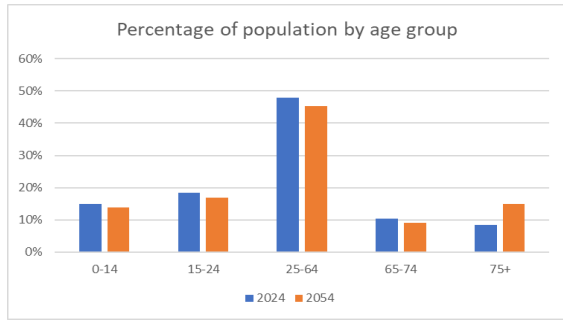


Significant Forecasting Assumptions for the 9 year plan 2025-34

Assumption	Level of uncertainty	Reason for uncertainty	Effects of the uncertainty
<p>ECONOMIC CHANGE</p> <p>Dunedin economy</p> <p>While the Dunedin economy experienced 2.2% growth in the year to March 2023, more recent data produced by Infometrics indicates that economic activity fell 0.6% in the 12 months ending June 2024.</p> <p>The overall Dunedin economy is characterised by healthcare and social assistance, education and training and professional, scientific and technical services. Dunedin has continued to see growth in knowledge-based industries since 2018, increasing to 37.9% of the economy, exceeding the New Zealand average of 32.8%.</p> <p>Public sector investment in large scale projects such as the construction of the New Dunedin Hospital, ACC building, and infrastructure renewal programmes in Dunedin has continued over the period. While construction has slowed, analysis undertaken by Building Industry Construction Training Organisation (BCITO), Infometrics and MartinJenkins in 2020 suggests at least \$3.3b of construction projects (valued at \$20m or over) will still occur in Coastal Otago, predominately in Dunedin, over the next decade.</p> <p>Infometrics has indicated a forecast growth of 1.6% per annum in the period to 2034. Dunedin's service industries are expected to lead this growth with professional, scientific, and technical services forecast to grow 4.0% per annum followed by health (3.2%) retail (3%) public administration (2.9%), construction (2.9%) and transport (2.8%).</p> <p>National economy</p> <p>National economic pressures are expected to continue influencing the Dunedin economy over the coming years.</p> <p>Recent data produced by Infometrics notes that economic sentiment remains poor, with the private sector, particularly retail trade, manufacturing, primary sector, construction, and professional sector facing challenging environments.</p>	Medium	Economic pressures, particularly inflation and interest rates have created uncertainty for the Dunedin economy.	<p>Potential impacts of slower than anticipated economic growth are:</p> <ul style="list-style-type: none"> • Increased unemployment • Reduced business confidence • Financial pressure on DCC and communities • Longer term changes in the composition of the Dunedin economy • Pressure on Dunedin businesses and workers • Lower levels of investment • Reduced consumption.

Assumption	Level of uncertainty	Reason for uncertainty	Effects of the uncertainty
<p>Treasury's 30 May 2024 projections note that Gross Domestic Product (GDP) growth is forecast to lift to 1.7% by 2025, 3.2% by 2026 and 2.5% by 2029.</p> <p>Household income & spending</p> <p>The average house current house value in Dunedin increased 3.9% in the year ending June 2024, compared with 2.5% nationally.</p> <p>Infometrics has noted that high mortgage rates will continue to impact demand even as the Reserve Bank moves to reduce interest rates. Consumer spending in Dunedin increased by 2.1% in the year 30 June 2024 compared with a 1.9% increase nationally.</p> <p>Employment</p> <p>While unemployment is expected to peak at 5.7% nationally the average unemployment rate in Dunedin was 4.8% in the year to December 2024. An average of 3,748 people were receiving Job Seeker support in the 12 months to December 2024.</p> <p>Business Activity</p> <p>The November 2024 Business South Quarterly Southern Business Survey (across Otago and Southland) notes 56% of businesses expect to invest in their business over the next 12 months. The survey notes that 53% of businesses expect the southern economy to be stronger in the next 12 months.</p> <p>Visitor economy & tourism</p> <p>Total tourism expenditure in Dunedin increased by 3.4% in the year ending June 2024. Nationally, total tourism expenditure growth was 1.8% in the year to June 2024 impacted by easing domestic tourist spending and slowing international tourism recovery. Domestic tourist spending fell 4.1%, and international tourist spending rose 15.8% over the year to June 2024.</p> <p>International visitor arrivals are at 80-85% of pre-pandemic levels over the past year, with weak global economic conditions constraining further growth in international travel. Weak</p>			

