

LTP 2024 - 2034 Significant Forecasting Assumptions

Introduction

In preparing forecasts, both financial and non-financial, there is a need to provide assumptions to address the uncertainties of the future. This is important for a number of reasons, including:

- allowing readers of the forecasts to understand the basis that financial information has been prepared on;
- providing a means of explaining differences that will inevitably occur between the actual result and that which was forecast; and,
- ensuring risks faced by the organisation in the future have been appropriately identified and evaluated.

The purpose of this section is to:

- comment on the process used to develop assumptions
- analyse legislation
- understand best practice
- set out the major assumptions
- outline any continuous improvement that may be required.

Summary of Significant Assumptions

The following assumptions have been used in preparation of estimated financial statements in this Long-term Plan:

No.	Assumption	Likelihood	Consequence	Overall Risk
1	Asset lives	Unlikely	Minor	Low
2	Growth assumptions	Possible	Minor	Moderate
3	Cost growth	Possible	Medium	Moderate
4	Subsidy rate	Likely	Medium	Moderate
5	Asset revaluations	Possible	Medium	Moderate
6	Return on investments	Unlikely	Minor	Negligible
7	Interest on borrowing	Possible	Medium	Medium
8	Resource consents/designations	Possible	Medium	Moderate
9	Renewability of debt funding	Very unlikely	Medium	Moderate
10	Local Government Reform	Likely	Medium	Moderate

11	Legislative demands on council resources	Possible	Medium	Moderate
12	Information technology disasters	Possible	Medium	Moderate
13	Local natural disaster	Unlikely	Major	Low
14	Climate change	Likely	Major	Moderate
15	Emissions trading scheme	Possible	Minor	Low
16	Insurance	Possible	Medium	Low
17	Other Revenue	Possible	Minor	Low
18	External funding for major capital projects	Possible	Medium	Moderate
19	Societal change	Unlikely	Minor	Low
20	Sources of funds for future replacement of significant assets	Possible	Medium	Low
21	Total number of rating units	Likely	Medium	Moderate
22	Water reform	Unlikely	Major	Major
23	Pandemic event/lockdown & government changes to alert level warnings	Unlikely	Moderate	Moderate

Forecasting Assumptions Commentary

1. Asset Lives

Assumption

Council holds a number of assets that are significant to its operations and provision of services. These include assets related to water supplies, waste water, parks and reserves, stormwater, airport, roads, library, museum, events venues, buildings, plant and equipment. The assumption is that assets will function as expected for the duration of their estimated useful lives. The useful lives of these assets are referred to in the Statement of Accounting Policies and summarised in the table below:

YEARS	
Water Supplies	5 to 130
Waste Water	5 to 140
Parks and Reserves	5 to 100
Stormwater	10 to 130
Roads	7 to 100
Buildings	2 to 80
Plant and Equipment	10 to 20
Landfill	3 to 100
Computer Software	3 to 7

Risk

The risk is that the assets will not last as long as the design life forecast and will need replacement earlier than planned. This would require the funding of replacements to also be brought forward. One option is to prioritise replacement based on consequences if other replacements could be delayed to minimise having to increase the rates required to fund this. Council's modelling does not depreciate assets until the year after capitalisation. However if other replacement works with lower consequence rating cannot be delayed, then rates would increase in the year of the replacement, but not be required in the year the replacement was planned, so it is only a timing issue. Additional costs associated with the timing and lives of assets would be an interest component and/or depreciation component impacting rates and/or debt. For every \$1 million movement in debt there would be an approximate interest impact of \$90,000.

Risk assessment

Asset management plans are in place for these assets, and professionally qualified staff and consultants have been engaged over the years to advise on this risk. The risk is now well understood and considered to be low.

2. Growth

Assumption

Council has used Infometrics growth assumptions for its planning. This approach is intended to minimise the risks for each planning horizon. Council has assumed the largest land area demand and infrastructure requirements over the 30-year horizon, but has assumed a lower level of revenue over the 10-year horizon.

