we should be “practicing what we preach”.</p> | High                                  | <p>With the realisation of any of the risks noted, the cost of meeting our target will increase and/or levels of service may decrease.</p> |



**He whanaungatanga whai mana**  
Our region's relationship with iwi and hapū are respectful and mana-enhancing



**He whatunga waka mauritau**  
Our region has effective transport networks



**He hapori manawaroa**  
Our region's communities are resilient to the impact of natural hazards and climate change

| ASSUMPTION                                                                                                                    | DESCRIPTION OF RISK                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | LEVEL OF UNCERTAINTY ABOUT ASSUMPTION | POTENTIAL EFFECTS OF UNCERTAINTY ON FINANCIAL ESTIMATES                                                                                                                                    |
|-------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>3. RECOVERY FROM SIGNIFICANT ADVERSE EVENTS</b>                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                       |                                                                                                                                                                                            |
| We assume that there is adequate insurance and government co-funding to pay for damage following a significant adverse event. | <p>Horizons has approximately more than \$990 million of River Management Assets, some are insured and some are not.</p> <p>Horizons has pooled insurance cover with other Councils. The maximum amount that can be claimed for a single event is \$100M. This amount can only be claimed if the combined damage for that single event is less than \$300M for all of the councils involved. If it is over \$300M the amount will be reduced. Council resolved to increase this but we are yet to receive an updated policy so this assumption is based on the level of cover we have now.</p> <p>These totals include an assumption that Central Government will provide 60% of the cost e.g. up to 60 million of the 100 million that can be claimed in a single event. There is some uncertainty around the ability to rely on this, and there are likely be strict criteria.</p> <p>In summary, there is a risk that Horizons will not have adequate insurance cover for rebuilding infrastructure in a large adverse event.</p> | High                                  | Potentially Council would need to borrow further funds to rebuild after a large event, increasing rates. There may be limitations on what could be rebuilt and a drop in level of service. |

## Ngā putanga ā-hapori **Our community outcomes**



**He whakamana hapori, he hapori kori**  
Our region's communities are vibrant and empowered



**He pūnaha hauropi ora**  
Our region's ecosystems are healthy



**He rohe piki te ōhanga, piki te taiao**  
Our region's economy is thriving and environmentally sustainable

| ASSUMPTION                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | DESCRIPTION OF RISK                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | LEVEL OF UNCERTAINTY ABOUT ASSUMPTION | POTENTIAL EFFECTS OF UNCERTAINTY ON FINANCIAL ESTIMATES                                                                                                                                                                                                                                                                                                                                                                    |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| We assume that River and Drainage Schemes are provisioning enough funds to cover damage after small scale events that do not reach the threshold for insurance claims                                                                                                                                                                                                                                                                                                                                                                                              | Most River and Drainage Schemes provision an amount of annual rate funding to reserves to cover damages in years where repairs. Recent experience through multiple weather events in 2022-23 financial year, including Cyclone Gabrielle has significantly reduced and in some cases used all scheme reserves, requiring Council to provide additional general rate reserves to fund damage repairs. There is a risk that further events occur during the course of the LTP and there will be insufficient funds to do repairs. | Very high                             | If a further event does occur, there may be a need to increase scheme borrowings and or rates to fund repairs. Further there may be an inability to fund all repairs. There may be limitations on what could be repaired and a drop in levels of service. As an example the Cyclone Gabrielle event resulted in a work programme with \$9.107M of work and exceeded the reserves available in 3 of the 8 schemes impacted. |
| We assume that Horizons will not be challenged on matters of liability in relation to delivery of River and Drainage Activity. This applies to significant adverse events and more broadly to the overall River and Drainage and other activity.                                                                                                                                                                                                                                                                                                                   | In a damage-causing event there may be legal challenge to whether Horizons met its legal obligations in relation to provision of levels of service or some other aspect of the work programme.                                                                                                                                                                                                                                                                                                                                  | High                                  | There may be additional costs associated with legal challenges. There may also be a draw on resources in relation to legal challenges that impact on delivery of other aspects of the work programme.                                                                                                                                                                                                                      |
| <b>4. CENTRAL GOVERNMENT POLICY</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                       |                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <p><b>4.1. Resource Management Reforms</b></p> <p>In December 2023 the new National Government repealed the Natural and Built Environment Act (NBA) and the Spatial Planning Act (SPA) enacted by the Labour Government in August 2023. The current Government has signalled that new resource management legislation will be passed.</p> <p>We assume that a full review of the One Plan currently required by the Resource Management Act 1991 will be required to commence before the end of 2024 and will be progressed during this Long-term Plan period.</p> | <p>Changes to be made to the RMA are unknown. Under the RMA 1991, a review of the One Plan must be commenced within the period of this 10-Year Plan.</p> <p>Changes have the potential to impact policy work programmes.</p>                                                                                                                                                                                                                                                                                                    | Medium                                | The uncertainty makes it difficult to plan and budget accordingly. Additional funding is likely to be required to progress a review of the One Plan.                                                                                                                                                                                                                                                                       |



**He whanaungatanga whai mana**  
Our region's relationship with iwi and hapū are respectful and mana-enhancing



**He whatunga waka mauritau**  
Our region has effective transport networks



**He hapori manawaroa**  
Our region's communities are resilient to the impact of natural hazards and climate change

| ASSUMPTION                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | DESCRIPTION OF RISK                                                                                                                                                                                                                                                                                | LEVEL OF UNCERTAINTY ABOUT ASSUMPTION | POTENTIAL EFFECTS OF UNCERTAINTY ON FINANCIAL ESTIMATES                                                                                                                    |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>4.2. National Policy Statement – Freshwater Management (NPS-FM)</p> <p>The Government has signalled its intention to begin work on a replacement National Policy Statement for Freshwater Management (NPS-FM) in 2024. In preparation for this, the repeal legislation extends the date that councils are required to notify freshwater plan changes, by three years to 31 December 2027.</p> <p>We assume that there will be a new NPS-FM initiated in 2024. In the meantime we will continue to work in accordance with current national policy direction. We assume notification of the Freshwater Plan Change in our region under the NPS-FM will occur post December 2024.</p> | <p>While the Government has stated that the changes to the NPS-FM 2020 will be to better reflect the interests of all water users, the exact changes are unknown. The risk is that changes to regional policy will require further change when the new national policy direction is delivered.</p> | Medium                                | <p>A new notification date for the Freshwater Plan Change has not been determined. An extension of the timeframe for notification is likely to incur additional costs.</p> |
| <p>4.3. National Policy Statement – Highly Productive Land (NPS-HPL)</p> <p>In 2023 feedback was sought on potential amendments to the NPS-HPL and there is potential for the new National Government to make further changes.</p> <p>We assume that the requirement for regional councils to notify a change to the One Plan/Regional Policy Statement to include maps of HPL in the region by October 2025 will not change.</p>                                                                                                                                                                                                                                                      | <p>The risk is that the mapping requirements may change as we are undertaking the mapping work.</p>                                                                                                                                                                                                | Medium                                | <p>Mapping requirements and therefore costs may change.</p>                                                                                                                |

## Ngā putanga ā-hapori Our community outcomes



**He whakamana hapori, he hapori kori**  
Our region's communities are vibrant and empowered



**He pūnaha hauropi ora**  
Our region's ecosystems are healthy



**He rohe piki te ōhanga, piki te taiao**  
Our region's economy is thriving and environmentally sustainable

| ASSUMPTION                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | DESCRIPTION OF RISK                                                                                                                                                                                                                                                                                                                                                                                 | LEVEL OF UNCERTAINTY ABOUT ASSUMPTION | POTENTIAL EFFECTS OF UNCERTAINTY ON FINANCIAL ESTIMATES                                                                                                          |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>4.4. National Policy Statement – Indigenous Biodiversity (NPS-IB)</p> <p>We assume that the NPS-IB will proceed according to the timeframes set by central government in terms of regional council responsibilities:</p> <ul style="list-style-type: none"> <li>Changes to the One Plan are notified by 4 August 2031.</li> <li>Regional Biodiversity Strategy is started by 4 August 2026 and completed by 4 August 2033.</li> </ul> <p>4.5. We assume there will be changes to requirements for territorial authorities to identify Significant Natural Areas.</p> | <p>There is a risk that changes will be made to the policy statement with the new government signalling an urgent review before any implementation, including implementation of Significant Natural Areas This might alter the requirements and implementation timeframes.</p> <p>There is a risk of inadequate resource provision to enable the implementation within the required timeframes.</p> | Medium                                | Resourcing requirements may change once project implementation plans have been developed and resourcing demands identified.                                      |
| <p>4.6. Water Services Reform Programme</p> <p>We assume that the Water Services Reform Programme reforms will not proceed in the manner set by the Labour Government. It is assumed that an alternative model (Local Water Done Well) will be developed which restores council ownership and control, but with stronger central government oversight.</p>                                                                                                                                                                                                              | The detail of water reform is uncertain for the preparation of this Long-Term Plan.                                                                                                                                                                                                                                                                                                                 | Medium                                | This has potential to change the way three waters was intended to be managed in the region, although the impacts on Horizons are likely to be small or indirect. |
| <p>4.7. Future for Local Government review (FFLG)</p> <p>We assume that policy decisions will not be made within the timeframe of this plan.</p>                                                                                                                                                                                                                                                                                                                                                                                                                        | There is a risk that policy decisions resulting from the FFLG review will be made within the lifetime of this plan.                                                                                                                                                                                                                                                                                 | Medium                                | Earlier implementation of FFLG policy may require Council to increase rates to fund additional/changes to existing activity.                                     |



