

Section B: Planning Framework

This section describes the planning context under which this Plan has been prepared.

- Key Information on the Waitomo District - its people, economy and environment.
- Community Outcomes Council aims to achieve and Council's Vision.
- Sustainable Development.
- Planning Assumptions.

Creating a better future with vibrant communities and thriving business.



About Waitomo District

The District

Waitomo District encompasses 354,649 hectares of predominantly rural land on the west coast of the Central North Island. The western boundary is the Sea. It is adjacent to the Otorohanga District to the north, Taupo District to the east and Ruapehu and New Plymouth Districts to the south.

Te Kuiti is the administrative and main trading centre in the District, with approximately 45% of the District population residing in this town. There are several other smaller settlements located throughout the District, including the popular beach settlements of Mokau, Awakino, Marokopa, Te Waitere and Taharoa. The main rural communities are Benneydale, Piopio and Waitomo Village.



MAROKOPA

Benneydale Township is located 35 kilometres south-east of Te Kuiti. The village of Benneydale was established in the 1940's for housing coal miners and their families related to the new state-owned underground coal mine which opened at that time further up the valley.

Piopio lies in a picturesque part of the King Country amongst rolling farmland with impressive limestone formations, rugged hills and pockets of beautiful native bush. All the streets in Piopio's town centre are named after New Zealand native birds. Piopio itself is the name of an extinct native bird.

Waitomo Village (Village) is one of New Zealand's original tourist destinations and has been attracting visitors to its labyrinth of glowworm caves for over 100 years. The Village is located 15 minutes from Te Kuiti and 2 hours, 50 minutes from Auckland. Waitomo's eco-tourism and caving adventures are associated with its world famous limestone caves. For the adventurous there's cave abseiling or rappelling, Black Water Rafting and caving adventures. There are also fabulous free attractions from caves to coast.

While the District is predominantly contained within the Waikato Region, the south-eastern corner of the District is within the Manawatu-Wanganui (Horizons) Regional Council's jurisdiction.



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The District enjoys a favourable climate with an annual average of 1,750 hours of sunshine. The average temperature ranges between 18.5°C in the summer to 9.5°C in the winter. Frosts are experienced 47 days per year on average, with 1,473mm of rainfall annually.

The People

The usual resident population for the District was 9,441 for the 2006 census. This was only 15 less than the 2001 census population and 291 less than for the 1996 census, illustrating that the District is experiencing a population decline but the decline is less than that in other rural Districts in New Zealand. The population ranks 61st out of the 73 Districts in New Zealand.

The Maori population for the 2006 Census was 38.4% whereas for the whole of New Zealand it was 17.4%.

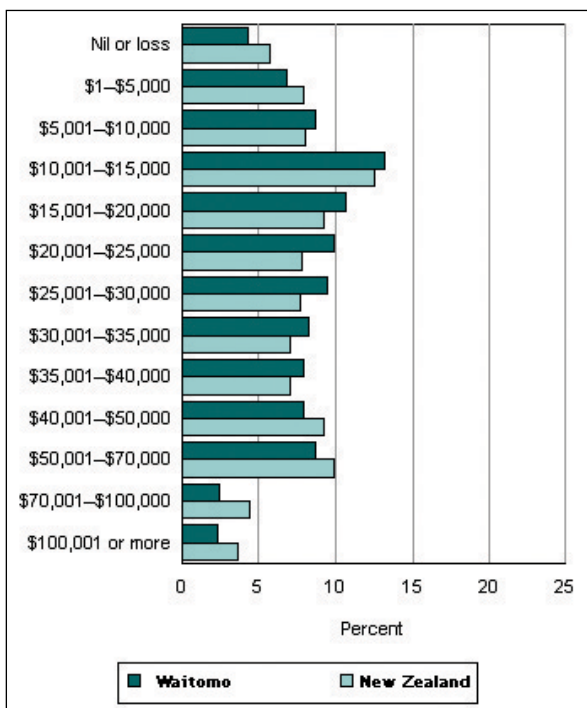
The age distribution of people in the District is slightly larger than for New Zealand in the age group 16-65 and slightly lower in the age groups 65 and over and younger than 15.

By 2031, the District is expected to have the 3rd highest percentage of people under the age of 15 years (22%) out of all 73 territorial local authorities. The national median percentage, at that point in time, is expected to be about 17%.

The median age is projected to increase from 35 years to 40 years by 2031, the 12th youngest of all Districts at that point in time.

The median income of \$23,400 is slightly below the rest of NZ.

INCOME FOR PEOPLE AGED 15 YEARS AND OVER WAITOMO DISTRICT AND NEW ZEALAND, 2006 CENSUS.



Community

The communities of Benneydale and Piopio got into the spirit of New Zealand’s biggest ever sporting event, the Rugby World Cup 2011. A small group of ‘Rugby-dale’ (Benneydale) residents created large wooden figures representing each team in the 2011 Rugby World Cup, to decorate the main street. A large group of Piopio residents transformed their town by displaying handmade wooden haka kids around Kara Park and throughout the township.



THE RENOVATED KARA PARK TOILETS, PIOPIO

Te Kuiti was re-branded as Meadsville for the duration of the Rugby World Cup. A photographic gallery was created by Te Kuiti Development Inc, the town’s business group with the support of many other businesses, community groups and organisations who donated their time and materials to create the gallery. Giant photographs of All Black brothers Colin and Stan Meads were displayed in the gallery which was located in Te Kuiti’s main street.