Council has decided to make a projection in line with the Infometrics target of approx. 2,950 new residential dwellings over the ten-year period. Simply put, this assumes that existing housing stock is now fully utilised and that new housing supply is constraining further population growth.

Context

The last three years have seen strong population growth for the Rotorua District.

Infometrics Data: Population Estimate; Rotorua District			
Year to June	Population	Change	% Change
2020	76,194	1,094	1.46%
2021	77,254	1,060	1.39%
2022	78,278	1,024	1.33%
2023	79,265	987	1.26%

This has created pressure on the housing market to the point where housing supply is likely constraining further growth for the district. A number of actions are underway (including the Housing Accord) to ensure there is sufficient land available for future residential and commercial development.

30 year growth assumptions

The Infrastructure Strategy uses the Infometrics growth assumptions for its long-term capacity planning.

Unrestrained projections assume population growth in market conditions where all demand is met (i.e. demand for employment, housing, business and industrial buildings etc).

Detailed service demand modelling determined the land (residential, commercial and industrial) and the associated infrastructure requirements for this projection. Analysis against existing zoned land revealed additional residential and a greater variety of industrial land was required to ensure that land supply did not constrain future economic and population growth.

The analysis also established that in the short term, infrastructure can accommodate dispersed growth because in a variety of different land areas around Rotorua support for distributed growth is available and can potentially delay bulk infrastructure investment until existing spare capacity is used first. This underpins the Asset Management Plans infrastructure catchment areas (e.g. water supplies) and the 30 Year Infrastructure Strategy.

3. Cost growth

Assumption

Years ending 30 June:	Roading	Land and Property	Water and environment	Operating - LGCI Staff (%)	Operating - LGCI Other (%)
2025	3.1	3.0	4.3	5.0	3.3
2026	1.9	1.8	2.2	5.0	2.8
2027	1.9	1.8	2.2	5.0	2.7
2028	1.9	1.8	2.1	5.0	2.4

2029	1.9	1.8	2.1	5.0	2.2
2030	1.9	1.8	2.0	5.0	2.0
2031	1.8	1.8	2.0	5.0	1.9
2032	1.8	1.8	2.0	5.0	1.7
2033	1.8	1.7	1.9	5.0	1.6
2034	1.7	1.7	1.9	5.0	1.6

The Reserve Bank Act requires that price stability be defined and negotiated between the government and the Reserve Bank. This is called the Policy Targets Agreement (PTA) and defines price stability as annual increases in the Consumers Price Index (CPI) of between 1 and 3 percent on average over the medium term, with a focus on keeping future average inflation near the 2 percent target midpoint. The inflation assumption currently used by Treasury after five years is the mid-point of the RBNZ target range of 1.0% pa to 3.0% pa, being 2.0% pa. History has shown that 2.5% (0.5% above midpoint) is a probable outcome, typically, in the shorter term. The Business and Economic Research Limited (BERL) price change estimates are shown above for the major areas used in this Long-term Plan (% are per annum change).

Risk

That prices rise higher than the assumptions built into the plan. Higher than expected inflation will result in higher rates increase or a reduction in service levels if overall pools of funds for capital spend are not altered.

A lower inflation factor will allow a lower than planned rates increase or reduction of debt. The effect of this would be as follows - for \$100 million of costs a 1% increase would mean a \$1 million increase in costs.

Risk assessment

A number of factors will affect economic performance and certainty around these cost factors is difficult to judge. BERL has had many years of experience in providing cost adjusters to local government and is the best known resource available. However, with volatility within the global economy, currently the risk is considered moderate.

4. Subsidy rate

Assumption

Council receives subsidies from New Zealand Transport Agency (NZTA) for local roads within the district, of 57%. This subsidy comes from road user charges and petrol tax, and is allocated to roading projects at the rates listed below, depending on the type of project.