Assumption	Level of uncertainty	Reason for uncertainty	Effects of the uncertainty								
economic conditions are constraining domestic travel too, as cost of living pressures make discretionary spending scarcer.											
Projected Visitor Numbers Updated data from Infometrics (September 2024) notes the forecast number of visitors to Dunedin recovered more quickly in the year to June 2024 than anticipated in September 2023. However slower growth is anticipated from 2024 to 2034. <div> <table> <tr> <th>June 2023 (A)</th><th>June 2024 (F)</th><th>June 2029 (F)</th><th>June 2034 (F)</th></tr> <tr> <td>1.639m</td><td>1.972m</td><td>2.268m</td><td>2.458m</td></tr> </table> </div>	June 2023 (A)	June 2024 (F)	June 2029 (F)	June 2034 (F)	1.639m	1.972m	2.268m	2.458m	High	The international visitor component of Dunedin's overall visitor numbers is expected to remain sensitive to volatility in global economic conditions, exchange rates, and international relations.	<p>The potential impact of lower or higher than anticipated visitor growth could impact on the Dunedin economy and timing/demand for infrastructure.</p> <p>Any changes in timing / demand for infrastructure may impact on the timing of capital budget spend, and therefore debt, and its associated borrowing costs.</p>
June 2023 (A)	June 2024 (F)	June 2029 (F)	June 2034 (F)								
1.639m	1.972m	2.268m	2.458m								
DEMOGRAPHIC CHANGE Projected usually resident population growth In October 2023, Statistics New Zealand (SNZ) released 2024 provisional population estimate for Dunedin of 135,700. The estimates suggest that Dunedin is currently growing at a high population growth rate (comparing the estimate with population projections released by SNZ in 2022). Dunedin's population will grow at a high growth scenario rate (0.7%-0.8% per year) until 2034 reaching 146,100. From 2034 onwards the population rate will then return to a medium growth scenario rate of 0.1%-0.2% per year. <div> <table> <tr> <th>2024</th><th>2034</th><th>2044</th><th>2054</th></tr> <tr> <td>135,700</td><td>146,100</td><td>148,100</td><td>149,500</td></tr> </table> </div> <p>Source: SNZ, DCC Population Projections</p> <p>Statistics released in November 2024 align with the growth scenario assumption provided above.</p>	2024	2034	2044	2054	135,700	146,100	148,100	149,500	High	That resident population is higher or lower than projected.	<p>Potential impacts of higher or lower than anticipated population growth are:</p> <ul style="list-style-type: none"> increased or decreased demand on regulatory services increased or decreased demand for services higher or lower demand for housing and infrastructure and impact on funding mechanisms for development such as development contributions higher or lower city emissions a larger or smaller than anticipated rating base to fund services. impact on the level of service for Council infrastructure (depending on the rate of population growth). <p>If growth is higher than forecast, required rates</p>
2024	2034	2044	2054								
135,700	146,100	148,100	149,500								