**He whanaungatanga whai mana**  
Our region's relationship with iwi and hapū are respectful and mana-enhancing



**He whatunga waka mauritau**  
Our region has effective transport networks



**He hapori manawaroa**  
Our region's communities are resilient to the impact of natural hazards and climate change

| ASSUMPTION                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | DESCRIPTION OF RISK                                                                                                                                                                                                                          | LEVEL OF UNCERTAINTY ABOUT ASSUMPTION | POTENTIAL EFFECTS OF UNCERTAINTY ON FINANCIAL ESTIMATES                                                                                                                                                                                                                                        |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>4.8. Emergency Management Reforms</b></p> <p>We assume that the Emergency Management Bill will proceed as planned.</p> <p>As currently written, the Bill could present challenges for Council to adequately resource the requirements of the Bill, particularly with regard to engagement, capability and capacity requirements. The Manawātū-Whanganui Civil Defence Emergency Management Group are yet to determine an approach to resourcing the Act once it receives Royal Assent.</p> | <p>As at January 2024 the bill is on hold due to the new government. At this stage we have no clear understanding whether there will be an increase or reduction to the requirements of the Bill. We have requested an update from NEMA.</p> | <p>Low</p>                            | <p>Changes that reduce the requirements of the Bill will have less financial impact on Council (lesser impact on resourcing requirements).</p> <p>Changes that increase the requirements of the Bill will have a negative financial impact on Council (increased resourcing requirements).</p> |
| <b>5. COMPETITIVE TALENT MARKET FOR STAFF</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                              |                                       |                                                                                                                                                                                                                                                                                                |
| <p>Regional councils and central government are often competing for the same talent when recruiting for positions within council officer roles – especially senior technical/specialist roles. In addition, a highly competitive global market for labour is expected to limit migration inflows at the same time as an elevated number of New Zealanders are leaving.</p> <p>We assume that we will be able to fill these roles over the life of the plan.</p>                                  | <p>There is a risk that we will not be able to recruit enough experienced staff.</p>                                                                                                                                                         | <p>Medium</p>                         | <p>An inability to recruit enough experienced staff may impact Council's ability to deliver on projects or levels of services that have been agreed with our communities. This work may have to be contracted out.</p>                                                                         |

## Ngā putanga ā-hapori Our community outcomes



**He whakamana hapori, he hapori kori**  
Our region's communities are vibrant and empowered



**He pūnaha hauropi ora**  
Our region's ecosystems are healthy



**He rohe piki te ōhanga, piki te taiao**  
Our region's economy is thriving and environmentally sustainable

| ASSUMPTION                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | DESCRIPTION OF RISK | LEVEL OF UNCERTAINTY ABOUT ASSUMPTION | POTENTIAL EFFECTS OF UNCERTAINTY ON FINANCIAL ESTIMATES |         |         |        |         |         |           |         |        |         |            |         |         |     |          |         |         |         |                                                                                            |               |                                                                                                                                                                                                                                                                                                                                                       |     |         |        |        |     |            |        |        |     |        |         |         |     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                      |                                                                                                                                                                                                                                                                                                               |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|---------------------------------------|---------------------------------------------------------|---------|---------|--------|---------|---------|-----------|---------|--------|---------|------------|---------|---------|-----|----------|---------|---------|---------|--------------------------------------------------------------------------------------------|---------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|---------|--------|--------|-----|------------|--------|--------|-----|--------|---------|---------|-----|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 6. POPULATION                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                     |                                       |                                                         |         |         |        |         |         |           |         |        |         |            |         |         |     |          |         |         |         |                                                                                            |               |                                                                                                                                                                                                                                                                                                                                                       |     |         |        |        |     |            |        |        |     |        |         |         |     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                      |                                                                                                                                                                                                                                                                                                               |
| <p>Our population assumptions are based on Infometrics’ population projections for the region.</p> <p>6.1. Regional Population</p> <p>These projections show that there is expected to be an increase in population of over 90,000 people between now and 2054. This assumption is based on the high growth scenario, which aligns with the approach taken by the majority of territorial authorities in our region.</p> <p>The regional projections are:</p> <table><tr><th></th><th>2022</th><th>2030</th><th>2040</th><th>2054</th></tr><tr><td>HIGH</td><td>258,282</td><td>281,703</td><td>313,892</td><td>355,118</td></tr><tr><td>MEDIUM</td><td>258,282</td><td>274,385</td><td>294,014</td><td>315,539</td></tr><tr><td>LOW</td><td>258,282</td><td>266,945</td><td>274,004</td><td>276,507</td></tr></table>           |                     | 2022                                  | 2030                                                    | 2040    | 2054    | HIGH   | 258,282 | 281,703 | 313,892   | 355,118 | MEDIUM | 258,282 | 274,385    | 294,014 | 315,539 | LOW | 258,282  | 266,945 | 274,004 | 276,507 | <p>There is a risk that population will not change in accordance with the projections.</p> | <p>Medium</p> | <p>Higher population growth than expected will put pressure on existing infrastructure and services. Council may need to find ways of raising the extra revenue required, or consider lower levels of service. Alternatively, lower than expected population growth could increase the costs per property of delivering agreed levels of service.</p> |     |         |        |        |     |            |        |        |     |        |         |         |     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                      |                                                                                                                                                                                                                                                                                                               |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 2022                | 2030                                  | 2040                                                    | 2054    |         |        |         |         |           |         |        |         |            |         |         |     |          |         |         |         |                                                                                            |               |                                                                                                                                                                                                                                                                                                                                                       |     |         |        |        |     |            |        |        |     |        |         |         |     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                      |                                                                                                                                                                                                                                                                                                               |
| HIGH                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 258,282             | 281,703                               | 313,892                                                 | 355,118 |         |        |         |         |           |         |        |         |            |         |         |     |          |         |         |         |                                                                                            |               |                                                                                                                                                                                                                                                                                                                                                       |     |         |        |        |     |            |        |        |     |        |         |         |     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                      |                                                                                                                                                                                                                                                                                                               |
| MEDIUM                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 258,282             | 274,385                               | 294,014                                                 | 315,539 |         |        |         |         |           |         |        |         |            |         |         |     |          |         |         |         |                                                                                            |               |                                                                                                                                                                                                                                                                                                                                                       |     |         |        |        |     |            |        |        |     |        |         |         |     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                      |                                                                                                                                                                                                                                                                                                               |
| LOW                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 258,282             | 266,945                               | 274,004                                                 | 276,507 |         |        |         |         |           |         |        |         |            |         |         |     |          |         |         |         |                                                                                            |               |                                                                                                                                                                                                                                                                                                                                                       |     |         |        |        |     |            |        |        |     |        |         |         |     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                      |                                                                                                                                                                                                                                                                                                               |
| <p>6.2. District Population</p> <p>There is some variation in the projected populations to 2034 between the different territorial authorities within the region:</p> <table><tr><th>District</th><th>2022</th><th>2034</th><th>Change</th></tr><tr><td>Ruapehu</td><td>13,000</td><td>13,653</td><td>5%</td></tr><tr><td>Whanganui</td><td>48,700</td><td>52,981</td><td>9%</td></tr><tr><td>Rangitikei</td><td>16,100</td><td>17,533</td><td>9%</td></tr><tr><td>Manawatū</td><td>33,900</td><td>39,694</td><td>17%</td></tr><tr><td>Palmerston north</td><td>90,400</td><td>103,185</td><td>14%</td></tr><tr><td>Tararua</td><td>19,050</td><td>20,981</td><td>10%</td></tr><tr><td>Horowhenua</td><td>37,000</td><td>46,668</td><td>26%</td></tr><tr><td>Region</td><td>258,200</td><td>294,832</td><td>14%</td></tr></table> | District            | 2022                                  | 2034                                                    | Change  | Ruapehu | 13,000 | 13,653  | 5%      | Whanganui | 48,700  | 52,981 | 9%      | Rangitikei | 16,100  | 17,533  | 9%  | Manawatū | 33,900  | 39,694  | 17%     | Palmerston north                                                                           | 90,400        | 103,185                                                                                                                                                                                                                                                                                                                                               | 14% | Tararua | 19,050 | 20,981 | 10% | Horowhenua | 37,000 | 46,668 | 26% | Region | 258,200 | 294,832 | 14% | <p>There is a risk that population will not change in accordance with the projections. Patterns of population distribution are driven by a range of factors including labour demand, net migration, central government legislation, Regional and District Plan regulations, market conditions, land supply, housing affordability and levels of investment. While the most-up-to-date information has been used, it is likely that some factors will change. These changes may influence the overall pattern of population distribution.</p> | <p>Medium - Most of the region</p> <p>High – Horowhenua District</p> | <p>If the actual population figures differ considerably from what is projected, the timing and scale of growth projects will need to be revisited.</p> <p>There is particular uncertainty for the Horowhenua District as it is brought into the sphere of Greater Wellington’s Regional Growth Framework.</p> |
| District                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 2022                | 2034                                  | Change                                                  |         |         |        |         |         |           |         |        |         |            |         |         |     |          |         |         |         |                                                                                            |               |                                                                                                                                                                                                                                                                                                                                                       |     |         |        |        |     |            |        |        |     |        |         |         |     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                      |                                                                                                                                                                                                                                                                                                               |
| Ruapehu                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 13,000              | 13,653                                | 5%                                                      |         |         |        |         |         |           |         |        |         |            |         |         |     |          |         |         |         |                                                                                            |               |                                                                                                                                                                                                                                                                                                                                                       |     |         |        |        |     |            |        |        |     |        |         |         |     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                      |                                                                                                                                                                                                                                                                                                               |
| Whanganui                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 48,700              | 52,981                                | 9%                                                      |         |         |        |         |         |           |         |        |         |            |         |         |     |          |         |         |         |                                                                                            |               |                                                                                                                                                                                                                                                                                                                                                       |     |         |        |        |     |            |        |        |     |        |         |         |     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                      |                                                                                                                                                                                                                                                                                                               |
| Rangitikei                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | 16,100              | 17,533                                | 9%                                                      |         |         |        |         |         |           |         |        |         |            |         |         |     |          |         |         |         |                                                                                            |               |                                                                                                                                                                                                                                                                                                                                                       |     |         |        |        |     |            |        |        |     |        |         |         |     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                      |                                                                                                                                                                                                                                                                                                               |
| Manawatū                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 33,900              | 39,694                                | 17%                                                     |         |         |        |         |         |           |         |        |         |            |         |         |     |          |         |         |         |                                                                                            |               |                                                                                                                                                                                                                                                                                                                                                       |     |         |        |        |     |            |        |        |     |        |         |         |     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                      |                                                                                                                                                                                                                                                                                                               |
| Palmerston north                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 90,400              | 103,185                               | 14%                                                     |         |         |        |         |         |           |         |        |         |            |         |         |     |          |         |         |         |                                                                                            |               |                                                                                                                                                                                                                                                                                                                                                       |     |         |        |        |     |            |        |        |     |        |         |         |     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                      |                                                                                                                                                                                                                                                                                                               |
| Tararua                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 19,050              | 20,981                                | 10%                                                     |         |         |        |         |         |           |         |        |         |            |         |         |     |          |         |         |         |                                                                                            |               |                                                                                                                                                                                                                                                                                                                                                       |     |         |        |        |     |            |        |        |     |        |         |         |     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                      |                                                                                                                                                                                                                                                                                                               |
| Horowhenua                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | 37,000              | 46,668                                | 26%                                                     |         |         |        |         |         |           |         |        |         |            |         |         |     |          |         |         |         |                                                                                            |               |                                                                                                                                                                                                                                                                                                                                                       |     |         |        |        |     |            |        |        |     |        |         |         |     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                      |                                                                                                                                                                                                                                                                                                               |
| Region                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 258,200             | 294,832                               | 14%                                                     |         |         |        |         |         |           |         |        |         |            |         |         |     |          |         |         |         |                                                                                            |               |                                                                                                                                                                                                                                                                                                                                                       |     |         |        |        |     |            |        |        |     |        |         |         |     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                      |                                                                                                                                                                                                                                                                                                               |