Financial Assistance Rates	%
Year 1 - 2024	57%
Year 2 - 2025	57%
Year 3 - 2026	57%

It is assumed that the projects in the Long-term Plan will be subsidised at these rates.

Risk

The risk is that transport projects included in the Long-term Plan will not be approved by NZTA due to lack of funds or the subsidy rates are reviewed down. This would result in a shortfall in funding for planned projects. The largest risk is around renewals and maintenance, so if the subsidy is reduced, the level of service for renewals and maintenance would be reviewed and adjusted to fit the gross financial resource available in the budget.

Risk assessment

Financial assistance rates (FAR) have been reviewed and are now set for the next three years. Therefore, risk is currently considered moderate.

5. Asset revaluations

Modelling Parameter

A three-year rolling cycle valuation has been modelled using the inflation factors in the cost growth section above. The three-year cycle was determined from the latest asset class revaluations in the 2022 Annual Report.

Risk

The risk is that asset values over the period of the plan are significantly different to the estimated increases in the Long-term Plan.

Risk Assessment

The modelling assumption aligns with the accounting practice of revaluation of particular assets classes on a three year rolling cycle. Adopting this approach enables Council to better forecast the potential replacement and maintenance costs of these assets and minimise any material impacts on future planned rates increases. Risk is considered moderate.

6. Return on Investment

Assumption

It is assumed material cash investments will net 1% return on short term cash investments over the duration of the Long-term Plan. Although the interest earned on short term cash investments will fluctuate considerably over the 10 years, it is not considered material and so a single assumption for all of the ten years has been used.

Risk

The risk is that Council will obtain lower returns on its cash investments.

Risk Assessment

As Council has minimal investments, this risk considered negligible.

7. Interest on Borrowing

Assumption

Council has an actual portfolio of fixed interest rate debt that matures at various times over the next 10 years. Taking into account the current economic state, the interest rate on the cost of borrowing for the Long-term Plan is as follows.

Year	Interest Rate
2025	4.23%
2026	4.67%
2027	4.87%
2028	5.00%
2029	5.20%
2030	5.50%
2031	5.50%
2032	5.50%
2033	5.50%
2034	5.50%

Risk

The risk is that interest rates will be in excess of the assumptions. A movement in interest rates of 0.5% on debt of \$100 million is \$500,000

Risk Assessment

Council has a Treasury Management Group (TMG) which includes external experts. The TMG meets regularly to closely monitor council's levels and profile of debt as well as keeping up to date with global and local economic indicators. This has proved to be successful with council achieving average interest rates within the industry. So despite the close monitoring and good controls in place, the risk is still considered medium in the long-run due to the volatility and unpredictability of the many factors that can affect interest rates.

8 Resource Consents / Designations

Assumption

Council will need to apply for numerous resource consents, designations etc., for new projects over the Long-term Plan. Major activities that will require consents (or district plan change) include landfill, Wastewater discharge, Wastewater treatment plant, water sources and stormwater discharges. It is assumed that all necessary consents will be granted when required with reasonably forecasted conditions.

Risk

The risk is that consents will take longer to be granted and therefore not be available at the time assumed within the Long-term Plan for commencement of the networks development or the secure continuity of service; will include conditions that are more onerous and technically challenging than anticipated and the network development becomes substantially more expensive, potentially to the extent that it becomes more expensive than budgeted to proceed or are not granted requiring different solutions.

Risk Assessment

In deciding on and costing projects for the Long-term Plan, Council is reasonably well aware of the anticipated requirements to meet resource consent requirements; however, the risk is around notified consents that could be appealed in the Environment court. This has the possibility to make the consent process both more costly and longer to attain. The risk is therefore considered moderate.

9. Renewability of Debt Funding

Assumption

It is assumed that Council's portfolio of debt, which has differing maturity dates from one to fifteen years and new funding required, will be able to be raised on favourable terms.

