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Significance and Engagement Policy

Purpose

The purpose of this policy is to set out how the Council will identify the significance of an issue, proposal, decision or other matter in order to inform how, when and to what extent the Council will engage with the community in its decision-making processes.

Policy Statements

Assessment of significance

1. "Significance" is defined by the Local Government Act 2002 as:

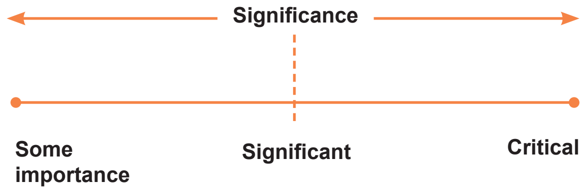
   in relation to any issue, proposal, decision, or other matter that concerns or is before a local authority, means the degree of importance of the issue, proposal, decision, or matter, as assessed by the local authority, in terms of its likely impact on, and likely consequences for:

   a) the district or region;

   b) any persons who are likely to be particularly affected by, or interested in, the issue, proposal, decision, or matter;

   c) the capacity of the local authority to perform its role, and the financial and other costs of doing so.

2. The Council considers significance on a scale that ranges from of some importance to critical. A 'significant' decision has a high degree of significance.



3. The Council will consider the criteria in Schedule 1 when assessing the degree of significance of an issue, proposal, decision or other matter.

Assessment of whether to undertake engagement

4. As a minimum level of engagement, the Council will 'inform' the community on all issues, proposals, or other matters requiring a decision by the Council, unless there are applicable grounds to withhold information under the Local Government Official Information and Meetings Act 1987.

5. The greater the significance of an issue, proposal, decision or other matter, the more likely it is that seeking community input into the Council's decision-making processes will be appropriate. The Council will generally provide opportunities for individuals and communities to engage in the matter proportional to the assessed significance of the matter. Ultimately, determining whether or not to undertake any engagement will be carried out on a case-by-case basis, considering all of the particular circumstances.

Māori engagement

6. The Council is committed to providing opportunities for Māori to contribute to its decision-making processes in a meaningful way.

7. The Council will engage with Māori where any matter involves a significant decision in relation to land or a body of water to ensure that the relationship of Māori and their culture and traditions with their ancestral land, water, sites, wāhi tapu, valued flora and fauna, and other taonga is considered.

8. The Council will consider specifically engaging with Māori on other issues as they arise.

Assessment of method of seeking community input into decision-making

9. There may be situations when seeking community input into decision-making may be impractical, inappropriate, or unnecessary. These may include, but are not limited to:
   - An issue, proposal, decision or other matter the significance is assessed as being of some importance.
   - The Council considers that it has sufficient existing and up to date information to enable it to understand the views and preferences of interested and affected persons on the matter.
   - The situation requires urgent decisions and there is insufficient time to engage the community.
   - The matter is of an administrative nature.
   - The Council is advocating a position, or submitting to, another organisation and the Council is not the ultimate decision-maker.
   - The nature of the decision is highly technical or specialist and is not amenable to community engagement (such as complex financial issues addressed in a liability management or investment policy).
   - The matter before the Council is confidential (such as due to it involving third parties' commercially sensitive information) and not suited to community engagement (such as evaluating tenders).

10. Where the Council determines that it is appropriate to seek the views of the community in its decision-making process, the level of engagement will be

determined by considering the Engagement Guide in Schedule 2.

11. Different types of engagement may be required for different stages of the decision-making process for an issue, proposal, decision or other matter.

12. The Council will consider any known preferences of the affected part or parts of the community in relation to the issue, proposal, decision or other matter in determining its method of engagement.

13. The Council is required by legislation to carry out engagement on some matters using specific procedures or processes, regardless of the significance assessment. The Council will follow these procedures and processes in those instances.

14. For all other matters requiring a decision by the Council, including decisions made under delegated authority, the type of engagement will be determined on a case by case basis to ensure the most appropriate engagement is used.

Strategic assets

15. The Council's strategic assets are listed in Schedule 3 of this policy.

16. Section 97 of the Local Government Act provides that, unless the decision is explicitly provided for in the Long-Term Plan (and was included in the Consultation Document), the Council may not transfer the ownership or control of a strategic asset to or from the Council.

17. The Council will take a group or whole of asset approach to network strategic assets. Decisions that involve the transfer of ownership or control of a single element of a network where the remaining assets of the network enable the Council to still meet its strategic outcomes (including levels of service as stated in the Long-Term Plan) will not, on their own, be regarded as a strategic asset.

Long-Term Plan and Annual Plan consultation

18. The Council will consult on the Long-Term Plan by using a consultation document that identifies the significant issues facing the Council and key decisions and choices. The Council may undertake other engagement before issuing its consultation document to seek community views and preferences on some matters.

19. The Council is required to consult on an Annual Plan only if the Council proposes to include significant or material differences in that Annual Plan from the relevant financial year of the Long-Term Plan. The Council will consider whether differences are significant or material as follows:
    - it will determine if differences are "significant" by using the significance assessment in this policy; and
    - it will determine if differences are "material" using the generally accepted accounting practice definition for "material".

    The Council will, as a minimum, consult using a consultation document on these significant and/or material variations but may, at its discretion, determine to consult on other changes to the Annual Plan that do not meet these thresholds.

Procedure for identification of significance and engagement

20. Council staff, or other professional advisers, will provide advice on significance and engagement using the following process:
    - Identify the issue, proposal, decision or other matter requiring a Council decision.
    - Assess whether there are particular legal obligations to engage or consult with the community (including whether the issue, proposal, decision or other matter involves a decision to transfer the ownership or control of a strategic asset to or from the Council).
    - Consider the matters in Schedule 1 to assess the significance of the issue, proposal, decision or other matter.
    - Determine whether engagement with the community, or particular individuals or groups, is appropriate.
    - Where some form of engagement is appropriate, determine the appropriate form and type of engagement (using Schedule 2 or by complying with particular legislative requirements).

21. Council officers (or other professional advisers) will provide advice on significance and engagement. Such advice will, in normal circumstances, come via the Council report format which alerts elected members to the significance of the issue, proposal, decision or other matter and the proposed form and type of engagement.

22. The Council will consider the advice in making a decision on the level of significance and the appropriate form and type of engagement, but is not necessarily bound to follow such advice.

Significance and Engagement Policy

SCHEDULE 1: Criteria for assessment of significance

In assessing an issue, proposal, decision or other matter requiring a Council decision, the following criteria will be used to assess its significance:

- Does the matter impact on the interests of the district and the community?
- Does the matter impact on the relationship of Māori (including their culture and traditions) with their ancestral land, water, sites, waahi tapu, valued flora and fauna and other taonga?
- How many people are affected by the matter, to what degree are they affected, and what is the likely impact on those people?
- Does the matter impact on the Council's statutory purpose, obligations, duties and requirements?
- Does the matter impact on levels of service as stated in the Council's Long-Term Plan (LTP)?
- Does the matter have financial costs for the community and the Council?
- Is the matter reversible (in part or in full) in the future?
- Does the matter align with previous Council decisions, such as whether it is implementing any adopted strategy, plan or position?
- Has the matter previously generated wide public interest or controversy within the district or particular communities?

If an issue, proposal, decision or other matter has substantial impacts and consequences for several of the above considerations it is likely to have a higher level of significance.

Significance and Engagement Policy

SCHEDULE 2: Engagement guide

The following table provides an example of the differing types of engagement that might be considered appropriate, the tools and techniques that can be used for each type and the timing of the engagement generally associated with each type. Every issue, proposal, decision or other matter is assessed on a case-by-case basis, having regard to its significance, the subject matter and relevant stakeholders, in determining the most appropriate form of engagement.

Level	Inform	Consult	Involve	Collaborate	Empower
Goal	To provide the public with balanced and objective information to assist them in understanding the problem, alternatives, opportunities and/or solutions.	To obtain public feedback on analysis, alternatives and/or decisions.	To work directly with the public throughout the process to ensure that public concerns and aspirations are consistently understood and considered.	To partner with the public in each aspect of the decision including the development of alternatives and the identification of the preferred solution.	To place final decision-making in the hands of the public.
Example engagement	Water restrictions Council news	Rates review Policy review	New Plymouth District Plan	New Plymouth District Coastal Strategy	Election voting systems (STV or first past the post)
Tools and techniques NPDC might use	Websites Letter/information flyer Fact sheets Public notices Newspapers	Public meetings Formal submissions and hearings Online/social media Focus groups Surveys	Workshops Focus groups Citizens panel Face to face	Advisory committees External stakeholder groups	Local body elections Binding referenda
When the community can expect to be involved	The community would generally be advised once a decision is made.	The community would be advised once a draft decision is made and would have the opportunity to participate and respond during a period of consultation.	The community would have a greater lead in time to be involved in the process.	The community would generally be involved at the following stages: • At the start to scope the issue. • After information has been collected. • When options are being considered.	The community would generally have a greater lead in time to be engaged in the process.

Significance and Engagement Policy

SCHEDULE 3: Strategic assets

The following assets are considered to be the strategic assets of New Plymouth District Council:

- Govett-Brewster Art Gallery and Len Lye Centre.
- Housing for the elderly network.
- The equity securities held in Papa Rererangi i Puketapu Limited.
- Pukekura Park and the Coastal Walkway.
- Parks and reserves network.
- Puke Ariki and community libraries (Bell Block, Inglewood, Ōākura, Urenui and Waitara).
- TSB Stadium, TSB Bowl of Brooklands, TSB Showplace, Yarrow Stadium (the aspects of the Stadium's operations under the Council's control).
- Todd Energy Aquatic Centre and the district's summer pools (Waitara, Inglewood, Okato and Fitzroy).
- Road and footpath network.
- Solid waste infrastructure.
- Stormwater network, drainage, flood protection and control works.
- Water supply network and treatment.
- Wastewater network and treatment.

Revenue and Financing Policy

Overview

This Revenue and Financing Policy determines how the New Plymouth District Council (NPDC) will fund the operating and capital expenditure for each Council activity.

The Policy outlines the revenue and funding sources available to NPDC and details how and when the Council will use these sources. This gives the community some certainty as to how Council activities will be funded.

NPDC must undertake services in a financially prudent and sustainable way for the Council and community as a whole. NPDC's decisions and rationale underpinning them are set out in this policy. In accordance with section 101(3) of the Local Government Act 2002, in funding each activity NPDC has considered:

- the community outcomes to which each activity primarily contributes;
- an analysis of who benefits from the activity;
- the period of time the benefits are expected to occur;
- whether the activity is needed in response to the action(s), or lack of action(s), of a particular person or group; and
- whether it would be more prudent for the activity to be funded separately or included with other activities.

NPDC has also considered the overall impact of any allocation of liability for revenue needs on the current and future social, economic, environmental and cultural well-being of the community.

The Revenue and Financing Policy is reviewed every three years during the development of the Long-Term Plan (LTP).

General funding principles

District-wide funding: The One Bucket Policy

NPDC has a 'one bucket' policy for funding community facilities, services and infrastructure.

The one bucket policy means rates collected from all areas in the district are pooled into a single consolidated fund and used to provide services across the district as a whole, rather than allocated only to the location where the rates were sourced.

The one bucket policy is intended to:

- Promote a unified commitment to the long-term future of the district.
- Provide integrated management.
- Spread the risk associated with operating assets and intensive network services.
- Ensure funds are available to upgrade the networks and complete projects at the optimal time.
- Avoid any sudden changes in the level of funding required from specific groups of ratepayers.
- Limit, and address historic, under investment in lower socio-economic areas.

Network pricing policy

As part of the one bucket policy, NPDC has a combined network pricing policy for refuse collection, kerbside recycling and the wastewater and water supply networks. This means that these services each have a standard charging regime that is applied to all properties that receive the service, regardless of location or network connected to. This policy is intended to achieve the intentions of the one bucket system as well as provide all urban communities across the district with a similar standard of service for water, wastewater, refuse collection and kerbside recycling.

NPDC's community outcomes

NPDC's strategic framework has been used to assess the impact of funding on the community:

- **Prosperity** – Growing a resilient, equitable and sustainable economy where people want to work, live, learn, play and invest across our district.
- **Sustainability** – Nurturing our environment, mitigating our impact and adapting to climate change.
- **Community** – Achieving well-being through a safe, creative, active and connected community while embracing Te Ao Māori.
- **Delivery** – Understanding and balancing our people's needs and wants through prudent delivery of quality infrastructure and services.
- **Partnerships** – Strengthening a treaty based partnership with tangata whenua and building partnerships with not-for-profit, private enterprise and government to improve outcomes for all.

Sustainability of rates funding

NPDC is aware that the level of rates are a tax based on a property's land value and do not reflect a ratepayers ability to pay (such as income). This can have a negative impact on the social well-being of the community. To help mitigate costs for people on low incomes, NPDC promotes the use of the rates rebate scheme. NPDC also allows rates to be paid in quarterly instalments and the Council promotes the use of regular payments. NPDC also has Rates Remission and Postponement Policies.

NPDC's Perpetual Investment Fund income is used to offset general rates. This has benefits for the residents of the district because it means NPDC can provide higher levels of service and better facilities than would normally be available in a district of this size, while keeping the impact on ratepayers low. The Council's investments are managed carefully to ensure that these benefits are maintained or improved.

Revenue and Financing Policy

Definitions

Borrowing is raising loans to fund expenditure.

Development contributions are levies paid in accordance with NPDC's Development and Financial Contributions Policy and the Local Government Act 2002 to recover Council expenditure on reserves, community infrastructure and network infrastructure to meet increased demand resulting from new development.

Fees and charges are charges to recover part or whole of the costs of delivering the services.

Financial contributions apply to holders of resource consents in the form of sums payable or land transferred to NPDC. These contributions are used to mitigate, avoid or remedy any adverse effects arising from subdivision or development. They are assessed under the Resource Management Act 1991 and the District Plan.