Assumption	Level of uncertainty	Reason for uncertainty	Effects of the uncertainty																		
			<p>funding increases from growth will be offset by the greater number of ratepayers across which the rates will be allocated.</p> <p>If growth is lower than forecast, the estimated average rate increases for ratepayers will be higher.</p>																		
<p>Aging population</p> <p>Dunedin’s population is ageing, with 24% of the population projected to be 65 years or over by 2054 (compared to 19% in 2024). The 75+ age group is expected to grow from 8% of Dunedin’s population in 2024 to 15% in 2054.</p> <div><p>Percentage of population by age group</p><table><caption>Percentage of population by age group</caption><thead><tr><th>Age Group</th><th>2024 (%)</th><th>2054 (%)</th></tr></thead><tbody><tr><td>0-14</td><td>15</td><td>14</td></tr><tr><td>15-24</td><td>18</td><td>17</td></tr><tr><td>25-64</td><td>48</td><td>45</td></tr><tr><td>65-74</td><td>10</td><td>9</td></tr><tr><td>75+</td><td>8</td><td>15</td></tr></tbody></table></div>	Age Group	2024 (%)	2054 (%)	0-14	15	14	15-24	18	17	25-64	48	45	65-74	10	9	75+	8	15	Low	<p>Uncertainty is relatively low, as migration rates are lower for older age groups and mortality rates are more predictable than migration. The increase in Dunedin’s population aged 65+ is relatively certain, while the projected trends in younger age groups have more uncertainty.</p>	<p>Potential impacts of the population ageing at a faster rate than anticipated are:</p> <ul style="list-style-type: none">increased demand for services and infrastructure for older peoplehigher demand for housing suitable for an older populationa higher than anticipated proportion of ratepayers on a fixed income.
Age Group	2024 (%)	2054 (%)																			
0-14	15	14																			
15-24	18	17																			
25-64	48	45																			
65-74	10	9																			
75+	8	15																			
<p>GROWTH & URBAN DEVELOPMENT</p> <p>Projected household growth</p> <p>The number of households in Dunedin is estimated to grow by 4,500 over the next 10 years reaching a total of 57,100 households. Household growth will then slow and grow by 1,700 between 2034 and 2054.</p> <div><table><tr><th>2024</th><th>2034</th><th>2044</th><th>2054</th></tr><tr><td>52,600</td><td>57,100</td><td>57,800</td><td>58,800</td></tr></table><p>Source: SNZ, DCC Household Projections</p></div> <p>Projected dwelling growth</p> <p>Considering the population growth over the next 30 years, the number of dwellings in Dunedin is estimated to grow by 4,800 over the next 10 years reaching a total of 1,700. Dwelling</p>	2024	2034	2044	2054	52,600	57,100	57,800	58,800	<p>Medium</p> <p>Medium</p>	<p>That dwelling growth is higher or lower than projected.</p>	<p>Potential effects of higher or lower than anticipated household and dwelling growth are increased or decreased demand on regulatory services to process resource and building consents, resulting in an increase or decrease in fees revenue from consents; increased or decreased demand for services and higher or lower demand for new infrastructure.</p> <p>Any changes in timing / demand for infrastructure may impact on the timing of capital budget spend, and therefore debt, and it associated borrowing costs.</p>										
2024	2034	2044	2054																		
52,600	57,100	57,800	58,800																		

