

## 2025-2034 LTP SIGNIFICANT FORECASTING ASSUMPTIONS

ASSUMPTION	SOURCE	RISK	LEVEL OF UNCERTAINTY	IMPACT OF VARIATION	MANAGEMENT OF RISK	ACTIVITY
<b>POPULATION CHANGE</b>						
The Waimate District population will observe a gradual increase by 4.7% between 2023-2033. It is assumed that this increase will generate a relative impact on population-related metrics, such as the quantity of rateable properties.	Rationale Ltd.	Population growth either significantly exceeds that of the projected percentage or is significantly below the projected percentage.	Low	If population accelerates significantly above the given assumption, existing infrastructure may not be suitable to cope with the extra demand.	Council will monitor population measures provided for the district, and will respond to significant variations to assumptions, where possible.	All activity groups
<b>DEMOGRAPHIC CHANGES</b>						
Between 2020-2030, the district's population retains its comparatively high mean age, while observing a gradual and mild reduction in the mean age level, with the age group of 45-49 years likely to be the most frequent by 2030.	Rationale Ltd.	The demographic make-up of the Waimate District changes significantly.	Low	If the district's demographic changes significantly from the predicted range, the existing infrastructure and services may not meet the needs of the relevant demographic classes.	Council will monitor demographic measures provided for the district and respond to significant variations to assumptions, where possible.	All activity groups
<b>OIL PRICE</b>						
Oil prices are increasingly volatile and more likely to be influenced by global political and economic events. Prices are unlikely to reliably stabilise for any extended length of time.	WDC	There is a risk that fuel demand will be different to that assumed, and that significant changes in market price occur with greater frequency and/or greater severity.	Moderate	Increased fuel costs would have a particular impact on the costs of road maintenance, renewal, and improvement. This may affect Council's ability to carry out planned work without additional funding. It may also increase demand for alternative methods of transport.	Council will monitor the impact of fuel price on spending and aim to optimise spending.	All activity groups
<b>CLIMATE CHANGE</b>						
Changes in our climate are projected to continue into the future. Projections indicate that Canterbury should expect warmer temperatures, an increasing number of hot days, and wider temperature ranges. The frequency of extreme weather events is projected to increase along with associated costs to economic, community wellbeing and environmental sustainability as a result.	WDC Ministry for the Environment National Institute of Water and Atmospheric Research Environment Canterbury	Environmental changes may accelerate at a rate higher than predicted, and/or the socio-economic consequences of adaptation measures may exceed the anticipated range.	Moderate	If environmental changes were to accelerate, Council's infrastructure assets would be significantly impacted. This would result in further modifications or more regular repairs to relevant assets.	Council is currently undertaking the development of a climate resilience strategy aimed at consistent monitoring, active mitigation, and pre-emptive adaptation efforts. This strategy is being built on the foundation of extensive engagement, education, and feedback to address the unique challenges faced by Waimate. This engagement includes seven community workshops based on key economic, social, environmental, and cultural activities relevant to Waimate's future.	All activity groups
<b>EMISSIONS TRADING SCHEME (ETS)</b>						
The Emissions Trading Scheme (ETS) and the price of New Zealand Units (NZU) will remain relatively stable in response to changes in legislation that affect price certainty and unit limits.	Ministry for the Environment	There is a risk of legislative change, which could result in costs being higher or lower than assumed.	Low	Should the impact of the scheme exceed significantly from the given assumption, budget for additional cost may need to be considered.	Council will monitor the development of relevant legislation and review the impact of any significant changes in the Annual Plan.	Investments and Finance

ASSUMPTION	SOURCE	RISK	LEVEL OF UNCERTAINTY	IMPACT OF VARIATION	MANAGEMENT OF RISK	ACTIVITY
<b>NEW ZEALAND TRANSPORT AGENCY (NZTA) WAKA KOTAHI REVENUE</b>						
Roading expenditure comprises a significant portion of Waimate District Council's total expenditure, therefore using a significant portion of Council's overall rate take. The majority of Council's expenditure on the district's roads is eligible to attract an assistance rate from the Waka Kotahi New Zealand Transport Agency (NZTA). The funding assistance rate received by Council for qualifying roading expenditure for maintenance and improvement projects is set at 68% for 2024-27.* It is further assumed that this funding assistance rate will remain unchanged over the life of the Long Term Plan as there is no indication that NZTA will modify the criteria used to establish these rates. Council also assumes that funding priorities indicated in Government Policy Statements on Land Transport will remain consistent through future bids during the life of the plan.	Waka Kotahi NZTA	The subsidy rate may be subject to change, along with any variation in criteria for inclusion in subsidized works programmes.	Moderate	Changes to the funding priorities of NZTA remain outside Council control. Minor variations would impact significantly on forecasted financials.	Any impact of changes to the NZTA funding assistance rate will be applied to the relevant Annual Plan.	Roading and Footpaths