BENNEYDALE ('RUGBY-DALE')

The Environment

The landscape varies from inland forested areas overlaying limestone and papa deposits to coastal marine areas. The main rivers are the Mokau, Awakino and Marokopa, each having high recreational and fishery values. Additionally, Te Kuiti straddles the banks of the Mangaokewa Stream with Benneydale built alongside the Mangapehi Stream. The limestone caves at Waitomo Village are fed by the waters from the Waitomo Stream.

The District is characterised by extensive areas of hill country, some of it steep, particularly the Herangi Range to the west.



THE NATURAL BRIDGE - WAITOMO

The Economy

The District has a strong agricultural base and also contains agricultural industry such as meat freezing works. Dairy farming is increasing in the District and is replacing some pastoral uses.

- Some 206,000 hectares of land in the District is being utilised for agricultural or horticultural purposes. This represents approximately 58% of the total land in the District.
- Approximately 113,000 hectares of the District is covered in indigenous vegetation. Indigenous forests are mainly located on the west coast within the Whareorino Forest and the north-western highlands in areas such as the Tawarau Forest.

The District supports a wide variety of visitor attractions. The attractions can be divided into four distinct and largely autonomous physical characteristics which provide different levels of use, types of recreation and tourism opportunity. All four are based on important natural features of the District. These types are:

The Coast: The District includes about 80 kilometres of coastline stretching from Kawhia Harbour in the north to the Mokau River in the south. The attractions of this coastal environment are its sense of remoteness dominated by high energy wave action and coastal cliffs. Black, magnetite sands dominate the coast providing a contrast to the white sands of the east coast. The main types of coastal recreation are presently camping, fishing, surfing, diving and picnicking/day trips.

Highland Forests: The Waitomo District has some of the most extensive tracts of forested area in the Waikato Region. Two large western forests of significance to the tourist industry are the Whareorino and the Tawarau Forests. Whareorino Forest which is located 30 kilometres west of Waitomo Village, occupies a large area of land (15,903 hectares) which covers a complete altitudinal sequence of indigenous vegetation from close to sea level to the crest of the Herangi Range.

To the east, part of the massive Pureora Forest lies within the Waitomo District. The Pureora Forest, partially developed for tourist purposes, is generally well provided with access roads and tracks and contains magnificent stands of bush and associated wild life. There are also examples of exposed, partially buried, trees remnant of the Taupo eruption.



KOKAKO - PUREORA FOREST PARK

Tawarau Forest located in proximity to Waitomo Village contains significant karst and cave features within the forest. It contains numerous "clean" caves as a result of the intact indigenous forest cover and includes what is probably the largest continuous tract of virgin forest remaining on karst topography in the North Island. The forest is in both private and public ownership and contains excellent examples of the dense rimu/miro forest type which once occurred throughout the region.

Within the forest there is a wide variety of fauna. There is an elevated viewing platform at Pureora. Of particular interest are the kokako predominantly at Mapara and Pureora, and the kaka. In other areas there are giant wetas, native bats and other species, but access is restricted to special interest groups.

Karst, including Caves: Most of the tourism industry in Waitomo District has developed because of the karst landforms and cave formations of the area. In the Waitomo District the caves, in particular the glow-worm caves, of which Waitomo glow-worm cave is the most internationally and nationally known tourist cave. There are numerous other significant cave systems in the Waitomo area as well as other karst features of natural, scientific, educational and recreational interest including cliffs, natural tunnels and bridges, and fossil sites. In addition to the above areas of tourism there are also undeveloped wild caves, and various conventional forms of tourism development associated with the natural features.

The District's main township Te Kuiti is branded as the sheep shearing capital of the world and hosts a variety of recreational opportunities, from sea and trout fishing to the Great New Zealand Muster. Hunting, tramping and mountain biking are all popular activities ideally suited to the Districts natural environment.

Mining also forms an integral part of the District economy as represented by extensive quarrying operations and mineral extraction from the black sand in the north western part of the District. Abundant quantities of roading aggregate, limestone and coal deposits are also available across the District.

An emerging pattern of land use development comprising residential subdivision is occurring at Council's beach communities and in the form of rural lifestyle properties around the elevated perimeter of Te Kuiti.