Assumption	Level of uncertainty	Reason for uncertainty	Effects of the uncertainty								
<p>growth will then slow and grow by 1,900 between 2034 and 2054.</p> <table border="1"> <tr> <th>2024</th><th>2034</th><th>2044</th><th>2054</th></tr> <tr> <td>56,900</td><td>61,700</td><td>62,500</td><td>63,600</td></tr> </table> <p>Source: DCC Dwelling Projections</p>	2024	2034	2044	2054	56,900	61,700	62,500	63,600			<p>Slower than anticipated growth may result in a delay in recovering growth infrastructure costs through development contributions.</p>
2024	2034	2044	2054								
56,900	61,700	62,500	63,600								
<p>RESILIENCE & CIVIL DEFENCE</p> <p>DCC and community will be impacted by civil defence emergencies. Dunedin is at risk of natural disasters, the key risks for the city are:</p> <ul style="list-style-type: none"> extreme weather events flooding due to heavy rain event tsunami due to offshore earthquake earthquakes and land instability due to fault line shifts fires due to hot days. <p>It is assumed that DCC will be able to respond appropriately to civil defence emergencies.</p>	Medium	<p>The number and scale of civil defence emergencies is unknown.</p> <p>Climate change may impact the scale and frequency of extreme weather events.</p>	<p>If a significant disaster occurs that exceeds the DCC's ability to respond, this will result in:</p> <ul style="list-style-type: none"> risks to people, property, infrastructure and essential services risks to DCC supply chains increased pressure on DCC staff to respond while continuing to provide DCC services financial impacts including possible loss of insurance changes to Council priorities in response to emergencies reputational risk to DCC. 								
<p>CLIMATE CHANGE</p> <p>City and DCC emissions reduction targets</p> <p>In 2019 the DCC declared a climate emergency and adopted a 'Zero Carbon 2030' city emissions reduction target for Dunedin, in two parts:</p> <ul style="list-style-type: none"> net zero emissions of all greenhouse gases other than biogenic methane by 2030 24 to 47% reduction in biogenic methane emissions below 2017 levels by 2050, including a 10% reduction below 2017 levels by 2030. <p>The Zero Carbon Plan adopted in 2023 sets out the changes needed for the city to achieve its targets, and the DCC's role in achieving these changes.</p>	<p>For achieving the DCC's organisation emissions reduction target, high.</p> <p>For not meeting Dunedin's 2030 emissions reduction target, low.</p>	<p>Achieving both city and DCC emissions reduction targets in part relies on central government funding and policy settings that support emissions reduction. Both are subject to change.</p> <p>Achieving city emissions reduction targets would require additional actions</p>	<p>Potential impacts of organisational and city emissions reduction targets not being met include:</p> <ul style="list-style-type: none"> misalignment with the DCC's strategic commitments and Zero Carbon Policy possible misalignment with national policy direction relating to emissions reduction misalignment with community expectations on the contribution to global efforts to combat climate change, leading to negative effects on 								

Assumption	Level of uncertainty	Reason for uncertainty	Effects of the uncertainty
<p>The DCC also has a commitment to reduce emissions from its own operations, including a goal to reduce all its core organisational emissions by 42% by 2030/31 (from a 2018/19 baseline). An interim target of 30% reduction from baseline by 2026/27 is intended to ensure DCC is tracking well. The DCC's Emissions Management and Reduction Plan 2023/24 to 2030/31 sets out actions needed to achieve the 2030/31 organisational emissions reduction target.</p> <p>The Zero Carbon Policy adopted in 2022 mandates that the DCC's activities minimise emissions and contribute to achieving emissions reduction targets.</p> <p>It is assumed the DCC will meet its organisational targets, including through adherence to its Emissions Management and Reduction Plan and Zero Carbon Policy.</p> <p>It is assumed to be unlikely that the emission reduction targets for Dunedin will be met through the DCC's 9 Year Plan actions or those of other stakeholders.</p>		<p>by the DCC, central government, and a wide range of other stakeholders.</p>	<p>political and organisational reputation</p> <ul style="list-style-type: none"> • potential financial costs (for DCC and residents) due to continued reliance on fossil fuels and associated price volatility • potential financial costs (for DCC and residents) due to the need to address liabilities, or meet targets/legislative requirements for residual emissions, that may impact on rates. <p>For DCC emissions targets, an additional potential impact is possible exclusion from Local Government Funding Authority opportunities for reduced costs of borrowing (enabled by organisational emissions reduction effort).</p> <p>It is not possible to forecast the financial impacts of not meeting the targets in more detail, until more accurate modelling is completed.</p>
<p>Climate Change Projections</p> <p>The DCC projections are based on Shared Socioeconomic Pathways (SSPs) developed by the Intergovernmental Panel on Climate Change (IPCC) to describe five different socioeconomic scenarios and related greenhouse gas emissions.</p> <p>The SSPs used in DCC projections include SSP2-4.5 (intermediate emissions) and SSP5-8.5 (very high emissions). SSPs are scenarios of projected socioeconomic global changes up to 2100. They describe the alternative pathways of greenhouse gas emissions and are based on different assumptions about population, economic growth, energy consumption, land use, and emissions reductions over this century.</p>	Low	<p>The extent to which current and future generations will experience a hotter and different world depends on choices now and in the near term⁴.</p> <p>Climate change and associated impacts may occur at a faster or slower rate, depending on</p>	<p>The potential impacts of greater than projected climate change, particularly sea level rise and extreme rain events are:</p> <ul style="list-style-type: none"> • increase in adverse impacts, such as natural hazards like sea-level rise, flooding, and erosion. • a more rapid change in the environment and ecosystems • a requirement for the DCC to accelerate its