General rates are rates applied to the entire rating base of the district. General rates have two components:

- The first part is a Uniform Annual General Charge (UAGC), which is a flat charge levied from every separately used or inhabited part of a rating unit (SUIP) in the district.
- The second part is a variable charge based on a property's land value. The variable component of general rates is set as cents per dollar of land value, which is assessed according to four differentials based on the following primary land use categories:
  - Residential.
  - Commercial/industrial.
  - Small holdings.
  - Farmlands.

Grants and subsidies are payments from external agencies and may be for an agreed, specified purpose or activity of NPDC.

Interest and dividends are received from cash management and investments.

Proceeds from asset sales are the net sum received when physical assets are sold.

Reserves are funds accumulated over time for a particular purpose. They may be legally restricted in their use, or NPDC may have created a restriction on their use when they are established.

SUIP is defined as a Separately Used or Inhabited Part of a rating unit. It includes:

- any part of a rating unit that is used or occupied by any person, other than the ratepayer, having a right to use or inhabit that part by virtue of a tenancy, lease, licence, or other agreement; or
- any part or parts of a rating unit that are used or occupied by the ratepayer for more than one single use.

SUIP's therefore include:

- Each separately occupiable unit, flat or house, each of which is separately inhabited or is capable of separate inhabitation such as having independent kitchen facilities in a residential, small holding or farmland property.
- Separate shops, kiosks, other retail or wholesale outlets, or offices, at a commercial/industrial property each of which is operated as a separate business or is capable of operation as a separate business.

Targeted rates are set to recover the costs of a service only from those SUIPs that receive the service.

Voluntary targeted rates are targeted rates to recover funding provided by NPDC to property owners for property sustainability projects.

Revenue and Financing Policy

Policy for funding operating and capital expenditure

NPDC has two types of expenses - operating expenditure and capital expenditure. NPDC has a different approach for funding each type of expenditure. The table below outlines the general approach to the use of funding sources for capital and operating expenditure.

Funding source	Funding for Operating Expenditure	Funding for Capital Expenditure
General rates	General rates are used to fund activities where: • the activity, or part(s) of activity, benefit the community in general; • NPDC has an objective to encourage the use of the service; • the beneficiary cannot readily be identified; and/or • where it is impractical or too administratively expensive to fund the activity from other sources. Where NPDC undertakes operating expenditure to consider extending a targeted rate funded service to areas not covered by that targeted rate already, that operating expenditure shall be funded by general rates.	General rates may also be used to purchase assets where NPDC determines that funding the assets from debt is not the preferred option. General rates may be used for capital expenditure when the asset has a short life.
Targeted rates	Targeted rates are used to fund activities where: • an area of benefit can be recognised; and/or • to achieve a fair, efficient or transparent allocation of costs across the community. Targeted rates will be used for the activity it is identified for and not for any other services.	Targeted rates may be used to purchase assets where NPDC determines that funding the assets from debt is not the preferred option and the assets are to be used for the activity funded by the targeted rate. Targeted rates may be used for capital expenditure when the asset has a short life.
Fees and charges	NPDC will generally apply fees and charges for services where: • the user receives direct benefits, either entirely or in part, from the service; and/or • the use of the service is at the discretion of the user. NPDC may set user charges to recover all or part of the cost of the activity, including a market return on the value of any Council investment. Where NPDC needs to limit the use of an activity, charges may be set at a level above that which would be necessary to recover the costs of the activity.	
Interest and dividends from investments	Interests and dividends and other investment income is used to fund operating expenditure.	Investment income is not used for funding capital expenditure.

Revenue and Financing Policy

Funding source	Funding for Operating Expenditure	Funding for Capital Expenditure
Borrowing	NPDC will not borrow to fund operating costs for a service, unless the Council determines to do so if: • the expenditure is on significant maintenance that has a long-term impact that is of a similar nature to renewal capital expenditure; or • there are extraordinary reasons to justify borrowing as a short-term or interim solution (such as in an emergency).	Borrowing is the preferred method of funding new capital expenditure for level of service and growth related projects. Borrowing may be used to fund the renewal of long life assets.
Proceeds from asset sales	Operating costs are not funded from asset sales.	NPDC will use proceeds from asset sales as an appropriate source for purchasing assets, building a reserve for the future purchase of assets, or retiring debt.
Development contributions	Operating costs cannot be funded from development contributions.	Development contributions will be used to fund the portion of new asset expenditure required as a result of increased demand related to growth.
Financial contributions	Operating costs are not funded from financial contributions.	Financial contributions will be used to fund the proportion of new asset expenditure that is required to avoid, remedy or mitigate the adverse environmental effects resulting from subdivision and development.
Grants and subsidies	Grants and subsidies will only be used for operating expenses when to do so is consistent with the purpose for which they were given.	Grants and subsidies will only be used for capital expenses when to do so is consistent with the purpose for which they were given.
Reserves	Reserves may be used for operating expenditure when it is consistent with the purpose and restrictions relating to that reserve.	Reserves may be used for capital expenditure when it is consistent with the purpose and restrictions relating to that reserve. NPDC's main method of funding the renewal of assets is from the renewal reserve.

General funding policies

General rates

General rates are made up of two components – the Uniform Annual General Charge (UAGC) and land value differentiated general rates.

Uniform Annual General Charge

Each SUIP will be charged the UAGC.

NPDC's policy is to increase the UAGC in accordance with the rate of inflation as part of each Annual Plan. NPDC uses the local government cost index as the applicable inflation rate. NPDC will consider the overall impact of this inflation adjustment on the community's well-being before implementing it as part of the Annual Plan and may determine to an alternative UAGC amount.

NPDC's policy is that the UAGC will not be inflated and may be reduced if NPDC would otherwise breach section 21 of the Local Government (Rating) Act 2002 without such action.

Revenue and Financing Policy

Differential groups and general rates

Each SUIP will be charged a general rate based on the land value and land use of the SUIP.

The general rates requirement are apportioned to the differential categories according to the fixed differential percentages outlined in the table below. The total UAGC is then calculated and removed from the rates requirement for each differential group. The rates requirement remaining for each differential group is then divided by the total land value in that group. This produces the differential rate as rate cents per dollar of land value.

Differential category	Definition	Fixed differential factor
Group 1: Commercial/ Industrial	All rating units that are used primarily for any commercial or industrial purpose.	26.9%
Group 2: Residential	All rating units with a land area of one hectare or less, not being rating units in Group 1, used for residential and related purposes.	54%
Group 3: Small holdings	All rating units, not being rating units in Groups 1 or 2, with a land area of more than one hectare, but no greater than four hectares.	3.6%
Group 4: Farmland	All rating units, not being rating units included in Group 1, 2 or 3, having a land area in excess of four hectares.	15.5%

Particular rules for differential categories:

Commercial/Industrial differential category:

- Rating units are considered to be used primarily for a commercial or industrial purpose if the Rating Information Database records their primary level code as being 6 Utility, 7 Industrial or 8 Commercial in accordance with the Rating Valuations Rules 2008 (or any rules that supersede those rules).

Vacant land as a result of subdivision:

- Upon subdivision, vacant land of less than four hectares that is in a commercial or industrial zone in the operative District Plan will be in the commercial/industrial differential group. Properties that are not in a commercial or industrial zone will be in the residential or small holdings differential group based on the land size.
- Upon subdivision, vacant land of greater than four hectares will remain in the farmlands differential until it is used for a commercial/industrial purpose, or is further subdivided.

Rest home and retirement home accommodation:

- The hospital, office, common area and non self-contained rooms are categorised and rated in the commercial/industrial differential group.
- Any self-contained units, flats or townhouses, including those that are licence to occupy, are considered separate SUIPs. They are categorised and rated in the residential differential group.

Bed and breakfast and farm stay accommodation:

- Bed and breakfast and farm stay operators with one to five bedrooms are rated as residential properties. Operators with six or more bedrooms will be rated as commercial/industrial properties, with the owners living accommodation rated as a residential property.

Targeted rates

NPDC applies a number of targeted rates to fund particular activities.

Uniform Annual Roading Charge

All SUIPs will pay the Uniform Annual Roading Charge.

The Uniform Annual Roading Charge partially funds the Transportation Activity.

NPDC's policy is for the Uniform Annual Roading Charge to be increased annually at the rate of inflation (using the local government cost index).

Solid Waste Kerbside Collection

All SUIPs receiving the solid waste kerbside collection will pay the solid waste kerbside collection targeted rate.

NPDC's policy for the solid waste kerbside collection targeted rate is to uniformly divide the costs of the kerbside collection service (including associated landfill costs and overhead allocations) across all ratepayers subject to the rate.

Water

All SUIPs receiving NPDC supplied water will be charged the water targeted rate. NPDC will alter the approach to water targeted rates on 1 July 2024.

The water targeted rate is made up of various components:

- **The fixed network charge**
  - This is charged to all SUIPs connected to the water network charged via a variable consumption charge or uniform consumption charge.
  - NPDC will set the fixed network charge during each LTP.
  - NPDC may alter the fixed network charge during an intervening Annual Plan process only if there are extraordinary reasons to do so.
- **A variable consumption charge**
  - Until 1 July 2024, this charge applies to all SUIPs with a water meter installed that are an extraordinary use or have voluntarily opted to be charged through this mean.
  - From 1 July 2024, all SUIPs connected within an urban water supply area and all SUIPs in a rural water supply area with an on-demand supply shall be charged this rate.
  - This is a rate charged according to how much water the SUIP uses, as recorded on a water meter.
- **A restricted flow charge**
  - This is charged to SUIPs that are in a rural water supply area that do not receive an on-demand supply.
  - The restricted flow charge is set a rate such that the per volume amount of water available to the SUIP is charged at a rate consistent with the variable consumption charge for that volume of water.
- **The uniform consumption charge**
  - Until 1 July 2024, this is charged to all SUIPs connected to the water network that are either within an urban water supply area and not charged the variable consumption charge or are within a rural water supply and charged the restricted flow charge.
  - This rate will be removed on 1 July 2024. From that time on, no property shall be charged a uniform consumption charge.
  - The uniform consumption charge is set at a rate such that the per volume amount of water is charged at a rate consistent with the variable consumption charge for the average residential property use.

Note: some terms in this section are defined under the New Plymouth District Council Bylaw 2008, Part 14: Water, Wastewater and Stormwater Services.

Wastewater

All SUIPs connected to NPDC's reticulated wastewater network will be charged the wastewater targeted rate.

The wastewater targeted rate is made up of various charges:

- All SUIPs other than commercial/industrial differential group properties and schools are charged a fixed amount (the standard charge).
- All commercial/industrial SUIPs and schools are charged per water closet or urinal on a sliding scale as follows (but rounded to the nearest dollar).

Closet or urinal count	Rate charged per water closet or urinal
One or two water closets or urinals	Standard charge
Three water closets or urinals	85% of the standard charge
Four water closets or urinals	75% of the standard charge
Five water closets or urinals	65% of the standard charge
Six to 10 water closets or urinals	60% of the standard charge
11 to 15 water closets or urinals	55% of the standard charge
16 to 20 water closets or urinals	52.5% of the standard charge
21 and higher water closets or urinals	50% of the standard charge

SUIPs in Ōākura, and any further area where reticulated wastewater is extended to, where the owner at the time of extension agreed the SUIP would be connected will be charged a rate set at 50 per cent of the standard charge (rounded to the nearest dollar) until the SUIP connects to the network.

Revenue and Financing Policy

Swimming Pool

All SUIPs with a swimming pool and/or a spa are charged a uniform rate to cover the cost of inspections in line with the Building Act 2004.

Voluntary targeted rate – Ngā Whare Ora Taiao o Ngāmotu Scheme

NPDC's voluntary targeted rate is applied to SUIPs where the owners have received Council funding for part or all of certain household sustainable capital works costs for their properties based on the criteria applicable at that time. If a ratepayer has received NPDC assistance for the approved capital work, funding is recovered from the property owner through the targeted rate.

The Ngā Whare Ora Taiao o Ngāmotu (New Plymouth Sustainable Homes Voluntary Targeted Rate Scheme) Policy governs the overall application of this scheme. Applications under the previous Voluntary Targeted Rate Scheme (i.e. before the policy was adopted) are deemed to come under this policy for rating purposes.

Repayment of the loan will be through a targeted rate applied to the SUIP. That rate shall be set at:

- For those repaying over nine years, calculated at 11.1 per cent of the total borrowing (including any interest) owed; or
- For those repaying over five years, calculated at 20 per cent of the total borrowing (including any interest) owed.

The voluntary targeted rate may be removed early if the ratepayer pays the outstanding amount owed.

Fees and charges

Fees and charges are set annually as part of the LTP or Annual Plan process. Fees and charges are generally only consulted on as a part of the LTP process, and where known include an indication of any significant changes in the second or third years of the LTP.

Fees and charges may also be altered in the second to third year of the LTP in order to:

- reflect significant increases in costs in providing the applicable goods or service; or
- reflect inflation (based on the Local Government Cost Index for operating expenditure, subject to any local variation identified as part of the Annual Plan process); or
- ensure the activity complies with the funding source allocation set in table 1 of this policy; or
- reflect changes to levels of service as agreed to in the LTP or Annual Plan.

NPDC may make exceptions to this policy if there are other relevant factors that warrant a change outside of this process. In this case, NPDC will assess, in accordance with the Significance and Engagement Policy, whether to consult the community or affected parties before making the change.

This section is subject to any relevant legislation or bylaw that sets or determines the charging methodology of any fee or charge. In those cases the relevant legislation or bylaw will be followed.

Housing for the elderly rental income and expenditure ring-fenced

Rental income from NPDC's housing for the elderly units will be used solely for the operation, maintenance, service improvements of existing units and renewal capital costs of providing the service. General rates will not be applied to the housing for the elderly activity for these aspects.

NPDC will fund any service improvements to develop new units through borrowing and may determine to fund repayment of that borrowing through general rates or from rental income, or both.

Distribution of funding assessment

For each activity that NPDC undertakes the following approach will be undertaken to assess the funding for that activity.