Community Outcomes

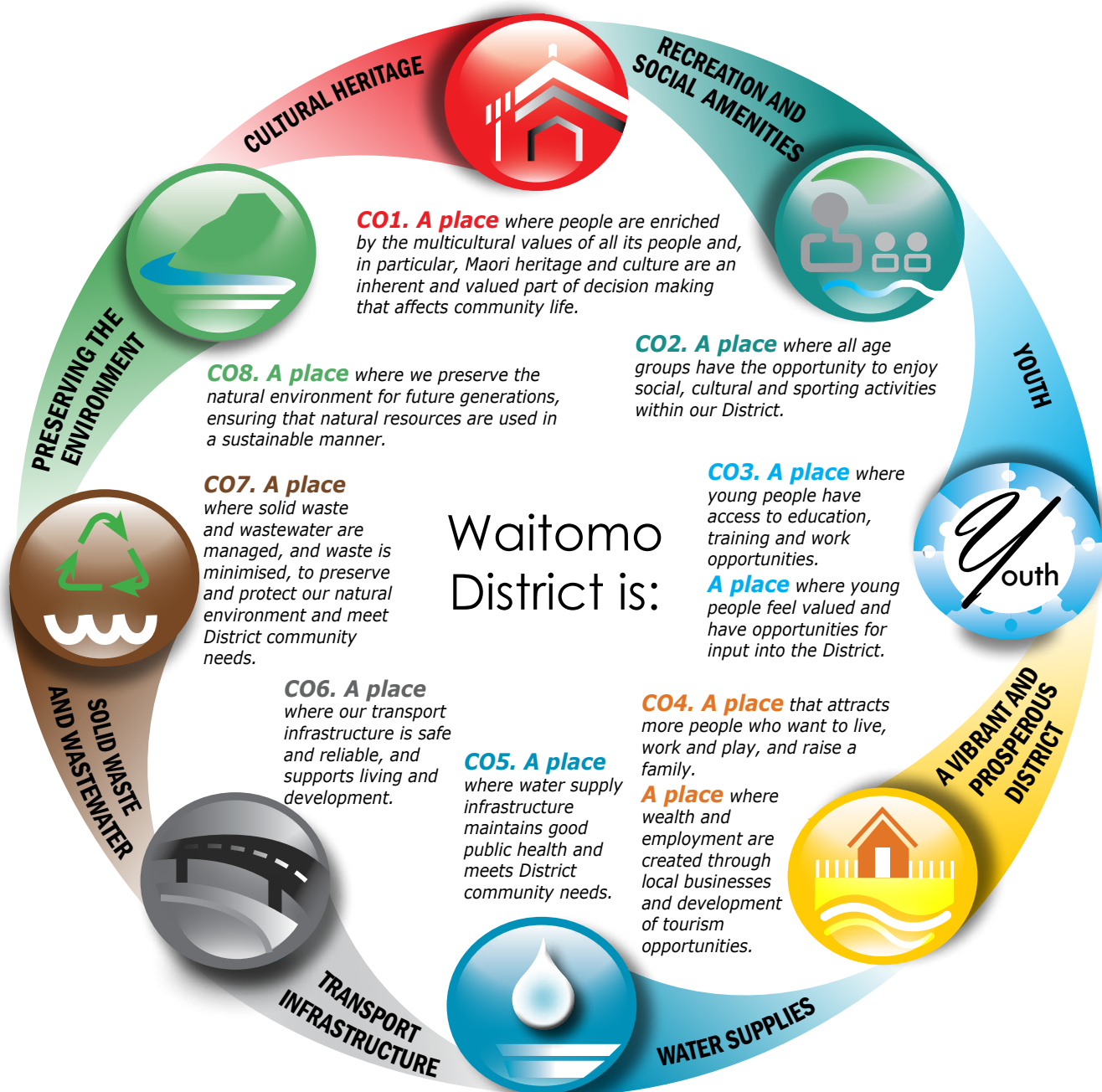
Community Outcomes are a description of the results or the desired state that a Council aims to achieve for its community, in order to promote the four well-beings. Community Outcomes provide an important framework for future planning since the Outcomes reflect what is important to a community and where it wants to head towards in the future.

The Community Outcomes for our District are reviewed every three years along with the LTP review process to assess where the wants and needs of the community lie and to ensure that the activities and work streams are aligned to areas of greatest needs and community wishes.

In evaluating the Community Outcomes for this Plan, a new set of eight Outcomes has been established. The eight outcomes are shown in Figure 1.2 and have been organised to show their linkage with the four well-beings (cultural, social, economic, and environmental) that Council aims to achieve.

It needs to be noted that the amendments to LGA 2002 in 2010 have brought changes to the Community Outcome provisions of the Act. Council must still describe the outcomes for its community and indicate which outcomes each group of activities primarily contributes to, but the focus has certainly shifted away from community outcomes to delivery of what are now deemed 'core Council services'.

Figure 1.2



The following table indicates the well-being to which each Community Outcome makes a primary and secondary contribution.

Table 1.3

Final 2012-22 Community Outcomes	Cultural	Social	Economic	Environmental
<p>CO1 - Cultural Heritage</p> <p><i>A place where people are enriched by the multicultural values of all its people and, in particular, Maori heritage and culture are an inherent and valued part of decision making that affects community life.</i></p>	◆	■		
<p>CO2 - Recreation and Social Amenities</p> <p><i>A place where all age groups have the opportunity to enjoy social, cultural and sporting activities within our District.</i></p>		◆	■	
<p>CO3 - Youth</p> <p>1. <i>A place where young people have access to education, training and work opportunities</i></p> <p>2. <i>A place where young people feel valued and have opportunities for input into the District.</i></p>		◆		
<p>CO4 - A Vibrant and Prosperous District</p> <p>1. <i>A place that attracts more people who want to live, work and play, and raise a family</i></p> <p>2. <i>A place where wealth and employment are created through local businesses and development of tourism opportunities</i></p>		■	◆	
<p>CO5 - Water Supplies</p> <p><i>A place where water supply infrastructure maintains good public health and meets District community needs.</i></p>		■	◆	
<p>CO6 - Transport Infrastructure</p> <p><i>A place where our transport infrastructure is safe and reliable, and supports living and development.</i></p>		■	◆	
<p>CO7 - Solid Waste and Wastewater</p> <p><i>A place where solid waste and wastewater are managed, and waste is minimised, to preserve and protect our natural environment and meet District community needs.</i></p>		■		◆
<p>CO8 - Preserving the Environment</p> <p><i>A place where we preserve the natural environment for future generations, ensuring that natural resources are used in a sustainable manner.</i></p>		■		◆

Key: ◆ Primary Contribution ■ Secondary Contribution

Vision

The statutory purpose of Council (as per LGA 2002) is to promote and enhance the four well-beings (social, cultural, environmental and economic) of its community.