Assumption		Level of uncertainty	Reason for uncertainty	Effects of the uncertainty
<ul style="list-style-type: none"> SSP2-4.5: The “middle of the road” scenario with intermediate emissions. The world follows a familiar path in which social, economic, and technological trends do not shift markedly from historical patterns. Global emissions stabilise and trend downwards from 2050, reaching net zero sometime after 2100. Global surface temperature is expected to rise by 2.7°C by 2100. This is the path we are on, if we follow current policy settings. SSP5-8.5: The ‘fossil-fuelled development’ scenario with very high emissions. Global emissions continue to increase rapidly through mid-parts of the century stabilising around 2100. Economic growth is high but based on energy-intensive lifestyles dependent on ongoing fossil fuel exploitation. Global surface temperature is expected to rise by 4.4°C by 2100. This is a worst-case scenario, and though considered unlikely, is relevant for long term planning. 			policy choices, emissions pathways, and changes to the atmosphere, ocean, cryosphere and biosphere ⁴	adaptation plans to reduce the harm on communities <ul style="list-style-type: none"> an increased cost of adaptation in the short to medium term less time for engagement, and planning with the community potential for widening wealth inequality and a reduction in social cohesion in affected communities.
Mean temperature change (SSP2-4.5 and SSP5-8.5, relative to 1995-2014 baseline) ¹	SSP2-4.5: By 2050: +1°C (0.6-1.32 °C) SSP2-4.5: By 2100: +1.6°C (1.03-2.26 °C) SSP5-8.5: By 2050: +1.3°C (0.91-1.66 °C) SSP5-8.5: By 2100: +3.1°C (2.20-4.05 °C)			
Sea level Rise (SLR) <i>(metres above 1995-2014 baseline; excluding localised vertical land movement)</i> ²	SSP2-4.5: By 2050: +0.22m (0.16- 0.29m) SLR SSP2-4.5: By 2100: +0.56m (0.43- 0.75m) SLR SSP5-8.5: By 2050 +0.25m (0.20-0.32m) SLR SSP5-8.5: By 2100 +0.81m (0.64-1.06m) SLR			
Average number of hot days per year [temperature >30c] <i>(relative to average present, 1 extreme hot day every 5 years)</i> ³	By 2040: On average, 0.5 to 0.6 extreme hot days every year By 2090: On average, 0.8 to 1.8 extreme hot days every year			

