Forecasting Assumptions

Projected growth change factors

The effects of the growth will be factored in when determining:

- The level of development contributions which will flow through the organisation
- The level of vested assets that the Council is expected to take ownership of
- The increase to the ratepayer base on an annual basis.

The 2018 census confirmed the Hurunui District's resident population at 12,561. This was a higher level than was expected in previous Long Term Plans. As Stats NZ have not published the population projections for individual districts, the Council has used the growth projections allowed for from the 2013 census data but using the 2018 census numbers as a starting point. Council has amended the growth projections for the South Ward area as the population growth experienced since 2001 has outstripped any projections provided by Stats NZ. As a result, it is predicted that the population of the Hurunui District will be 17,505 in 2034. The projections assume that the population of the District will increase to 25,231 in 2054.

High rates of absentee ownership of lifestyle blocks and holiday homes (especially in Hanmer Springs) complicate the process of forecasting growth in the district, but statistical correlations indicate a significant relationship between the census data (the "usually resident population") and overall growth in the District.

The resulting number of new units forecast is as follows:

	Year 1 2024/ 2025	*Year 2 2025/ 2026*	*Year 3 2026/ 2027*	*Year 4 2027/ 2028*	*Year 5 2028/ 2029*	*Year 6 2029/ 2030*	*Year 7 2030/ 2031*	*Year 8 2031/ 2032*	*Year 9 2032/ 2033*	*Year 10 2033/ 2034*
District Sewer	115	115	115	115	115	115	115	115	115	115
District Urban Water	123	123	123	123	123	123	123	123	123	123
District Rural Water	103	103	103	103	103	103	103	103	103	103
Amberley Township	54	54	54	54	54	54	54	54	54	54
Amberley Ward Rating Area	86	86	86	86	86	86	86	86	86	86
Hanmer Springs Township	40	40	40	40	40	40	40	40	40	40
Hanmer Springs Rating Area	48	48	48	48	48	48	48	48	48	48
Hurunui District	171	171	171	171	171	171	171	171	171	171
Percentage Increase in Total Rating Units	**1.91%**	**1.88%**	**1.84%**	**1.81%**	**1.78%**	**1.75%**	**1.72%**	**1.69%**	**1.66%**	**1.63%**

Risks

The projected growth in the number of new sections may occur at rates which differ from those predicted.

Level of Uncertainty

Medium

Impact

This would result in the Development Contributions and Vested Assets income differing from budget. This could result in the period for collecting development contributions for specific growth related projects being reduced or extended.

If growth rates differ from projections, this will impact the size of the ratepayer base. This may result in actual rates differing from the proposed rates in the Long Term Plan.

Inflation and other cost movements

In preparing the LTP, the Council is required to include its best estimates of future income and expenditure. This includes providing for the effect of inflationary impacts and other cost movements expected to occur over the ten year planning period.

To promote a consistent approach to planning for inflation between local authorities, Taituarā — Local Government Professionals Aotearoa, contracted Business and Economic Research Limited (BERL) to provide forecasts for cost adjustments likely to impact local authorities.

In preparing the Long Term Plan, the Council has used the Local Government Cost Index (LGCI) rates prepared by BERL for use by local authorities assuming that they retain responsibility for three waters activities. In particular, the Long Term Plan reflects the movements in Operating Expenditure (Opex) and Capital Expenditure (Capex) indices as follows:

	LGCI		OPEX		CAPEX	
Year Ending	Index value	Rate	Index value	Rate	Index value	Rate
June 2022	953		953		953	
June 2023	1000	4.93%	1000	4.93%	1000	4.93%
June 2024	1039	3.90%	1038	3.80%	1040	4.00%
June 2025	1069	2.89%	1068	2.89%	1071	2.98%
June 2026	1092	2.15%	1091	2.15%	1094	2.15%
June 2027	1118	2.38%	1116	2.29%	1120	2.38%
June 2028	1143	2.24%	1141	2.24%	1146	2.32%
June 2029	1168	2.19%	1166	2.19%	1172	2.27%
June 2030	1192	2.05%	1190	2.06%	1197	2.13%
June 2031	1216	2.01%	1214	2.02%	1221	2.01%
June 2032	1241	2.06%	1238	1.98%	1246	2.05%
June 2033	1265	1.93%	1262	1.94%	1270	1.93%
June 2034	1289	1.90%	1286	1.90%	1295	1.97%
10 year average		2.18%		2.17%		2.22%