* <a href="https://nzta.govt.nz">Normal funding assistance rates   Waka Kotahi NZ Transport Agency (nzta.govt.nz)</a>						
<b>EMERGENCY EVENT</b>						
Disruptive or destructive emergency events such as earthquakes, extreme weather events, and pandemics may occur to damage, disable, or destroy community infrastructure (for example, district roads, bridges, water supplies, among others), or community activities. It is further assumed that the cost of correcting such damage is met either by Council or its insurance providers, or by possible special government grants.	WDC  NEMA National Emergency Management Advisor  Ministry for Environment	Inability to recover or continue business following a major event.  Inability to provide intended level of service to affected areas.	Moderate	If a major emergency event did occur, Council have some insurance for its infrastructure, and assistance would be offered from Central Government. To pay for additional emergency work not covered by the above, Council would increase internal/external borrowings.	Council undertakes business continuity plans for its own operation and coordinates Civil Defence planning for the district. In doing so, Council attempts to prepare itself and the district for such events.	All activity groups
<b>LEGISLATION CHANGES</b>						
Council's operations are guided by central government legislation and policy directives that set the framework for decision making and service delivery. Council operates under the assumption that while minor legislative changes and evolving policy guidance are expected, major changes that could significantly alter Council operations are infrequent. When such changes do occur, they are typically communicated well in advance, allowing time for necessary adjustments.	Central Government  Taituarā	That major legislative changes are introduced on short notice or due to an unforeseen event that would require Council to alter its existing business operations.	Low	Council would need to implement changes at a pace faster than anticipated. Accelerated timeframes would likely result in increased costs of implementation.	Council maintains consistent communication with central government, regulatory bodies, and local government support organisations to ensure that proposed changes that may impact Council operations are identified and anticipated at the earliest stage.	All activity groups
<b>NEW ZEALAND WATER SERVICE DELIVERY</b>						
Delivery of 3 waters assets and infrastructure (water, sewer, and stormwater) remain under Council ownership for the life of the plan.	WDC  Central Government	Legislation changes under urgency in Parliament that must be implemented immediately.	High*	Changes are required to be implemented more quickly than anticipated.	Council closely monitors any and all developments and responds accordingly.	Rural Water Supply, Urban Water Supply, Sewer, Stormwater
* While the uncertainty of this assumption is high, the potential impacts of this uncertainty on financial estimates cannot yet be determined until further information becomes available through the production of a water service delivery plan. The development of a Water Services Delivery Plan and its submission to DIA may provide additional clarity; however, aspects of this uncertainty regarding implementation are likely to continue into the development of the LTP 2027-2037.						

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<b>RESOURCE CONSENTS</b>						
The conditions of resource consents held by Council may be changed, and that Council will obtain the necessary resource consents for planned projects.	WDC	There is a risk that resource consent conditions are altered significantly.	Moderate	Advanced warning of likely changes is expected. The financial effect of any change to resource consent requirements would depend on the change.	Council will monitor the development of relevant standards and review the impact of any significant changes.	Roading and Footpaths, Sewerage, Stormwater, Waste Management, Urban Water Supply, Rural Water Supply
<b>WATER SCHEMES VIABILITY</b>						
Elevated pricing for rural water schemes, and particularly the stock water element, may result in the relinquishment of water allocations. Sourcing of stock water from existing irrigation schemes may mean that pricing within individual supplies increases as a result.	WDC	Increased cost associated with water allocations under existing and proposed service delivery models	Moderate	No new irrigation schemes are currently planned within the district and the existing command areas only cover a small proportion of the overall footprint of the Waimate District Council Rural Water Supplies.	Council will monitor sold volumes (allocations) and review charging structures if necessary to mitigate the overall risk for the district.  Council is actively engaging with central government to mitigate the impact of this risk.	Rural Water Supply
<b>USEFUL LIVES OF SIGNIFICANT ASSETS AND DEPRECIATION</b>						