The activity and any distinct sub-activities are identified. For each activity and/or sub-activity an assessment is undertaken of:

- Community outcomes. Does the activity contribute to Partnerships, Delivery, Community, Sustainabilityand Prosperity.
- The distribution of benefits within the community. Does the activity benefit individuals, particular groups or the community as a whole.
- The period of benefits. Does the activity have short-term or long-term benefits.
- The extent actions or inactions of people contribute. Are there exacerbators to the activity.
- The costs and benefits of funding distinctly from other sources. Are there benefits to having distinct revenue sources, such as targeted rates, for the activity.

This assessment is provided in Table 2.

After considering these impacts on each identified activity and sub-activity, NPDC must then consider the overall impact of allocation for revenue on the current and future social, economic, environmental and cultural well-being of the community.

Revenue and Financing Policy

NPDC then uses this assessment information to consider how the activity should be funded. There should be a logical nexus between the assessment and the funding sources, although noting that the assessing the overall impact on allocation for revenue across the four community well-beings may result in modification of the funding approach.

Table 1 outlines the proportion of funding each activity or sub-activity will receive from various sources, consistent with the provisions outlined in this policy above.

The operational costs of each of NPDC's activities are funded as per the following table.

Funding description	Percentage funded
High	66-100%
Medium-high	50-80%
Medium	33-66%
Medium-low	20-50%
Low	0-33%
None	0%, unless there are exceptional circumstances

Capital costs are indicated as to whether or not that source is available to that activity or sub-activity, consistent with the provisions of the policy above.

NPDC's general approach to grants and subsidies is to accept these when offered, provided they are consistent with the intentions of NPDC. The table outlines expectations, but NPDC reserves the right to receive and use more grants and subsidies when they are offered.

Revenue and Financing Policy

Table 1: Funding sources for each activity

Council activity		General rates	Targeted rates	Fees and charges	Grants and subsidies	Borrowing	Reserves	Development Contributions	Other sources or comment
Community Partnerships	Community support and funding	High	None	None	Low	Yes	Yes	No	
	Housing for the elderly	None	None	High	Low	Yes	Yes	No	General rates may repay debt for level of service improvements for new units.
Customer and Regulatory Solutions	Animal control	Low	None	High	None	Yes	Yes	No	
	Building consents	Low	Low	High	None	Yes	Yes	No	
	Customer services	High	None	None	None	Yes	Yes	No	
	District planning	High	None	Low	None	Yes	Yes	No	
	Resource consent application processing	Low	None	High	None	Yes	Yes	No	
	Resource management monitoring, enforcement and public enquiries	High	None	Low	None	Yes	Yes	No	
	Environmental health	Medium	None	Medium	None	Yes	Yes	No	
	Parking	None	None	High	None	Yes	Yes	No	Any parking revenue above cost recovery offsets general rates.
Economic Development	Venture Taranaki Trust	High	None	None	Low	No	Yes	No	
Emergency Management and Business Continuance		Medium	None	None	Medium	Yes	Yes	No	
Flood Protection and Control Works		High	None	Low	Low	Yes	Yes	Yes	
Governance		High	None	Low	Low	Yes	Yes	No	
Govett-Brewster Art Gallery/Len Lye Centre		High	None	Low	Low	Yes	Yes	No	
Management of Investments and Funding	New Plymouth District Council (Waitara Lands) Act 2018	None	None	Low	None	No	Yes	No	Lease and sale proceeds from Waitara endowment properties. Interest and dividends from derived funds.
	Airport – Papa Rererangi i Puketapu Ltd	None	None	None	None	Yes	No	No	Dividends. The dividend from Papa Rererangi i Puketapu Ltd repays borrowing.

Revenue and Financing Policy

Council activity		General rates	Targeted rates	Fees and charges	Grants and subsidies	Borrowing	Reserves	Development Contributions	Other sources or comment
Management of Investments and Funding	Perpetual Investment Fund	None	None	None	None	No	No	No	Interest and dividends. The release from the Perpetual Investment Fund offsets general rates.
	Operational property, including forestry joint ventures	Low	None	High	None	Yes	Yes	No	
	Ngā Whare Ora Taiao o Ngāmotu (New Plymouth Sustainable Homes) Scheme	None	High	Low	None	Yes	No	No	
Parks and Open Spaces	Public open spaces, including streetscapes	High	None	Low	Low	Yes	Yes	Yes	
	Cemeteries and crematoriums	Low	None	High	Low	Yes	Yes	No	
	Sports parks	High	None	Low	Low	Yes	Yes	Yes	
	Campgrounds	Medium-High	None	Medium-Low	No	Yes	Yes	No	
	Public halls	Medium	None	Medium	Low	Yes	Yes	Yes	
Puke Ariki and Community Libraries	Museum and i-SITE	High	None	Low	Low	Yes	Yes	No	
	Libraries	High	None	Low	Low	Yes	Yes	Yes	
Stormwater Management		High	None	Low	No	Yes	Yes	Yes	
Transportation		Medium	Low	Low	Medium	Yes	Yes	Yes	
Venues and Events	Pools	Medium	None	Medium	Low	Yes	Yes	Yes	
	Programmes and events	High	None	Low	Low	Yes	Yes	No	
	Event venues	Medium-Low	None	Medium-High	Low	Yes	Yes	No	
Waste Management and Minimisation	Disposal	None	None	High	Low	Yes	Yes	No	
	Education	High	None	Low	Low	No	Yes	No	
	Refuse collection	None	High	Low	No	Yes	Yes	No	
Wastewater Treatment		None	High	Low	Low	Yes	Yes	Yes	
Water Supply		None	High	Low	Low	Yes	Yes	Yes	

Revenue and Financing Policy

Table 2: Section 101(3)(a) Local Government Act 2002 assessment

Council activity		Community Outcomes					Period of benefit		Benefits of distinct funding	Exacerbator	Distribution of benefits		
		Partnerships	Delivery	Community	Sustainability	Prosperity	Short-term	Long-term			Individuals	Parts of the community	Whole community
Community Partnerships	Community funding and support	High	Medium	High	Medium	Medium	Yes		Low	None identified	Grant recipients		Yes
	Housing for the elderly	Low	Medium	High	Low	Low	Yes	Yes	High	None identified	Tenants		Yes
Customer and Regulatory Solutions	Animal control	Low	Medium	High	Medium	Low	Yes		High	Owners of wandering, menacing or dangerous animals	Dog and other animal owners		Yes
	Building consents	Low	Medium	Medium	Low	High	Yes		High	None identified	Consent applicants		Yes
	Customer services	Low	High	Medium	Low	Low	Yes		Low	None identified	Customers		Yes
	District planning	Medium	Medium	Medium	Medium	High	Yes		Low	None identified	Private plan change applicants		Yes
	Resource consent application processing	Low	Medium	Medium	Medium	High	Yes		Medium	Those that do not comply with resource consent obligations	Consent applicants		Yes
	Resource management monitoring, enforcement and public enquiries	Low	Medium	Medium	High	Medium	Yes		Low	Those that do not comply with District Plan obligations			Yes
	Environmental health	Low	Medium	High	Low	Medium	Yes		Medium	Those that do not comply with environmental health requirements	Licence and certificate holders		Yes

Revenue and Financing Policy

Council activity		Community Outcomes					Period of benefit		Benefits of distinct funding	Exacerbator	Distribution of benefits		
		Partnerships	Delivery	Community	Sustainability	Prosperity	Short-term	Long-term			Individuals	Parts of the community	Whole community
Customer and Regulatory Solutions	Parking	Low	Medium	Medium	Low	High	Yes		Medium	Those that breach parking restrictions	Parkers	CBD businesses	Yes
Economic Development	Venture Taranaki Trust	High	Medium	Medium	Medium	High	Yes		Low	None identified	Service recipients	Businesses	Yes
Emergency Management and Business Continuance		High	High	High	Medium	Medium	Yes	Yes	Low	None identified	Service recipients		Yes
Flood Protection and Control Works		Low	Medium	High	Medium	Medium	Yes	Yes	Low	None identified	Protected property owners	Protected areas	Yes
Governance		High	High	High	Low	Low	Yes		Low	None identified			Yes
Govett-Brewster Art Gallery/Len Lye Centre		Medium	Medium	High	Low	Medium	Yes	Yes	Medium	None identified	Visitors		Yes
Management of Investments and Funding	New Plymouth District Council (Waitara Lands) Act 2018	High	Low	High	Medium	Medium	Yes	Yes	High	None identified	Te Kōwhatu Tū Moana, Te Tai Pari Trust, Taranaki Regional Council	Waitara community and the Waitara River catchment	
	Airport – Papa Rererangi i Puketapu Ltd	Medium	Medium	Medium	Low	High	Yes	Yes	High	Users of the airport	Users, businesses		Yes
	Perpetual Investment Fund	Low	High	Low	Low	Medium	Yes	Yes	Medium	None identified			Yes
	Operational property, including forestry joint ventures	Low	Low	Low	Low	Low	Yes	Yes	Low	None identified	Tenants, joint venture partners		

Revenue and Financing Policy

Council activity		Community Outcomes					Period of benefit		Benefits of distinct funding	Exacerbator	Distribution of benefits		
		Partnerships	Delivery	Community	Sustainability	Prosperity	Short-term	Long-term			Individuals	Parts of the community	Whole community
Management of Investments and Funding	Ngā Whare Ora Taiao o Ngāmotu (New Plymouth Sustainable Homes) Scheme	Medium	Low	High	High	Medium	Yes	Yes	High	Households that uptake the scheme	Those who uptake the scheme and those who provide funded services		Yes
Parks and Open Spaces	Public open spaces including streetscapes	Medium	Medium	High	High	Low	Yes	Yes	Low	None identified			Yes
	Cemeteries and crematoriums	Low	Medium	High	Low	Low	Yes	Yes	Medium	None identified	Family members of deceased		Yes
	Sports parks	Medium	Medium	High	Low	Low	Yes	Yes	Low	None identified	Sports clubs		Yes
	Campgrounds	Medium	Medium	High	Low	Medium	Yes	Yes	Medium	None identified	Visitors		
	Public halls	Medium	Medium	High	Low	Low	Yes	Yes	Low	None identified	People and groups who use public halls	Areas around public halls	Yes
Puke Ariki and Community Libraries	Museum and i-SITE	Medium	Medium	High	Low	Medium	Yes	Yes	Low	None identified	Users		Yes
	Libraries	Medium	Medium	High	Low	Low	Yes	Yes	Low	None identified	Users		Yes
Stormwater Management		Low	Medium	High	Medium	Medium	Yes	Yes	Low	None identified	Property owners in areas prone to stormwater issues	Urban areas	Yes
Transportation		Medium	Medium	Medium	Medium	High	Yes	Yes	Medium	High users of roads, particularly heavy vehicles	Road users		Yes

Revenue and Financing Policy

Council activity		Community Outcomes					Period of benefit		Benefits of distinct funding	Exacerbator	Distribution of benefits		
		Partnerships	Delivery	Community	Sustainability	Prosperity	Short-term	Long-term			Individuals	Parts of the community	Whole community
Venues and Events	Pools	Medium	Medium	High	Low	Low	Yes	Yes	Medium	None identified	Users		Yes
	Programmes and events	Medium	Medium	High	Low	Medium	Yes		Low	None identified	Attendees		Yes
	Event venues	Medium	Medium	High	Low	High	Yes	Yes	Medium	Event organisers	Attendees and users		Yes
Waste Management and Minimisation	Disposal	High	Medium	Medium	High	Medium	Yes	Yes	High	Illegal dumpers	Transfer station users	Areas outside of kerbside collection area	Yes
	Education	High	Medium	High	High	Low	Yes		Low	None identified			Yes
	Refuse collection	Low	Medium	Medium	High	Low	Yes	Yes	High	Misusers of kerbside services	Recipient households	Collection areas	Yes
Wastewater Treatment		Low	Medium	Medium	High	Medium	Yes	Yes	High	High users, including trade waste	Connected households	Reticulated areas	Yes
Water Supply		Low	Medium	High	Medium	High	Yes	Yes	High	High water users	Connected households	Reticulated areas	Yes

Significant Forecasting Assumptions

NPDC has adopted a range of forecasting assumptions. These assumptions represent a likely future scenario. However, as with any forecasting, how the future turns out is uncertain. Therefore, variations from these forecasting assumptions are likely. This, in turn, means that the prospective financial statements are likely to vary from the information presented and these variations may be material.

Assumption	Detail and uncertainty
Covid-19 There will not be a lockdown or significant community transmission over the life of the Long-Term Plan (LTP).	The LTP does not forecast or anticipate significant periods of lockdown or community transmission of Covid-19. There is a medium level of uncertainty. Uncertainty arises from the challenges of a global pandemic, the effectiveness of government's public health measures to contain Covid-19, the effectiveness of vaccines and the economic impacts of the global pandemic. If there was community transmission of Covid-19 within Taranaki, or other factors that caused the Government to institute some form of significant restrictions, NPDC would likely be significantly impacted through both lost revenue and additional costs. NPDC relies on numerous revenue sources that may significantly reduce during Covid-19 restrictions and lockdowns. Activity revenue that will be immediately impacted include CBD parking, venues and events, Govett-Brewster Art Gallery/Len Lye Centre and Puke Ariki. Revenue that may be impacted as an economic consequence include resource consents, building consents and environmental health fees. Rates revenue is a compulsory taxation and NPDC has statutory powers to collect, nevertheless there would likely be an increase in applications for rates remissions and postponements, as well as late payments and non-payments. NPDC may need to invest more in some services to provide economic and/or community support. This could include additional funding for Venture Taranaki Trust and/or community funding. Such support may also include more proactive approaches to employment or community well-being through increased job-creating capital expenditure, reduced fees and charges and community programmes. During a period of more stringent Covid-19 restrictions, some Council activities may not meet levels of services or may need to change service approach, such as through digital and remote service delivery. This may mean that NPDC does not achieve its stated performance measures. The net impact of these factors would be largely dependent on the nature of the lockdown, such as the stringency of the lockdown, its duration and the extent of Covid-19 community transmission. NPDC would need to determine how to react to any such lockdown. NPDC could determine to debt fund any significant net impact in order to limit any service level reductions or immediate term rates revenue increases. There is also a risk to NPDC's local, national and international supply chains as a result of Covid-19. This may see sudden cost increases, unavailability of goods or services, delays and other issues. In turn, this may impact on the ability of NPDC to deliver on capital and operating projects and programmes. This may occur as a result of outbreaks or restrictions outside of the district or country.