Assumption		Level of uncertainty	Reason for uncertainty	Effects of the uncertainty
Average number of frost days per year [temperature <0c] <i>(relative to average present 9.3 frost days per year)</i> ³	By 2040: On average, 7.5 to 7.4 frost days every year By 2090: On average, 6.4 to 3.3 frost days per year			
Annual Rainfall volume ³	By 2040: +2% By 2090: +5% to +13%			
Volume of rain during 1hr duration 1:100-year extreme rainfall event (mm of rain increases relative to present 32mm) ³	By 2040: +3.2mm to +3.7mm in an hour period By 2090: +5.2mm to +11.2mm in an hour period			
Snow Days ³	Under all scenarios the number of snow days reduces everywhere in Otago.			
Waves and Storm Surges ³	Under all scenarios storm surge peaks for the south Otago coast are estimated to increase over the century.			
<p>New data is expected from the Ministry for the Environment and NIWA by the end of 2024 which will be downscaled to a 5km grid and include Territorial Authority summaries. The assumptions above will be updated once this information becomes available.</p> <p>Sources:</p> <ol style="list-style-type: none"> 1. Bodeker, G., Cullen, N., Katurji, M., McDonald, A., Morgenstern, O., Noone, D., Renwick, J., Revell, L. and Tait, A. (2022). Aotearoa New Zealand climate change projections guidance: Interpreting the latest IPCC WG1 report findings. Prepared for the Ministry for the Environment, Report number CR 501, 51p. 2. NZ SeaRise Projections 3. NIWA 2019. <i>Otago Climate Change Projections for the Otago Region</i>. Wellington 4. IPCC, 2023: Summary for Policymakers. In: Climate Change 2023: Synthesis Report. Contribution of Working Groups I, II and III to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change [Core Writing Team, H. Lee and J. Romero (eds.)]. IPCC, Geneva, 				

Assumption	Level of uncertainty	Reason for uncertainty	Effects of the uncertainty
Switzerland, pp. 1-34, doi: 10.59327/IPCC/AR6-9789291691647.001			
RESOURCE CONSENTS FOR DCC PROJECTS Where resource consents are required for DCC projects, it is assumed the conditions of those resource consents will not significantly alter the operating or capital expenditure required to undertake the programmes or projects.	Low	That unexpected resource consent conditions are imposed on DCC projects.	Unexpected resource consent conditions could result in unbudgeted capital and/or operating expenditure to progress impacted projects.
LOCAL WATER DONE WELL No decisions have yet been made on how water services should be delivered to Dunedin citizens. Decisions will be made following consultation on options and is subject to final approval by the Secretary for Local Government no earlier than September 2025. For the purposes of this 9 year plan, it is assumed that the DCC will deliver 3 waters services over the life of the plan.	High	The preferred option of continuing to deliver water services in-house was confirmed for consultation purposes. Consultation and final decision making is still to be undertaken.	The 9 year plan financial assumptions and infrastructure strategy plans for 3 waters do not account for potential changes to the delivery of water services. Following consultation, the 9 year plan will be prepared to reflect the final decision on how water services will be delivered, and the financial implications detailed.
FUTURE LEGISLATIVE CHANGES Proposed RMA changes Significant changes to the Resource Management Act (RMA) have been signalled by central government and include: <ul style="list-style-type: none"> • A new fast track consenting regime • New national policy direction • Replacement of the RMA with two Acts – to manage environmental effects arising from activities that use natural resources, and to enable urban development and infrastructure. It is assumed that reform of the RMA will impact on the DCC's activities.	Medium	Changes have been signalled.	Potential impacts of RMA reform include: <ul style="list-style-type: none"> • Revision of planning work • Changes to consenting processes • Unforeseen requirements for additional operating and capital expenditure.
Proposed Building Act changes Changes to building regulations and / or consenting requirements have been signalled by central government. Proposed changes include reforming the structure of the Building Consent system to improve efficiency and consistency across NZ.	Medium	Changes have been signalled.	Any changes to building regulations and/or consenting requirements will impact the DCC as a Building Consent Authority.