Council has developed a new Vision to reflect how it will facilitate the promotion of the four well-beings and what it aims to achieve for the District.

The vision is put into practice by developing appropriate strategic goals for the groups of activities and in some cases for the individual activities where appropriate.

Figure 1.4



Sustainable Development

One of the main purposes of Council under LGA 2002 is to promote the social, economic, environmental, and cultural well-being of its community in the present and for the future. It requires Council to take a sustainable development approach, which simply put, means meeting the needs of the current residents and ratepayers but also being responsible so that the needs of future generations are not compromised.

The concept of sustainability is closely interwoven in the fabric of Council's planning and especially this Plan as is evident from the guiding principles of Financial sustainability, Affordability and Community well-being.

This principle has been closely adhered to in developing the financial forecasts and ensuring debt levels are prudent and manageable and that rates are affordable for the present and into the future.

Sustainability has also been considered in the proposals developed and included for each activity area in this Plan. The Activity Management Plans developed for all activities have ensured that the maintenance and development of assets and services are carried out in an optimal manner so that the facilities are available to be enjoyed both now and into the future. An example of sustainability consideration in an activity area is Council's proposal to reinstate the levels of service for various functions within the Roads and Footpaths group of activities.

Planning Assumptions for 2012-22 Long Term Plan

Introduction

In order to plan for the long term it is imperative to make assumptions about various aspects in the future. The significant assumptions made about the future form an important part of the planning framework.

It is also important to assess the estimated levels of uncertainty represented by the factors identified in the assumptions, so that the risk mitigation and planning can be appropriately carried out. The impact of the levels of uncertainty assessed on the integrity of this Plan has also been undertaken. Schedule 10 of the Local Government Act 2002 requires that, for high levels of uncertainty, Council is required to state the fact of the uncertainty and give an estimate of the potential effects of that uncertainty on the financial estimates provided in the 2012-22 LTP.

The significant forecasting assumptions are summarised in the table below and are discussed more fully in the pages that follow.

The main contributions of risk are identified as arising from:

- Central Government changes to legislation and policy impacting on the role and compliance costs of local government.
- The rate, location and funding of growth within the District.
- Asset data – unknown information regarding the condition and performance of network infrastructure impacting on maintenance and renewal costs.
- Currency movements.

Summary of Assumptions

	No.	Assumption	Level of Uncertainty	Impact on Integrity of LTP
GLOBAL IMPACT	1	The impacts of climate change will be minimal over the LTP planning period.	Low	Low
	2	Impact of currency movements on financial estimates will be no more than minor.	Low	Low
NATIONAL IMPACT	3	Actual rates of inflation will be within the range tabulated.	Low	Low
	4	NZ Transport Agency subsidies will continue at their current levels.	Low	Low
	5	Change in value of assets due to periodic revaluation will be in line with inflation.	Low	Low
	6	The average annual interest cost on borrowings will be 6.25% over the first 2 years, 6.75% from years 3 to 6, and 7% over years 7 to 10.	Low	Low
	7	Central Government changes to policy or legislation will have minimal impact on local government income or expenditure.	Medium - High	Medium
	8	Central Government's proposed amendments to the current Emissions Trading Scheme will have only minor impact on Council's budget forecasts.	Low	Low
	9	Government funding will continue at current levels.	Low	Low
	10	Council will be effective in securing and retaining the resourcing requirements necessary for implementation of the LTP.	Low	Low
WDC IMPACT	11	Assumed lives for Council's assets will have minimum impact on financial estimates.	Low	Low
	12	Depreciation reserves and subsidies will generally be adequate to fund asset renewal expenditure.	Low	Low
	13	Renewal expenditure will have only a minor impact on operating budgets.	Low	Low
	14	The impact of population growth and structure has been adequately provided for in the financial estimates.	Low	Low
	15	The impacts of societal changes and population structure have been adequately provided for in the financial estimates.	Low	Low
	16	The annual return on investments is assessed at zero for the first four years of the LTP before returning to historical levels.	Medium	Low
	17	The risk of Council's investment portfolio and inability to borrow is minimal.	Low	Low
	18	Allowances for depreciation in financial estimates are adequate.	Low	Low
	19	Resource consent acquisition and compliance processes are within estimated timeframes and expenditure estimates.	Medium	Low
	20	The size of the rating base will not increase.	Low	Low
	21	Impact of transfer of significant Council assets will be minor.	Low	Low
	22	Changes to the scale of Council's asset inventory will be minor.	Low	Low
	23	The impact of growth related capital expenditure will be offset by revenue from financial contributions.	Medium	Low - Medium
	24	The insurance provision for expenditure as a result of natural disasters is adequate.	Medium	Medium

Description of Assumptions

Potential climate change impacts

The Ministry for the Environment provides a series of guidance manuals to assist local government to assess and manage the impacts of climate change in their planning and decision-making processes, as well as infrastructure and asset management. The most recent MfE guidance on climate change for New Zealand has been referenced in the Council's assessment of the potential impacts of climate change.