Significant Forecasting Assumptions

<table>
<tr><th>Assumption</th><th>Detail and uncertainty</th></tr>
<tr>
<td>Population growth
The district’s population will grow from 86,700 in 2021 to 93,800 in 2031 and to 104,900 by 2051.</td>
<td>
NPDC forecasts that the district’s population will grow over the next 30 years as follows:

<table>
<tr><th></th><th>2021</th><th>2026</th><th>2031</th><th>2036</th><th>2041</th><th>2046</th><th>2051</th></tr>
<tr><td>Population</td><td>86,700</td><td>90,300</td><td>93,800</td><td>96,700</td><td>99,300</td><td>102,000</td><td>104,900</td></tr>
</table>

NPDC obtained a population projection from Infometrics that factored in demographic trends, expected economic growth, international migration, expected employment growth, the proposed District Plan and likely development timeframes. These forecasts were provided before the Covid-19 pandemic impacted New Zealand significantly. NPDC has used this original forecast from Infometrics with adjustments for net migration in the lead up to the LTP and the first four years of the LTP as follows:

<table>
<tr><th>Year (ending 30 June)</th><th>Net migration</th><th>Detail</th></tr>
<tr><td>2021</td><td>20%</td><td>This year (prior to the LTP) is likely to see strongly reduced international migration due to border restrictions, however some internal migration may occur and there will be fewer residents leave.</td></tr>
<tr><td>2022</td><td>50%</td><td>This reflects decreased employment opportunities and that employment opportunities that arise are more readily filled by locals returning to the workforce after unemployment. Migration slowly increases</td></tr>
<tr><td>2023</td><td>50%</td><td></td></tr>
<tr><td>2024</td><td>75%</td><td></td></tr>
<tr><td>2025</td><td>75%</td><td></td></tr>
<tr><td>2026 and onwards</td><td>100%</td><td>Economic conditions assumed to return to relative normality. It should be noted that the Infometrics projections assumes a general decrease in net migration in the longer-term.</td></tr>
</table>

There is a medium level of uncertainty. Uncertainty arises from changes to births, deaths, inwards migration and outward migration levels. If these factors change from the projection then the assumption will not be borne out. Discussion on the impact of this uncertainty is discussed in association with the rate of residential dwelling growth.

Growth assumptions underpin NPDC’s asset and activity management planning and planned capital expenditure budgets in the LTP. Any increase in population is likely to result in a proportionate increase in demand on Council services. This is through additional growth infrastructure, as well as services to people where an increase in population is likely to lead to more use (such as libraries). If population growth exceeds these projections, NPDC may need to invest in additional urban growth infrastructure and this will impact capital budgets and revenue. There is also a risk that forecast population growth does not occur, or occurs at a slower rate. NPDC carries some risk of over investment in growth infrastructure. As the cost of growth assets are generally recovered through development contributions, NPDC would bear the debt for capital expenditure until those growth areas were utilised.
</td>
</tr>
</table>

Significant Forecasting Assumptions

<table>
<tr><th>Assumption</th><th>Detail and uncertainty</th></tr>
<tr><td>Age
The district will continue to have an ageing population, with a significant increase in those aged 65 years and over.</td><td>
<p>Overall, the population is expected to continue to age, with most growth occurring in the over 65 age groups. By 2031, over 65 year olds will be approximately 24 per cent of the total population, up from 20 per cent in 2021. There will be modest growth in other age brackets, but they will decline as a proportion of the total population.</p>
<table>
<tr><th></th><th>2021</th><th>2031</th><th>2051</th></tr>
<tr><td>0-14 years</td><td>20%</td><td>19%</td><td>18%</td></tr>
<tr><td>15-39 years</td><td>28%</td><td>27%</td><td>27%</td></tr>
<tr><td>40-64 years</td><td>32%</td><td>30%</td><td>28%</td></tr>
<tr><td>65+ years</td><td>20%</td><td>24%</td><td>27%</td></tr>
</table>
<p>There is a low level of uncertainty. Uncertainty arises from changes to births, deaths, inwards migration and outward migration levels. If these factors change from the projection then the assumption will not be borne out.</p>
<p>An ageing population may impact a range of Council services. These include accessibility issues (see the assumption on accessibility issues for more information), demand for backdoor kerbside collection services, changes to libraries, and housing for the elderly. There will also be an increase in the proportion of ratepayers on fixed incomes, which may increase rates affordability issues. A more rapidly ageing population will result in many of these issues needing to be considered earlier, either resulting in increased investment to make the district more aged friendly or increased dissatisfaction with services (which may impact on performance of level of service). A slower ageing population will provide more time to invest in making the district aged friendly and may mean some planned investment is earlier than necessary to maintain levels of service.</p>
</td></tr>
<tr><td>Ethnicity
The district's ethnic makeup will continue to be predominately European and Māori, with a growing Asian population.</td><td>
<p>Overall, the population is expected to continue to predominately be European and Māori, however the district will see a small drop in the number of Europeans and similar increase in the Asian community. The Asian community is expected to grow from around three percent to six per cent over the next 10 years.</p>
<table>
<tr><th></th><th colspan="4">Percentage of New Plymouth District's population</th></tr>
<tr><th>Year</th><th>European and other</th><th>Māori</th><th>Pacific</th><th>Asian</th></tr>
<tr><td>2021</td><td>85%</td><td>18%</td><td>5%</td><td>3%</td></tr>
<tr><td>2031</td><td>81%</td><td>19%</td><td>6%</td><td>6%</td></tr>
</table>
<p>There is a low level of uncertainty. Uncertainty arises from changes to births, deaths, inwards migration and outward migration levels. If these factors change from the projection then the assumption will not be borne out.</p>
<p>NPDC needs to consider the ethnic make-up of the district to ensure its services are accessible across the population, including different cultural views on certain services. This will also have an impact on how NPDC engages effectively with the community.</p>
</td></tr>
</table>

Significant Forecasting Assumptions

<table>
<tr><th>Assumption</th><th>Detail and uncertainty</th></tr>
<tr><td>Accessibility

The proportion of the community with accessibility limitations will grow over the life of the LTP.</td><td>New Plymouth District's current accessibility limitations will increase as a proportion of the district as the older generation increases.

The table below shows the 2018 census data for those reporting one or more activity limitations, by age, for people in New Plymouth District and New Zealand.

<table>
<tr><th></th><th>Under 15 years</th><th>15-29 years</th><th>30-64 years</th><th>65+ years</th></tr>
<tr><td>New Plymouth</td><td>3.2%</td><td>4.5%</td><td>5.1%</td><td>17.7%</td></tr>
<tr><td>New Zealand</td><td>3%</td><td>3.5%</td><td>4.8%</td><td>17.7%</td></tr>
</table>
If the proportion of people per age group with an activity limitation continues in line with the 2018 Census proportions, then the overall percentage of the population with an accessibility issue in New Plymouth District will increase from seven per cent in 2021 to 7.5 per cent in 2031 and eight per cent in 2051.

There is a low level of uncertainty. Uncertainty arises from the potential changes to the district's population and changes to the age profile. If these factors change from the projection then the assumption will not be borne out.

Alongside an ageing population, this will impact accessibility limitations on a range of Council services. These include accessibility issues in urban design, parks and the transport network (e.g. footpaths), backdoor kerbside collection services, changes to libraries and housing for the elderly. NPDC aims to ensure all people can use services and facilities and to be able to get around our city easily. There may also need to be changes in housing typology and design to cater for accessibility needs, as well as changes to retail stores and commercial premises.</td></tr>
<tr><td>Economic growth

The rate of real economic growth will drop post Covid-19 but will recover with growth before stabilising in the medium term.</td><td>NPDC anticipates that New Plymouth District's economy will grow at similar levels to the national average.

Using information from BERL, NPDC anticipates there will be a significant reduction in national gross domestic product (GDP) prior to the LTP coming into force with a slow recovery in 2020/21. Economic growth will begin more substantively in 2021/22 and 2022/23 before returning to a more normal growth pattern.

<table>
<tr><th></th><th>2021/22</th><th>2022/23</th><th>2023/24</th><th>2024/25</th><th>2025/26</th><th>2026/27</th><th>2027/28</th><th>2028/29</th><th>2029/30</th><th>2030/31</th></tr>
<tr><td>Forecast % growth in real GDP</td><td>3.2%</td><td>2.4%</td><td>1.9%</td><td>2.1%</td><td>2.2%</td><td>2.3%</td><td>2.4%</td><td>2.5%</td><td>2.6%</td><td>2.7%</td></tr>
</table>
There is a medium level of uncertainty. Uncertainty arises as local economic growth and activity is driven by national and global economies and politics and particularly any further Covid-19 outbreaks, restrictions and then recovery efforts. Change and fluctuations in these larger economies and the political landscape have high likelihood of impacting our local economy. If these factors change from the projection then the assumption will not be borne out. Uncertainty also arises from the potential for further regulatory changes in the oil and gas sector.

Existing and planned NPDC infrastructure and services will be sufficient to meet growth in demand generated by the anticipated recovery growth in economic activity. If economic growth and activity were to increase significantly beyond the predictions of this assumption, there may be an increase in demand on NPDC infrastructure and services. If a lower rate of economic growth occurs then this will have implications for population growth and therefore the rate of residential development, these risks are outlined in the relevant forecasting assumptions.</td></tr>
</table>

Significant Forecasting Assumptions

<table>
<tr><th>Assumption</th><th>Detail and uncertainty</th></tr>
<tr>
<td>Labour force
Unemployment will be in a recover phase after dropping at eight per cent in 2021.</td>
<td>
<p>The unemployment rate for the district is predicted to increase to eight per cent in 2021. Following this the employment sector will be focused on a recover phase to bring unemployment rate back to the previous average of around five per cent.</p>
<p>NPDC anticipates that unemployment will be at similar levels to the national average. This assumption is supported by data from the Ministry of Social Development. The national unemployment level is forecast by BERL as follows in the table.</p>
<table>
<tr><th></th><th>2021/22</th><th>2022/23</th><th>2023/24</th><th>2024/25</th><th>2025/26</th><th>2026/27</th><th>2027/28</th><th>2028/29</th><th>2029/30</th><th>2030/31</th></tr>
<tr><td>New Plymouth forecast unemployment rate</td><td>8%</td><td>7.1%</td><td>6.4%</td><td>6%</td><td>5.7%</td><td>5.4%</td><td>5.2%</td><td>5%</td><td>4.8%</td><td>4.6%</td></tr>
</table>
<p>There is a medium level of uncertainty. Uncertainty arises as local economic growth and activity is driven by national and global economies and politics. If these factors change from the projection then the assumption will not be borne out.</p>
<p>An increase in employment is likely to positively benefit the district's population and the local economy. High employment rates result in higher household income and an increase in discretionary income. If lower employment rates eventuated then they are likely to result in a number of impacts on Council services. There may be rates affordability issues, which may impact on levels of service if NPDC determines to lower its rates requirement as a result. There may also be increased use in some Council services - such as libraries and community facilities, and other services may have decreased use (or, at least, not forecast increases in use), such as in the commercial use of water and wastewater services.</p>
</td>
</tr>
<tr>
<td>Affordability
Local government costs will increase at a rate faster than the overall cost of living.</td>
<td>
<p>The cost of living will continue to rise as demonstrated by the Consumer Price Index (CPI) forecast. CPI measures the changes in the price level of a market basket of consumer goods and services purchased by households. CPI looks at the expected price change for key everyday items such as food, housing, clothing and footwear. NPDC forecasts that the rate of inflation for Council costs will increase at a rate faster than the CPI.</p>
<p>NPDC purchases items like pipes, earthmoving and personnel costs. Councils therefore use a different measure of inflation: the Local Government Cost Index (LGCI). The table below shows the BERL forecast for both CPI and LGCI:</p>
<table>
<tr><th></th><th>2020/21</th><th>2021/22</th><th>2022/23</th><th>2023/24</th><th>2024/25</th><th>2025/26</th><th>2026/27</th><th>2027/28</th><th>2028/29</th><th>2029/30</th><th>2030/31</th></tr>
<tr><td>CPI</td><td>1.6%</td><td>1.7%</td><td>1.7%</td><td>1.7%</td><td>1.6%</td><td>1.9%</td><td>2.0%</td><td>2.2%</td><td>2.3%</td><td>2.3%</td><td>2.3%</td></tr>
<tr><td>LGCI (total)</td><td>-0.7%</td><td>3.7%</td><td>2.9%</td><td>2.5%</td><td>2.5%</td><td>2.6%</td><td>2.5%</td><td>2.6%</td><td>2.7%</td><td>2.7%</td><td>2.6%</td></tr>
</table>
<p>The average annual household income for New Plymouth in 2020 was $101,157, lower than the national average of $114,062.</p>
<p>There is a medium level of uncertainty. Uncertainty arises from national macroeconomic conditions and policy. If these factors change from the projection then the assumption will not be borne out.</p>
<p>If current trends in inflation and incomes continue over the life of the LTP, affordability of essential goods and services are unlikely to be negatively impacted, although rises in interest rates will have negative effects on affordability for those households with mortgages. Affordability of essential goods and services is likely to be a significant issue for those households on lower incomes, including</p>
</td>
</tr>
</table>

Significant Forecasting Assumptions

Assumption	Detail and uncertainty
Affordability (continued)	those living on less than $30,000. Inflationary increases will exacerbate this. A significant increase in prices for essential goods and services without a corresponding increase in incomes would place financial pressure on individuals and households and would have a negative impact on affordability. Inflation and wages are influenced by a number of factors, including the national and international economies. While the current trend is for wages to increase in line with inflation, this could change over the course of the LTP. CPI is a factor that influences the Local Government Cost Index (LGCI). A higher or lower CPI is likely to have some impact on the LGCI. CPI is also often used as a comparison tool for rates. A lower than forecast CPI, without a corresponding decrease in the LGCI, may result in an increased difference between rates and other prices. This could result in increased community concern about rates affordability. Similarly, if household income increases at a lower level then rates affordability issues are likely to become a concern in the community.
Residential development We will require more, and different types of, houses to accommodate population growth.	Using the population projection, dwelling projections are calculated using a cohort component approach, involving the analysis of living arrangements for each age and gender cohort, and converting these figures into household numbers. The National Policy Statement on Urban Development 2020 (NPS-UD) then requires NPDC to provide the necessary infrastructure for this level of demand plus an additional over-capacity buffer (termed as a competitiveness margin in clause 3.22 of the NPS-UD).