Assumption	Level of uncertainty	Reason for uncertainty	Effects of the uncertainty
WASTE Green Island Landfill Council has applied for the continued use of the landfill operations at the Green Island landfill. The application is still underway, however, Council has the right to continue landfill operations at Green Island until the replacement consents have been decided, and any appeals resolved. The 9 year plan assumes that this landfill will remain operational until the opening of the new Smooth Hill Landfill.	Low	The timing for the decision on the resource consent is expected to be around April 2025. Four submissions were received, with no submitter opposing the application.	If consent is not granted, this will result in the need to investigate options for disposing of waste and the financial impacts of doing so. If a decision is made in April to not grant the consent, the 9 year plan will be updated for any financial impacts prior to adoption in June 2025.
Smooth Hill Landfill Construction of the landfill is expected to start in the 2027/28 year, with completion by 2029/30. Emissions Trading Scheme (ETS) charges are expected to be significantly higher during the first three years of operation of the Smooth Hill landfill, as an effective gas collection and destruction system cannot be established until sufficient waste has been received. ETS charges are recovered from external revenue through fees and charges and the kerbside collection targeted rate.	Low	The timing of when there will be sufficient waste to establish an effective gas collection and destruction scheme is uncertain. ETS charges are set by the Ministry for the Environment.	If it takes longer than three years for sufficient waste to be received, then the ETS charges paid for via fees and charges and the kerbside collection targeted rate will stay higher for a longer period.
LEVELS OF SERVICE It is assumed that existing levels of service will be maintained, unless otherwise stated, for the duration of the 9 year plan.	Low	Unexpected changes to levels of service occur.	Unplanned improvements to service levels require unbudgeted capital and /or operating expenditure.
FINANCIAL ASSUMPTIONS Capital expenditure budget for renewals The levels of renewals budgeted in this 9 year plan and Infrastructure Strategy will ensure the long term integrity of infrastructure assets.	Low	Generally, the DCC can determine budgets for renewals, subject to market forces, and legislative and regulatory changes.	Long term deferral of renewals poses a risk of asset deterioration and compromise of network integrity and requires unbudgeted capital and/or operating expenditure.
Internal capacity and capability Ongoing improvements to work and procurement practices will allow delivery of	Low	Generally, the DCC can determine resourcing for	Failure to adequately resource capital expenditure programmes and projects may impact

Assumption	Level of uncertainty	Reason for uncertainty	Effects of the uncertainty
operational and capital expenditure programmes and projects.		programme and project delivery, subject to market forces.	on delivery, which may result in future unbudgeted capital and/or operating expenditures.
External capacity and capability Sufficient design, engineering and construction capacity, including availability of construction materials, exists to undertake contracted operational and capital expenditure programmes.	Medium	That other large-scale national or local projects (e.g. Christchurch or Dunedin Hospital rebuilds) impact on local industry capacity and capability.	Issues with the availability of contractors may cause delays or require unbudgeted capital and/or operating expenditures.
Useful lives of significant assets The useful lives of significant assets shown in accounting policies and asset management plans have been appropriately assessed.	Low	Appropriate practices are followed.	An unexpected failure of an asset due to an inadequate assessment of the remaining useful life may require unbudgeted capital and/or operating expenditures.
Fixed asset valuations Scheduled revaluations of assets and forecast asset values in the budget are based on the DCC's valuation policies, which are consistent with accounting standards for Public Benefit Entities.	Low	Revaluations are scheduled regularly to ensure minimal variation of asset values between valuations. The DCC's Statement of Accounting policies describes how potential variances are managed within the financial statements.	Revaluations are significantly different from the forecasts, which would impact depreciation.
Inflation Inflation adjustors are applied as per the price level adjustors schedule provided below We have applied BERL's most recent 3 water inflation adjustors developed specifically for the 3 waters activity, due to the uncertainty around ownership of water infrastructure.	Low	Inflation levels and prices may vary from those projected.	Unexpected inflation may require unbudgeted capital and/or operating expenditures, which may impact on rates and debt.
Borrowing Costs Interest on existing and new debt is calculated at 4.15% for years 2025-26 to 2028-29 (years 1-	Medium	There is uncertainty on the floating rate	Interest rates may vary from those projected and