**He whanaungatanga whai mana**  
Our region's relationship with iwi and hapū are respectful and mana-enhancing



**He whatunga waka mauritau**  
Our region has effective transport networks



**He hapori manawaroa**  
Our region's communities are resilient to the impact of natural hazards and climate change

| ASSUMPTION                                                                                                                                                                                                                                                                                                                                                                                                                   | DESCRIPTION OF RISK                                                                                                                                                        | LEVEL OF UNCERTAINTY ABOUT ASSUMPTION | POTENTIAL EFFECTS OF UNCERTAINTY ON FINANCIAL ESTIMATES                                                                                                                                                                                                                                                                                                             |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>6.3. Ageing</b></p> <p>The 65+ age group has been Manawātū-Whanganui's fastest growing in the past two decades. In 2018, it accounted for 18% of the region's population. This is projected to increase to 24% by 2033, and 26% by 2053.</p> <p>With an increasingly older population, the number of those on fixed incomes is also likely to increase. This may impact our ability to continue to increase rates.</p> | <p>There is a risk that population will not change in accordance with the projections.</p>                                                                                 | <p>Medium</p>                         | <p>Higher than expected growth will increase pressure on affordability for a significant portion of our region.</p> <p>Lower than expected growth of the 65+ age group will not have a significant impact.</p>                                                                                                                                                      |
| Source for population data: <a href="#">Infometrics Manawātū-Whanganui projections report May 2023</a> page 22                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                            |                                       |                                                                                                                                                                                                                                                                                                                                                                     |
| <b>7. EMISSIONS TRADING SCHEME (ETS)</b>                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                            |                                       |                                                                                                                                                                                                                                                                                                                                                                     |
| <p>Council receives carbon units for the forestry assets held which are recognised at fair value on receipt. We assume these will continue to be received as the forestry assets grow until such time as they are harvested. They will be surrendered unto harvest to satisfy carbon emission obligations.</p>                                                                                                               | <p>There is a risk the price for carbon units will change significantly.</p> <p>There is a risk the amount of carbon units received per year will change significantly</p> | <p>High</p>                           | <p>If the price per carbon unit or the amount of carbon units generated each year is higher or lower than expected, the amount of revenue accounted for could be significantly higher or lower than planned.</p> <p>Given these are intangible assets and therefore the revenue associated with them is not actually received, the financial impact is minimal.</p> |