In applying the inflation rates in the preparation of the budgets, the Council has set a budget based in 2024/2025 dollars for each of the ten years of the LTP. For each of the succeeding years of the LTP, the following cumulative inflation rates have been applied to each applicable cost or income.

Cumulative Index Movements:

	LGCI		OPEX		CAPEX	
Year Ending	Index value	Rate	Index value	Rate	Index value	Rate
June 2024	1039		1038		1040	
June 2025	1069		1068		1071	
June 2026	1092	2.15%	1091	2.15%	1094	2.15%
June 2027	1118	4.58%	1116	4.49%	1120	4.58%
June 2028	1143	6.92%	1141	6.84%	1146	7.00%
June 2029	1168	9.26%	1166	9.18%	1172	9.43%
June 2030	1192	11.51%	1190	11.42%	1197	11.76%
June 2031	1216	13.75%	1214	13.67%	1221	14.01%
June 2032	1241	16.09%	1238	15.92%	1246	16.34%
June 2033	1265	18.33%	1262	18.16%	1270	18.58%
June 2034	1289	20.58%	1286	20.41%	1295	20.92%

Risks

Inflation in some areas may increase at a rate different to the above index movements. Some costs (e.g. Roading and Transport Costs) have been subject to significant movements in recent years. It is difficult to predict future inflation and other cost pressures with accuracy.

Level of Uncertainty

High

Impact

If inflation is higher than projected, the cost of providing services would be higher than planned, which would most likely result in a higher level of rates required to balance the budget.

If inflation is lower than projected, the cost of providing services would be lower.

The council will continue to monitor price movements on an annual basis and any significant changes will be addressed in subsequent annual plans or long-term plans.

Revaluation of Assets

The Council has adopted an approach of revaluing its land and buildings, roading and infrastructural assets on a three yearly basis to comply with the New Zealand equivalent to International Financial Reporting Standards.

The valuation process is staggered so only one key asset class is revalued each year. The revaluation cycle over the period of the LTP will be as follows:

Land and Buildings	30 June 2023 (most recent revaluation)
	30 June 2026
	30 June 2029
	30 June 2033
Three Waters Assets	30 June 2024 (scheduled revaluation)
	30 June 2027
	30 June 2030
	30 June 2033
Roading Assets	30 June 2025 (scheduled revaluation)
	30 June 2028
	30 June 2031
	30 June 2034

It is assumed the book value of the land and buildings, roading and three waters assets as at the revaluation dates will be increased by the cumulative inflation rates as per the BERL inflation forecasts as described in the assumption for inflation. The depreciation charge will be amended to reflect the remaining useful life of each asset and the charge made on the revalued amount of the asset.

An example of how the cumulative inflation will be applied is as follows:

A length of water pipe may have a value of $1,000 as of 30 June 2024 - the date of its scheduled revaluation.

The next revaluation is set for 30 June 2027, and the cumulative inflation rate for Capital Expenditure over that period is 7.69%[1], therefore the new value should be $1,077.

The next revaluation is set for 30 June 2030, and the cumulative inflation rate for Capital Expenditure over that period is 15.10%[2], therefore the new value should be $1,151.

The next revaluation is set for 30 June 2033, and the cumulative inflation rate for Capital Expenditure over that period is 22.12%[3], therefore the new value should be $1,221.

Any movement in the valuation of the roading and infrastructural assets is recognised in the asset revaluation reserve.