	2021-26	2026-31	2031-36	2036-41	2041-46	2046-51
Houses required to be delivered annually	345	361	324	320	326	307
Annual land supply capacity required	414	434	389	384	391	368
Difference	69	72	65	64	65	61
Average household size	2.44	2.42	2.37	2.37	2.34	2.33

A decline in average household size in New Plymouth is expected, driven by an ageing population, growing life expectancy, and societal trends. The average household size in New Plymouth is projected to decline from an estimated 2.4 individuals per household in 2021 to 2.3 individuals in 2051. This will also lead to a likely diversification of housing needs and therefore the types of houses being built.

There is a medium level of uncertainty. Uncertainty arises from whether population growth rates meet forecast levels (see assumption), the subdivision and house building markets, as well as from household formation and housing trends. If these factors change from the projection then the assumption will not be borne out.

The rate of new dwellings is a significant factor in ensuring the district has enough housing and sufficient housing options to meet demand. Given the forecast population growth it is anticipated that the predicted rate of new dwellings will be sufficient to meet demand. There is also opportunity for infill development that provides additional housing choices.

Residential development increases pressure on the capacity of NPDC's infrastructure (roads, sewers, stormwater, water and open space) and service delivery and can result in the need to upgrade existing and/or develop new infrastructure and services.

Development and financial contributions need to be set at the appropriate levels to ensure that the costs of growth are paid for by those who create the demand for the additional infrastructure and services.

Significant Forecasting Assumptions

Assumption	Detail and uncertainty
Residential development (continued)	If growth in dwellings exceeds these projections, NPDC may need to invest in additional urban growth infrastructure and this will impact capital budgets and revenue. However, if growth exceeds forecasts by less than the 20 per cent over capacity requirements of the NPS-UD then there will not be a short-term requirement to increase land supply and infrastructure, although there will still be a medium and long-term impact. The mandatory requirement of the NPS-UD to provide for 20 per cent over capacity is highly likely to lead to unutilised or underutilised, infrastructure provision. There is also a risk that forecast household growth does not occur, or occurs at a slower rate. This would mean that NPDC has over invested in growth infrastructure and it remains unused. As the cost of growth assets are generally recovered through development contributions, NPDC would bear the debt for capital expenditure until those growth areas were utilised. At present, development contributions are forecast to be between $2.9m and $4.1m per annum over the 10 year horizon. A lower rate of development would have a proportionate impact on the rate of development contributions being received.
Location of growth The district will predominately grow in Bell Block, southern New Plymouth growth areas and through intensification of existing areas, with some growth in small settlements as well, over the life of the LTP.	Overall growth is expected to focus in and around New Plymouth City (including Bell Block). Some growth is also expected to occur in small townships. The following table outlines the forecast growth in additional dwellings.

Area	July 2021 to June 2024	July 2024 to June 2031	July 2031 to June 2051
Bell Block	353	577	309
Ōākura	15	65	223
Inglewood	27	79	138
Waitara	54	134	308
Southern growth areas of New Plymouth City	29	283	606
Existing New Plymouth City	443	1,245	2,554
Rural and smaller townships	66	160	183
Smart Road	0	0	2,062

These figures exclude the NPS-UD additional buffers.

There is a medium level of uncertainty. Uncertainty arises from development and rezoning timeframes.

The location of growth affects the provision of infrastructure and services within the district. An area that develops slower or more quickly than expected will influence what new or upgraded infrastructure NPDC (and other infrastructure providers) have to deliver. NPDC plans for growth infrastructure relating to particular developments at a given time, and may have to either bring that infrastructure forward, or delay, it depending on actual development timeframes.

The location of growth also impacts on development contribution revenue as development contributions include area specific charges.

Significant Forecasting Assumptions

<table>
<tr><th>Assumption</th><th>Detail and uncertainty</th></tr>
<tr>
<td>Urban redevelopment
The district will not be subject to any large scale urban development or regeneration project.</td>
<td>The LTP forecasts that Kāinga Ora – Homes and Communities (Kāinga Ora) will not use its statutory powers for urban development and regeneration within the district to a scale that impacts on NPDC’s revenue or expenditure. In particular, the LTP does not include any financial impacts of Kāinga Ora undertaking developments, such as reduced development contribution revenue for NPDC. Further, the LTP forecasts that a special purpose vehicle (SPV) under the Infrastructure Funding and Financing Act 2020 will not be established to deliver infrastructure in the district.
There is a low level of uncertainty. Uncertainty arises from the intentions of Kāinga Ora and potential SPV establishing organisations, and how they evolve over the life of the plan. If these factors change from the projection then the assumption will not be borne out.
The scale, location and infrastructure impacts of any development by Kāinga Ora or an SPV will influence the scale of any financial impact on NPDC and the implications for NPDC’s infrastructure.</td>
</tr>
<tr>
<td>Tourism
Tourism will increase back to previous levels over the life of the LTP.</td>
<td>NPDC assumes that international tourism will recover to pre Covid-19 forecast levels by 2027/28 and domestic tourism will be stronger in the first two years of the LTP and then return to normal growth patterns.
The following table provides the forecast commercial accommodation guest nights across the LTP (rounded to the nearest thousand):
<table>
<tr><th>(in thousands)</th><th>2021/22</th><th>2022/23</th><th>2023/24</th><th>2024/25</th><th>2025/26</th><th>2026/27</th><th>2027/28</th><th>2028/29</th><th>2029/30</th><th>2030/31</th></tr>
<tr><td>International</td><td>54</td><td>74</td><td>97</td><td>126</td><td>160</td><td>200</td><td>236</td><td>264</td><td>296</td><td>331</td></tr>
<tr><td>Domestic</td><td>536</td><td>527</td><td>517</td><td>533</td><td>549</td><td>565</td><td>582</td><td>600</td><td>618</td><td>636</td></tr>
<tr><td>Total</td><td>590</td><td>601</td><td>615</td><td>659</td><td>708</td><td>765</td><td>818</td><td>864</td><td>913</td><td>967</td></tr>
</table>
NPDC has used the following methodology to develop this forecast:

International and domestic tourism would have continued as per their historic (five year average) growth rates of 12 per cent and three per cent respectively without Covid-19 (the ‘standard forecast’).
International tourism is expected to be 45 per cent of the standard forecast in 2021/22, and growing by 10 per cent per annum through to 2026/27, with it returning to the standard forecast in 2027/28 and onwards.
Domestic tourism is expected to be 110 per cent of the standard forecast in 2021/22, decreasing by five per cent per annum through to 2022/23, with it returning to the standard forecast in 2023/24 and onwards.

This means that annual growth rates of total guest nights vary over the life of the LTP. Tourism growth particularly increases in 2024/25 under this model.
There is a high level of uncertainty. Uncertainty arises from national and global economies and approaches to border controls following the Covid-19 pandemic. In particular, the degree of border controls in place before populations are vaccinated and the ability to attract tourists to New Plymouth District following the global economic outfall of Covid-19. The pandemic has introduced additional uncertainties to forecasting tourism. If these factors change from the projection then the assumption will not be borne out.</td>
</tr>
</table>

Significant Forecasting Assumptions

Assumption	Detail and uncertainty
Tourism (continued)	Any changes to tourism within the district is likely to have some impact on NPDC and the community. Changes in tourism patterns will lead to changes in the use of some Council facilities such as Puke Ariki, Govett-Brewster Art Gallery/Len Lye Centre, Aquatic Centre, the Coastal Walkway, parks, public toilets and certain roads (particularly coastal roads and around Maunga Taranaki). This could mean some investment is underutilised (such as in public toilets), although the impact is likely to be less than at a rate exceeding the assumption. The effect of this uncertainty is not considered to be substantial across NPDC and depends on the nature of the divergence. • In a scenario where tourism rebounded faster and stronger, NPDC would likely respond by bringing forward tourism related capital expenditure (including attractions and public toilets) and there would be additional operating expenditure (including for public toilet cleaning, attraction staff, new event resources, parks maintenance, tourism promotion and freedom camping compliance). There would also be additional revenue at some facilities. Overall, NPDC would expect the total rates take to be 1.5 per cent higher by year 10 when compared to the assumption used in this LTP. • In a scenario where tourism returned slower and with a long recovery, NPDC may delay or reduce some capital expenditure for tourism related projects such as the Taranaki Traverse, Brooklands Zoo strategic implementation, North Egmont carpark and the Festival of Lights. There would also be some operating costs lowered or planned operating cost increases that would not go ahead, particularly for public toilet cleaning and facility staffing. Anticipated revenue increases from facilities may not occur. Overall, NPDC would expect the total rates take to be 0.2 per cent lower by year 10 when compared to the assumption used in this LTP.
Climate change Climate change impacts will be increasingly felt over the life of the LTP and the Infrastructure Strategy.	Scientific evidence is clear that the climate is changing and New Plymouth district will, over time, experience more impacts from climate change, climate hazards and climate extremes. The LTP (and particularly the Infrastructure Strategy) and the Proposed District Plan lay the foundations to prepare for potential increased climate change impacts in the future. NPDC adopted a Climate Action Framework in December 2019 to guide NPDC's climate change work programme. Under this framework NPDC is developing a district-wide Emissions Reduction Plan and a district-wide Adaptation Plan. The Adaptation Plan would assist NPDC's legal obligations to manage natural hazards and their predicted perturbations from climate change. The Emissions Reduction Plan would provide for NPDC to lower its greenhouse gas emissions, and advocate for the community to also reduce emissions. At present there is no specific legal requirement for NPDC to reduce its emissions, although regulation of greenhouse gas emissions (through the Emissions Trading Scheme and other law) are increasing, with further change recommended by the Climate Change Commission's draft advice to the Government (released for public comment on 1 February 2021). There is significant uncertainty surrounding the rates and associated timing of effects of climate change due to uncertainty associated with global emissions and success of international efforts to reduce those emissions. NPDC's efforts to understand the impacts of climate change are driven by the need to protect and enhance the district's resilience. NPDC relies on scientific data and analysis, with planning based on a range of scenarios provided by the Intergovernmental Panel on Climate Change (IPCC) assessments. The scenario predictions (known as Representative Concentration Pathways (RCPs)) ranging from a low emission scenario (RCP2.6) to increasing greenhouse gas emissions over time (RCP8.5+). NPDC also relies on advice from central government, and has commissioned a number of local specific reports to better understand what this means for the district. The main forecasts for climate change from the Ministry for the Environment are: • By 2040 the average temperature is forecast to be 0.7C to 1.1C warmer than 1995. By 2090 the average temperature is forecast to be 0.7C to 3.1C warmer than 1995, with five to 41 extra days per year where the maximum temperature exceeds 25C.

Significant Forecasting Assumptions

Assumption	Detail and uncertainty
Climate change (continued)	• Winter rainfall is expected to increase by five to nine per cent by 2090. • The number of extreme wind and storm events is not expected to vary significantly, but there may be changes in their direction and intensity by 2090. • Sea level rise by 2100 is expected to be between 0.3 to 1.0 metres above the 1995 level. Up to 2060, there is less uncertainty, and a narrower range of sea level rise of 0.2 to 0.4 metres is expected. The impacts of climate change are likely to affect the district in a variety of ways, including: • **Coastal hazards.** Within the next 10 years there could be increased risk to coastal areas from coastal erosion and storm inundation. Recently completed district-wide coastal hazard assessments demonstrate that while the entire coast is at risk from coastal erosion, the risks from coastal inundation are localised to areas of developed low lying coastal land around river mouths, such as Waitara, Puke Ariki landing and Ōākura. There are three coastal overlays in the Proposed District Plan, based on a 100 year timeframe as required by the New Zealand Coastal Policy Statement. The mapping of the Coastal Erosion Hazard Area is based on historic rates of sea level rise, representing areas considered likely to be subject to erosion (excluding New Plymouth City with the significant assumption that the city seawall will be maintained in the long-term to protect the significant infrastructure behind). The Coastal Environment Area includes areas identified as potentially subject to erosion, under a high emissions scenario (RCP8.5+) but does not assume maintenance of the New Plymouth seawall (a worse case area identified). The Coastal Flooding Hazard Area is mapped using the RCP8.5 scenario and does not assume the Waitara stopbanks will be effective. • **Flooding**. With increasing rainfall intensity it is likely that increased flooding will occur in some areas. Stormwater modelling take account of the latest rainfall projections from NIWA in the High Intensity Rainfall Design System (HIRDSv4) which includes a temperature increase (relative to the 1986-2005 average) of 0.6C to 3.1C by 2120. The stormwater modelling is for a one per cent annual exceedance probability (AEP) and climate change scenario RCP6.5. This modelling is used for District Planning purposes as well. • **Drought**. Climate models vary in their estimated change to drought frequency in Taranaki from minimal change through to more than doubling in frequency. There is therefore greater uncertainty for the Council and community on whether to plan for more droughts. These expected variations to natural hazards predicted from climate change and their effects will have implications for the community and NPDC: • **Community.** Climate change could impact on the social, economic, environmental and cultural well-being of the community: – Coastal hazards. Two urban communities are particularly vulnerable to coastal erosion at present that do not have protection through seawalls or other means. These are part of Onaero and the Rohutu Block (Waitara East beachfront). The LTP includes funding for particular adaptive management plans for these communities to determine the best future approach to dealing with both the existing coastal hazard risk and the predictions of climate change. Most other urban communities with high erosion risk are already protected by seawalls. – Flooding. The Proposed District Plan also outlines areas vulnerable to flooding taking into account predictions of climate change. Flooding risk may increase from both upstream and local rainfall. Urban areas have a variety of flood control works and stormwater systems to manage these risks.