Climate change is expected to influence:

- **the frequency and intensity of extreme rainfall.** The intensity of extreme rainfall may increase by up to 8 per cent by 2040 and up to 16 per cent by 2090.
- **average annual rainfall.** In the Waitomo District average annual rainfall is expected to increase by up to 2.5% by 2040. Seasonally the district could expect increases in winter rainfall and decreases in spring rainfall.
- **sea levels and functioning of estuaries.** The increased rate at which the sea level has risen over the last two decades has had a negative effect on the ability of estuaries to handle tidal changes and drain rivers. It is expected that sea levels will continue to rise in the foreseeable future although the rate of the rise cannot be accurately estimated at this stage.

Increased frequency and intensity of extreme rainfall events may contribute to reduced ability of stormwater systems to cope, particularly at those beach communities where stormwater outlet points are within tidal zones, where it is likely there will be additional pressure from rising sea levels, increased storminess and coastal erosion, and at Te Kuiti due to high river levels during high rainfall events. The tempo of erosion of land adjoining the estuaries could increase and lead to a loss of property and increased expectation by the affected communities for some form of intervention by Council.

Higher intensity rainfall events will increase runoff and could impact on existing drainage capacity. Consideration has been given to complete catchment assessment studies for the main urban areas.

Climate change is also expected to present in the form of more frequent drought periods, particularly on the east coast of New Zealand. By 2090, for the Waikato, the time spent in drought ranges from minimal change through to more than double, depending upon the climate model and emissions scenario considered. This may increase the demand for irrigation and impact on the capacity of Council's water supplies, including source and storage. Work has been done to address both of these issues, including initiatives to reduce water consumption in the District.

Higher rainfall could result in increased inflow and infiltration of Council's sewerage systems. In Te Kuiti a programme of CCTV inspection and renewals has been initiated. The success of this work will go a long way towards mitigating any effects of climate change on Council's sewerage infrastructure.

There is much uncertainty about the extent of climate change and about social, economic and environmental change. That makes it necessary to consider a range of possible futures when assessing climate impacts, and whether adaptive responses are needed. A precautionary approach requires action based on our current understanding of the effect of climate change on flood risk. An overestimation of the impacts of climate change may result in unnecessary expenditure. However an underestimation could impact on the Council through the need for emergency project works. Either scenario would affect ratepayers. Therefore decisions need to be based on a combination of advice from the best expertise and information available at the time, balanced with council funding and planning processes and priorities. Responses should be flexible enough to take into account further improvements in understanding of climate change and not lock in options that minimise the ability to adapt at a later date.

Activity Management Plans for Water Supply, Waste Water, Storm Water and Roading and Footpaths have considered the **longer term** consequences of Climate Change, especially in consideration of new capital works in areas with potential to be affected. While limited population growth and land use change is expected in the current LTP period, the Resource Management activity does consider the longer term consequences of Climate Change as part of the resource consent process.

Given the initiatives already in progress to address the potential effects of Climate Change, it is considered there will be minimal impact over the 10 year period of the LTP. However, a distinguishing feature of climate change-related risks is that the underlying risks themselves change over time. In addition, ongoing research will continue to add to the understanding of the potential impacts of climate change. This means that from time to time the Council may need to reconfirm that our infrastructure and services will perform in the future climate.

Assumption 1	Level of Uncertainty	Impact on Integrity of LTP
The impacts of climate change will be minimal over the LTP planning period.	Low	Low

Currency movements and related asset values

Reliance on overseas markets for the export of products is impacted on by overseas exchange rates. With the exception of a small production forest, Council's involvement in the export market has been assumed to have a minor effect on the overall value of Council's assets.

The New Zealand dollar maintained a relatively high rate of exchange against the currencies of our main trading partners despite the series of financial crisis that has been occurring since 2007. The impact of the latest global financial crisis cannot be forecast with certainty due to the perceived high probability of a meltdown in the European Economic Market. New Zealand has over the years reduced its exposure to the European market in preference to the Asian Market and will probably be shielded to some extent from direct economic fallout.

However, it will be naïve to expect that the Asian markets will be immune to a crisis in Europe and New Zealand will therefore be affected, albeit to a lesser extent.

The Visitor industry is a strong contributor to the local economy. The industry is adversely affected by increases in value of the New Zealand dollar and vice versa. Nevertheless, the impact on the value of associated Council assets is considered to be minor.