[1] Inflation percentage is calculated by taking LGCI Capex Index as at 30 June 2027 of 1,120 over the LGCI Capex Index as at 30 June 2024 of 1040 = 7.69%

[2] Inflation percentage is calculated by taking LGCI Capex Index as at 30 June 2030 of 1,197 over the LGCI Capex Index as at 30 June 2024 of 1040 = 15.10%

[3] Inflation percentage is calculated by taking LGCI Capex Index as at 30 June 2033 of 1,270 over the LGCI Capex Index as at 30 June 2024 of 1040 = 22.12%

The movements, along with any increase on capital purchases made in the intervening years have been applied to the existing values to arrive at the revalued amount for each asset.

Risks

Inflation in some areas may increase at a rate different to that forecast. Some types of costs (e.g. Roading and Transport Costs) have been subject to fluctuations in recent years, and as a result, it is difficult to predict trends with accuracy.

Level of Uncertainty

Medium

Impact

If the underlying inflation is higher than projected, the revaluation process will reflect a higher movement than planned. This will result in the value of assets being higher than projected and will also have an effect of depreciation, which in turn may have an effect on the level of rates required as the Council moves to a fully fund depreciation on three waters assets.

If the underlying inflation is lower than projected, the movement in the value of the assets will be lower and will have an effect on the resulting depreciation calculations.

The council will continue to monitor price movements on an annual basis and any significant changes will be addressed in subsequent annual plans or long-term plans.

Interest rates

The movement of interest rates has a wide ranging effect on the Council. The Council's limited cash investments derive interest at the market rates; the Council is vulnerable to the lending rates for its external borrowing requirements; and the Council's internal financing policy bases the interest paid or charged to individual communities on those applicable rates.

The Council regularly reviews its Treasury Risk Management Policy and has done so again as part of the process of preparing this Long Term Plan.

The policy provides for a portion of the Council's debt to have fixed interest rates with the balance to be subject floating rates. The Council uses a range of interest rate hedging products designed setting a fixed portion to the interest rates charged over a period of time. These products include interest rate swaps and interest rate caps and also utilising fixed rate debt. Council's Treasury Advisors have provided an assessment of the projected weighted average cost of funds for Council over the 2024-34 period that takes into account:

- Current external debt
- Projections for the 90 day bank bill rate
- Credit Margins charged by the funding providers
- Line fees charge by funding providing
- Products (interest rate swaps and fixed rate bonds) used to provide the fixed rate portion of debt.

The assessment on a monthly basis and an average for the particular financial year are as follows:

	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
July	5.11%	4.47%	4.23%	4.27%	4.21%	4.20%	4.33%	4.48%	4.59%	4.63%
August	5.05%	4.42%	4.23%	4.27%	4.21%	4.20%	4.33%	4.48%	4.59%	4.63%
September	4.89%	4.26%	4.23%	4.27%	4.21%	4.20%	4.33%	4.48%	4.59%	4.63%
October	4.84%	4.26%	4.23%	4.27%	4.21%	4.20%	4.33%	4.48%	4.59%	4.63%
November	4.79%	4.26%	4.23%	4.30%	4.25%	4.23%	4.37%	4.51%	4.60%	4.67%
December	4.73%	4.25%	4.24%	4.33%	4.30%	4.28%	4.42%	4.54%	4.61%	4.73%
January	4.67%	4.24%	4.25%	4.36%	4.35%	4.32%	4.47%	4.58%	4.63%	4.79%
February	4.58%	4.24%	4.25%	4.37%	4.36%	4.33%	4.48%	4.59%	4.63%	4.81%
March	4.54%	4.24%	4.25%	4.37%	4.36%	4.33%	4.48%	4.59%	4.63%	4.81%
April	4.62%	4.10%	4.15%	4.34%	4.17%	4.33%	4.48%	4.59%	4.63%	4.81%
May	4.58%	4.10%	4.15%	4.29%	4.17%	4.33%	4.48%	4.59%	4.63%	4.81%
June	4.52%	4.10%	4.15%	4.29%	4.17%	4.33%	4.48%	4.59%	4.63%	4.81%
Average for Year	**4.74%**	**4.25%**	**4.22%**	**4.31%**	**4.25%**	**4.27%**	**4.41%**	**4.54%**	**4.61%**	**4.73%**

It has been assumed that the applicable three month term deposit rate will sit at 1.2% lower than the weight average cost of funds.

