

Draft Long-term Plan 2021-41

Consultation – supporting information

Significant forecasting assumptions



Significant forecasting assumptions

Schedule 10 of the Local Government Act 2002 requires that we identify the significant forecasting assumptions and risks used in setting our long term plan. Where there is a high level of uncertainty the Council is required to state the reason for the uncertainty, and provide an estimate of the potential effects on the financial assumptions.

The assumptions that underlie the financial forecasts in the 2021-41 long term plan are set out in the tables on the following pages. There are no significant changes to the assumptions used for the long term plan.

Key assumptions and risks

Forecasting assumptions	Risk	Level of uncertainty	Reasons and financial effects of uncertainty
<p>Population growth</p> <p>BERL were commissioned in 2020 to provide population projections for the LTP period. Council considers BERL's projections are conservative given the growth likely to follow completion of Transmission Gully, and changes expected upon implementation of the National Policy Statement on Urban Development and the Regional Growth Framework.</p> <p>Consequently, council has assumed BERL's "high growth" scenario for population growth for the first three years (0.9%, 1.0%, 1.3%) before increasing to reflect the higher historic average development rate of 1.5% from year four to 20 of the LTP.</p>	<p>Population growth may occur at a higher or lower rate than assumed.</p>	<p>Low (shorter term)</p> <p>Moderate (up to 10 years)</p> <p>High (beyond 10 years)</p>	<p>Any significant increase in population growth above projections will place greater demands on some council services and facilities (such as wastewater, water, stormwater, roading, libraries, community facilities etc.) and raise expected operating expenditure</p> <p>The financial implications for the Council should be limited and able to be managed in the short term but may need longer term responses.</p> <p>Council is required to undertake a Housing and Business Assessment (HBA) of development capacity every three years, which includes an assessment of available infrastructure to service growth. The current review of the District Growth Strategy combined with the HBA will help model and inform future infrastructure needs and impacts ahead of LTP 2024.</p>

Projected 2020 to 2050 population by Statistical Area 2

Statistical Area 2	2021	2024	2027	2030	2035	2040	2045	2050	Change 2021-50
Waikanae Park	2,255	2,610	3,245	3,858	4,868	5,873	6,578	6,874	4,720
Otaki	3,691	4,007	4,281	4,584	5,578	6,628	7,865	9,329	5,724
Waikanae West	4,541	4,746	4,973	5,195	5,841	6,768	7,601	8,247	3,724
Paraparaumu Central	4,170	4,386	4,627	4,837	5,336	6,003	6,866	7,967	3,834
Paraparaumu East	2,376	2,546	2,741	2,935	3,380	3,915	4,565	5,354	3,014
Raumati South	3,879	3,889	4,033	4,202	4,399	4,594	4,745	4,829	951
Waikanae East	2,492	2,639	2,863	3,069	3,421	3,735	4,187	4,782	2,309
Forest Lakes (Kapiti Coast District)	691	742	835	979	1,160	1,309	1,467	1,568	882
Paraparaumu North	3,708	3,804	3,893	4,008	4,090	4,123	4,190	4,317	631
Peka Peka	657	751	854	960	1,092	1,200	1,316	1,452	817
Otaihanga	847	900	951	1,016	1,147	1,219	1,302	1,404	573
Raumati Beach East	2,463	2,489	2,512	2,560	2,644	2,731	2,812	2,892	434
Waitohu	1,076	1,182	1,239	1,304	1,360	1,423	1,471	1,542	497
Maungakotukutuku	1,413	1,506	1,606	1,641	1,652	1,664	1,690	1,740	356
Paraparaumu Beach East	2,762	2,805	2,848	2,900	2,893	2,887	2,907	2,968	206
Waikanae Beach	3,366	3,393	3,412	3,452	3,457	3,463	3,499	3,586	224
Raumati Beach West	2,966	2,998	3,021	3,060	3,071	3,083	3,121	3,204	243
Paraparaumu Beach West	2,446	2,461	2,471	2,497	2,496	2,496	2,517	2,575	132
Otaki Beach	1,900	1,939	1,963	1,998	2,021	2,045	2,085	2,156	279
Te Horo	1,479	1,508	1,541	1,565	1,577	1,590	1,616	1,666	195
Paraparaumu Beach North	4,192	4,210	4,231	4,252	4,273	4,273	4,273	4,273	81
Paekakariki	1,808	1,823	1,835	1,859	1,866	1,873	1,897	1,947	145
Otaki Forks	809	828	845	868	891	913	942	986	183