Assumption 2	Level of Uncertainty	Impact on Integrity of LTP
Impact of currency movements on financial estimates will be no more than minor.	Low	Low

Future price changes - rates of inflation

The Society of Local Government Managers (SOLGM) commissioned a study to develop price level change adjustors for local authorities to use in estimating their future year expenses through to 2022. The following table shows the inflation forecasts developed for each significant adjustor impacting on local authorities (based on the BERL September 2011 report to SOLGM). Inflation adjustment for Year 1 of the LTP has been factored into the budget forecasts:

Year	Road	Property	Water	Energy	Staff	Other
Ending June	(Roads and Footpaths)	Property and Facilities	Water, Sewerage and Stormwater	Energy (Electricity and Gas)	Staff	Corporate Overheads etc.
2012	4.3	3.9	4.5	5.5	2.6	3.6
2013	3.8	3.0	4.2	4.8	2.5	2.4
2014	3.1	2.9	3.9	4.7	2.4	3.2
2015	3.5	2.9	3.5	4.7	2.4	3.2
2016	3.1	3.0	3.7	5.0	2.6	3.4
2017	3.0	3.1	3.8	5.1	2.6	3.5
2018	3.2	2.8	3.5	4.6	2.4	3.4
2019	3.5	2.8	3.5	4.5	2.3	3.3
2020	3.7	3.0	3.8	5.0	2.6	3.3
2021	3.4	3.3	4.1	5.4	2.7	3.6
2022	3.5	3.3	4.1	5.4	2.7	3.5

The above inflation assumptions have been applied to both capital and operating cost forecasts as the indices include a combined forecast of operating and capital costs. Because of this combination in the composition of the indices, they may either understate or overstate changes in the prices of operating and capital expenditure.

Allowance for future inflation in Council's financial forecasts may also make it difficult to distinguish between money-terms and real terms of any figures and trends.

Adjustment assumptions have been made for the following revenue categories:

- Dividends – adjustments applied using the adjustors in the above table under the column headed "Other".
- Subsidies – these are determined by the relevant funding agencies and no local adjustments can be made.
- Property revenue – adjustments applied using the adjustors in the above table under the column headed "Property and Facilities".
- Land transport subsidy - proportional to percentage of land transport costs as per NZTA financial assistance rates.
- Water, stormwater and sewerage - adjustments applied using the adjustors in the above table under the column headed "Water, Sewerage and Stormwater".

The above inflation forecasts do not make allowance for spikes in pricing that traditionally occur during re-tendering or renewal processes for medium to long term operating and maintenance contracts. These movements can be as large as 10% in the year immediately following contract re-tendering/renewal, due partly to the inherent increase in levels of service that is introduced to contract specifications, either consciously as a change to the scope of works or as a consequence of contract interpretation over previous years.

Rates of inflation greater than those assumed will impact in particular on future cost estimates and the ability of the community to afford the consequential rate increases. This can be mitigated by revising inflation estimates in conjunction with preparation of each Annual Plan and when the LTP is reviewed every three years.

Assumption 3	Level of Uncertainty	Impact on Integrity of LTP
Actual rates of inflation will be within the range tabulated.	Low	Low

NZ Transport Agency subsidy rates

The roading subsidy received from New Zealand Transport Agency (NZTA) is Council's largest single source of revenue after rates. The amended subsidy levels for the 2012/13 year have been announced. It has been assumed that the new base rate of 59% for maintenance and renewal activities and 69% for approved capital works will continue to be available through the term of the LTP, although indications from NZTA are that the Financial Assistance Rates (FAR) will be adjusted on several work categories. It is uncertain at this stage whether the categories affected will be of a capital or maintenance nature. Reduced subsidy would mean either an increased rating level to maintain levels of service, or reductions to expenditure programmes for similarly rated activities.

Assumption 4	Level of Uncertainty	Impact on Integrity of LTP
NZ Transport Agency subsidies will continue at their current levels.	Low	Low

Re-valuation of non-current assets

Non-current assets are revalued by an independent valuer on a 3-yearly basis in accordance with the Accounting Policies. The last valuation was completed as at 30 June 2009. It has been assumed that any change in valuation will be in line with the assumed rates of inflation.

Assumption 5	Level of Uncertainty	Impact on Integrity of LTP
Change in value of assets due to periodic revaluation will be in line with inflation.	Low	Low

Council revalues investment properties annually. These revaluations occur for financial reporting purposes only. No provision has been made for increases or decreases in the value of investment properties. There will be no cash flow implications or any impact on the levels of service provided by the Council's groups of activities if the actual revaluations are materially different.

Expected interest rates on borrowing

An average annual interest cost of 6.25% over the first 2 years, 6.75% over years 3 to 6, and 7% over years 7 to 10 on borrowings, has been assumed. A higher interest rate would increase the rating requirement. However, Council considers that this assumption carries a low risk as the actual interest rate is likely to vary over the term of the plan, and will be partly offset by interest on investments.

Assumption 6	Level of Uncertainty	Impact on Integrity of LTP
The average annual interest cost on borrowings will be 6.25% over the first 2 years, 6.75% over years 3 to 6, and 7% over years 7 to 10.	Low	Low

Central Government changes to policy or legislation

Council has assumed that Central Government will provide a reasonably stable statutory and policy framework for local government. However, Council is aware that further reform of the Local Government sector may occur in the short to medium term. For this reason the level of uncertainty has been increased to medium-high and the impact on the integrity of the LTP has been assessed as medium.

Successive governments have had a record of imposing additional responsibilities and costs on local government without associated funding, e.g. the planning and auditing processes under the Local Government Act 2002, resource management processes, gaming and prostitution law reform, waste minimisation, land transport management, emissions trading, animal control, emergency management, rural fire control, and the Building Consent Authority regime. On top of that, a global economic recession has resulted in a period of financial frailty, leading to, inter alia, recent and renewed calls from the business sector, reinforced by the Reserve Bank, for local

government to maintain rate increases within the annual cost of inflation.