## Ngā putanga ā-hapori Our community outcomes



**He whakamana hapori, he hapori kori**  
Our region's communities are vibrant and empowered



**He pūnaha hauropi ora**  
Our region's ecosystems are healthy



**He rohe piki te ōhanga, piki te taiao**  
Our region's economy is thriving and environmentally sustainable

## SECTION B – FINANCIAL ASSUMPTIONS

| ASSUMPTION                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | DESCRIPTION OF RISK                                                                  | LEVEL OF UNCERTAINTY ABOUT ASSUMPTION | POTENTIAL EFFECTS OF UNCERTAINTY ON FINANCIAL ESTIMATES |                      |                                     |                                     |                      |      |   |   |   |   |   |     |      |     |     |     |     |     |      |      |     |     |     |     |     |      |      |     |     |     |     |     |       |      |     |     |     |      |     |       |      |      |      |      |      |      |       |      |      |      |      |      |      |       |      |      |      |      |      |      |       |      |      |      |      |      |      |       |       |      |      |      |      |      |       |                                                                                                                                                                                                                                                |                                                                             |                                                                                                                                                                                                                                                                                                                                                                            |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|---------------------------------------|---------------------------------------------------------|----------------------|-------------------------------------|-------------------------------------|----------------------|------|---|---|---|---|---|-----|------|-----|-----|-----|-----|-----|------|------|-----|-----|-----|-----|-----|------|------|-----|-----|-----|-----|-----|-------|------|-----|-----|-----|------|-----|-------|------|------|------|------|------|------|-------|------|------|------|------|------|------|-------|------|------|------|------|------|------|-------|------|------|------|------|------|------|-------|-------|------|------|------|------|------|-------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. ACTUAL FINANCIAL RESULTS                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                      |                                       |                                                         |                      |                                     |                                     |                      |      |   |   |   |   |   |     |      |     |     |     |     |     |      |      |     |     |     |     |     |      |      |     |     |     |     |     |       |      |     |     |     |      |     |       |      |      |      |      |      |      |       |      |      |      |      |      |      |       |      |      |      |      |      |      |       |      |      |      |      |      |      |       |       |      |      |      |      |      |       |                                                                                                                                                                                                                                                |                                                                             |                                                                                                                                                                                                                                                                                                                                                                            |
| This Plan incorporates our actual financial results up to 30 June 2023. We have then projected forward to the opening balances as at 1 July 2024 based on the 2023/24 Annual Plan budgets. We consider that no significant financial event, that would require adjustments to our 2023/24 budgets, has occurred up until 30 June 2024.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | An event may occur between March to June 2024 that has significant financial effect. | Low                                   | Unknown impact at this stage.                           |                      |                                     |                                     |                      |      |   |   |   |   |   |     |      |     |     |     |     |     |      |      |     |     |     |     |     |      |      |     |     |     |     |     |       |      |     |     |     |      |     |       |      |      |      |      |      |      |       |      |      |      |      |      |      |       |      |      |      |      |      |      |       |      |      |      |      |      |      |       |       |      |      |      |      |      |       |                                                                                                                                                                                                                                                |                                                                             |                                                                                                                                                                                                                                                                                                                                                                            |
| 2. INFLATION <sup>1</sup> AND LOCAL GOVERNMENT COST INDEX                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                      |                                       |                                                         |                      |                                     |                                     |                      |      |   |   |   |   |   |     |      |     |     |     |     |     |      |      |     |     |     |     |     |      |      |     |     |     |     |     |       |      |     |     |     |      |     |       |      |      |      |      |      |      |       |      |      |      |      |      |      |       |      |      |      |      |      |      |       |      |      |      |      |      |      |       |       |      |      |      |      |      |       |                                                                                                                                                                                                                                                |                                                                             |                                                                                                                                                                                                                                                                                                                                                                            |
| <p><b>Inflation</b></p> <p>Inflation rates applied in are based on the 10-year forecast provided by Business and Economic Research Limited (BERL).</p> <p><b>Local Government Cost Index <sup>2</sup></b></p> <p>The cumulative significant percentage rates of inflation are below:</p> <table><tr><th>Costs</th><th>Planning &amp; Regulation</th><th>Transport</th><th>Comm-unity</th><th>Water &amp; environ-ment</th><th>Roading (used for Flood Protection)</th><th>Staff (Cumulative %)</th></tr><tr><td>Yr 1</td><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td><td>4.0</td></tr><tr><td>Yr 2</td><td>2.2</td><td>2.2</td><td>2.1</td><td>2.2</td><td>2.1</td><td>7.40</td></tr><tr><td>Yr 3</td><td>4.5</td><td>4.6</td><td>4.4</td><td>4.8</td><td>4.5</td><td>9.63</td></tr><tr><td>Yr 4</td><td>6.8</td><td>7.1</td><td>6.8</td><td>7.4</td><td>7.1</td><td>11.91</td></tr><tr><td>Yr 5</td><td>9.0</td><td>9.4</td><td>9.1</td><td>10.1</td><td>9.6</td><td>14.22</td></tr><tr><td>Yr 6</td><td>11.2</td><td>11.8</td><td>11.4</td><td>12.7</td><td>12.0</td><td>16.59</td></tr><tr><td>Yr 7</td><td>13.4</td><td>14.1</td><td>13.7</td><td>15.3</td><td>14.4</td><td>19.00</td></tr><tr><td>Yr 8</td><td>15.6</td><td>16.5</td><td>16.0</td><td>17.9</td><td>16.9</td><td>21.46</td></tr><tr><td>Yr 9</td><td>17.8</td><td>18.8</td><td>18.3</td><td>20.5</td><td>19.3</td><td>23.97</td></tr><tr><td>Yr 10</td><td>20.0</td><td>21.2</td><td>20.5</td><td>23.1</td><td>21.8</td><td>26.53</td></tr></table> | Costs                                                                                | Planning & Regulation                 | Transport                                               | Comm-unity           | Water & environ-ment                | Roading (used for Flood Protection) | Staff (Cumulative %) | Yr 1 | 0 | 0 | 0 | 0 | 0 | 4.0 | Yr 2 | 2.2 | 2.2 | 2.1 | 2.2 | 2.1 | 7.40 | Yr 3 | 4.5 | 4.6 | 4.4 | 4.8 | 4.5 | 9.63 | Yr 4 | 6.8 | 7.1 | 6.8 | 7.4 | 7.1 | 11.91 | Yr 5 | 9.0 | 9.4 | 9.1 | 10.1 | 9.6 | 14.22 | Yr 6 | 11.2 | 11.8 | 11.4 | 12.7 | 12.0 | 16.59 | Yr 7 | 13.4 | 14.1 | 13.7 | 15.3 | 14.4 | 19.00 | Yr 8 | 15.6 | 16.5 | 16.0 | 17.9 | 16.9 | 21.46 | Yr 9 | 17.8 | 18.8 | 18.3 | 20.5 | 19.3 | 23.97 | Yr 10 | 20.0 | 21.2 | 20.5 | 23.1 | 21.8 | 26.53 | <p>Actual rates are significantly different from the estimated rates.</p> <p>Inflationary rates are particularly difficult to project this year as a result of the changing economic environment and potential Central Government changes.</p> | <p>2024-34 - Low</p> <p>2035-38 - Low to medium</p> <p>2038-41 - Medium</p> | <p>Minimal impact expected as Council works within fixed operating budgets.</p> <p>If there were to be a significant variance in inflationary pressures, this would have a corresponding impact on rates.</p> <p>However, adjustments would be made to budgets and Council would operate within agreed budgets. We also have the opportunity to re-baseline every LTP.</p> |
| Costs                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Planning & Regulation                                                                | Transport                             | Comm-unity                                              | Water & environ-ment | Roading (used for Flood Protection) | Staff (Cumulative %)                |                      |      |   |   |   |   |   |     |      |     |     |     |     |     |      |      |     |     |     |     |     |      |      |     |     |     |     |     |       |      |     |     |     |      |     |       |      |      |      |      |      |      |       |      |      |      |      |      |      |       |      |      |      |      |      |      |       |      |      |      |      |      |      |       |       |      |      |      |      |      |       |                                                                                                                                                                                                                                                |                                                                             |                                                                                                                                                                                                                                                                                                                                                                            |
| Yr 1                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 0                                                                                    | 0                                     | 0                                                       | 0                    | 0                                   | 4.0                                 |                      |      |   |   |   |   |   |     |      |     |     |     |     |     |      |      |     |     |     |     |     |      |      |     |     |     |     |     |       |      |     |     |     |      |     |       |      |      |      |      |      |      |       |      |      |      |      |      |      |       |      |      |      |      |      |      |       |      |      |      |      |      |      |       |       |      |      |      |      |      |       |                                                                                                                                                                                                                                                |                                                                             |                                                                                                                                                                                                                                                                                                                                                                            |
| Yr 2                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 2.2                                                                                  | 2.2                                   | 2.1                                                     | 2.2                  | 2.1                                 | 7.40                                |                      |      |   |   |   |   |   |     |      |     |     |     |     |     |      |      |     |     |     |     |     |      |      |     |     |     |     |     |       |      |     |     |     |      |     |       |      |      |      |      |      |      |       |      |      |      |      |      |      |       |      |      |      |      |      |      |       |      |      |      |      |      |      |       |       |      |      |      |      |      |       |                                                                                                                                                                                                                                                |                                                                             |                                                                                                                                                                                                                                                                                                                                                                            |
| Yr 3                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 4.5                                                                                  | 4.6                                   | 4.4                                                     | 4.8                  | 4.5                                 | 9.63                                |                      |      |   |   |   |   |   |     |      |     |     |     |     |     |      |      |     |     |     |     |     |      |      |     |     |     |     |     |       |      |     |     |     |      |     |       |      |      |      |      |      |      |       |      |      |      |      |      |      |       |      |      |      |      |      |      |       |      |      |      |      |      |      |       |       |      |      |      |      |      |       |                                                                                                                                                                                                                                                |                                                                             |                                                                                                                                                                                                                                                                                                                                                                            |
| Yr 4                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 6.8                                                                                  | 7.1                                   | 6.8                                                     | 7.4                  | 7.1                                 | 11.91                               |                      |      |   |   |   |   |   |     |      |     |     |     |     |     |      |      |     |     |     |     |     |      |      |     |     |     |     |     |       |      |     |     |     |      |     |       |      |      |      |      |      |      |       |      |      |      |      |      |      |       |      |      |      |      |      |      |       |      |      |      |      |      |      |       |       |      |      |      |      |      |       |                                                                                                                                                                                                                                                |                                                                             |                                                                                                                                                                                                                                                                                                                                                                            |
| Yr 5                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 9.0                                                                                  | 9.4                                   | 9.1                                                     | 10.1                 | 9.6                                 | 14.22                               |                      |      |   |   |   |   |   |     |      |     |     |     |     |     |      |      |     |     |     |     |     |      |      |     |     |     |     |     |       |      |     |     |     |      |     |       |      |      |      |      |      |      |       |      |      |      |      |      |      |       |      |      |      |      |      |      |       |      |      |      |      |      |      |       |       |      |      |      |      |      |       |                                                                                                                                                                                                                                                |                                                                             |                                                                                                                                                                                                                                                                                                                                                                            |
| Yr 6                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 11.2                                                                                 | 11.8                                  | 11.4                                                    | 12.7                 | 12.0                                | 16.59                               |                      |      |   |   |   |   |   |     |      |     |     |     |     |     |      |      |     |     |     |     |     |      |      |     |     |     |     |     |       |      |     |     |     |      |     |       |      |      |      |      |      |      |       |      |      |      |      |      |      |       |      |      |      |      |      |      |       |      |      |      |      |      |      |       |       |      |      |      |      |      |       |                                                                                                                                                                                                                                                |                                                                             |                                                                                                                                                                                                                                                                                                                                                                            |
| Yr 7                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 13.4                                                                                 | 14.1                                  | 13.7                                                    | 15.3                 | 14.4                                | 19.00                               |                      |      |   |   |   |   |   |     |      |     |     |     |     |     |      |      |     |     |     |     |     |      |      |     |     |     |     |     |       |      |     |     |     |      |     |       |      |      |      |      |      |      |       |      |      |      |      |      |      |       |      |      |      |      |      |      |       |      |      |      |      |      |      |       |       |      |      |      |      |      |       |                                                                                                                                                                                                                                                |                                                                             |                                                                                                                                                                                                                                                                                                                                                                            |
| Yr 8                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 15.6                                                                                 | 16.5                                  | 16.0                                                    | 17.9                 | 16.9                                | 21.46                               |                      |      |   |   |   |   |   |     |      |     |     |     |     |     |      |      |     |     |     |     |     |      |      |     |     |     |     |     |       |      |     |     |     |      |     |       |      |      |      |      |      |      |       |      |      |      |      |      |      |       |      |      |      |      |      |      |       |      |      |      |      |      |      |       |       |      |      |      |      |      |       |                                                                                                                                                                                                                                                |                                                                             |                                                                                                                                                                                                                                                                                                                                                                            |
| Yr 9                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 17.8                                                                                 | 18.8                                  | 18.3                                                    | 20.5                 | 19.3                                | 23.97                               |                      |      |   |   |   |   |   |     |      |     |     |     |     |     |      |      |     |     |     |     |     |      |      |     |     |     |     |     |       |      |     |     |     |      |     |       |      |      |      |      |      |      |       |      |      |      |      |      |      |       |      |      |      |      |      |      |       |      |      |      |      |      |      |       |       |      |      |      |      |      |       |                                                                                                                                                                                                                                                |                                                                             |                                                                                                                                                                                                                                                                                                                                                                            |
| Yr 10                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 20.0                                                                                 | 21.2                                  | 20.5                                                    | 23.1                 | 21.8                                | 26.53                               |                      |      |   |   |   |   |   |     |      |     |     |     |     |     |      |      |     |     |     |     |     |      |      |     |     |     |     |     |       |      |     |     |     |      |     |       |      |      |      |      |      |      |       |      |      |      |      |      |      |       |      |      |      |      |      |      |       |      |      |      |      |      |      |       |       |      |      |      |      |      |       |                                                                                                                                                                                                                                                |                                                                             |                                                                                                                                                                                                                                                                                                                                                                            |