The useful lives of significant assets are based on the useful lives as identified in the Statement of Accounting Policies. It is assumed that these useful lives are retained for the nine year period covered by this Long Term Plan. In practice useful lives are re-assessed at a minimum of every three years in line with asset revaluations.	New Zealand Asset Management Support  WDC asset revaluations	There is a risk that assets will wear out more quickly than forecasted and require replacement earlier than planned	Moderate	If assets require replacement earlier than first considered, capital expenditure projects may need to be brought forward.	Regular review of the useful life of each asset category reduces the risk of significant inaccuracies.	Roading and Footpaths, Rural Water Supply, Urban Water Supply
<b>REVALUATION OF NON-CURRENT ASSETS</b>						
Council conducts asset revaluations every three years. The Long Term Plan assumes the following percentage increases to book value, for each of the following class of assets: Land: +10% Buildings: +15% Utilities (Water Schemes, wastewater, stormwater, Sanitation): +8% Roading: +6%	WDC	Revaluations will somewhat differ from those projected carrying values of the assets and depreciation expense.	Moderate	Variation in values is expected to be low unless the valuation methodology changes.	Regular revaluation of non-current assets reduces the risk of significant valuation shifts.	Roading and Footpaths, Rural Water Supply, Urban Water Supply, Sewerage, Property
<b>FUNDS FOR FUTURE REPLACEMENT OF SIGNIFICANT ASSETS</b>						
In general, councils have some flexibility in the policies they may set with regard to sources of funds for the future replacement of significant assets. Council's flexibility centers on whether we should collect depreciation monies from ratepayers during the lifetime of the asset to build up a reserve that can fund the replacement of the asset when it comes to the end of its useful life, or when the asset comes to the end of its useful life which would compel Council to rely on borrowed money to replace it. Council considers that the most sensible approach is to collect depreciation during the life of an asset, therefore having reserve funds on hand at the time replacement is needed. See Council's 'Revenue and Financing Policy' and the 'Financial Strategy'.	WDC	Sufficient funds may not be available to pay for planned asset replacement.	Low	Funds may need to be borrowed or rated for, which may be a burden to either the Council or ratepayers in the future.	Council develops Asset Management Plans that determine the timing of asset replacements. Council uses these to forecast and prepare for future funding requirements.	Property, Roding and Footpaths, Rural Water Supply, Urban Water Supply, Sewerage

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<b>RETURN ON INVESTMENT- ALPINE ENERGY</b>						
Alpine Energy's FY2025-2027 Statement of Corporate Intent includes a Dividend Policy whereby the Directors are not indicating any dividends to shareholders for the 3 years of the SCI. It is therefore assumed that the company will not provide a return to shareholders for the duration of the 2025-34 Long-Term Plan.	WDC  Alpine Energy	There is a risk that returns on investments will be higher than forecasted.	Low	Should dividends be received, Council finances will be more favourable than anticipated to the extent of that dividend. This unanticipated income would contribute to the activity reserve balance and may result in positive cash-flow enabling consideration of higher levels of service	No management of this risk is required as any variation will be favourable to Council.	Investments and Finance
<b>FORESTRY ASSETS VALUES</b>						
It is assumed that the forestry asset values will increase annually over a rotation cycle of 30 years.	WDC Laurie Forestry Limited	The value of forestry assets may sharply increase or decrease.	Low	A change in the value of the forestry asset will change Council's financial performance in the year of change occurring. However, it will not have a direct impact on the level of rates or expenditure.	Annual revaluation of forestry reduces the risk of significant valuation shifts.	Investments and Finance
<b>CAPITAL DELIVERY</b>						
Council plan to deliver 100% of all capital projects over the life of the Long-Term Plan. The financial model was developed based on this assumption.	WDC	There is a risk that improved levels of service in the Water Supply area will be delayed.  There is a risk that the capital projects will not be completed in any given year and carried over to subsequent years.	Moderate	Variation to planned improved levels of service for the Water Supply area, where any delay in projects relating to Drinking Water Standards New Zealand compliance will result in maintaining current levels of service.  If projects are not completed on time, or are deferred, there may be reduced operational costs and depreciation expense impacts.  There could also be an increase in required budget to complete the project if delayed.	Council is aware of material sourcing and has addressed this issue by sourcing materials early and maintaining stock levels. Procurement is now completed through the Government Electronic Tenders System (GETS), notifying the wider contracting / consulting market of upcoming projects. In anticipation of a large capital programme in Year 1 (2026), a portion of these projects are likely to be tendered by 30 June 2025, or very early in the 2025/26 financial year. Due to the nature of the rates smoothing profile for the Water Supply activity, any delay in project completion will have no effect on the funding and rates required as planned.	Water Supply & all other activities
