



ATTACHMENTS

**Ordinary Council meeting
Separate Attachments 1**

Monday, 11 September 2023

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Significant Forecasting Assumptions

2024-2034 Long-term Plan

Introduction

Forecasting assumptions identify important trends and projections and assess the risk and potential impact that are expected to affect the Council and community. These assumptions are essential in providing the basis for the Long-term Plan (LTP).

These assumptions will be revised prior to finalising the LTP, to ensure the most up to date and relevant information is referenced.

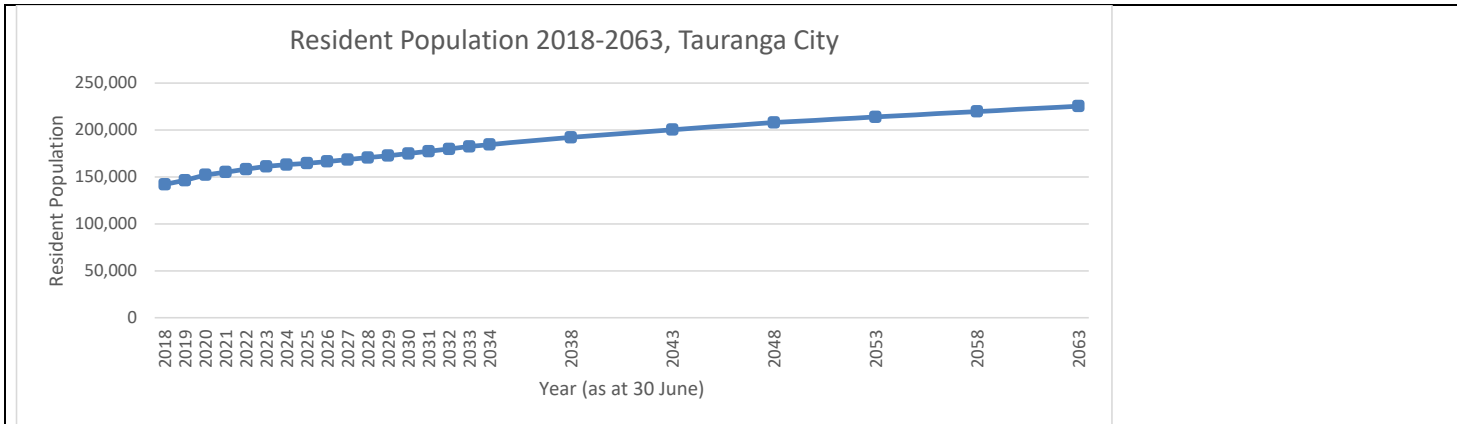
No.	Assumption	Effect	TCC Owner
1	Population and household projections and locations	High	Ayvron Greenway
2	Demographic changes - Age	Low-Medium	Ayvron Greenway
3	Demographic changes - Ethnicity	Low - Medium	Ayvron Greenway
4	Demographic changes - Socioeconomic	Low - Medium	Ayvron Greenway
5	Employment projections and sector projections	Medium	Corporate Planning
6	Climate change - Natural hazards / events	Medium - High	Kim Martelli
7	Climate change - Stormwater events	Medium - High	Kim Martelli
8	Climate change – Sea-level rise	High	Kim Martelli
9	Land use changes (intensification)	Medium	Carl Lucca
10	Local government reform	Medium-High	Corporate Planning
11	Resource Management reform	High	Corporate Planning
12	Service delivery method	Low - High	Corporate Planning
13	Inflation - Our costs	Low - High	James Woodward
14	Inflation – Your costs	Low - High	Corporate Planning
15	Interest rates - Borrowing and interest rates	High	Sheree Covell
16	Interest rates - Investment interest rates	Low	Sheree Covell
17	Development Contributions	High	Ben Corbett
18	Waka Kotahi NZ Transport Agency Funding	High	Tom McEntyre
19	Sale of assets	Medium	Christine Jones