Significant Forecasting Assumptions

Assumption	Detail and uncertainty
Climate change (continued)	– Drought. If there are increasing droughts in the future then the farming community within the District may need to consider land use changes, and there could be issues with the viability of some farms. The Tapaue Roa Action Plan (part of our regional economic development strategy) outlines the need to consider new land uses to address climate change impacts for farms. The increased risk of droughts would also impact the Council's water supply service. • **Council services.** The impacts of climate change will impact on Council services to varying degrees: – Coastal hazards. Coastal hazard risks impact on a number of Council services. NPDC has assets within potential coastal erosion and/or hazard areas, including coastal parks and open spaces (including the Coastal Walkway), Todd Energy Aquatic Centre, New Plymouth Airport, stormwater pipes and outfalls, wastewater pipes and pump stations, and roads. The Council policy is to only consider coastal protection mechanisms for significant public assets. Some of these services and infrastructure may need to relocate in the future taking into account the predictions of climate change. – Flooding. A series of stormwater catchment management plans are being developed to analyse the district's stormwater catchments, taking into consideration the most up to date climate change data. NPDC's stormwater system and flood protection schemes would require upgrades in order to maintain effective service levels (as measured against AEP calculations) under the predictions of climate change. NPDC has infrastructure that may be impacted by increased flooding, including parks, wastewater pipes and pump stations, roads (including bridges over rivers and streams) and stormwater outfalls. – Drought. With increasing water demand and the potential increasing likelihood of extended dry periods during summer months, the district is at risk of not meeting water supply levels of service at certain times of year. The planning of the Council's water supply services take into account the predicted implications of climate change. The Council is taking proactive steps to reduce the district's water use with a conservation strategy, education and water metering. The Council also seeks to improve the resilience of the water supply network with new reservoirs. Droughts also have impacts on the Council's parks and reserves, and could potentially require changed approaches to managing these during summer months. As noted above, the Council is developing a district-wide Adaptation Plan. This Plan will further NPDC's understanding of the expected implications of climate change for the community and the Council, and also create a direction for how the Council will assist and direct the community in adapting to climate change and increasing risk of natural hazards. NPDC expects this Plan to be completed before the next LTP. There is a medium level of uncertainty for the life of this LTP. Uncertainty increases over time and arises as overall climate change does not directly correlate to year-to-year climate conditions or particular weather events. If these factors change from the projection then the assumption will not be borne out. While there is uncertainty in the short-term implications, there is significant uncertainty in the long-term implications of climate change. Investment within the LTP needs to carefully consider the life of the proposed asset or investment in relation to the current risk of the natural hazard(s) and the exacerbation(s) predicted within the climate chance scenarios to weigh up and balance the risk and cost of early failure with the potential for over investment.

Significant Forecasting Assumptions

Assumption	Detail and uncertainty
Climate change (continued)	There is risk that predicted climate hazards do not eventuate, or eventuate at a pace slower than forecast. There is also a risk that predicted climate hazards occur earlier than current forecasts, meaning, for instance, that stormwater asset capacity has not been increased early enough despite the increased investment in new stormwater assets capacity and increased capacity at the time of renewal of existing assets. This will result in infrastructure failure (whether temporary or permanent), requiring additional resource and financing. The LTP includes investment in infrastructure resilience and better understanding the risk associated with climate change (such as stormwater modelling and the district-wide Adaptation Plan). This work is expected to lower the longer-term risk associated with climate change. While there is significant uncertainty in the long-term implications of climate change, through a balanced consideration of risk, it is unlikely that any of the investment undertaken in the LTP will be an over investment in the long-term. However failure to invest to prepare for climate change may result in infrastructure failure (whether temporary or permanent) requiring additional resource and financing.
Natural disasters NPDC does not forecast natural disasters to occur at specific times but does plan for their eventuality.	NPDC acknowledges that natural disasters do occur and that New Plymouth District is vulnerable to various types of natural disasters. Taranaki is susceptible to volcanic eruptions, earthquakes, tsunamis, floods, storms, tornadoes, drought, pandemics and other disasters. The LTP does not include any forecasting of a natural disaster occurring during the life of the LTP in its financial information and plans. However, NPDC acknowledges that there is a strong likelihood of a substantial natural disaster occurring during the LTP. NPDC has civil defence responsibilities, including being a member of the Taranaki Emergency Management Group, to respond to any natural disaster. The Council also has a Natural Disaster Recovery Fund to assist with both response and recovery. There is a medium level of uncertainty. Uncertainty arises through the natural events and disasters. If these factors change from the projection then the assumption will not be borne out.
Existing and future resource consents All resource consents required for the operations of Council services will be obtained or renewed when required.	NPDC is legislatively required to obtain resource consents for various activities that it undertakes in the district. The following major consents require renewal that may impact on the LTP: • New Plymouth Water Treatment Plant abstraction consents expires 2021. • Inglewood Water Treatment Plant abstraction consents expires 2021. • To place and maintain Waitara outfall pipe consents expires 2021. • To place and maintain Te Henui rising main under Waiwhakaiho consents expires 2025. • Inglewood Contingency Landfill discharges to land and air consents expires 2025. • Waimea Dam consents expire 2025. • New Plymouth Wastewater Treatment Plant discharge to air consents expires 2026. • Ōkato Contingency Landfill discharges to land, air, stormwater and leachate consents expires 2030. • Huatoki Dam consents expires 2031. • Former landfills at Marfell Park and Valley Shopping Centre discharge of leachate consents expires 2032. • Inglewood oxidation pond intermittent discharge to the Kurapete Stream consent expires 2033. • New Plymouth Wastewater Treatment Plant discharge of treated wastewater consent expires 2041. NPDC holds a large number of smaller resource consents across the district relating to its infrastructure. Some new projects will also require resource consents. These are assessed as part of the planning and delivery of each project.

Significant Forecasting Assumptions

Assumption	Detail and uncertainty
Existing and future resource consents (continued)	There is a low level of uncertainty. Uncertainty arises from the potential for changes to NPDC's District Plan, changes to Taranaki Regional Council's regional plans, changes to national policy directions issued under the Resource Management Act 1991 and changes to the Resource Management Act 1991. If these factors change from the projection then the assumption will not be borne out. NPDC's services, including current and future developments, would be affected by not obtaining any relevant resource consents. This could ultimately lead to discontinuance in service delivery until consent is obtained. NPDC will continue to work closely with the Taranaki Regional Council to ensure all existing and future resource consents are renewed or obtained without any effect on the delivery of NPDC's services. NPDC proactively assesses the requirements for a resource consent in determining projects for the LTP, including the likelihood of obtaining resource consents.
Legislation changes Legislation changes will not have any significant effect on NPDC.	The LTP assumes the current statutory regime will largely remain consistent. There may be changes that impact to varying degrees on some Council activities, but there will not be any changes that materially alter service delivery. NPDC is aware of numerous legislative changes currently proposed, or that may be proposed in the future. These have been factored into the LTP as appropriate. There is a separate assumption on the Three Water Reforms. There is a medium level of uncertainty. Uncertainty arises from national politics and government processes. There is a risk that various policy and legislative changes at the national level may materially impact on the LTP. If these factors change from the projection then the assumption will not be borne out.
Three water reforms NPDC will continue to own and directly operate the three waters networks	The LTP assumes that NPDC will continue to own and directly operate the three waters networks (drinking water, wastewater, and stormwater). There is a high level of uncertainty. Uncertainty arises from government reforms of water services and NPDC entering into a Memorandum of Understanding (MOU) with the government around investigating alternative structural arrangements for the delivery of water networks. These are explained in more detail below. Following the inquiry into the Havelock North drinking water contamination event in 2016, the government has initiated a reform of the delivery 'three waters' (drinking water, wastewater and stormwater) services. It has advised that the status quo is not acceptable and change is needed, indicating it considers larger 'multi-regional' delivery entities are needed. Government has made it clear that water services must remain in public ownership, however this could take various forms such as Council-controlled organisations. The first step of the reforms has been the establishment of Taumata Arowai as a new drinking water regulator, with oversight of water service delivery. The second step is the new Water Services Bill that creates a new statutory framework around the management of water, including providing Taumata Arowai with regulatory tools to enforce compliance. These include the ability for Taumata Arowai to intervene in the management of drinking water. The government has provided obligation free grants to territorial authorities provided they enter into a MOU with the government to explore the future delivery of water services. NPDC has signed this MOU. This agreement outlines that NPDC and the government will work towards reviewing service delivery reform, including investigating multi regional water service delivery entities that own and operate water and wastewater assets in some form of statutory entity with multiple council ownership.

Significant Forecasting Assumptions

Assumption	Detail and uncertainty
Three water reforms (continued)	Whilst the MOU does not commit NPDC to the reforms, the Government has agreed that the reforms will be an opt out approach. The Government has signalled that bespoke legislation will govern how NPDC will engage the community in making a deicsion to opt out or not. It is clear that there is strong preference for change and therefore, a reasonable prospect that NPDC may not continue to directly provide some or all of its three water networks over the life of the LTP. There are several alternative structures that may arise. The reforms predominately impact on water and wastewater and these are more likely to be subject to reforms than stormwater services. This reflects the different nature of these assets, with stormwater services being closely related to transportation and parks operations (as the main inflow and outflow network points) rather than with water and wastewater services. If the reforms occur, then the financial management of the water services including capital expenditure, operating expenditure, revenue (including rates), debt and reserves relating to the three waters (as contained in the water, wastewater, stormwater management and flood protection and control works activities) would be undertaken by the new entity. This could mean the entire activity no longer exists within NPDC's activities. This will have a corresponding impact on the overall position of NPDC as a whole. The table below outlines the total 10-year budget for each activity.

Activity	Overheads ($m)	10 year operating budget ($m)	10 year capital budget ($m)
Water	51.6	166.2	125.4
Wastewater	58.8	221.7	264.0
Stormwater	7.7	64.5	82.8
Flood Protection and Control Works	2.3	2.4	0.6

From a community perspective, water services will continue to be provided with the aim of the reforms to improve the provision of these services. There may be a change in how the services are charged, i.e. instead of paying for the service by rates, customers may be charged by a utility bill method.

Any change may have widespread implications across the rest of NPDC's operations. For instance, overhead allocations from these services fund parts of back office services, but there may only be a small reduction in these services if these services are no longer part of NPDC. This would increase the overhead allocation for other parts of NPDC, and therefore increase the remaining Council activities service delivery costs. NPDC allocates overheads using a number of different methods, including internal service agreements, timesheeting, internal charging and proportional to operating costs. The reforms may also require NPDC to alter its approach to rating to ensure it continues to comply with the Local Government (Rating) Act 2002, particularly the requirement in section 21 for uniform rates not to exceed 30 per cent of overall rates.

Significant Forecasting Assumptions

<table>
<tr><th>Assumption</th><th>Detail and uncertainty</th></tr>
<tr>
<td>The effect of inflation on NPDC's services
The annual cost of Council services will continue to increase at between zero and 2.9 per cent.</td>
<td>
<p>The LGCI measures cost drivers specific to local government (e.g. concrete, reinforcing steel, bitumen, roading chip, building materials, energy and wages etc) which differs significantly from the inflation pressures affecting households as measured by the CPI. BERL provide local authorities with their view of forecast inflation on key cost drivers. Due to the uncertainty around Covid-19 recovery, BERL have presented three scenarios and NPDC has selected the mid-scenario as this best aligns to NPDC's view on economic recovery. Their measure of inflation is forecast at -0.9 per cent to four per cent. NPDC will need to ensure that the community is well informed about the cost drivers affecting service delivery. NPDC's approach is to adopt BERL data and apply the prior year percentage change to create the new year budget (for instance, the 2020/21 inflation rate is applied for the 2021/22 financial year's budget).</p>
<table>
<tr><th></th><th>2020/21</th><th>2021/22</th><th>2022/23</th><th>2023/24</th><th>2024/25</th><th>2025/26</th><th>2026/27</th><th>2027/28</th><th>2028/29</th><th>2029/30</th><th>2030/31</th></tr>
<tr><td>LGCI for operating expenditure</td><td>-0.6%</td><td>3.6%</td><td>2.9%</td><td>2.5%</td><td>2.5%</td><td>2.5%</td><td>2.5%</td><td>2.6%</td><td>2.7%</td><td>2.7%</td><td>2.6%</td></tr>
<tr><td>LGCI for capital expenditure</td><td>-0.9%</td><td>4%</td><td>3%</td><td>2.6%</td><td>2.6%</td><td>2.7%</td><td>2.6%</td><td>2.8%</td><td>2.8%</td><td>2.9%</td><td>2.7%</td></tr>
<tr><td>LGCI - overall</td><td>-0.7%</td><td>3.7%</td><td>2.9%</td><td>2.5%</td><td>2.5%</td><td>2.6%</td><td>2.5%</td><td>2.6%</td><td>2.7%</td><td>2.7%</td><td>2.6%</td></tr>
<tr><td>CPI</td><td>1.6%</td><td>1.7%</td><td>1.7%</td><td>1.7%</td><td>1.6%</td><td>1.9%</td><td>2.0%</td><td>2.2%</td><td>2.3%</td><td>2.3%</td><td>2.3%</td></tr>
</table>
<p>NPDC has modified the BERL LGCI forecast for 2020/21 and 2021/22. This is to smooth the impact across two years of deflation followed by a significant inflation increase. This approach also provides mitigation if LGCI inflation is higher than forecast in 2020/21 (the two alternative scenarios provided by BERL both have a higher inflation rate in 2020/21). This smoothing is outlined in the following table:</p>
<table>
<tr><th></th><th>2020/21</th><th>2021/22</th></tr>
<tr><td>LGCI - modified for operating expenditure</td><td>-</td><td>2.5%</td></tr>
<tr><td>LGCI - modified for capital expenditure</td><td>-</td><td>2.6%</td></tr>
<tr><td>LGCI - modified overall</td><td>-</td><td>2.5%</td></tr>
</table>
<p>NPDC has also made specific assumptions about inflation for total staff costs (one per cent in year one, two per cent thereafter), gas and electricity increases (zero in year one, three per cent thereafter), the rates payable on NPDC property (3.5 per cent per annum) and insurance (five per cent per annum).</p>
<p>There is a medium level of uncertainty. Uncertainty arises from external price inflation. If these factors change from the projection then the assumption will not be borne out.</p>
<p>Forecast inflation will impact on the ability of NPDC to deliver on its service levels and impacts future budgets. NPDC will need to ensure that the community is well informed about the cost drivers affecting service delivery. A higher or lower LGCI than forecast is likely to have impacts on NPDC budgets. A higher rate of inflation will require either increased budgets (and therefore rates increases) or adjustments to levels of service. A lower rate of inflation will either reduce budgets (and therefore rates increases) or enable increased levels of service within existing budgets.</p>
</td>
</tr>
</table>