**He whanaungatanga whai mana**  
Our region's relationship with iwi and hapū are respectful and mana-enhancing



**He whatunga waka mauritau**  
Our region has effective transport networks



**He hapori manawaroa**  
Our region's communities are resilient to the impact of natural hazards and climate change

| ASSUMPTION                                                                                                                                                                                                                                                                                                                                                                                            | DESCRIPTION OF RISK                                                                                                                                                                                                                                                                                                                                        | LEVEL OF UNCERTAINTY ABOUT ASSUMPTION                                       | POTENTIAL EFFECTS OF UNCERTAINTY ON FINANCIAL ESTIMATES                                                                                                                                                                                |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Source data: <a href="https://www.berl.co.nz/">https://www.berl.co.nz/</a></p> <p><sup>1</sup>Where applicable; many services are fixed fee and therefore do not attract inflation</p> <p><sup>2</sup>Note that the Local Government Cost Index is different from Consumer Price Index (CPI).</p>                                                                                                  |                                                                                                                                                                                                                                                                                                                                                            |                                                                             |                                                                                                                                                                                                                                        |
| <b>3. DIVIDEND REVENUE</b>                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                            |                                                                             |                                                                                                                                                                                                                                        |
| <p>These revenue streams are based on expectations of MWRC Holdings Limited, as outlined in the company's Statement of Intent (SOI).</p> <p>We assume that revenue from our investments will remain stable, including dividends received from CentrePort Ltd.</p> <p>From year 2 of the plan the dividend received from MWRC Holdings Limited will be reduced to allow for the repayment of debt.</p> | <p>Profits from the Investment portfolio held and managed by MWRCH provides dividend revenue to Council to reduce the rates burden on ratepayers. There is a risk funds may not be available to pay a dividend to Council due to changes to the investment portfolio.</p> <p>Centre Port's SOI is signalling stable dividends over the next two years.</p> | <p>Medium.</p> <p>The dividend revenue assumption is assessed annually.</p> | <p>Any reduction would need to be met by increased Rates revenue or the use of existing reserves – if \$1,000,000 was not received by HRC, then \$1,000,000 of reserves would need to be utilised to hold rates at the same level.</p> |
| <b>4. INTEREST RATE CHARGES</b>                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                            |                                                                             |                                                                                                                                                                                                                                        |
| <p>Interest rates have increased significantly over the past few years however expectation is these will plateau. This has an impact on both interest revenue and expense and the impact will in turn flow into the rates paid by ratepayers. The interest rates we have used in the formulation of this LTP are:</p> <p>Interest paid on loans: Range from 5.0% to 4.0% over the 10 years.</p>       | <p>If there are sudden changes in interest rates this will impact on rate requirements. Part of this risk is mitigated by the on-charging to MWRC Holdings Ltd that will need to meet any interest rate movement.</p>                                                                                                                                      | <p>2024-34 - Low</p> <p>2035-38 - Low to medium</p> <p>2038-41 - Medium</p> | <p>Little or no impact expected as Council receives external treasury advice to ensure debt is managed to take advantage of the best rates available to mitigate exposure to interest rate rises.</p>                                  |