No.	Assumption	Effect	TCC Owner
20	Ownership of water infrastructure assets	High	Corporate Planning
21	COVID-19 Recovery	High	Corporate Planning
22	Legislative/Regulatory environment	High	Corporate Planning
23	Funds available for new assets and replacement and upgrade of significant existing assets	High	Corporate Planning
24	Asset lifecycles and depreciation methods	Medium	Willem Van Blerk
25	Revaluation of assets	Low	Marin Gabric
26	Environmental Standards - Resource consent requirements	High	Corporate Planning
27	Leaky Home Settlements	Low - High	Kathryn Sharplin
28	Level of Service changes	Medium	Corporate Planning
29	Project costings	Low - High	James Woodward
30	Housing Infrastructure Fund (HIF)	Medium	Frazer Smith
31	Vested Assets	Low	Frazer Smith
32	Civil Defence / Emergency Preparedness / Business Continuity	High	Paula Naude and Chris Quest
33	Credit Rating	Medium - High	Sheree Covell
34	Disruptive Technologies	Medium	Corporate Planning
35	Resourcing (staff)	Medium	Michelle Reti
36	Resourcing (suppliers)	Medium	Angela Murray
37	Deliverability of the capital programme	High	James Woodward
38	Inclusion of Bay Venues Limited user fee revenue in key financial metrics	Low	Sheree Covell
39	Memorial Park - Recreation hub and aquatics facility	High	Gareth Wallis
40	Funding for Civic Precinct Capital Programme	High	Gareth Wallis
41	Impact of growth beyond city boundaries - Transport	High	Corporate Planning
42	Impact of growth beyond city boundaries – Community Facilities	High	Corporate Planning
43	Infrastructure Funding and Financing (IFF) levies	High	Kathryn Sharplin
44	Water Services Reform impact on overhead allocations	Medium	Kathryn Sharplin
45	Depreciation Reserves	Medium	Kathryn Sharplin

Significant Assumptions Commentary

1 Population and household projections and locations					
Detail	Data Source (and rationale)	Risks	Level of uncertainty	Effect	Mitigation
Population and household growth, and location of growth, align with SmartGrowth projections, with adjusted high level growth projections for the 2024-34 LTP being a reduction of approximately 640 dwellings in the period 2024 to 2034, and a reduction of 1,260 in the period 2034 to 2040.	SmartGrowth - Tauranga City Population and Dwelling Projection Review 2022 Council meeting (4 September 2023)	Population and household growth will occur faster or slower than predicted, and/ or in different locations than assumed.	Overall level of uncertainty is medium. As with all long term growth projections there is a relatively high risk of short term fluctuations as periods of high and low growth is experienced through a projection period.	High - The potential financial impact of over or under investing in infrastructure based on modelling of the growth allocations, could be significant.	Continual monitoring and updating of the allocations in particular reduces risk and enables Council to respond where clear departures are evident or where assumptions change. The timing of projects will then be amended, as necessary.

1 Population and household projections and locations (continued)					



2023 LTP Revisions	Resident Population	Occupied Dwellings	Total Dwellings
2018	142,100	51,312	56,272
2019	146,400	52,509	57,577
2020	152,200	53,646	58,816
2021	155,200	55,003	60,295
2022	158,200	56,152	61,547
2023	161,206	57,139	62,624
2024	163,038	57,961	63,520
2025	164,549	58,639	64,259
2026	166,381	59,461	65,154
2027	168,442	60,413	66,192

2028	170,618	61,417	67,286
2029	172,689	62,430	68,391
2030	174,978	63,548	69,609
2031	177,376	64,641	70,800
2032	179,818	65,691	71,943
2033	182,434	66,746	73,092
2034	184,504	67,700	74,132