Risk

The risk is that Council will not be able to raise new debt on favourable terms. The result would mean Council would have to borrow at higher than planned interest rates.

Risk Assessment

Local government is a very low risk to investors, second only to central government. For this reason it is very unlikely that council will not be able to raise funds on favourable terms as and when required. Council has a comprehensive treasury policy and management practices, employs expert advice when required, has a debenture trust deed for raising loans and employs qualified staff. Habitual lenders have always shown confidence in Rotorua Lakes Council in the past and this is not likely to change. This risk is considered moderate.

10. Local Government Reform/Central Government Collaboration

Assumption

It is assumed that our current structure, role, and functions will continue, except where this has been clearly stated in the LTP. The range and nature of our services will remain unchanged.

The Review into the Future for Local Government has published its final report, He piki tūrangā, he piki kōtuku. The report poses proposed 17 recommendations to shape a more community-focused, citizen-centred local governance system. The report does not explicitly recommend the allocation of roles and functions between central and local government and notes that decisions relating to the allocation of roles and functions cannot be made without understanding how they

will be funded, and whether local government has the capacity and expertise to carry them out. Risk

That the structure of Local Government will change, and the Council moves to unitary, combined or other governance model. Within ten years there may be significant changes to the boundaries of local government in our region. That central government will allocate or remove responsibility for services to local government, and/or the Regional Council will allocate responsibility for additional services or standards to local government in the Bay of Plenty Region that requires immediate addressing and affects our capacity to deliver. Risk Assessment

A reorganisation process would take place over a sizeable period of time, this would allow the Council to fully prepare. The Council will proactively monitor and engage in discussions of this nature. We will continue to keep a watching brief on the local government sector and central government's response to the Future for Local Government review.

11. Legislative Demands on Council Resources

Assumption

Over the past decade, there has been a substantial increase in the level of delegation from central government to local government through legislative reforms. In almost all cases there has been no funding provided to develop the policy and/or deliver these new services. This has meant that the services have had to be funded from efficiency gains, local user charges, and an increase in rates, or combination of all these mechanisms. In some instances, there has been a need to increase resources, such as staff, consultants and contractors. The assumption is that any legislative reform or amendments will not require Council to assume responsibilities that require additional resources and hence additional cost.

Risk

The risk is that there will be significant change to legislation that will cause a material change in operations and costs.

Risk Assessment

Change of Government or even a change in Ministers could have an impact on this risk, therefore the risk is considered moderate.

12. Information Technology Disasters

Assumption

Council runs a complex business and has a statutory responsibility to capture and retain data. In addition, Council needs to be able to provide technology support for various business functions across Council. Without the support of information and communication technology (ICT) infrastructure, many of Council's services could not be provided. The assumption is, in the event of an ICT disaster, all services will continue to be provided and alternative support is available.

Risk

The risk is that in the event of an ICT disaster, services provided by Council will not be able to be delivered.

Risk Assessment

There is a range of mitigation measures adopted by Council to further reduce the likelihood of a major disaster including: a hybrid cloud strategy; a server virtualisation project that allows servers to be replicated in the event of a failure of any one of the servers; cornerstone applications are well supported by vendors to provide priority support; the infrastructure has been built with redundancy and resiliency in mind and is split over two separate locations; hardware renewal programme that ensures replacement before failure, backup systems are in place. This risk is considered low-moderate.

13. Local Natural Disaster**Assumption**

It has been assumed that there will be no significant natural disaster during the term of the Long-term Plan that will exceed the capacity and capability of the Council to respond to.

Risk

The risk is that there could be a significant natural disaster within the next ten years that is focused in Rotorua or close enough to Rotorua to have a major disruption impact on our levels of service. Council's mitigating control for this is having business continuity plans in place and/or a disaster recovery plan.