## Ngā putanga ā-hapori Our community outcomes



**He whakamana hapori, he hapori kori**  
Our region's communities are vibrant and empowered



**He pūnaha hauropi ora**  
Our region's ecosystems are healthy



**He rohe piki te ōhanga, piki te taiao**  
Our region's economy is thriving and environmentally sustainable

| ASSUMPTION                                                                                                                                                                                                                                                                                                                         | DESCRIPTION OF RISK                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | LEVEL OF UNCERTAINTY ABOUT ASSUMPTION                        | POTENTIAL EFFECTS OF UNCERTAINTY ON FINANCIAL ESTIMATES                                                                                                                                                                                                                          |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>5. INTEREST REVENUE</b>                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                              |                                                                                                                                                                                                                                                                                  |
| The recent trend of increasing rates will continue for the short term, with small increases following over the life of the plan.                                                                                                                                                                                                   | Interest rates continue to rise resulting in more income earned from investing available cash. We will also be exposed to increases debt service costs.                                                                                                                                                                                                                                                                                                                                                                                                                                                      | 2021-24 - Low<br>2025-28 - Low to medium<br>2028-31 - Medium | Little or no impact expected due to a transition in investing activities from passive investments to active investments to create returns to Council and maximise any offset of rates.                                                                                           |
| <b>6. INSURANCE COSTS</b>                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                              |                                                                                                                                                                                                                                                                                  |
| <p>Council insures a range of assets.</p> <p>Insurance costs have been forecast to increase over the life of the Long-term Plan at an annual rate of between 15-20% across all insured assets.</p> <p>We assume that we will be able to continue to insure all Council assets and that this will be affordable for ratepayers.</p> | <p>There is a risk that with potential changes to the affordable waters legislation the current insurance pooled insurance arrangements Regional Council and District Councils may need to alter resulting in Regional Councils having to insure alone (separate to three waters infrastructure). This may increase overall costs of insurance for the river and drainage type assets.</p> <p>A further risk is that increased frequency of climate related events and increasing replacement values drive up the costs for insurance premiums and deductibles more than forecast in the Long-term Plan.</p> | High                                                         | <p>There may be an increase in costs for premiums and/or deductibles more than forecast in the Long-term Plan.</p> <p>A further potential risk is not being able to get insurance for some types of assets. These factors may lead to an increased amount of self-insurance.</p> |
| <b>7. DEBT REPAYMENT</b>                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                              |                                                                                                                                                                                                                                                                                  |
| A large portion of Council's debt relates to our River Management Schemes. Should the schemes not be able to repay this debt, there will be an impact on available cash for Council to repay the debt to our external providers. Debt repayment levels are dependent on the actual level of                                        | If there are unanticipated changes to interest rates, scheme debt repayment may be advanced (if rates are lower than budget) or delayed (if rates are higher than budget).                                                                                                                                                                                                                                                                                                                                                                                                                                   | 2021-24 - Low<br>2025-28 - Low to medium                     | This is a controlled risk in that the MWRC Holdings Ltd interest costs are passed on as specified in the contract                                                                                                                                                                |



**He whanaungatanga whai mana**  
Our region's relationship with iwi and hapū are respectful and mana-enhancing



**He whatunga waka mauritau**  
Our region has effective transport networks



**He hapori manawaroa**  
Our region's communities are resilient to the impact of natural hazards and climate change

| ASSUMPTION                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | DESCRIPTION OF RISK                                                                                                                                                                                                                                                                    | LEVEL OF UNCERTAINTY ABOUT ASSUMPTION    | POTENTIAL EFFECTS OF UNCERTAINTY ON FINANCIAL ESTIMATES                                                                                                                                                                                                                                       |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| interest rates compared to budgeted interest rates. Debt repayment from MWRC Holdings Ltd is in line with the contractual agreement.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                        | 2028-31 - Medium                         | between HRC and MWRC Holdings Ltd.                                                                                                                                                                                                                                                            |
| <b>8. REVENUES</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                        |                                          |                                                                                                                                                                                                                                                                                               |
| <p>Ratepayers' ability to fund activities within this Long-term Plan continues over the term covered. The rate revenues required have been derived from the rate requirements within the respective activity areas as provided for by the Revenue and Financing Policy.</p> <p>Sources of government support meet the Revenue and Financing Policy applications for the activities covered in this Long-term Plan. Operating and capital subsidy revenues from New Zealand Transport Agency are maintained at current indicative levels.</p> <p>We are assuming all our key funding grant revenue streams will continue throughout the life of each project. Should a particular stream of funding decrease, the offsetting expenditure relevant to that grant will also decrease.</p> <p>Sources of other funding meet the requirements of the Revenue and Financing Policy.</p> | <p>Economic or other negative impacts reduce the funds available to ratepayers to meet Long-term Plan requirements.</p> <p>Levels of support for transport related activities are reduced below current indicated levels.</p> <p>Level of consent applications fall significantly.</p> | <p>Very low</p> <p>Medium</p> <p>Low</p> | <p>Little or no impact expected.</p> <p>Significant reduction in the level of work completed or increased length of the project by a number of years.</p> <p>Reduced financial support for transport and road safety activities within the Region</p>                                         |
| <b>9. REVALUATIONS OF ASSETS</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                        |                                          |                                                                                                                                                                                                                                                                                               |
| For Long-term Plan purposes, estimates relating to the impact of the annual revaluation process on infrastructure assets have been estimated as being BERL inflation on infrastructure assets rates. We have taken the average of two rates (Earthmoving & Reclamation). Across the 10 years of this plan, the average rate is 2.2% per year. These revaluation adjustments have been profiled in Years 1-10.                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | There is a risk that actual movements in asset values do not match expectations.                                                                                                                                                                                                       | Low                                      | <p>No significant financial impact as revaluations are adjustments between assets and reserves.</p> <p>Any significant fluctuations would self-correct in the following 12 month period before the following revaluation occurs.</p> <p>Horizon has also budgeted reasonable increases in</p> |

## Ngā putanga ā-hapori Our community outcomes



**He whakamana hapori, he hapori kori**  
Our region's communities are vibrant and empowered



**He pūnaha hauropi ora**  
Our region's ecosystems are healthy



**He rohe piki te ōhanga, piki te taiao**  
Our region's economy is thriving and environmentally sustainable

| ASSUMPTION                                                                                                                                                                                                                                                                                                                                 | DESCRIPTION OF RISK                                                                                                                                                                                                                                                                | LEVEL OF UNCERTAINTY ABOUT ASSUMPTION | POTENTIAL EFFECTS OF UNCERTAINTY ON FINANCIAL ESTIMATES                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                    |                                       | insurance premiums over the life of the plan. This is based off previous increases and allows mitigation of larger than anticipated valuation increases of our infrastructure assets.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>10. FUNDS FOR ASSET REPLACEMENT</b>                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                    |                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Infrastructure depreciation is currently unfunded by Horizons. Instead, Council chooses to fund a renewal reserve once debt repayment levels on that scheme is below the depreciation expenditure anticipated. Renewal reserves will not be sufficient to meet future asset renewal/ replacement expenditure, requiring some loan funding. | <p>That the mix of rates, reserves and both internal and external loans is sufficient to meet future asset replacement needs.</p> <p>That debt levels become too high, potentially constraining other capex spend, reducing scheme resilience and impacting levels of service.</p> | Low to medium                         | <p>How material this risk will prove to be depends on a range of factors. Those include increased depreciation requirements (e.g. depending on further quantification, some sections of stop bank may need to be depreciated where siltation is progressively decreasing the level of service), some uncertainty around renewal spend (better information on asset condition and remaining life) and the role flood frequency/severity over the 10-year period might play in creating financial pressures for schemes.</p> <p>Increased resilience in the schemes is expected as a result of the high levels of investment captured through the shovel ready and jobs for nature funding. This should reduce the frequency of asset renewal and replacement.</p> |



**He whanaungatanga whai mana**  
Our region's relationship with iwi and hapū are respectful and mana-enhancing



**He whatunga waka mauritau**  
Our region has effective transport networks



**He hapori manawaroa**  
Our region's communities are resilient to the impact of natural hazards and climate change

| ASSUMPTION                                                                                                                                                                                                                                                                                                                                        | DESCRIPTION OF RISK                                                                                         | LEVEL OF UNCERTAINTY ABOUT ASSUMPTION | POTENTIAL EFFECTS OF UNCERTAINTY ON FINANCIAL ESTIMATES                                                                               |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------|---------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                                                                                                                                                                                                                   |                                                                                                             |                                       | Experience in the management of these assets, together with the mixed source of funding, minimises any impact on the various schemes. |
| <b>11. CENTREPORT LIMITED SHAREHOLDING</b>                                                                                                                                                                                                                                                                                                        |                                                                                                             |                                       |                                                                                                                                       |
| <p>MWRC Holdings Limited currently hold 23.08% shareholding in CentrePort Limited, with the balance held by Greater Wellington. This shareholding generates an annual dividend to MWRC Holdings Ltd who in turn pay a dividend to Council.</p> <p>We have assumed MWRC Holdings Ltd will retain ownership of this shareholding for this plan.</p> | <p>Council may decide to divest this shareholding, therefore reducing the potential investment revenue.</p> | <p>High</p>                           | <p>A decision to sell would require further public consultation.</p> <p>Any sale would generate funds for reinvestment.</p>           |