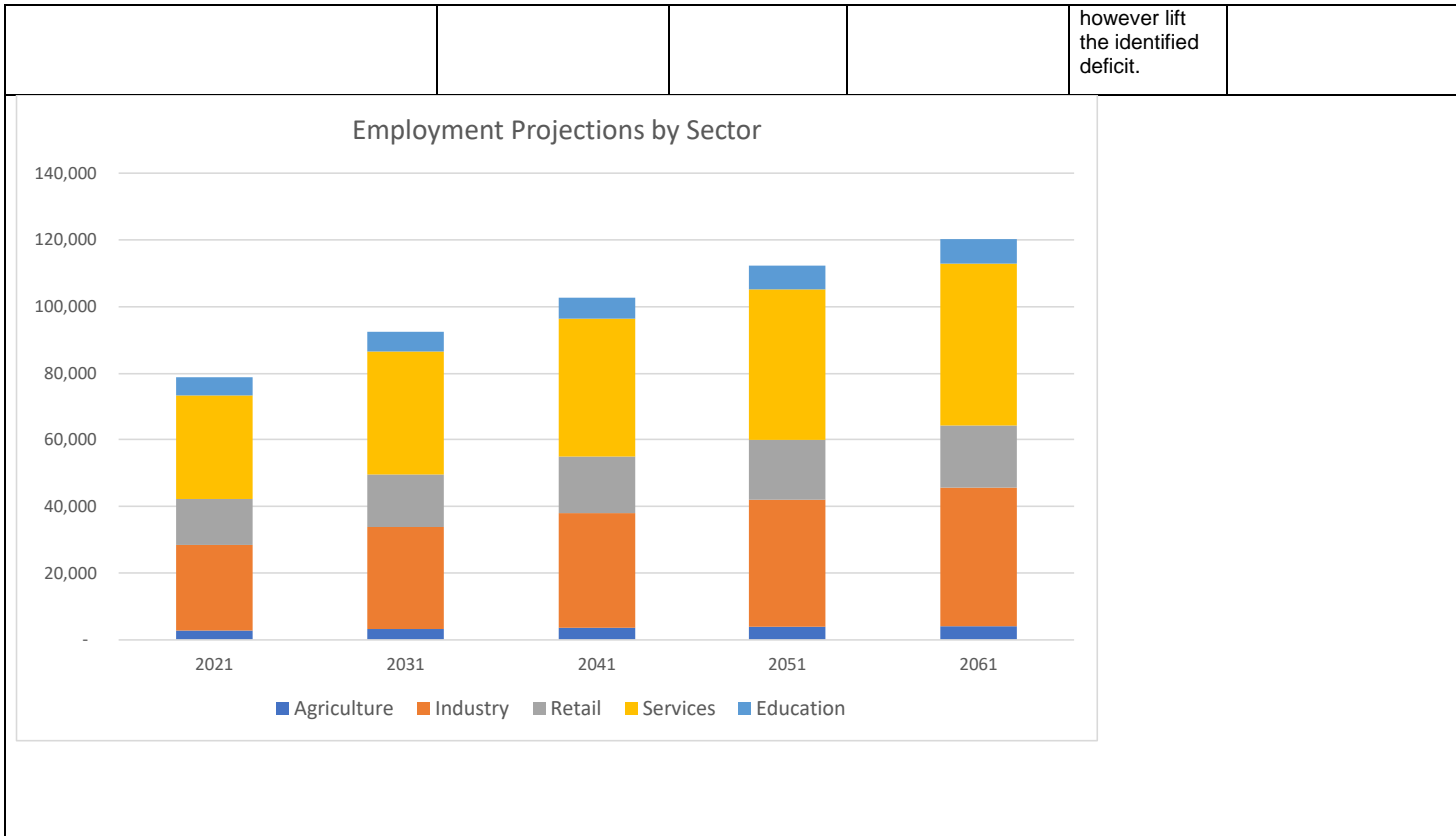
Demographic					
2 Demographic changes - Age					
Detail	Data Source (and rationale)	Risks	Level of uncertainty	Effect	Mitigation
That the proportion of the city population over 65 will continue to rise in line with projections from Stats NZ and the National Institute of Demographic and Economic Analysis.	Stats NZ Subnational Population projections 2018-2048 (2021 release) NIDEA - 2014 Review of Demographic and Labour Force Projections for the Bay of Plenty Region for the Period 2013 – 2063	A different population demographic profile is realised than the one that is currently projected.	At a national level the population is aging as is projected for Tauranga City. However, factors such as high house prices in Auckland, growth of the University, and change in immigration policy could potentially lead to more families and younger people moving to the area than currently assumed.	Low – Medium - A different age demographic may have a different impact on housing, recreation, health and service provision in particular. This may require alterations to our work programmes.	Continually monitor age composition of the population at each Census to see how this aligns with projections.