Kapiti Island	0	0	0	0	0	0	0	0	0
Tararua Forest Park	0	0	0	0	0	0	0	0	0
Kapiti Coast District	55,987	58,164	60,820	63,599	68,514	73,809	79,513	85,658	30,154

Source: Population and household forecasts 2020 to 2050 developed from BERL's high forecast taking historical and future anticipated growth into account.

Forecasting assumptions	Risk	Level of uncertainty	Reasons and financial effect of uncertainty
<p>Growth in households</p> <p>Based on an average household size of 2.5 occupants 12,072 additional dwellings are anticipated by 2050.</p>	Household growth is less or greater than projected	<p>Low (short term)</p> <p>Moderate (up to 10 years)</p> <p>High (beyond 10 years)</p>	<p>Infrastructure required for growth is budgeted to be funded from development contributions.</p> <p>If development is lower than planned, there would be fewer requirements for infrastructure for growth and the timing could change.</p> <p>Any additional capital costs above the development contributions would be funded from new debt.</p>

Current .id forecast for dwellings for 2020.

Projected 2020 to 2050 growth in dwellings by Statistical Area 2

Statistical Area 2	2021-23	2024-26	2027-30	2031-35	2036-40	2041-45	2046-50	Change 2021-50
Waikanae Park	133	224	324	404	402	282	118	1,888
Otaki	110	125	157	398	420	495	586	2,290
Waikanae West	48	103	118	258	371	333	258	1,489
Paraparaumu Central	50	118	114	200	267	345	440	1,534
Paraparaumu East	48	86	105	178	214	260	316	1,206
Raumati South	6	38	88	79	78	60	34	382
Waikanae East	35	93	111	141	126	181	238	923
Forest Lakes (Kapiti Coast District)	15	24	78	72	60	63	40	353
Paraparaumu North	37	34	58	33	13	27	51	252

Peka Peka	33	41	56	53	43	46	54	327
Otaihanga	21	20	33	52	29	33	41	229
Raumati Beach East	10	8	23	34	35	32	32	174
Waitohu	40	29	34	22	25	19	28	199
Maungakotukutuku	39	36	28	4	5	10	20	142
Paraparaumu Beach East	13	15	27	0	0	9	24	88
Waikanae Beach	11	6	19	3	2	14	35	91
Raumati Beach West	12	9	19	4	5	15	33	97
Paraparaumu Beach West	7	2	12	1	1	8	23	55
Otaki Beach	23	8	18	9	10	16	28	112
Te Horo	12	11	15	5	5	10	20	78
Paraparaumu Beach North	4	8	11	8	0	0	0	32
Paekakariki	8	4	12	3	3	10	20	58
Otaki Forks	8	6	12	9	9	12	18	73
Kapiti Island	0	0	0	0	0	0	0	0
Tararua Forest Park	0	0	0	0	0	0	0	0
Kapiti Coast District	722	1,047	1,471	1,971	2,121	2,282	2,458	12,072

Source: Population and household forecasts 2020 to 2050 developed from BERL's high forecast taking historical and future anticipated growth into account.