Risk Assessment

The assessment is the chance of a catastrophic event happening is low, however the effects on the district of such catastrophic event would be major and a combination of Business Continuity Planning, recovery planning and Natural Disaster insurance are utilised to address such risk.

14. Climate Change**Assumption**

Climate change is a long-term phenomenon with outcomes that are hard to predict.

Our district has seen evidence over the last cycle of the Long-term plan (LTP) that we have experienced and will continue to experience the following severe weather events:

- Increase in the amount of rainfall in large storm systems
- Milder autumns and winters
- Increase in above average temperature days
- Increasing lake levels

- Drier winters
- Wetter summers

As extreme weather events increase there is the likelihood of more risks from natural hazards. Council must respond to climate change in its planning so that it can ensure a level of preparedness for any future implications and impacts of climate change and associated costs that go with this.

However, this is planned for as an important part of Council's long-term asset management planning which has a 30-year timeframe. We also have a climate action plan in place that is centred onto actions that mitigate climate change. The projected impacts of climate change are likely to be gradual and to become more noticeable toward the end of this 30-year period, particularly for water, stormwater, wastewater and transport assets. However, they are taken into account in our long-term infrastructure planning with gradual resiliency interventions.

Risk

If the impacts of climate change have a more rapid and greater impact than planned for within the next 10 years the risk for Council is:

- Impacts on council's assets due to greater than predicted severity of weather events.
- Unbudgeted costs both operational and capital programmes due to the need to rectify damage to assets.
- Ultimately leading to decreased levels of service for all services based on affected assets.

Risk Assessment

It is assumed that climate change will continue to evolve and will impact council in the future. It is addressed by adequate resiliency planning. The risk to council is low and gradual and Council will be better able to cope with the nature, extent and timing when events do occur.

Climate change effects have been measured and tracked for some time now and are reasonably foreseeable.

Council monitors changing weather patterns and takes this into account in designing new and upgraded infrastructure. Various infrastructure assets have been allocated budget for both increased level of reliance of service and to address growth components in the Capital Works budget for this LTP.

15. Emissions Trading Scheme

Assumption

Council has contracted out its ETS surrender obligation at the landfill within its management contract currently entered into with Waste Management.

Risk

The risk is there are unknown costs associated with ETS that are not included in the Long-term Plan because National Policy Settings are unknown. The level of ETS Price rises may necessitate an increase of the Gate rate charge set by Waste Management and agreed to by Council for the

safe disposal of municipal waste. This could have an effect on rates required to cover such costs which are not discretionary.

Risk Assessment

Variations in the ETS associated costs and their effects on the waste cost centre have been considered in the financial model for waste services with a view towards reasonable risk mitigation. It is not expected that these costs would be material to the plan so the risk is considered moderate to low.

16. Insurance

Assumption

The insurance industry appears settled and it is assumed in the Long-term Plan that with this stability that there will be no further major cost adjusters for insurance.

Risk

The risk is that there could be further large adjustments in insurance that are not allowed for in the Long-term Plan.

Risk Assessment

If the world has another major natural disaster, there is little doubt that insurance costs will be affected, however the effects from the Christchurch and Japan earthquakes have been built into the existing premiums and the risk of further significant price increases is considered low. We continue to work with our Insurance partners to stay abreast of, or to mitigate any, material changes and to ensure appropriate levels of insurance are in place with an acceptable tolerance of risk.

17. Other Revenue

Assumption

The other revenue is assumed to grow by inflation for the life of the Long-Term Plan.

Risk

The other revenue does not grow as assumed in the plan and that has a negative impact on surplus or deficit.

Risk Assessment

As inflation has been applied and other revenue is not the main source of revenue for Council the risk is considered negligible.