TCC Adjusted for Revised LTP Population									
Data Source	Year	Population by age group (years) at 30 June					Components of population change, five years ended 30 June		Additional People
		0-14	15-39	40-64	65+	Total (as at 30 June)	Natural increase	Net migration	
Stats NZ Data	2018	28,242	42,678	43,568	27,612	142,100	3,973	17,027	21,000
	2023	30,888	47,299	49,532	33,487	161,206	4,776	14,330	19,106
	2028	30,324	49,266	52,302	38,726	170,618	2,014	7,398	9,412
	2033	30,472	51,357	56,397	44,207	182,434	2,060	9,756	11,816
	2038	31,039	53,819	57,653	49,679	192,190	940	8,816	9,757
	2043	32,304	55,718	58,759	53,509	200,290	600	7,500	8,100
NIDEA Data	2048	33,840	56,541	60,725	56,884	207,990	200	7,500	7,700
	2053	33,511	57,124	61,920	61,314	213,870	-111	5,991	5,880
	2058	33,102	57,633	63,067	65,879	219,680	-370	6,180	5,810
	2063	32,612	58,067	64,163	70,573	225,415	-622	6,357	5,735

Demographic										
3 Demographic changes - Ethnicity										
Detail	Data Source (and rationale)	Risks	Level of uncertainty	Effect	Mitigation					
That the city's ethnic profile will continue to change, following the pattern in Stats NZ projections, which will see an increase in the Māori, Pacific and Asian proportion of the city population, and a decline in European or Other.	Stats NZ Subnational Ethnic Population Projections: 2018(base) - 2043 (Please note that these figures will not align with those used for total population and aging)	The city's ethnic profile may deviate from the projections.	Migration policy and job opportunity may have impacts on ethnic composition.	Low – medium - Growth in different ethnic groups may bring different demands on service provision, and different opportunities.	Continually monitor ethnic composition of the population at each Census to see how this aligns with projections.					
		Population at 30 June					Percentage of Tauranga population who are ¹ :			
		European or Other	Māori	Asian	Pacific	Total	European or Other	Māori	Asian	Pacific
Tauranga City	1996	71,200	13150	1460	1280	79,800	89%	16%	2%	2%
	2001	81700	15550	2380	1550	93,500	87%	17%	3%	2%
	2006	92600	18000	3810	2020	107,000	87%	17%	4%	2%
	2013	101000	21300	7130	3010	119,800	84%	18%	6%	3%
	2018 (base)	116,500	26,300	11,400	4,310	142,100	82%	19%	8%	3%
	2023	129,200	29,400	13,850	5,250	156,900	82%	19%	9%	3%
	2028	137,700	32,400	16,150	6,130	166,300	83%	19%	10%	4%
	2033	145,500	35,600	18,550	7,070	175,000	83%	20%	11%	4%
	2038	152,800	39,000	21,000	8,120	183,300	83%	21%	11%	4%
2043	160,000	42,800	23,700	9,310	191,400	84%	22%	12%	5%	

¹ Ethnicity subtotals do not add up to total population, and percentages do not add up to 100%, as some people identify with more than one ethnicity.

5 Employment projections and sector projections					
Detail	Data Source (and rationale)	Risks	Level of uncertainty	Effect	Mitigation
<p>Over the medium and long-term, the Tauranga City economy is projected to remain on an upward, expansionary growth path with broad-based employment growth. The total number of employment opportunities are expected to grow to 92,600 by 2031, and to continue to grow over the long-term, reaching 112,260 by 2051.</p> <p>The Tauranga CBD is expected to experience significant growth in the services and retail sectors, whilst Tauriko is expected to continue to see a large growth in industry sectors.</p> <p>The economic structure is expected to remain broadly constant, with a slow but continued concentration in Manufacturing (up from 8.6% to 9.5% of total employment), and Health care and social assistance increasing its share of employment from 13.2% to 14.0%. Professional services, and the associated office and support services, will continue to grow, and is expected to increase from 12.8% to 13.0% of total employment.</p>	<p>Draft Tauranga City and Western Bay of Plenty District Employment Estimates for Traffic Modelling, Methodology and Process Outline, Market Economics (M.E), February 2023</p> <p>Tauranga City and Western Bay of Plenty Business Capacity Assessment, December 2022.</p>	<p>Employment growth will occur faster or slower than predicted, and/or in different locations than assumed.</p>	<p>As with all long-term growth projections there is a relatively high risk of short term fluctuations as periods of high and low growth is experienced through a projection period.</p>	<p>Medium - The potential impact of over or under investing in infrastructure based on the projections.</p> <p>Under an economic slowdown lasting 2-3 years, the overall demand levels for industrial land will drop away, however there will still be a deficit over the medium to long-term. The scenarios (sensitivity) that reflect higher growth, or better performance by some sectors will</p>	<p>The Business Capacity Assessment reflects a 'business as usual' growth outlook and is supported by a sensitivity analysis to illustrate the effects of alternative growth assumptions.</p> <p>Continual monitoring and updating of the allocations in particular reduces risk and enables Council to respond where clear departures are evident or where assumptions change.</p>