## Ngā putanga ā-hapori **Our community outcomes**



**He whakamana hapori, he hapori kori**  
Our region's communities are vibrant and empowered



**He pūnaha hauropi ora**  
Our region's ecosystems are healthy



**He rohe piki te ōhanga, piki te taiao**  
Our region's economy is thriving and environmentally sustainable

## SECTION C – ASSET ASSUMPTIONS

These asset assumptions are also included in the Infrastructure Strategy.

| ASSUMPTION                                                                                                                                                                                                                                                                                                           | DESCRIPTION OF RISK                                                                                                                                                                                                                                                                         | LEVEL OF UNCERTAINTY ABOUT ASSUMPTION | POTENTIAL EFFECTS OF UNCERTAINTY ON FINANCIAL ESTIMATES                                                                            |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|------------------------------------------------------------------------------------------------------------------------------------|
| <b>1. INFRASTRUCTURE ASSET LIFECYCLE</b>                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                             |                                       |                                                                                                                                    |
| The predicted useful lifespans of assets are correct and kept relevant (in line with policies) through the entire lifecycle of the significant infrastructure assets. For details on our useful lives see our Statement of Accounting Policies on page 240.                                                          | That the actual lives are of a shorter duration than those assumed and that a significant event could shorten asset life.                                                                                                                                                                   | Medium                                | There may be additional costs if asset conditions deteriorate faster than the projections used.                                    |
| That our condition assessments will maintain a high level of confidence grading, giving confidence that our work plans are most appropriate for the condition and life cycles of our assets.                                                                                                                         | That our condition information grading deteriorates and Council cannot make informed decisions on asset renewals or works programmes.                                                                                                                                                       | Medium                                | There may be increased costs if the programme is not prioritised based on up to date asset information.                            |
| <b>2. CHANGE IN DEMAND FOR SERVICES</b>                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                             |                                       |                                                                                                                                    |
| The operational budgets for management of the River Management and Flood Protection Activity will be sufficient to meet demand for service, including the refinement as a part of the Long-term Plan of budgets to place more emphasis on maintenance and a reduction in the amount of budgets for reactionary work. | There is a risk that weather events combined with the reduced availability of funds for repair work creates increased demand for out-of- budget work that is not budgeted (including through availability of reserves).                                                                     | Medium                                | There may be additional unbudgeted costs for delivery of unplanned work.                                                           |
|                                                                                                                                                                                                                                                                                                                      | There is a risk that the increased maintenance programme will not be able to be delivered within the resources available, as when the programme is rolled out there are insufficient staff or budget for the work programme, including budgets for obtaining permissions for the programme. | Medium                                | If less work is delivered than planned there may be savings. There may also be increased risk that could lead to additional costs. |

| ASSUMPTION                                                                                                                                                                              | DESCRIPTION OF RISK                                                                                                                                                                                                                                                                                                                                                                                                               | LEVEL OF UNCERTAINTY ABOUT ASSUMPTION | POTENTIAL EFFECTS OF UNCERTAINTY ON FINANCIAL ESTIMATES                                                                                                                                                                                                                                                          |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>3. INSURANCE</b>                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                       |                                                                                                                                                                                                                                                                                                                  |
| That insurance costs will increase by 20% per year for the first three years, 15% per year for years 4 to 10, 10% per year for years 11 to 20 and 5 percent per year for year 21 to 30. | The annual insurance cost increases are a mix of increases due to inflation, increases in the value of the assets insured previous, addition of assets to the schedule and increases due to increased risk and other factors in the insurance market. The assumptions used are based on the approximately 30% increase in the 2023-24 year, and market indications from the insurance company including via verbal conversations. | High                                  | If the insurance cost increases are more or less than this there may be further budget required. Alternatively if they are lower the costs may not be as much.                                                                                                                                                   |
| That the current assets that are insured continue to be insured.                                                                                                                        | The infrastructure strategy signals a review of insurance that may result in reductions in the amount of insurance.                                                                                                                                                                                                                                                                                                               | High                                  | If Council chooses to reduce the amount of insured assets the insurance costs may reduce.                                                                                                                                                                                                                        |
| That Council continue to insure at the increased amounts for a single event and for the pooled insurance as per the resolutions in late 2023.                                           | Council are consulting on insurance and may make changes as a result of feedback from the community.<br><br>The pooled insurance premium amounts are dependent on the number of other Councils purchasing this cover. If only a few Councils choose this type of cover the cost may be deemed too high.                                                                                                                           | High                                  | Changes to forecast costs for insurance may be required due to the community feedback, confirmation of the costings for the increased insurance (which are currently estimates) and if the decision to add this insurance is changed due to the number of partner councils that choose to enter the arrangement. |
| That Horizons continues to insure the Whanganui North and South moles that Horizons do not own.                                                                                         | Horizons are working with Whanganui District Council around ownership, maintenance and insurance of the North and South Mole. This may result in Horizons no longer insuring the North and South Moles. Noting that if Horizons is continuing to complete construction on the moles, construction insurance may still be required.                                                                                                | High                                  | Potential for reduced insurance costs for the Whanganui North and South Moles.                                                                                                                                                                                                                                   |

## Ngā putanga ā-hapori Our community outcomes



**He whakamana hapori, he hapori kori**  
Our region's communities are vibrant and empowered



**He pūnaha hauropi ora**  
Our region's ecosystems are healthy



**He rohe piki te ōhanga, piki te taiao**  
Our region's economy is thriving and environmentally sustainable

| ASSUMPTION                                                                                                                                                                                                                   | DESCRIPTION OF RISK                                                                                                                                                                                                                                                                                                                                   | LEVEL OF UNCERTAINTY ABOUT ASSUMPTION | POTENTIAL EFFECTS OF UNCERTAINTY ON FINANCIAL ESTIMATES                                                                                                                                                                                           |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>4. WHANGANUI NORTH AND SOUTH MOLE OWNERSHIP</b>                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                                                       |                                       |                                                                                                                                                                                                                                                   |
| That Horizons continues to complete maintenance and construction work on the North and South Moles and does not own these.                                                                                                   | Horizons are working with Whanganui District Council around ownership, maintenance and insurance of the North and South Mole. These discussions could impact the way funds spent by Horizons are accounted for. As Horizons does not own the moles, the expenditure on the moles is considered an operational expense, rather than a capital expense. | Medium                                | If Horizons were to assume ownership of the Moles the expenditure on the moles would be able to be accounted for as a capital expense.                                                                                                            |
| <b>5. CHANGES TO LEVELS OF SERVICE</b>                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                       |                                       |                                                                                                                                                                                                                                                   |
| The levels of service required for River Management and Flood Protection Activity stay the same over the course of the Long-term Plan, with the exception of the upgrades proposed as a part of the capital works programme. | There is a risk that during the course of the Long-term Plan there is an increased demand for services e.g. more regular maintenance and/or a greater amount of repair work, or upgrades to levels of service than budgeted for. This risk is considered high, particularly if there are more frequent damage-causing events.                         | High                                  | There is potential for further resourcing and staff and funding may be required to deliver work that is requested. This may mean financial budgets need to be adjusted via the annual planning processes during the course of the Long-term Plan. |
|                                                                                                                                                                                                                              | A further risk is that there may be a drop in demand for levels of service if costs for repairs and/or maintenance are considered unaffordable, or if the community chooses a reduced level of service. This could lead to asset retreat and lowering levels of service.                                                                              | Medium                                | Some aspects of the work programme may not be continued, potentially resulting in savings. This may mean financial budgets need to be adjusted via the annual planning processes, during the course of the Long-term Plan.                        |
| The assumption in the Long Term Plan is that landowner arrangements will be acquired to enable works to go ahead within timeframes without budget provision for land arrangements.                                           | There is a risk that costs related to arrangements for land access as part of capital programmes are significant. Costs may including legal processes, consultation, purchase, leases, compensation etc.                                                                                                                                              | High                                  | As land arrangements are identified, additional unbudgeted expenditure may be required.                                                                                                                                                           |