Forecasting assumptions	Risk	Level of uncertainty	Reasons and financial effect of uncertainty
<p>Increase in rating base</p> <p>The rating base is projected to increase by 0.9% in 2021/22, 1.0% in 2022/23, 1.3% in 2023/24 and an average 1.5% per year from 2024 to 2041.</p>	<p>Actual rating unit growth across the district is less than forecast.</p>	<p>Low</p>	<p>Economic conditions and the discretionary nature of the housing market can cause variations in rating unit growth from that assumed.</p> <p>The main financial effect of slower than projected growth can be a reduction in budgeted development contributions and rates revenue.</p> <p>The financial effect of lower than projected growth could result in marginally higher rate increases. The Council considers that it has been conservative in its estimated growth in the rating base so that the risks are relatively low</p>
<p>Development contributions</p> <p>It is assumed that additional infrastructure necessary to accommodate growth will be funded by development contributions.</p> <p>Significant assumptions in relation to development contributions are included within the Development Contributions Policy.</p>	<p>If actual growth is lower than forecast, the level of development contributions collected could be insufficient to cover the full costs of the additional infrastructure required to meet the needs of Kāpiti's future population.</p>	<p>Low</p>	<p>The growth assumptions within the Development Contributions Policy are considered robust as they are based on modelling by BERL Economics on 2020-2050 population and dwelling projections for the Kāpiti Coast district.</p>

Forecasting assumptions	Risk	Level of uncertainty	Reasons and financial effect of uncertainty
<p>Levels of service</p> <p>This long term plan does not include any significant changes to its activity service levels.</p>	<p>The prevailing service levels will differ significantly from those estimated.</p>	<p>Low</p>	<p>Community outcomes could increase levels of service thereby increasing both debt and rates funding beyond the quantified limits.</p>
<p>Inflation impact on expenditure budget</p> <p>The Council has indexed all operating and capital costs to reflect monetary changes over the life of the long term plan.</p> <p>Price changes have been indexed using the price adjustors as revised by BERL Economics in September 2020 (see table next page), except for insurance where the first three years have been estimated based on recent market indications.</p>	<p>Actual inflation exceeds budgeted inflation.</p>	<p>Low (short term)</p> <p>Moderate (up to 10 years)</p> <p>High (10 years to 20 years)</p>	<p>If the Reserve Bank continues to keep general inflation low the projected impacts of changes to pricing levels could be relatively minor but if inflation increases beyond the projected levels the accumulative impact of higher inflation could have a major long-term impact on the annual rates revenue requirements.</p>

Price adjustors: annual percentage change from September 2020

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Yearly	1	2	3	4	5	6	7	8	9	10
Roading	3.30%	3.10%	3.00%	2.90%	2.90%	2.90%	2.90%	2.90%	2.90%	2.90%
Planning and regulation	2.70%	2.50%	2.30%	2.20%	2.20%	2.20%	2.20%	2.20%	2.20%	2.20%
Transport	2.90%	2.60%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%
Energy	3.60%	2.90%	2.50%	2.50%	2.50%	2.50%	2.60%	2.70%	2.70%	2.60%
Staff	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
Local government cost index	3.60%	2.90%	2.50%	2.50%	2.50%	2.50%	2.60%	2.70%	2.70%	2.60%
Water and environmental management	6.00%	3.50%	2.60%	2.70%	2.90%	2.80%	3.20%	3.30%	3.40%	3.10%
Community activities	3.20%	2.70%	2.50%	2.40%	2.50%	2.40%	2.50%	2.60%	2.60%	2.40%
Insurance	20.00%	5.00%	5.00%	2.50%	2.50%	2.50%	2.60%	2.70%	2.70%	2.60%

Source: BERL Economics, September 2020 (except Insurance years 1-3, which are based on recent market indications)