Significant Forecasting Assumptions

<table>
<tr><th>Assumption</th><th>Detail and uncertainty</th></tr>
<tr><td>The effect of inflation on NPDC's services (continued)</td><td>NPDC has planned a mixed approach for year one of the LTP. NPDC has removed the expected deflationary pressure in the LGCI, but also assumed staff, gas and electricity costs do not increase as much as in other years. This provides a balance to reflect the unusual economic circumstance. The overall impact of the smoothing of LGCI in years one and two result in a decreased in inflation forecast by 0.5 per cent. NPDC will need to find internal savings to match this lower LGCI assumption. If these savings are not found then NPDC may need to increase rates to match this reduction.</td></tr>
<tr><td>Revaluation of assets
The fair value of assets that are revalued will increase in line with inflation.</td><td>The revaluation of assets will result in book values that rise in line with inflation. NPDC last revalued its land, building and infrastructure assets in 2019, revaluations are expected in 2022, 2025, 2028 and 2031 (every three years). Forestry assets are revalued annually.
NPDC's assets deliver services to the community and hold a 'value in use'. The Council's significant assets are long life assets. Any reassessment of current replacement costs are used to determine the cost of the asset renewal programme as outlined in the respective asset management plans. This in turn means NPDC will need to make an increased budgetary provision through general rates for renewal funding.
There is a low level of uncertainty. Uncertainty arises from replacement costs. If these factors change from the projection then the assumption will not be borne out.
There is a risk that assets are revalued at a lower or higher amount than inflation. Any substantive change in asset revaluation may result in an increase or decrease in the cost of the asset renewal programme.</td></tr>
<tr><td>Useful lives of significant assets
The actual lives of significant assets are in line with expected useful lives.</td><td>Assets are expected to have a lifespan as set in the depreciation policy in the Statement of Accounting Policies.
<table>
<tr><th>Asset class</th><th>Roads</th><th>Laboratory</th><th>Solid Waste</th><th>Stormwater</th><th>Flood Protection</th><th>Water</th><th>Wastewater</th></tr>
<tr><td>Years</td><td>5-100</td><td>8-30</td><td>35-100</td><td>50-140</td><td>50-200</td><td>10-120</td><td>10-140</td></tr>
</table>
There is a low level of uncertainty. Uncertainty arises from asset condition and whether assets receive more or less use than anticipated. If these factors change from the projection then the assumption will not be borne out.
Where actual asset lives differ (favourably or unfavourably) from the expected live of the asset, there is a corresponding impact on the asset renewals and maintenance programme. Assets that have longer lives than assumed will either result in savings through later replacement or may still be replaced at the time set out (e.g. if it is difficult to determine the state of the asset until replacement, such as for underground assets). Assets that have shorter lives than assumed may either result in reduced levels of service or require replacement earlier than expected, potentially before the asset is fully depreciated. NPDC has, and continues to develop, appropriate asset management plans together with regular inspection, maintenance and management practices to manage these risks.</td></tr>
</table>

Significant Forecasting Assumptions

Assumption	Detail and uncertainty
Vesting of new assets in NPDC Approximately $4.3m of assets per annum will be vested in NPDC per annum.	NPDC receives vesting of assets as a result of subdivision activity. NPDC anticipates receiving approximately $4.3m of vested assets each year (this figure is for year one) and the Council assumes that this value will increase in line with inflation each year. This assumption is based a conservative long run average. There is a low level of uncertainty. Uncertainty arises from variability in subdivision activity that results in asset vesting. If these factors change from the projection then the assumption will not be borne out. Assets vested with NPDC increases the need for infrastructure renewal funding and also has additional funding implications for operating costs. NPDC is aware of likely future levels of vested assets through the resource consent process. The standard of assets proposed to be vested must meet NPDC's requirements for materials, construction techniques and quality. Any assets vested as the result of development have a minimal impact on NPDC's overall asset base per capita as the district's rate base increases with population growth. Any significant increase in vested assets will increase NPDC's asset base. However, it is unlikely to have any significant impact on NPDC's financial position or levels of service. This is because an increase in vested assets would likely reflect additional development and therefore an increased rate base. A decrease in vested assets will mean NPDC's asset base will not grow as quickly. This will not be significant in terms of impacting on NPDC's debt to asset ratio so should not impact on the ability to borrow. It is, however, likely to reflect a downturn in development.
Sources of funds for future replacement of significant assets NPDC will fund the replacement of significant assets in line with the Revenue and Financing Policy and Financial Strategy.	The Revenue and Financing Policy sets out how assets will be funded for different activities. Funding for the renewal of short life infrastructural assets is calculated on a Long Range Average Renewals Approach. This is an approach whereby NPDC uses rates to maintain a reserve. The reserve is then used to fund the renewal of assets. The amount of rates added to the reserve each year is based on the 10 year forward horizon for renewal requirements. Funding for the renewal of long life infrastructural assets is through renewal reserves but can also been met through borrowing, in accordance with the Revenue and Financing Policy. There is a low level of uncertainty. Uncertainty arises from sources of funding not being available at the time of an assets replacement. If these factors change from the projection then the assumption will not be borne out. There is a risk that a funding source is not available to fund the replacement of any given asset at the time of its replacement. Section 80 of the Local Government Act 2002 sets out the process for NPDC to make a decision that is significantly inconsistent with a policy. This process could be used at that time.

Significant Forecasting Assumptions

Assumption	Detail and uncertainty
External funding support NZTA funding to maintain and renew roads and associated assets will remain at current levels. Government funding in other areas and other external funding will remain at current levels.	External funders provide operational and capital funding support to enable NPDC to maintain and/or enhance the level of service delivery. NZTA provides a significant level of subsidy for roading operations and maintenance as well as capital renewals and augmentation (51 per cent to 100 per cent of eligible works). The NZTA Financial Assistance Rate is currently set at 51 per cent. In addition, other government funding agencies provide funding support to enable NPDC to deliver on its service levels. These include funding sources such as the Department of Internal Affairs (soldiers' grave sites) and the Ministry for Culture and Heritage (arts grants). Details of this funding is set out in the relevant activity management plans. Further funding is provided by external parties for events, exhibitions and capital projects. There is a medium level of uncertainty. Uncertainty arises from changes to government and other external funders priorities changing. If these factors change from the projection then the assumption will not be borne out. Any reduction in funding support will impact on service levels and the long-term custodianship of our roading assets in particular. Less funding from NZTA will have an impact on the district's roading work programme. Projects will either have to be deferred or NPDC will need to provide extra funding through rates to counter reduced support from NZTA. An increase in the range and type of subsidies and funding support may require increased funding input from NPDC.
Rates remissions Rates remissions are estimated at $0.8m in year one and increase at 3.5 per cent per annum.	Rates remissions will continue to apply at the current level with an increase of 3.5 per cent per annum. There is a medium level of uncertainty. Uncertainty arises from potential changes to the remission policies and changes to who qualifies as a result of other changes. If these factors change from the projection then the assumption will not be borne out. The proposed District Plan includes further properties to provide regulatory controls for which NPDC currently provides a remission. The outcome of the Proposed District Plan is unknown as there are statutory processes (including public submissions and appeal processes). The remission estimate is based on the Proposed District Plan, and a review of the remission policy may be required when the Proposed District Plan becomes operative. The Local Government (Rating of Whenua Māori) Amendment Bill provides a significant change to the rating of Māori land, including increasing the non-rateability of Māori land and a statutory rates remission scheme. NPDC does not expect this Bill to have significant implications on rates remission, although some properties may shift from a rates remission to being non-rateable (in effect, having no net impact). Any change in legislation or NPDC's remissions policy will have an impact on the level of rating remissions. A higher level of remission will be met through other ratepayers paying higher rates, or may cause a review of the remission policies. A lower remission level will provide a savings and reduce the rates required.

Significant Forecasting Assumptions

<table>
<tr><th>Assumption</th><th>Detail and uncertainty</th></tr>
<tr><td>Forecast return on investments
The PIF will release 3.3 per cent of its value per annum (after inflation and management fees and costs), with a rate of return of 5.7 per cent per annum.</td><td>NPDC has significant external investments in NPDC's PIF. The PIF is managed by a Full Outsourced Agent (FOA), Mercer New Zealand Limited. The FOA is reviewed and monitored by the New Plymouth PIF Guardians Limited (NPG). Annual releases from the PIF contribute significantly to reducing the annual rates requirement.
The PIF release is required to fund management fees and costs, with an amount to offset rates based on 3.3 per cent of the value of the fund after inflation and including fees and costs (with a smoothing rule applied). The PIF will release 3.4 to 3.6 per cent per annum gross of management fees and costs. The PIF's rate of return is expected to be 5.7 per cent per annum. This assumption is based on advice from the NPG. It is based on a long-term view of returns so the 10 year return may differ from the average.
There is a medium level of uncertainty. Uncertainty arises from the rate of return in market investments. If these factors change from the projection then the assumption will not be borne out.
If the average annual earnings rate of the PIF is less than forecasted and the value of the PIF decreases, this will reduce the release and may impact on NPDC's current Financial Strategy. This could have an impact on the rates requirement or adjustments to the levels of service provided to the community.</td></tr>
<tr><td>Development contributions
NPDC will receive development contributions revenue in line with the Development Contributions Policy and forecast development rates.</td><td>Residential development growth is forecast at 345 new dwellings each year for the first five years of the LTP and 361 new dwellings per annum for the second five years. Non-residential growth is forecast to grow at an average rate of 191 to 200 household unit equivalent (HUE) per annum.
The LTP forecasts the following forecast development contribution revenue:
<table>
<tr><th></th><th>2021/22 ($m)</th><th>2022/23 ($m)</th><th>2023/24 ($m)</th><th>2024/25 ($m)</th><th>2025/26 ($m)</th><th>2026/27 ($m)</th><th>2027/28 ($m)</th><th>2028/29 ($m)</th><th>2029/30 ($m)</th><th>2030/31 ($m)</th></tr>
<tr><td>Development contribution revenue</td><td>2.92</td><td>3.03</td><td>3.15</td><td>3.27</td><td>3.39</td><td>3.52</td><td>3.66</td><td>3.79</td><td>3.94</td><td>4.09</td></tr>
</table>
This is at the rate that development contributions are expected to be collected at. However, the timing of development contribution receipts is outside NPDC's control.
Development contribution requirements are assessed according to the number of dwellings and HUE that the relevant capital project(s) cater for, and then applied to each dwelling and HUE as they are developed. NPDC records growth related capital expenditure as being fully funded by borrowings and applies development contributions when received.
There is a medium level of uncertainty. Uncertainty arises from the rate of residential and non residential development. If these factors change from the projection then the assumption will not be borne out.
As development and financial contributions are actually received they will be netted off any borrowing made for that purpose. A slower rate of development will result in a lower level of development contributions being received. This will result in increased debt, which in turn may result in higher costs to borrow and a reduced forward capacity to borrow. A faster rate of development will result in a higher level of development contributions being received. This will reduce borrowings, which in turn may reduce costs of borrowing and provide greater capacity to borrow in the future.</td></tr>
</table>

Significant Forecasting Assumptions

Assumption | **Detail and uncertainty**

Borrowing and interest rates

Interest rates for cash investments will be between zero and three per cent and borrowing interest rates will be around three per cent. Lenders will continue to meet NPDC's requirements for loan funding (redemption and new).

Interest rates are assumed at the following levels.

Item	Cash investment	Term deposit investment	Airport working capital loan	General borrowing	Voluntary targeted rate scheme
Interest rate	0% to 2%	1% to 3%	3.8%	3% to 3.5%	3%

Borrowings are repaid over a 20 to 30 year timeframe.

Overall interest rate and funding strategies are managed within the parameters of the Treasury Management Policy. Interest rate swaps are also used as per the Policy. The Treasury Management Policy is reviewed as part of the LTP process every three years.

There is a low level of uncertainty. Uncertainty arises from obtaining lending from the market. If these factors change from the projection then the assumption will not be borne out.

NPDC actively seeks to receive more favourable interest rates, which then enables NPDC to lower its borrowing costs, and either pay off debt faster or to reduce debt repayment costs. There is unlikely to be any adverse implications in the plan resulting from funding or interest rate risk. However, if economic conditions result in increases in interest rates that are unable to be hedged, such cost increases may impact on NPDC's overall budget position and ability to maintain service levels without an increase in rates income. NPDC's shareholder and guarantor status for the Local Government Funding Authority minimises the risk of the Council not being able to borrow the funds it requires.

New Plymouth District Council (Waitara Lands) Act 2018

Waitara leaseholders will freehold over the first seven years of the LTP and the Waitara Perpetual Community Fund's annual release will grow to over $1m per annum by the end of the LTP.

The New Plymouth District Council (Waitara Lands) Act 2018 provides the leaseholders of the remaining approximately 600 leasehold properties in Waitara with a right to freehold. These funds are then distributed into three different funding pools – the Hapū Land Fund (held by NPDC for Te Kōwhatu Tū Moana), the Waitara Perpetual Community Fund (held by NPDC for Te Tai Pari Trust), and the Waitara River funds (held by Taranaki Regional Council).