18. External Funding for Major Capital Projects

Assumption

Capital Project Description	Type	Budget 2024 – 2034 (\$M)	ANTICIPATED SUBSIDY	ASSUMPTION
Tarawera Sewerage Scheme	los	12.50	7.25	\$6.5m committed by Ministry for the Environment and a further \$0.75m has been committed by the Bay of Plenty Regional Council.
Rotorua Museum Enhancements	los	62.10	53.8	The Museum is a Category One Heritage Building and an iconic building for both New Zealand and Rotorua. Because of Council relationships; we have been able to secure significant funding to offset the cost to our community. The Museum is not only a national icon but also a key attraction and landmark for Rotorua. The council has a successful track record of securing partnership funding for the Museum restoration project. This success is not only from Government but also various philanthropic organisations within the country. Council has secured significant funding for the earthquake strengthening and restoration of the building and is confident of securing the remaining funding required to complete the project. The rebuild is expected to be complete in the next 2-3 years allowing time for further funding and partnerships to be arranged. In the unlikely event though that this remaining funding is not secured, Council will reassess its options which may include a delay in opening or partial opening the building scaling the project in order to reduce the total amount required. To date Council has secured the following from other parties: Kanoa - \$17m Lotteries - \$6m Ministry of Heritage & culture - \$5m Rotorua Energy Charitable trust - \$15m Bay of Plenty Regional Council - \$4.1m Lotteries Heritage - \$0.35m In addition, further funding is being sought from Central Government and other funders.
Rotorua Museum Exhibition	los	8.3	8.3	Funding for the Museum exhibition has been assumed to be fully funded externally.

Central and Western Stormwater Masterplanning	Growth	105.8	84.6	The Stormwater masterplanning solution for the Central and Western areas of Rotorua formed part of the Infrastructure Acceleration Fund application to Central Government. The fund allocated almost \$85 million towards the solution and is due to be completed by 2029. This fund is to enable housing in areas of the most need.
Aquatic Centre (Stage 3)	los	3.0	2.5	Council was successful in obtaining government funding of \$2.5 million.
Sala Street Chapel	los	2.5	0.25	The Sala Street Chapel is assumed to be completed with matching external funding. This is currently being sourced and the project will not progress until such funding has been committed.
Whakarewarewa Forest project	los	1.0	0.5	The remaining works on this project are to enhance user experience in the forest and great rides track. The funding is committed by Kanoa towards completion of this project which is expected in year 1 of the LTP.

Risk

The risk is that until subsidies can be guaranteed by the third party they may not be received as budgeted or could be lower than budgeted. This would result in a shortfall in funding for planned projects and could result in a negative impact on operating result and an increase in the Council's debt.

Risk Assessment

If funding is not available through these sources investment by Council will continue but will be scaled back to available funding. However, such scaling back will have an impact on the Council's ability to issue resource consents for housing proposals.

Prior to committing to operating or capital programmes, Council has an opportunity to ensure more certainty around funding sources. If the funding is, lower or not available Council can look for alternative funding options to offset, or reassess the programme spending.

This approach is intended to minimise the risk for a funding shortfall to the LTP financial strategy and/or to identify different funding and revenue settings such as increased developer contributions.

This risk is considered moderate.

19. Societal Change

Assumption

The Long-Term Plan has been prepared taking into account the following societal trends:

There will be an increase the proportion of residents who identify as European with a smaller decrease in the proportion of Maori residents. The population of Rotorua will become more

multicultural, with migration into Rotorua continuing, including increases in residents from Pacific Islands and Asia over the next twenty years.

The proportion of people aged 65 and over is expected to increase over the next twenty years

The proportion of young people in the district is expected to decrease over the next twenty years.

Risk

An over or underestimation of the extent and pace of these demographic changes may result in infrastructure that does not meet the needs of the population. In these situations, planned projects could be delayed or brought forward as updated demographic projections become available.

Risk Assessment

The Council will monitor demographic changes through census information and other economic indicators.

20. Sources of Funds for Future Replacement of Significant Assets

Assumption

That adequate funding will be provided to replace assets as scheduled. The sources of funds for the replacement of assets are outlined in the Revenue and Financing Policy.