**He whanaungatanga whai mana**  
Our region's relationship with iwi and hapū are respectful and mana-enhancing



**He whatunga waka mauritau**  
Our region has effective transport networks



**He hapori manawaroa**  
Our region's communities are resilient to the impact of natural hazards and climate change

| ASSUMPTION                                                                                                                                         | DESCRIPTION OF RISK                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | LEVEL OF UNCERTAINTY ABOUT ASSUMPTION | POTENTIAL EFFECTS OF UNCERTAINTY ON FINANCIAL ESTIMATES                                                                                                                                                                                                                                                                                        |
|----------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 6. CHANGES IN LAND USE AND POPULATION                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                       |                                                                                                                                                                                                                                                                                                                                                |
| Changes in population and land use will not significantly impact the programme over the duration of the Long-term Plan.                            | Changes in land use and population growth could impact the programme for example climate change and freshwater reform may drive land use changes in the primary sector and populations are projected to grow. There is a risk that land-use change and population changes may lead to requests for new levels of service.                                                                                                                                                                                                      | Medium                                | Financial forecasts and programmes may have to change the amount of delivery or the way deliver in response to changes to land use.                                                                                                                                                                                                            |
| That recent land-use changes in the region e.g. increased forestry will not impact the River Management and Flood Protection Activity              | There may be elements of land-use change that have occurred where impacts on Horizons' programmes are yet to be fully realised and this could lead to additional costs for some programmes.<br>Alternatively, if prevailing land-use changes markedly, this may require large-scale reassessment of levels of service.<br><br>Issues around forestry slash have been significant issues in other regions during flood events, and there is no known work programme to identify the risk of this causing issues in this region. | Medium                                |                                                                                                                                                                                                                                                                                                                                                |
| 7. CAPITAL PROGRAMME DELIVERY                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                       |                                                                                                                                                                                                                                                                                                                                                |
| That Council will complete 100% of planned annual capital works programme each year as part of the River Management and Flood Protection Activity. | Completion of the capital works programme requires the appropriate operational permissions, resourcing and often suitable weather conditions. Achieving this combination is not always possible, e.g. years where there are major storm events or regular high flow events during the usual summer construction season.                                                                                                                                                                                                        | Extreme                               | The non-completion of capital programmes can have a flow-on effect to subsequent years, changing budget requirements and staffing requirements. There is potential that some projects will not be completed within anticipated timeframes, impacting on the ability to complete other projects.<br>There is also potential for increased costs |

## Ngā putanga ā-hapori Our community outcomes



**He whakamana hapori, he hapori kori**  
Our region's communities are vibrant and empowered



**He pūnaha hauropi ora**  
Our region's ecosystems are healthy



**He rohe piki te ōhanga, piki te taiao**  
Our region's economy is thriving and environmentally sustainable

| ASSUMPTION                                                                                                               | DESCRIPTION OF RISK                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | LEVEL OF UNCERTAINTY ABOUT ASSUMPTION | POTENTIAL EFFECTS OF UNCERTAINTY ON FINANCIAL ESTIMATES                                                                                                                                                                                                                                                                                       |
|--------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                       | due to: inflation if the projects are spread over additional years; and requirements for project changes if there are challenges to the way projects are proposed to be delivered.                                                                                                                                                            |
| That staff capacity will be sufficient to enable delivery of the capital programme.                                      | The programme also relies on staff availability, which can be reduced when responding to weather events or new and unanticipated projects. Staff availability can also be impacted due to staff turnover in an environment with very little, if any, spare staff capacity. Staff can also be drawn away from the core work programme to other activity for Horizons and others, e.g. to provide expertise on issues such as policy development or to assist other organisations with their processes and projects. | Very High                             | If work is unable to be progressed due to staff capacity there may be savings in annual budgets and increases in future budgets due to work being deferred. Deferred work may have additional cost due to inflation. There may loss of government or other co-funding if contractual obligations are not met e.g. delivery within timeframes. |
| That Horizons as an applicant will obtain regulatory permissions within the planned budgets and timeframes for projects. | Experience shows that often when river and drainage projects are proposed there is some opposition to the work programme that can lead to delays or changes in the way the project is delivered. This can lead to delays and additional costs to get permissions. Regulatory processes and new legislation can lead to changes in project methodologies and additional costs.                                                                                                                                      | Very High                             | There may be additional costs associated with obtaining permissions, or meeting requirements of existing or new regulatory requirements.                                                                                                                                                                                                      |



**He whanaungatanga whai mana**  
Our region's relationship with iwi and hapū are respectful and mana-enhancing



**He whatunga waka mauritau**  
Our region has effective transport networks



**He hapori manawaroa**  
Our region's communities are resilient to the impact of natural hazards and climate change

## SECTION D – TRANSPORT ASSUMPTIONS

| ASSUMPTION                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | DESCRIPTION OF RISK                                                                                                                                                                                                                                                                                                                                                                                     | LEVEL OF UNCERTAINTY ABOUT ASSUMPTION | POTENTIAL EFFECTS OF UNCERTAINTY ON FINANCIAL ESTIMATES                                                                                                                                                                     |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>1. FARES &amp; REVENUE</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                         |                                       |                                                                                                                                                                                                                             |
| <p>We have assumed that fare and third party revenue have conservative growth:</p> <ul style="list-style-type: none"> <li>Fare revenue for 2024/25 is assumed to grow by 2% compared to 2023/24 level. This is followed by year on year growth of 2%</li> <li>Third party contributions from tertiary institutions are assumed not to grow, or are adjusted in line with inflation only.</li> <li>Revenue from Massey is assumed to remain at a consistent level.</li> </ul> <p>Advertising revenue is assumed not to grow.</p> | <p>There is a risk that fare growth is slower than expected. This may be directly due to people's willingness to use public transport, or long-term changes to the number of people working from home.</p> <p>Third party contributors such as Massey are looking at ways to save cost. This includes consideration of the funding they provide to deliver free travel to their students and staff.</p> | Medium                                | <p>Slower than expected fare growth will require increased rates funding to maintain the same level of service.</p> <p>Levels of service are reduced due to decreased funding (say from Massey University for instance)</p> |
| <b>2. SERVICE IMPROVEMENTS</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                         |                                       |                                                                                                                                                                                                                             |
| <p>We have assumed that where service improvements are planned, there will be an increase in fare revenue. The scale of the fare revenue increase will be dependent on the service improvements</p>                                                                                                                                                                                                                                                                                                                             | <p>There is a risk that fare growth is slower than expected. This may be directly due to willingness to use public transport, the attractiveness of new services or long-term changes to the number of people working from home.</p>                                                                                                                                                                    | Medium/high                           | <p>Slower-than-expected fare growth will require increased rates-funding to maintain the same level of service, but with additional uncertainty from the impact of service improvements on patronage.</p>                   |

### Ngā putanga ā-hapori Our community outcomes



**He whakamana hapori, he hapori kori**  
Our region's communities are vibrant and empowered



**He pūnaha hauropi ora**  
Our region's ecosystems are healthy



**He rohe piki te ōhanga, piki te taiao**  
Our region's economy is thriving and environmentally sustainable

| ASSUMPTION                                                                                                                                                                                                                          | DESCRIPTION OF RISK                                                                                                                                | LEVEL OF UNCERTAINTY ABOUT ASSUMPTION                                                                                                                                                     | POTENTIAL EFFECTS OF UNCERTAINTY ON FINANCIAL ESTIMATES                                                                                                                                                                                                                                                                                                                 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>3. CENTRAL GOVERNMENT FUNDING</b>                                                                                                                                                                                                |                                                                                                                                                    |                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                                                                         |
| We have assumed that existing funding arrangements with central government will continue. Central government funds various transport activities to a subsidy of anywhere between 51-60% of the total cost.                          | Pressure on the National Land Transport Fund from other projects means governments reduces the level of funding available for existing activities. | For 2024-2027, where we already have contracts in place to support existing levels of service – low uncertainty<br><br>For future investment in improvement activities – high uncertainty | The level of funding available in the National Land Transport Fund is reduced.<br><br>Changes to these arrangements may require changes in Council's funding method to maintain levels of service, or a reduction in the levels of service provided. This change would trigger Council's Significance and Engagement Policy and require extensive community engagement. |
| <b>4. MANAWATŪ PASSENGER RAIL</b>                                                                                                                                                                                                   |                                                                                                                                                    |                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                                                                         |
| That the existing funding arrangements or the Capital Connection with KiwiRail will continue until the introduction of the new fleet and improved service levels.                                                                   | Waka Kotahi may request Council to fund a greater portion of the Capital Connection through the transition to the new rolling stock.               | High                                                                                                                                                                                      | Additional funding required for Capital Connection service.<br><br>The assumed levels of Government support are in line with other similar projects.                                                                                                                                                                                                                    |
| That central government will fund 90% of the capital cost of the lower North Island Rail Integrated Mobility.<br><br>That central government will fund 51% of the operating cost of the improved rail services on the Manawātū line | The procurement strategy and updated business case identifies higher than expected costs.                                                          | Medium                                                                                                                                                                                    | Higher costs or reduced Government support will require an increased regional government contribution, or a level of service lower than is proposed.                                                                                                                                                                                                                    |