The LTP assumes that the remaining Waitara leaseholders will freehold over the first seven years of the LTP, with the average unimproved land value of $115,000 in year one (increasing by $5,000 per annum). The rents and sales proceeds become the following annual allocations into the three funding pools:

	2021/22 ($m)	2022/23 ($m)	2023/24 ($m)	2024/25 ($m)	2025/26 ($m)	2026/27 ($m)	2027/28 ($m)	2028/29 ($m)	2029/30 ($m)	2030/31 ($m)
Waitara Perpetual Community Fund	6.12	4.69	3.23	2.01	1.11	0.57	0.26	-	-	-
Hapū Land Fund	6.12	4.69	3.23	2.01	1.11	0.57	0.26	-	-	-
Taranaki Regional Council	5.58	4.24	2.97	1.87	1.11	0.57	0.22	-	-	-

Significant Forecasting Assumptions

<table>
<tr><th>Assumption</th><th>Detail and uncertainty</th></tr>
<tr><td>New Plymouth District Council (Waitara Lands) Act 2018 (continued)</td><td>The LTP assumes that the Waitara Perpetual Community Fund earns five per cent per annum on investments and the annual release is in line with the release rule set in the Statement of Investment Policies and Objectives adopted at the 21 July 2020 Council meeting. On that basis, the LTP assumes the following annual release from the Waitara Perpetual Community Fund:
<table>
<tr><th></th><th>2021/22</th><th>2022/23</th><th>2023/24</th><th>2024/25</th><th>2025/26</th><th>2026/27</th><th>2027/28</th><th>2028/29</th><th>2029/30</th><th>2030/31</th></tr>
<tr><td>Annual release ($)</td><td>52,396</td><td>127,241</td><td>233,715</td><td>358,056</td><td>488,256</td><td>615,496</td><td>734,373</td><td>842,678</td><td>939,976</td><td>1,026,264</td></tr>
</table>
NPDC makes no assumption on the Hapū Land Fund balance over the life of the LTP as this is subject to the decisions of Te Kōwhatu Tū Moana, and NPDC has no role in managing the Taranaki Regional Council's Waitara River funds.

There is a medium level of uncertainty. Uncertainty arises from leaseholders' individual decisions as to whether they will freehold, which in turn is influenced by personal income, land value, lease rental and other factors. Uncertainty also arises in the returns due to house price inflation that may impact on the unimproved land value as assessed in Waitara.

The net impact of this uncertainty on NPDC is minimal as the Council does not directly control any funds and there are no associated services provided by NPDC. However, it is acknowledged that there may be a more significant impact on Te Kōwhatu Tū Moana, Te Tai Pari Trust and the Taranaki Regional Council.</td></tr>
<tr><td>Achievement of capital works programme

NPDC will achieve its stated capital works programme</td><td>The LTP includes $950m of capital expenditure over the 10 years. Projects are planned for particular years. The LTP budgets are forecast on the basis that projects and works are undertaken in the years specified, and that there are no variations to the capital works programme.

There is a medium level of uncertainty overall for this assumption, however there is a high level of uncertainty for the delivery of capital expenditure to meet additional demand (growth-related infrastructure, with $82m in capital expenditure). Uncertainty arises from NPDC's planning processes, project management processes, the construction market, alignment with urban growth and development, and other factors. Capital work programmes may also be varied by Annual Plans and future LTPs. If these factors change from the projection then the assumption will not be borne out.

NPDC has historically been able to undertake a similar amount of capital works compared to that set in the relevant LTP and/or Annual Plan. However, there has been a 'bow wave' effect of carry forwards, whereby projects carried forward from one year to the next cause a displacement of planned projects in the next year. This means that, while the quantum of works undertaken has been similar to the relevant Plan, the projects undertaken in any year have differed. In order to address this NPDC is implementing a stricter programme to prevent carry-forwards from 2020/21 into year one of the LTP, including early reprioritisation of some projects that will not be achieved (in part or in full) in 2020/21 into the LTP capital projects (rather than addressing them as a carry forward later on). This enables better planning of the actual quantum of capital works to be undertaken in 2021/22.

NPDC has an increased capital works programme outlined in the LTP compared to previous plans and undertaken a number of improvements to ensure it can deliver. The stepping in of the programme over the first five years enables the Council to grow its capacity to undertake this work. Phasing of significant projects in the LTP budgets across multiple years provides time for planning, land acquisition and resource consents before the intended construction timing. NPDC also introduced a new Portfolio, Programme and Projects Management system, new procurement processes, and increased both planning and project management resources in order to undertake this works programme. Much of this increase is in the works programme is for the renewal of existing assets, and therefore less subject to planning, resource consent, land acquisition or other delays.</td></tr>
</table>

Significant Forecasting Assumptions

Assumption	Detail and uncertainty
Achievement of capital works programme (continued)	Any delay in achieving the stated capital works programme may result in a carry forward, whereby some or all projects are delivered the following year. This can result in other projects being delayed as a result. Delays in service level projects may also result in reduced borrowing requirements that, in turn, reduce rates required to repay that borrowing. Delays in renewal projects may reduce the funding taken from the renewal reserve that, in turn, reduces rates required to top up that reserve. There may also be additional costs in deferred projects as result of delays. These additional costs include cost escalation from additional inflation and, for renewals, the existing asset may require additional maintenance before replacement. From a resident viewpoint, it may mean that the Council does not improve service level in the timeframe expected, or increases the risk of asset failure through delayed renewal. *Growth capital expenditure* Historically projects related to urban growth are subject to the highest degree of delay or underspend when compared to planned expenditure out of the three categories of capital expenditure. This is because some growth related infrastructure is contingent on developers undertaking works, or can be delayed due to the lack of demand. There has been an underspend in land purchases arising from development for new reserves and other Council infrastructure. These delays do not result in failure to meet a level of service as outlined in the LTP, and do not increase risk of existing assets failing. The delays of these projects are prudent in light of the situation when compared to undertaking works or land purchases not required at that time. The Proposed District Plan provides a more directive approach to the timing of developments and requirements for the infrastructure to service those developments. This provides greater confidence that the infrastructure will be required in the year earmarked for its construction. However, the Proposed District Plan is still subject to change because of submission and appeal processes, which may in turn result in changes to timing from that contained in the Proposed District Plan and this LTP. NPDC has started a regular forum with developers to improve the process by which developers and the Council work together, and provides the Council with better information about developers' subdivision intentions. The Council has also scheduled most specific growth projects reliant on developers in for years four to eight of the LTP to provide time to plan infrastructure required with developers. The financial forecasts contained within this LTP are based on the Council achieving the stated capital works programme for growth related infrastructure. NPDC is confident that the programme put in place will better enable the Council to do that programme. However, there is a risk that the capital works programme for growth-related infrastructure is not met. The delay of growth related infrastructure results in delayed borrowing. This will generally not result in a reduced rates requirement because growth related infrastructure is repaid through development contributions rather than rates. However, some growth related projects do have a component of funding for any renewal or service level impact, and so may have a small impact on rates required to repay that borrowing in the short-term. There may also be an impact on the level of service received by the community, or an increased risk of asset failure. If the additional work to improve timing and delivery of growth-related infrastructure is partially successful, and NPDC achieves delivery of 75 per cent of the growth-related infrastructure over the life of the LTP, then across the ten years there will be $14.7m reduction in debt and $5.5m reduction in interest and principal repayments. By the end of the LTP rates will be 0.6 per cent lower than forecast.

Significant Forecasting Assumptions

Assumption	Detail and uncertainty
Achievement of capital works programme (continued)	However, if NPDC achieved only half of its growth related infrastructure over the life of the LTP (slightly below the recent average achievement of growth related infrastructure) then across the 10 years there will $29.5m reduction in debt and $11m reduction in interest and principal repayments. By the end of the LTP rates will be 1.2 per cent lower than forecast. These calculations are based on projects where the main driver is growth, so does not take into account renewal or service level projects with a growth-related element. The calculations also do not assume that delayed/underspent projects are undertaken at a later time within the 10 year period. Section 210 of the Local Government Act 2002 provides that the Council must refund development contributions received for a specified reserve purpose if the money is not applied to that purpose within 10 years of receipt (or other period specified in the development contributions policy). Not achieving its growth-related capital works programme creates a potential for liability for NPDC. Development contributions collected for specified reserve purposes are a small proportion of development contributions levied. Specified reserve purposes constitute $141 of the overall $3,204 to $20,524 charge (varying by area of development – see NPDC's Development and Financial Contributions Policy for more information (figures are for year one) and inflation adjusted annually). These specified projects are less likely to be subject to considerable delay as they refer to the upgrade of an existing specified reserve rather than being for land purchase or development of future reserves that are not currently owned by NPDC. The maximum potential liability the Council faces to refund these development contributions is $93,000 per annum (year one figure, based on an estimated 659 Household Equivalent Units, development contributions are inflation adjusted annually) and would start outside of the LTP's 10 year financial forecasting horizon.
Capital costs The actual capital cost of a project is close to the forecast capital cost.	The LTP includes a large number of capital projects with an estimated costs. The financial information and statements are prepared on the basis of these estimated costs. There is a medium level of uncertainty. Uncertainty arises from the scope of the business case, as well as the changing costs of materials and labour involved in undertaking capital projects. If these factors change from the projection then the assumption will not be borne out. NPDC has developed a system to classify capital work budgets. Each class indicates a different stage of planning and estimating methodology. Therefore, each class has a different expected accuracy range. The table below summarises these classes and their accuracy.

Class	Estimating methodology	Expected accuracy range
5 Identify	Historic, judgement and analogy	±100%
4 Assess	Equipment factored	±50%
3 Select	Semi-detailed unit costs	±20%
2 Define	Detailed unit costs with some design assumptions	±15%
1 Execute	Detailed unit costs with detailed designed	±5%

The intention of NPDC is to continually develop and refine the pipeline of capital projects so that cost estimates are continually refined in the lead up to the delivery of a project. Costs may increase or decrease during the development and refinement process as better information about the project is known.

The prioritisation process for the LTP has intended to place projects with higher accuracy of budgeting within the first three years of the Plan. Projects with a less accurate budget (and higher range) have generally been placed into outer years. However, the prioritisation process is subject to other timing considerations as well.

Significant Forecasting Assumptions

Assumption	Detail and uncertainty
Asset sales NPDC will not undertake significant asset sales during the life of the LTP.	NPDC has not proposed any significant asset sales during the LTP. (This assumption excludes the Waitara leasehold properties, which are included in the New Plymouth District Council (Waitara Lands) Act 2018 assumption.) During the LTP there may be some minor surplus operating assets that are sold. There is a medium level of uncertainty. Uncertainty arises from political decision making. If these factors change from the projection then the assumption will not be borne out. If NPDC determines to sell a significant asset then the net revenue will be used to either pay for a new capital project or to pay down debt. There may also be a reduction in associated operating expenditure with operating the sold asset.
Significant contingencies and commitments not budgeted for There will not be unforeseen events or circumstances that could impact NPDC's finances and/or levels of service	While there are always unexpected events that may have an impact on NPDC's operations, NPDC mitigates these through its risk mitigation strategies including indepth insurance cover, established bank credit lines, and business continuity plans. Commitments and contingencies that NPDC is aware of include: *Local Government Funding Agency (LGFA)* NPDC is a guarantor of the LGFA. The LGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand. LGFA has a local currency rating from Fitch Ratings and Standard and Poor's of AA+. NPDC is one of 31 local authority shareholders and 52 local authority guarantors of the LGFA. NPDC has a commitment to fund uncalled shareholder capital in the event an imminent default is identified. Together with the other shareholders and guarantors, NPDC is a guarantor of all of LGFA's borrowings. This is based on NPDC's rates as a proportion of the total rates for all guaranteeing local authorities. At 30 June 2020, LGFA had borrowings totalling $11.9b (2018/19: $9.5b). Financial reporting standards require NPDC to recognise the guarantee liability at fair value. However, NPDC has been unable to determine a sufficiently reliable fair value for the guarantee and therefore has not recognised a liability. NPDC considers the risk of LGFA defaulting on repayment of interest or capital to be very low on the basis that: • NPDC is not aware of any local authority debt default events in New Zealand; and • Local government legislation would enable local authorities to levy a rate to recover sufficient funds to meet any debt obligations if further funds were required. *Local Authority Protection Programme (LAPP)* NPDC is a member of LAPP, which is designed to assist local authorities to fund the rebuild of mainly underground infrastructure assets after a natural disaster. The fund was depleted by the Christchurch earthquakes and again by the Kaikoura earthquake. Membership has also reduced in recent years to the extent that NPDC is now the largest member by asset value under LAPP. Member contributions are expected to continue increasing due to the increasing value of assets covered and the cost of insurance and reinsurance generally. There is also a potential need for local authorities to increase their insurance provisions generally in the future if the central government 60/40 recovery funding split review progresses.

Significant Forecasting Assumptions

Assumption	Detail and uncertainty
Significant contingencies and commitments not budgeted for (continued)	*Yarrow Stadium* The stands at Yarrow Stadium have been found to be earthquake-prone and are not suitable for public use. Taranaki Regional Council have consulted on and committed to undertaking a $50m project, with $20m of central government funding, in order to earthquake strengthen both stands. Yarrow Stadium is operated through an agreement between NPDC and Taranaki Regional Council. Under that agreement, Yarrow Stadium is owned by Taranaki Regional Council, which funds the facility's maintenance and long-term development and it is operated by NPDC, which meets day to day staffing and operational costs. The agreement also enables Taranaki Regional Council to hand back the ownership of Yarrow Stadium to NPDC. The LTP assumes that Taranaki Regional Council will continue to own Yarrow Stadium. *Other* NPDC is not aware of any other additional contingencies or commitments not already covered by the prospective financial statements and/or Asset Management Plans. There is a low level of uncertainty. Uncertainty arises from these being externally driven events. If these factors change from the projection then the assumption will not be borne out. NPDC has planned appropriately for known potential commitments and has the necessary risk mitigation strategies in place to ensure any impact from unknown events can be managed without any undue impacts.