The 2008 general election resulted in a new coalition government headed by the National Party. Its coalition partners include the Act, United Future and Maori Parties. The 2011 election saw the re-election of the same coalition government, headed by the National Party.

The election manifesto stated that there will be no forced amalgamation of local authorities. The Food Bill is currently in the Parliamentary process and upon adoption will contain additional requirements for Council to absorb further responsibilities and costs. It is expected that there will be further attempts to amend the Resource Management Act to simplify planning documents, and to involve Local Government in the long term planning of national infrastructure.

The Canterbury earthquakes have had flow on effects in the areas of reduced New Zealand Transport Authority **subsidies**, increased **insurance costs**, and changes to **building** construction requirements. It is expected that these effects will have increased impact over time.

Discussion is under way at national level about **further reform** of local government, including the merits of shared services and amalgamation. Council is already engaged at various levels in investigating opportunities for shared services and collaboration with other Councils in the areas of strategic and corporate planning and Information Systems.

Council has also noted the support of central government for a **local government funding agency (LGFA)**, which may provide benefits from lower interest rates; Council has however at this time resolved not to invest in the LGFA scheme. However, Council may in future decide to make use of the service offered if sufficient benefit would arise.

Should Council resolve to borrow from the LGFA an amendment to the Council's Debenture Trust Deed will be required and the need for public consultation triggered because at the time of borrowing any borrower must invest in "Borrower Notes" with the LGFA. In certain circumstances Borrower Notes can convert into equity and any equity investment in a council-controlled organisation (CCO) by a local authority requires consultation.

In addition, the following issues are expected to continue to feature on the legislative and policy agenda, but any changes are expected to be balanced, well planned and publicised to ensure least disruption to Council:

- further restriction of the role of local government driven by efficiency concerns
- water, waste water and roads groups to be subject to greater efficiency requirements
- asset sales, and public private partnerships

The impact of further changes to the statutory framework could mean a higher level of rating, if the past trend is continued. Beyond that it is impossible to project with any confidence what may lie in store for local government.

Assumption 7	Level of Uncertainty	Impact on Integrity of LTP
Central Government changes to policy or legislation will have minimal impact on local government income or expenditure.	Medium - High	Medium

Emissions trading scheme

Waitomo District Council operates a landfill at Te Kuiti and by default became a participant in the New Zealand Emissions Trading Scheme as of 1 January 2011. The liability is for methane only but the cost is based on methane converted to carbon emissions. A levy at the rate of \$30 per tonne of mixed landfill refuse had been adopted by Council in October 2010. Based on Waitomo District Landfill receiving on average 10,000 tonnes of mixed waste per annum this amounts to an additional \$300,000 plus GST per year from 1 January 2013. However, it is expected that the introduction of the levy will lead to a considerable decrease in the amount of out of town waste being diverted to Waitomo. Indications are that the introduction of the ETS levy will be spread over a 3 year period. The full effect of the Levy will then be reflected in year 3 of this LTP.

The solid waste activity is the main area of focus for Council when considering the potential liability created by ETS. Council's allowance for this is considered adequate, but the possibility of further changes to the ETS cannot be ruled out, although material changes are not expected to occur within the first three years of this LTP.

Assumption 8	Level of Uncertainty	Impact on Integrity of LTP
Central Government's proposed amendments to the current Emissions Trading Scheme will have only minor impact on Council's budget forecasts.	Low	Low

Renewability or otherwise of external funding

Petrol Tax

Although only a relatively small source of Council revenue (budget \$129,000 in 2011/12), it has been assumed that the same or similar amount of income will continue on an annual basis.

Sanitary Works Subsidy Scheme (SWSS)

This subsidy scheme is coming to an end on 30 June 2013. The financial projections for the Te Kuiti wastewater scheme (already approved) assume that this subsidy will still be available. The financial projections for the Te Kuiti Wastewater Scheme (already approved) assume that the \$3.65 million subsidy will still be available.

Water Supplies Capital Assistance Programme (CAP)

The Health (Drinking Water) Amendment Act came into force on 1 July 2008. The Act introduces higher mandatory standards for water supplies that will impact on all of Council's schemes. The financial projections for

the necessary capital improvements planned for Council's water supply schemes at Te Kuiti, Benneydale, Piopio and Mokau assume eligibility for Ministry of Health subsidy assistance that was re introduced in December 2010.

WATER SUPPLY AREA	CAP SUBSIDIES
- TE KUITI	\$780,000
- PIOPIO	\$316,419
- MOKAU	\$725,790
TOTAL SUBSIDIES	\$1,822,209

Assumption 9	Level of Uncertainty	Impact on Integrity of LTP
Government funding will continue at current levels.	Low	Low

Potential changes to Council capacity

The impact of these changes is expected to be minor in the context of Council's overall operating budget. This is partly due to the resourcing programme that has been implemented over the medium term past as Council has established the organisation as a sustainable unit of local government. The possible delegation of additional duties and responsibilities to local government under the 2011 National coalition government is as yet unknown but may influence this, one way or the other. A higher level of resourcing will impact on rating requirements unless trade-offs can be found in other parts of the organisation. In 2011 Council employed additional strategic resources, and restructured its Financial Services team to better meet its longer term needs.