Assumption	Level of uncertainty	Reason for uncertainty	Effects of the uncertainty
4), then 5.00% from years 2029-30 to 2033-34 (years 5-9).		debt, but the expectation is that interest rates will stay relatively stable over the 10 year period.	require unbudgeted financing expenditures.
NZ Transport Agency Waka Kotahi (NZTA) subsidy rates Revenue from the NZ Transport Agency Waka Kotahi (NZTA) is calculated at the normal funding assistance rate of 51% per annum. Subsidy rates vary depending on the nature of the work being completed. There are two exceptions to the 51% subsidy rate, being the crown resilience programme, with a funding assistance rate of 76%, and footpath renewals with a funding assistance rate of 7.22%.	Medium	Subsidy levels may vary from those projected and NZTA agency priorities areas may differ from the DCC's renewal and capital programme.	Subsidy revenue may be less than expected and require changes to levels of service and/or unbudgeted capital and expenditures.
Forecast return on investments The Financial Strategy will provide information on returns from Council-owned companies, the Waipori Fund and the Investment Property portfolio. Targets from the Waipori Fund and the Investment Property portfolio are inflation adjusted using the price level adjustor provided below. The return from Council-owned companies is not inflation adjusted.	Medium	Income from investments may vary from those projected.	Investment income may be less than expected requiring changes to levels of service and/or an increase in revenue.
Sources of funds for future replacement of significant assets The Revenue and Financing Policy outlines the funding sources for capital expenditure. The Financial Strategy outlines the use of debt and other sources to deliver the capital programme while limiting debt to within the debt limits outlined in the Financial Strategy.	Low	The timing and/or cost of the capital expenditure programme may vary.	Variation to the timing and/or cost of the capital expenditure programme may require changes to levels of service and/or an increase in revenue.

Price level adjustors schedule – BERL¹

	2026	2027	2028	2029	2030	2031	2032	2033	2034
Index Value									
Roading	1061	1094	1126	1157	1188	1217	1247	1277	1305
Water ²	1091	1137	1183	1228	1270	1308	1344	1375	1406
Waste	1072	1108	1143	1177	1210	1242	1273	1303	1333
LGCI Opex	1062	1094	1124	1152	1180	1207	1234	1260	1286
LGCI Capex	1064	1096	1128	1158	1187	1215	1243	1271	1298
CPI	1325	1352	1379	1406	1433	1462	1493	1524	1556
Inflation Adjustors - Cumulative									
Roading	100.0%	103.1%	106.1%	109.0%	112.0%	114.7%	117.5%	120.4%	123.0%
Water	100.0%	104.2%	108.4%	112.6%	116.4%	119.9%	123.2%	126.0%	128.9%
Waste	100.0%	103.4%	106.6%	109.8%	112.9%	115.9%	118.8%	121.5%	124.3%
LGCI Opex	100.0%	103.0%	105.8%	108.5%	111.1%	113.7%	116.2%	118.6%	121.1%
LGCI Capex	100.0%	103.0%	106.0%	108.8%	111.6%	114.2%	116.8%	119.5%	122.0%
CPI	100.0%	102.0%	104.1%	106.1%	108.2%	110.3%	112.7%	115.0%	117.4%
Inflation Adjustors - Annual									
Roading		3.1%	2.9%	2.8%	2.7%	2.4%	2.5%	2.4%	2.2%
Water		4.2%	4.0%	3.8%	3.4%	3.0%	2.8%	2.3%	2.3%
Waste		3.4%	3.2%	3.0%	2.8%	2.6%	2.5%	2.4%	2.3%
LGCI Opex		3.0%	2.7%	2.5%	2.4%	2.3%	2.2%	2.1%	2.1%
LGCI Capex		3.0%	2.9%	2.7%	2.5%	2.4%	2.3%	2.3%	2.1%
CPI		2.0%	2.0%	2.0%	1.9%	2.0%	2.1%	2.1%	2.1%
<i>Standard NZTA Subsidy Rate:</i>	51%	51%	51%	51%	51%	51%	51%	51%	51%

¹ Source: BERL - Cost adjustors 2024 final update, October 2024

² Water inflation adjustors are based on the new BERL methodology specifically for 3 waters due to the uncertainty around ownership of water infrastructure.