<b>RETURN ON INVESTMENTS - OTHER</b>						
It is assumed that Council's cash investments will generate returns from 2.38% - 3.77% based on the current economic climate. It is further assumed that the returns from Council's forestry investments for the duration of the Long Term Plan will be reflective of market conditions present at the time of preparation of this document.	Bancorp  Laurie Forestry Limited  WDC	Returns on investments will be higher or lower than forecasted.	Moderate	Higher interest rates received on cash investments or increased investment income could result in positive cash-flow enabling consideration of higher levels of service or reduced expenditure. Council does not heavily rely on interest revenue for running its operations, therefore the impact of lower investment returns on delivery of Council services would be minimal. Similarly, Council does not use its forestry investment returns to fund other Council operations or activities.	Council will manage its external investments to optimise returns (as described in the Council's Investment Policy).  Council will monitor the forestry market's conditions and review the impact of any significant change in forecasted returns through each subsequent Annual Plan process.	Investments and Finance

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<b>INFLATION</b>																																																													
<p>Council, along with many other New Zealand Councils, calculates and applies inflation factors to its Long-Term Plan budget forecast, using predictions of future inflation levels from New Zealand [economic research company] Business and Economic Research Ltd (BERL).</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Roading</th> <th>3 Waters</th> <th>Other Operational Expenditure</th> <th>Capital Expenditure</th> </tr> <tr> <th></th> <th>%</th> <th>%</th> <th>%</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>June 2026</td> <td>3.0</td> <td>2.5</td> <td>3.2</td> <td>3.4</td> </tr> <tr> <td>June 2027</td> <td>3.1</td> <td>2.8</td> <td>3.2</td> <td>3.3</td> </tr> <tr> <td>June 2028</td> <td>3.0</td> <td>2.5</td> <td>3.0</td> <td>3.2</td> </tr> <tr> <td>June 2029</td> <td>2.7</td> <td>2.1</td> <td>2.7</td> <td>2.9</td> </tr> <tr> <td>June 2030</td> <td>2.6</td> <td>2.0</td> <td>2.6</td> <td>2.8</td> </tr> <tr> <td>June 2031</td> <td>2.5</td> <td>2.0</td> <td>2.4</td> <td>2.5</td> </tr> <tr> <td>June 2032</td> <td>2.4</td> <td>2.0</td> <td>2.3</td> <td>2.4</td> </tr> <tr> <td>June 2033</td> <td>2.4</td> <td>2.0</td> <td>2.2</td> <td>2.2</td> </tr> <tr> <td>June 2034</td> <td>2.2</td> <td>2.0</td> <td>2.1</td> <td>2.1</td> </tr> </tbody> </table>	Year	Roading	3 Waters	Other Operational Expenditure	Capital Expenditure		%	%	%	%	June 2026	3.0	2.5	3.2	3.4	June 2027	3.1	2.8	3.2	3.3	June 2028	3.0	2.5	3.0	3.2	June 2029	2.7	2.1	2.7	2.9	June 2030	2.6	2.0	2.6	2.8	June 2031	2.5	2.0	2.4	2.5	June 2032	2.4	2.0	2.3	2.4	June 2033	2.4	2.0	2.2	2.2	June 2034	2.2	2.0	2.1	2.1	Business and Economic Research Ltd.	Inflation will be higher or lower than anticipated.	Moderate	A difference between the inflation rates experienced and those assumed will change the cost base of Council, and therefore impact funding requirements.	<p>Council has endorsed the rates produced by BERL as the most appropriate basis for accounting for the impact of inflation and preparing the Long Term Plan.</p> <p>In the event of significant changes to the underlying costs supporting work in the activity areas, mitigation planning will feature in the Annual Plan. Activity areas, mitigation planning will feature in the Annual Plan.</p>	All activity groups
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<b>BORROWING COSTS</b>																																																													
Interest costs are estimated to range between 3.09% - 5.24%. This refers to the expected external cost of debt facilities where costs are not known and are required to be projected. Loan repayments are forecast to be repaid on the last day of the financial year, therefore interest is incurred for the full year.	WDC  Bancorp  Local Government Funding Agency	Interest rates will differ significantly from those estimated.	Moderate	If borrowing costs are greater than those assumed, Council may need to increase its rates or reduce its expenditure. Conversely, lower costs may mean rates required to fund Council operations are lower than they would otherwise have been.	Council will monitor its applicable interest rates and adjust through the Annual Plan process to reflect a level best aligned to its actual anticipated external borrowing rate, utilizing the advice of its Treasury Advisors.	Investment and Finance																																																							
<b>UNIDENTIFIED LIABILITIES</b>																																																													
It is assumed that Council does not have any unidentified liabilities.	WDC	There is a risk of an unexpected liability occurring. For example, a claim against Council.	Low	If an unidentified liability arises it may increase Council's expenditure. This risk is mitigated by the Council's Risk Management and Insurance Policies.	Regular review of liabilities reduces against the risk of items being unidentified.	All activity groups																																																							