The resulting assumption for external internal and internal interest charged on internal debt and HSTP&S debt and the internal interest rate credited to internal funds on hand is as follows:

	Weighted Average Cost of Funds	3 Month Term Deposit Rate	Internal Interest Rate Charged on Internal Debt	Internal Interest Rate Charged on HSTP&S Debt	Internal Internal Rate Credited to Funds on Hand
Year 1 (2024/25)	4.74%	3.54%	5.74%	6.74%	3.54%
Year 2 (2025/26)	4.25%	3.05%	5.25%	6.25%	3.05%
Year 3 (2026/27)	4.22%	3.02%	5.22%	6.22%	3.02%
Year 4 (2027/28)	4.31%	3.11%	5.31%	6.31%	3.11%
Year 5 (2028/29)	4.25%	3.05%	5.25%	6.25%	3.05%
Year 6 (2029/30)	4.27%	3.07%	5.27%	6.27%	3.07%
Year 7 (2030/31)	4.41%	3.21%	5.41%	6.41%	3.21%
Year 8 (2031/32)	4.54%	3.34%	5.54%	6.54%	3.34%
Year 9 (2032/33)	4.61%	3.41%	5.61%	6.61%	3.41%
Year 10 (2033/34)	4.73%	3.53%	5.73%	6.73%	3.53%

Risks

The Council is exposed to the market with respect to interest rates and as such, the rates will be subject to adjustment over the period of the long term plan. Where interest rates do change, the change will be immediately reflected in the level of interest the Council receives on its cash investments or charged on its external borrowings.

Level of Uncertainty

Medium

Impact

As an example, if Council were to hold $100 million external debt for a year, the impact of a 1.00% increase in external borrowing costs would add a further $1 million in operating costs. Council does reset the internal interest rates on a quarterly basis so this would result in an increase to the operating costs top be met by those activities that hold internal debt, which will have an effect on future rates.

Waka Kotahi NZ Transport Agency subsidy rates

To fund roading operational and capital expenditure, the Council receives a percentage of the cost as a subsidy from the Waka Kotahi. Waka Kotahi has advised the following subsidy rates for the 2024-27 funding period.

- Operating Expenditure 52%
- Capital Expenditure 52%
- Minor Safety Improvements 52%
- Road Safety 52%

Council has been advised that the Special Purpose Roading Subsidy is not available from 2024/25. Although there has been no advice received regarding longer term subsidy rates, it has been assumed that the above subsidy rates will be applicable for the full ten-year period.

Risks

If there are changes in the subsidy rate, and/or the overall amount in the National Land Transport Fund, then there could be changes to government transport priorities, and to funding eligibility criteria for projects which could impact on the amount of subsidy we receive from Waka Kotahi or change the projects for which we receive funding. This may place a greater burden for funding the operational and capital expenditure of the roading network on the ratepayers.

Changes to government funding priorities and Waka Kotahi funding decisions are outside Council control and the risk varies from project to project. The maximum financial impact would be the elimination of the subsidy, which is extremely unlikely. Decisions on what improvement projects will be funded through the National Land Transport Fund will not likely be confirmed until after approval of the Detailed Business Case, and this means there is some inherent uncertainty around funding for some improvement projects. The Council is regularly in discussions with Waka Kotahi to gain more clarity on which projects will receive funding. The Council adjusts its work programme and budget assumptions if necessary to align with Waka Kotahi funding availability.

Level of Uncertainty

High

Impact

Should the approved work programme from Waka Kotahi differ from that allowed for in the budgets, Council will need to consider adjustments its forecast work programme. If the approved work programme is lower than allowed for, then that will result in a lower level of maintenance and renewals carried out, which will result in a lower level of service provided.