Risk

That a particular funding source is no longer available.

Risk Assessment

The Council reviews its work plan annually and the Revenue and Financing Policy every three years, alongside the LTP.

As the Council operates a central treasury function, should one source of funding be unavailable for asset replacement, a further option would be available.

This risk is low.

21. Total number of rating units

Assumption

The estimated growth in Rotorua's ratings units for each of the 10 years of the Long Term Plan as estimated by Infometrics:

Year	Growth	Household change	Number of rating units
2024	1.49%	458	31,184
2025	1.41%	441	31,625

2026	1.33%	421	32,046
2027	1.24%	397	32,443
2028	1.14%	369	32,812
2029	0.84%	275	33,086
2030	0.75%	247	33,334
2031	0.68%	225	33,559
2032	0.62%	208	33,767
2033	0.58%	196	33,963
2034	0.50%	169	34,132

Risk

Rating units could grow at an increased rate or lower rate than projected.

Risk Assessment

An increase in the overall rating base could result in a decrease in rates for rating units as the total rates are spread across a larger base. If the rating base was to reduce, there could be an increase in rates. Variances between the forecast and actual growth in the rating base are likely to cause changes to the total rates revenue collected.

Council has used growth modelling and current property information from its valuation service provider to assess the level of growth in rating units, along with an assessment of year-by-year increases from recent years and applied this modelling to the growth levels applied.

The rating base is reviewed annually when determining the rates for the year.

22. Water Reforms

Assumption

Council anticipates maintaining overall ownership, setting strategic direction, applying services stewardship and discharging appropriate asset management practice in its three waters assets. Regardless of the outcome of any future water services reform process, it is certain that communities will continue to need drinking water, wastewater and stormwater management services. Council has therefore provided for these services in the rates and financial forecasts for the 10 year period for clarity and transparency.

Risk

While Council has been advised how to forecast future service delivery in these critical areas, the precise nature of any future reform, or transition guidance thereof, is unknown at this point in time. This is potentially a high impact effect and dependent on the nature and level of reform proposed in future (if any).

Risk Assessment

Three Waters reform has potential direct impacts on:

- any operating revenues (as indicated in the funding impact statement for the relevant groups);
- the direct costs of providing the activity;
- what overhead has been allocated to the activity (refer people to the notes to the accounts for details of the methodology);
- the replacement and current value of the three waters assets (as incorporated into the balance sheet and disclosed separately as required by the Financial Reporting and Prudence regulations); and,
- any balance sheet implications that a movement of assets, debts or revenues might have for the financial strategy.

Disclosure: there will be probable second order impacts, which RLC will assess as part of its analysis of any future proposal

23. Pandemic event/lockdown & government changes to alert level warnings

Assumption

A highly vaccinated population, and increased access to antiviral medicines to treat Covid-19, all regulations for Covid-19 have been removed. Rotorua Lakes Council has assumed that there will not be a resurgence of Covid-19 or variants, there will not be regional or national lockdowns and that borders will remain open.

Risk

A risk exists that a variation of COVID-19 enters the community requiring a lockdown of the Bay of Plenty region or more broadly.

Risk Assessment

Council have developed business continuity plans for all business activities. These plans identify the essential services and the requirements needed to continue to provide the service in the event of a regional pandemic lock down.

Council have identified where revenue could be compromised as a result of pandemic restrictions and will continue to monitor these as part of council's ongoing financial stewardship. Should issues arise, council will need to consider the effects of turning off services or maintaining them and deciding to borrow in order to fund some operational shortfalls. A decision of the council will be required in any such eventuality. This risk is assessed as low.

**These assumptions and risks are not an exhaustive list of the assumptions and risks faced by Council and should be read in conjunction with the financial and infrastructure strategies in this chapter. These strategies contain risks and assumptions that are more specific in nature.