	2031/32	2032/33	2033/34	2034/35	2035/36	2036/37	2037/38	2038/39	2039/40	2040/41
Yearly	11	12	13	14	15	16	17	18	19	20
Roading	2.90%	2.90%	2.90%	2.90%	2.90%	2.90%	2.90%	2.90%	2.90%	2.90%
Planning and regulation	2.20%	2.20%	2.20%	2.20%	2.20%	2.20%	2.20%	2.20%	2.20%	2.20%
Transport	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%
Energy	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%
Staff	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
Local government cost index	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%
Water and environmental management	3.10%	3.10%	3.10%	3.10%	3.10%	3.10%	3.10%	3.10%	3.10%	3.10%
Community activities	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%
Insurance	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%

Source: BERL Economics, the year 10 rate is assumed for years 11 to 20, September 2020

Forecasting assumptions	Risk	Level of uncertainty	Reasons and financial effects of uncertainty
<p>Local Government Funding Agency (LGFA)</p> <p>The Council remains a shareholder and borrows direct from the LGFA, which was established to allow local bodies to source lower-cost funding.</p> <p>Each of the shareholders of the LGFA is a party to a Deed of Guarantee, whereby the parties to the deed guarantee the obligations of the LGFA and the guarantee obligations of other participating local authorities to the LGFA, in the event of default</p>	<p>In the event of a default by the LGFA, each guarantor is liable to pay a proportion of the amount owing. The proportion to be paid by each respective guarantor is set in relation to each guarantor's rating base</p>	<p>Low</p>	<p>The Council believes the risk of the guarantee being called on and any financial loss arising from the guarantee is low. The likelihood of a local authority borrower defaulting is extremely low and all the borrowings by a local authority from the LGFA are secured by a rates charge.</p>
<p>Borrowing</p> <p>It is assumed that council will be able to refinance existing loans on similar terms.</p> <p>New loans will be taken out for a maximum period of 20 years except for those projects that have an average asset life of 40 years or more.</p>	<p>The new borrowings cannot be accessed to fund future capital requirements</p>	<p>Low</p>	<p>The Council minimises its liquidity risk by having sufficient credit facilities in place to cover any shorter-term borrowing requirements. The Council's current strategy is to maintain a \$20 million credit facility for the next 20 years.</p>
<p>Interest rates</p> <p>In preparing the long term plan, the Council has assumed interest rates for new debt of:</p> <p>3.45% in 2021/22, 3.15% in 2022/23, 2.95% in 2023/24 and the following years.</p>	<p>The prevailing interest rates will differ significantly from those estimated</p>	<p>Low short term Moderate long term</p>	<p>Increases in interest rates flow through to higher debt servicing costs and higher rates funding requirements</p> <p>The Council has mitigated interest risk using interest rate swaps and is governed by a Treasury Management Policy that prescribes best practice interest risk and debt concentration risk covenants</p>
<p>Waka Kotahi New Zealand Transport Agency (NZTA)</p> <p>The Council has projected a subsidy rate of:</p> <p>51% in 2021/22 and the following years.</p>	<p>Changes in the subsidy rate and variations in criteria for inclusion in the qualifying programme of works</p>	<p>Low</p>	<p>If the level of subsidy decreases there needs to be either a reduction in the roading work programme or an increase in funding from alternative source (e.g. rates)</p>