Hanmer Springs Thermal Pools and Spa Projections (HSTP&S)

In determining the financial projections for the HSTP&S, the following has been applied:

Forecasts for the 2023/24 year:

The forecast profit for each component of the operation for 2023/24 have been updated as follows:

• Thermal Pools	3,337,895
• Spa	319,966
• Café	141,180
• Information Centre (Retail & Bookings)	26,700
• Other revenue (Rent & Magic Memories	180,000
• Less Depreciation	(1,462,134)
TOTAL	$2,543,607

2024/25 (Year 1):

For Year 1 of the LTP, the following assumptions have been made:

- Thermal Pools - Revenue and operating expenses will increase by 4%
- Spa - Revenue and operating expenses will increase by 5%
- Café – Revenue will increase by 4% and operating expenses will increase by 3%
- Information Centre - Revenue will increase by 4% and operating expenses will increase by 3%
- Other revenue – no movement

Remainder of the LTP:

For years 2 to 10 of the LTP, it has been assumed:

- Thermal Pools - Revenue will increase by 2% and operating expenses will increase by 4% with the following exceptions:
  - Year 3 (2026/27) – Revenue will increase by 5% following scheduled movement in pricing.
  - Year 5 (2028/29) – Revenue will increase by 6% following scheduled movement in pricing.
  - Year 8 (20231/32) – Revenue will increase by 6% following scheduled movement in pricing.
- Spa - Revenue will increase by 5% and operating expenses will increase by 3%
- Café – Revenue will increase by 4% and operating expenses will increase by 3%
- Information Centre - Revenue will increase by 4% and operating expenses will increase by 3% with exception being:
  - Year 2 (2025/26) – Revenue will increase by 10% following capital improvements undertaken in Year 1.
- Other revenue – no movement

Fly Ride Operations:

Following completion of the construction of the Fly Ride in Year 1 (2024/25), the forecast revenue and operating expenditure is as follows:

	Revenue	Operating expenditure
• Year 2 (2025/26)	$760,000	$592,000
• Year 3 (2026/27)	$855,000	$855,000
• Year 4 (2027/28)	$897,100	$606,486
• Year 5 (2028/29)	$915,042	$621,551
• Year 6 (2029/30)	$960,794	$640,198
• Year 7 (2030/31)	$1,008,834	$659,403
• Year 8 (2031/32)	$1,059,275	$679,186
• Year 9 (2032/33)	$1,112,239	$699,561
• Year 10 (2033/34)	$1,167,851	$720,548

Risks

There is a risk that the sales revenue could vary depending on a number of factors, which include the state of the tourism sector and the ability of the HSTP&S to continually attract visitors. Assumptions relating to the impact of inflation/cost pressures on HSTP&S results are as for other Council activities.

Level of Uncertainty

Medium

Impact

If patronage of the Hanmer Springs Thermal Pools and Spa is higher than allowed for, that should result in an increase surplus, which will allow the business unit to repay a higher level of internal debt. If patronage is lower, that may result in a lower surplus, which in turn will restrict the level of repayment of debt.

Assets vested in Council

When a developer carries out a subdivision, they may be required to vest assets to Council including roads and footpaths, water, sewer and stormwater infrastructure, and/or landscaped areas. The Council is subsequently responsible for the maintenance and future replacement of those assets.

To determine the value of vested assets for inclusion in the financial forecasts, the Council has made assumptions based on an analysis of the cost of subdivisions in the District. It has been assumed costs are as follows:

Roading (incl. Footpaths)	$9,000 per section
Sewer	$3,000 per section
Water	$6,000 per section
Stormwater	$7,000 per section

These amounts will be applicable to all urban areas (but not to rural areas). The amounts will be multiplied by the numbers of urban sections created in each year to arrive at the total assets to be added to the Council's asset register. This will also be inflation-adjusted each year according to the BERL cost adjustment index forecasts. Additions to the asset register will be depreciated by any appropriate depreciation charge.

Risks

The assumption has based the level of assets vested to Council on an analysis of recent major subdivisions carried out in the District. Some subdivisions may not result in any further assets to be vested in the Council as there has already been adequate capacity provided for the new sections and some subdivisions may have a greater amount of assets vested into Council as there may be a greater per property costs associated with the subdivision.