6 Climate change - Natural hazards / events					
Detail	Data Source (and rationale)	Risks	Level of uncertainty	Effect	Mitigation
<p>Tauranga is exposed to a range of natural hazard events. We have mapped the majority of the areas subject to these hazards in our city. Varying management approaches are in place for these hazards, which are governed through the New Zealand laws. The upcoming City Plan review (in this Long-term Plan) will bring a new regulatory approach to natural hazard risk, and risk reduction.</p> <p>As low likelihood, high consequence natural disasters are difficult to predict, we have not assumed that any will occur in the course of the Long-term Plan. Instead, we have invested in susceptibility mapping, infrastructure resilience planning and risk reduction through regulatory control.</p>	<p>TCC progressively completed modelling for flooding from intense rainfall events between 2012 through to 2019 and is now updating these models on a regular basis to keep them current. TCC Tsunami modelling for evacuation planning is currently based on 2015 work focused on a maximum credible event with a 1:2500-year return period. A regional tsunami inundation model has been commissioned by Emergency Management Bay of Plenty with an estimated completion date for the end of 2024. Inner harbour inundation modelling was completed in 2019 and incorporates sea-level rise to 2130. Open coast inundation modelling was completed in 2023 by BoPRC and will be incorporated into TCC dataset. TCC Coastal erosion modelling was completed in 2019 for inner harbour and</p>	<p>A high consequence natural disaster occurs.</p>	<p>The probability of a large natural hazard event causing widespread damage to the city, or parts of the City is low however the consequences will be significant. The most common hazard event will be flooding from intense rainfall events which feature in over 90% of our resilience projects.</p> <p>Hazard datasets are required to be updated as new science and/or legislature is</p>	<p>Medium – High - Should an event occur, and depending on the scale of that event, there will be a need for the Council to be prepared and respond accordingly to that need.</p> <p>Significant financial costs may be incurred due to a significant natural hazard event occurring.</p>	<p>Council is focusing on new tsunami planning and continues its hazard modelling and delivery of evacuation areas, alongside wider work programs with Emergency Management Civil Defence. Council has insurance cover in relation to natural disasters, both for buildings and for underground assets. TCC initiated a Citywide Infrastructure Resilience project in 2018 which has now identified hazard exposed assets and areas. Mitigation projects to reduce the risks have been proposed and implementation of these will reduce city risk to natural hazards. TCC is progressing with Plan Change 27 (flooding from intense rainfall) to include a regulatory approach into the City Plan, reducing the risk of flooding to buildings over time (through redevelopment).</p>

	<p>open coast and incorporates sea-level rise to 2130. TCC Seismic shaking model (PSHA) was released in 2020. An update to this model will be undertaken in 2023 to take into account the updated National Seismic Hazard Model which was released in 2022. An update of the model may impact the liquefaction and lateral spread hazard study completed in 2020. TCC Liquefaction and lateral spread hazard study was completed and released in 2020 and incorporates sea-level rise to 2130. An update to the TCC's groundwater model will be completed in 2023 and incorporates sea-level rise to 2130. TCC landslide susceptibility mapping (earthquake and rainfall) and an update to the slope hazard map will be completed in 2023.</p>		<p>released. TCC needs to continually update the datasets.</p> <p>The infrastructure Resilience programme needs to be updated as hazard databases and infrastructure databases are updated.</p>		
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