Forecasting assumptions	Risk	Level of uncertainty	Reasons and financial effects of uncertainty
<p>Asset Condition and Performance</p> <p>The Council maintains its assets until they reach the end of their useful economic lives, after which they will then be renewed, upgraded or replaced in order to maintain the required levels of service. Council has a well-established approach to asset management planning, based on the ISO 55000 Asset Management Standards.</p>	<p>Assets management information may be inaccurate</p>	<p>Low</p>	<p>Asset capacity and condition is monitored, with replacement works being planned accordingly. Depreciation is calculated in accordance with accounting and asset management requirements. As these decisions can have significant financial implications, an asset's useful life is reviewed regularly in accordance with:</p> <ul style="list-style-type: none"> • its age and condition profile • the criticality of the asset; • degree of risk; • ongoing maintenance requests; • desired versus current LOS; and • the differing economic lives of individual assets.
<p>Useful lives and depreciation of significant assets</p> <p>The useful lives of significant assets, together with the appropriate depreciation rates, are shown in the Significant Accounting Policies.</p> <p>It is assumed that the useful lives will remain the same throughout the long term plan, and that assets will be replaced at the end of their useful lives.</p> <p>Planned asset acquisitions (as per the capital expenditure programme) are assumed to be depreciated on the same basis as existing assets.</p>	<p>Assets may need to be replaced earlier than estimated</p>	<p>Low – Asset lives are based on the <i>National Asset Management Manual</i> guidelines and have been assessed by independent qualified valuers and engineers</p>	<p>The Council has a comprehensive asset management planning process.</p> <p>If assets need replacing earlier than estimated, this may lead to Council incurring more borrowings and higher debt servicing costs than estimated.</p>
<p>Delivering capital expenditure programmes</p> <p>The Council proposes a significantly higher programme of capital works over the first five years of the long-term plan than in recent years, in order to support the local economy as it recovers from COVID and position the district to deal with future growth.</p> <p>Successfully delivering the expanded capital expenditure programme will require consenting requirements to be</p>	<p>The capital expenditure programme may not be delivered as planned</p>	<p>Low</p>	<p>Council considers it will have adequate capability, capacity and delivery processes internally to deliver the proposed capital programme. However, successful delivery of a larger capital works programme is influenced by several areas of uncertainty, including:</p> <ul style="list-style-type: none"> • Availability of specialist resources and contractors • Lead times for delivery of certain materials

Forecasting assumptions	Risk	Level of uncertainty	Reasons and financial effects of uncertainty
<p>satisfied, and sufficient capacity and capability within both the Council and contracted providers, supported by appropriate financial resources.</p> <p>It is assumed the expanded capital programme will be successfully delivered.</p>			<ul style="list-style-type: none"> Delays to consenting approvals to undertake certain works <p>The intended mitigation of these risks include more collaborative approaches to procurement such as partnering with neighbouring councils to deliver bundles of projects, and early market involvement. Council is also expanding its project management office to increase its capacity to manage and deliver a larger programme of work.</p> <p>Delays to the planned capital works programme may result in</p> <ul style="list-style-type: none"> reduction to planned levels of service cost variations, with capex costs likely to inflate over time while short term borrowing and funding costs would reduce, should projects occur later than planned.
<p>Revaluation of property, plant and equipment</p> <p>The Council plans to complete revaluations of asset classes on a programme where:</p> <ul style="list-style-type: none"> roads are revalued two-yearly; three waters (water, wastewater, coastal erosion and stormwater) are revalued three-yearly; land, land under roads, property and park structures are revalued three-yearly. <p>The following assumptions have been applied to all projected asset revaluations:</p>	<p>That actual revaluation movements will be significantly different from those forecast</p>	<p>Low (short term)</p> <p>Moderate to high (long-term)</p>	<p>Most of the Council's depreciable property, plant and equipment assets are valued on an optimised depreciated replacement cost basis. Therefore, using the projected local government inflation rate as a proxy for revaluation movements is appropriate and consistent with the treatment of price changes generally within the long term plan.</p>