Level of Uncertainty

Low

Impact

If the value of the assets vested in Council differs from the projections allowed for in the budgets, this will have an effect on the underlying value of the assets which in turn will have an effect on the depreciation calculations. Depending on the activity, this may have an effect on future rates.

Depreciation rates of assets

Depreciation rates are as given in the Statement of Accounting Policies. These are based on the expected useful lives of assets

Risks

The useful lives are based on historical information. Some assets may last either longer or shorter than the projected useful lives stated in the Statement of Accounting Policies.

Level of Uncertainty

Medium

Impact

Depreciation cost would change with updated information about the remaining useful life of an asset. The capital programme may need to be increased, decreased or reprioritised. Depending on the activity, this may have an effect on the internal debt, which may in turn affect the internal interest costs. This, along with the change to depreciation charge, will have an effect on the operating costs, which will have an effect on the rates.

Useful lives of significant assets

The estimated useful lives of assets are detailed along with depreciation rates as part of the Statement of Accounting Policies.

Risks

The useful lives are based on historical information. Some assets may last either longer or shorter than the life stated in the Statement of Accounting Policies because of differing factors, such as ground conditions, construction techniques, technological advances etc.

Level of Uncertainty

Medium

Impact

Depreciation cost would change with updated information about the remaining useful life of an asset. The capital programme may need to be increased, decreased or reprioritised. Depending on the activity, this may have an effect on the internal debt, which may in turn affect the internal interest costs. This, along with the change to depreciation charge, will have an effect on the operating costs, which will have an effect on the rates.

Sources of funds for future replacement of significant assets

The replacement costs of significant assets are primarily funded in the following ways:

- At present, all external debt is obtained through the Local Government Funding Agency (LGFA)
- Waka Kotahi provides subsidies for the replacement of selected roading assets
- Positive internal balances for some Council activities provide a source of funding for others with negative internal balances
- Hanmer Springs Thermal Pool and Spa

Internal Financing

A description of the Internal Financing system is provided in the Internal Financing Policy included in this Long Term Plan.

Debt repayment

Debt is repaid from activity surpluses, and hence the cost of replacing significant assets is eventually funded by rates, interest income, user charges and other income sources.

Funding of depreciation

Incorporating depreciation expenditure in the calculation of income requirements helps ensure that sufficient income is collected and held in reserves to enable assets to be replaced. For the water, sewer and stormwater activities, the Council is continuing to stage in the funding of depreciation

Risks

Council monitors the level of debt on a regular basis to ensure the costs associated with the replacement of significant assets are sustainable for the relevant communities. Final decisions and responsibility for capital expenditure decisions and the associated rating impact rests solely with Council.

Council also monitors debt and other key indicators contained in the Treasury policy monthly to ensure that the Council continues to operate within the specified limits.

Level of Uncertainty

Low

Impact

While the sources of funds do not change, the financial impact will change depending on the actual replacement cost. This may have an effect on the resulting level of debt, which in turn may affect rates.

Resource consents

It has been assumed that all current resource consents held by Council will be renewed at the appropriate time. Where it is likely that there will be additional expenditure required in order to ensure future compliance, this has been provided for in the Long Term Plan. Capital expenditure associated with capital works required for resource consent renewals will be capitalised and depreciated in line with the expected lifespan of the associated physical assets.

Risks

There is a risk that various resource consents held by the Council may not be renewed on time and/or that the cost of renewing a consent (including any requisite capital works) may exceed budget.

Level of Uncertainty

Medium

Impact

If the costs relating to renewing a resource consent exceeds the amount that has been budgeted for, this may have an effect on the level of debt. This, in turn, may have an effect on future rates.

Three Waters Reform

Prior to the 2023 general election, The Labour Government led three waters reform could result in structural changes in the water industry during the planning period. With the formation of the National/ACT/NZ First coalition government, the new Minister for Local Government, Hon Simeon Brown, has signalled to the sector of the new direction for water services delivery. This involves the repeal of the current water services legalisation and the requirement for Council to prepare and consult on the Long Term Plan with the continued provision of water services after 2026.

Risks

There is still a level of uncertainty in the fact that the current legislation has not been repealed, however, the Minister has stated there will be further transitional provision to ensure that any risks of future legal challenges (associated with concerns about possible issues in process) will be minimised.

Level of Uncertainty

Low

Impact

If the Coalition Government does not repeal the current legislation, large parts of the Long Term Plan will be inaccurate. If the Council is still required to transfer three waters assets and the associated debt, a full Long Term Plan amendment will be required.

Unknown/unconfirmed changes to legislation or policy

The level of uncertainty relating to other potential regulatory changes is too high to be sufficiently quantifiable for inclusion in the Long Term Plan.

Risks

Depending on the nature and timing of regulatory changes could have a significant financial effect on Council as it may be required to meet the cost of increased regulatory obligations. In some cases, regulatory changes could result in mandatory changes in levels of service.

Level of Uncertainty

Medium

Impact

The financial impact of potential changes to legislation or policy is difficult to quantity. Should the effect of any changes have a material impact, then Council will need to consider a full Long Term Plan amendment.

Extraordinary Natural Disasters

Other than the continuing repayment of debt associated with the 2016 Hurunui-Kaikoura Earthquakes, the Long Term Plan does not include provision for extraordinary natural disaster events, such as a major tsunami or earthquake, or severe flooding event. The plan includes provision for the cost of normal Council activities associated with ordinary weather events.

Risks

Should the District experience another major natural disaster, this could cause damage to core infrastructural assets, disrupting access and service and could result in major impacts of the District's economy. Council mitigates the financial risk of major natural disasters by providing for insurance and ensuring access to liquidity. It also engages in preparatory activities as part of its Civil Defence and Emergency Management (CDEM) activity. In the event of a major natural disaster, financial assistance would be sought as required from external agencies such as the Ministry of Civil Defence and Emergency Management (MCDEM) and Waka Kotahi NZ Transport Agency (NZTA).

Level of Uncertainty

Medium

Impact

Every natural disaster does have unique conditions, for example: the type of disaster, location, Council assets affected, etc, so it is not possible to quantify the financial impact.

Climate Change

In 2020, the Council received a report from Jacobs New Zealand regarding the expected impacts of climate change on the coastal communities in the Hurunui District. The expected impacts vary between communities and may include coastal erosion, coastal inundation and/or rising groundwater.

The Council has engaged with six coastal communities regarding potential impacts on their communities. The Amberley Beach community has developed a Coastal Action Plan, which identifies some triggers which, if activated, may lead to implementation of some possible climate change adaptation measures. Discussion has also been held regarding the possibility of proactive relocation at a later date. If the community decides to progress with this, it is assumed that this would occur outside the ten year planning period other than land acquisition. Some other communities are progressing towards the development of a Coastal Action Plan.

Climate change is also expected to have impacts in other parts of the district, such as an increase in the number of hot days, more intense rainfall events and more windy days. These changes are likely to impact multiple Council services, including roading and three waters.

Additional information relating to anticipated climate change impacts and responses provided for in the ten year plan is provided elsewhere in this plan.

Risks

If identified climate change impacts occur sooner than expected or additional impacts are identified, then the requisite changes in Council activities could occur faster than expected. For example:

- If average temperatures were to increase significantly during the ten year planning period, then the demand for water could exceed that provided for in the Long Term Plan.
- Damage caused by an increase in and/or more severe weather events could result in significant damage to some Council infrastructure. Council may need to divert resources and funding towards repairs. In some cases, severe weather events could impact the ability to deliver targeted levels of service.
- If the Amberley Beach community were to choose to proactively relocate during the ten year planning period, then it would be necessary to commence work towards development of a new site during the planning period.

The Council will continue to monitor climate change impacts and engage with affected communities

Level of Uncertainty

High

Impact

Increased investment in new or improved infrastructure may be required and the timing of maintenance or replacement of assets may be affected. This may have an effect on the resulting level of debt, which in turn may affect rates.