Forecasting assumptions	Risk	Level of uncertainty	Reasons and financial effects of uncertainty
<ul style="list-style-type: none"> • revaluation movements shall equate to the inflation rates applied for all depreciable property, plant and equipment (refer 'Inflation' section); • the depreciation impact of the revaluation shall take effect in the following year; and • for non-depreciable assets council land including land under roads is forecast to increase by projected inflation rates. 			
<p>Resource consent standards</p> <p>Consent management standards are expected to continue to rise and additional investment will be required in the future to meet new requirements.</p> <p>Council will continue to monitor and manage resource consents for the River Recharge with Groundwater project to the same high standard that has seen us achieve four star ratings in both the last five years from Greater Wellington Regional Council. However, significant systemic improvements will be required across all other consents as they are renewed.</p>	<p>Resource consent conditions will alter, and significantly increased standards will lead to higher costs.</p> <p>Consents are delayed through appeals to the Environment Court.</p> <p>All councils can renew existing resource consents upon expiry.</p>	<p>Low</p>	<p>Treatment standards higher than the current standards could lead to higher operating and maintenance costs</p> <p>Appeals to the Environment Court could result in higher legal costs and delays in consents</p> <p>The Council is fully compliant with its existing resource consents and does not contemplate major variances in the current requirements in the first 10 years. Over the longer term there is a greater risk of conditions changing</p>
<p>Leaky homes liability</p> <p>The 2005 changes to the Building Act 2004 have led to a reduction of weather-tight claims against the Council.</p> <p>It is assumed Council will incur no significant costs relating to weather-tightness claims</p>	<p>The level of the claims and settlements may be higher than assumed.</p>	<p>Low</p>	<p>The Council's exposure to leaky home claims is much lower than some other councils' provisions for projected exposure, which have been made from contingency funds</p>

Forecasting assumptions	Risk	Level of uncertainty	Reasons and financial effects of uncertainty
<p>Wellington Regional Growth Framework</p> <p>It is assumed that the Wellington Regional Growth Framework (RGF) will be adopted and, in future years, effectively implemented by all partners</p>	<p>Implementation is hampered by ineffective governance and/or lack of funding for key RGF projects</p>	<p>Moderate to high</p>	<p>All ten participating councils have endorsed the draft Framework for consultation. This bodes well for the future adoption and successful implementation of the Framework.</p> <p>At the time of writing, governance and funding arrangements for the Framework's implementation are not yet confirmed. However, work is progressing in both areas.</p>
<p>Government policy</p> <p>It is assumed that the central government policy framework will continue to provide a stable working and statutory framework for local government</p>	<p>Government policy amendments may result in new legislation that results in significant resource and financial implications</p>	<p>Moderate to high</p>	<p>There is a tradition of central government imposing costs and responsibility on local government without associated funding (e.g. gambling law reform, prostitution law reform, building compliance and building legislation).</p> <p>In recent years there has been new legislation (the Food Act 2014 and the Building (Pools) Amendment Act 2016) and amendments to the Building Act 2004 in regard to Earthquake-Prone Buildings and changes to the basis for accreditation as a building consent authority. These changes have added significant additional responsibilities, training requirements and regulatory processes for the Council.</p> <p>Reforms are also underway to the three water sector and the Resource Management Act. Both of these areas constitute key functions of Council and future changes could significantly impact Councils future responsibilities and requirements (refer following sections).</p>
<p>Three waters reform</p>			

Forecasting assumptions	Risk	Level of uncertainty	Reasons and financial effects of uncertainty
<p>Central Government is exploring potential reforms of three waters services (drinking water, wastewater, stormwater) nationally, and Kāpiti Coast District Council is engaged in this process. Government expects to make substantive decisions later in 2021, and it is expected that Council will then consult with the community on the options presented.</p> <p>Until those decisions are known, government has directed that this LTP should be prepared on “business as usual” basis, with the level of services and funding assumptions for the three waters unchanged.</p>	<p>Government decisions may materially change planning assumptions over the life of this LTP.</p>	<p>High</p>	<p>Government decisions could materially alter the ownership, management and funding of three waters assets.</p> <p>Once government decisions are known, implications will be reflected either in a subsequent amendment to this LTP, or in the 2024-44 long-term plan..</p>
<p>Regulatory and legislative impacts</p> <p>The Government has announced significant legislative changes, including an overhaul of the Resource Management Act and a raft of on-going changes to the Building Act and associated codes, borne out of the current housing crisis and impacts of development and industry on our environment.</p> <p>Council will need to engage in these processes and ultimately give effect to resulting changes in regulatory and operational activities.</p> <p>It is assumed the resources outlined in the financial strategy will be sufficient to effectively engage with, and give effect to, legislative and regulatory changes.</p>	<p>Legislative change processes may be more resource intensive, complex or longer than anticipated, potentially resulting in higher cost, increased processing times and risk to the district growth plan.</p>	<p>Moderate</p>	<p>Legislative changes may result in a requirement for additional resources, changes to processes or levels of service, with a corresponding impact on fees and charges, revenues and costs assumed in this LTP.</p>
<p>Impact of the COVID-19 outbreak</p> <p>The Council is taking a nimble approach to the district’s recovery from the impacts of COVID-19 in the face of potential further outbreaks and changes in alert levels. It is assumed that work will continue as per current statutory timeframes. It is anticipated there will continue to be collaboration regionally and with government on the response and recovery.</p>	<p>If economic consequences are worse than expected, reduced economic activity could potentially increase the level of unpaid rates across the district. Revenue of Council is reduced if there is a shift back into Alert Level 3 or above due</p>	<p>Moderate to High</p>	<p>The Kapiti Recovery Plan was developed to meet the requirement for local government to plan for recovery in their districts following an emergency event. The plan was adopted by Council in October 2020 as a living document to acknowledge that the impacts of the pandemic are still unfolding, and recovery efforts need to be responsive to changing needs and to feedback</p>

Forecasting assumptions	Risk	Level of uncertainty	Reasons and financial effects of uncertainty
	<p>to facility closures and additional costs. This could also result in worsening social impacts and outcomes across the District, particularly in already vulnerable populations.</p> <p>The funding and resources to meet the costs of the Kapiti Recovery Plan are based on the current situation, this would need to be reviewed if there was a significant new outbreak and/or increases in Alert Levels to Level 3 or above. Council may need to increase borrowings to stimulate economic and social recovery.</p>		<p>The recovery plan identifies a range of actions, some of which require additional funding. Due to uncertainty about the impact and pace of recovery the focus has been on short term recovery actions. Much of the uncertainty arises from the potential for impacts to be ongoing as people and business respond to Alert level changes and this will be monitored over time (e.g. through economic and social indicators).</p> <p>Opportunities for Central government funding to support local recovery will be pursued as these arise.</p>
<p>Climate Change and Natural Hazards</p> <p>In May 2019, the Council declared a climate change emergency on the Kapiti Coast. This is political recognition that our communities are facing significant costs now, and increasingly over the coming decades, from coastal erosion and floods.</p> <p>It is assumed that although the Kapiti district may be affected by climate change in the long term (in parallel with predicted national change), that there will be no significant impact from climate change, no significant natural event and that the Council's funding of civil defence will continue during the life of this long-term plan.</p>	<p>The effects of climate change or significant natural events could compromise services, and the community's ability to pay for them.</p> <p>Significant natural events could further increase insurance costs beyond the level budgeted in the current plan.</p>	<p>Low to Moderate</p>	<p>The Council has consciously developed Activity Management Plans with thought to the potential impacts of climate change through adaptation, mitigation and leadership.</p> <p>Climate change and hazards could have adverse impacts on public and private property, and Council's infrastructure such as the roading and stormwater networks. Overestimating the effects of climate change or hazards could result in unnecessary work, but underestimating the effects could impact on emergency project works. Either scenario would affect ratepayers as infrastructure and hazard planning cost money.</p> <p>A significant natural disaster could disrupt our economy and day to day activity, reducing the ability of our community to pay for services and significantly increase insurance costs – as has been seen with the Canterbury earthquakes. The</p>

Forecasting assumptions	Risk	Level of uncertainty	Reasons and financial effects of uncertainty
			financial effects of these risks depend on the occurrence and scale of future natural disasters, so the timing and financial impact on the forecasts cannot be readily quantified.

DRAFT