Retention of skilled staff is an equally important issue. The Council operates from a modest resource base and is sensitive to disruption caused by organisational turnover. This can cause delays to project deadlines and may impact on levels of service.

This risk is mitigated to an extent by the following initiatives:

- A workforce planning process to estimate workforce demands for up to 10 years.
- Budgets being available for the utilisation of consultants to bridge gaps in workforce availability.
- Career advancement to encourage the retention of intermediate and senior professionals.

Council relies heavily on contractors for the delivery of maintenance and construction works. It has been assumed that the rates for this work will not alter significantly over successive contracts and that there is a sufficient breadth in the number of contractors to ensure competitive pricing.

Assumption 10	Level of Uncertainty	Impact on Integrity of LTP
Council will be effective in securing and retaining the resourcing requirements necessary for implementation of the LTP.	Low	Low

Useful lives of significant assets

Council has made a number of assumptions about the useful lives of its assets. The detail for each asset category is included in note on depreciation of infrastructural assets in the Statement of Accounting Policies. The useful lives assumed in the Plan are consistent with the NZ Infrastructure Asset Valuation and Depreciation Guidelines prepared by the National Asset Management Steering (NAMS) Group and used by experienced asset valuers. Variations between actual and assumed useful asset lives will impact on the relevant asset replacement programme, with the overall financial effect expected to be self balancing. This will be reviewed on a 3-yearly basis in line with the LTP planning cycle to ensure depreciation funding is in line with asset renewal requirements and priorities adjusted accordingly.

Assumption 11	Level of Uncertainty	Impact on Integrity of LTP
Assumed lives for Council's assets will have minimum impact on financial estimates.	Low	Low

Sources of funding for the future replacement of significant assets

The funding needed for the future replacement of significant assets is set by Council's Revenue and Financing Policy. Renewing an existing asset extends the lifetime of such asset and is therefore capital expenditure. The Revenue and Funding Policy for funding of capital expenditure states that the following sources are available for Council to fund capital expenditure:

- Grants and subsidies
- Loans
- Rates
- Proceeds from asset sales
- Depreciation Reserves
- Financial contributions under the Resource Management Act
- Development Contributions under the Local Government Act
- Other

Loan funding (borrowing) is managed by the provisions of Council's Treasury Policy. The prospective financial statements, including the Statement of Public Debt, provide a forecast of public debt levels associated with loan funding.

Financial contributions as detailed in Council's District Plan do not apply to the funding of replacement expenditure.

Council has assumed that depreciation reserves and subsidies will generally be adequate to fund asset renewal expenditure.

Assumption 12	Level of Uncertainty	Impact on Integrity of LTP
Depreciation reserves and subsidies will generally be adequate to fund asset renewal expenditure.	Low	Low

Impact of renewals on operating budgets

Programmed renewal works are expected to result in some reduction to maintenance costs over time. As this reduction is difficult to quantify it has not been allowed for in the financial forecasts and is considered to be minor in the overall context of Council's operating budgets.

It has been assumed that funds required for asset renewals during the life of the plan will be met from reserves funded by depreciation - where required, new capital expenditure will be funded from borrowings.

Assumption 13	Level of Uncertainty	Impact on Integrity of LTP
Renewal expenditure will have only a minor impact on operating budgets.	Low	Low

Projected growth change factors

Population Growth and Structure

Due to the devastation caused by the Christchurch earthquakes the census that was scheduled for March 2011 was postponed until March 2013. All statistical data is therefore based on the assumption that pre 2006 trends will continue for the foreseeable future.

Statistics New Zealand have prepared new sub-national population estimates that include projected internal migration to other areas as a result of the Christchurch earthquakes. The table compare 25 year growth projections for Waitomo District with some of its neighbouring territorial local authorities (TLA's):

Projected Population of Territorial Authority Areas 2006-2031 (2006 - base)									
Territorial authority area (1)	Series (2)	Population at 30 June						Population Change 2006-2031	Average annual percent (4)
		2006 (3)	2011	2016	2021	2026	2031	Number	
Waipa District	High		47,300	50,200	53,000	55,800	58,400	14,700	1.2
	Medium	43,700	46,400	48,200	49,700	51,000	52,100	8,400	0.7
	Low		45,500	46,200	46,500	46,400	46,000	2,300	0.2
Otorohanga District	High		9,600	9,700	9,800	10,000	10,100	800	0.3
	Medium	9,300	9,300	9,200	9,000	8,800	8,500	-900	-0.4
	Low		9,100	8,700	8,100	7,600	6,900	-2,400	-1.2
South Waikato District	High		23,300	23,300	23,300	23,200	22,900	-400	-0.1
	Medium	23,200	22,700	22,000	21,100	20,000	18,700	-4,500	-0.9
	Low		22,100	20,600	18,900	16,900	14,700	-8,500	-1.8
Waitomo District	High		9,900	10,100	10,300	10,500	10,600	900	0.4
	Medium	9,700	9,700	9,600	9,400	9,200	8,900	-800	-0.3
	Low		9,500	9,000	8,500	7,900	7,300	-2,400	-1.1
Ruapehu District	High		13,900	13,900	13,800	13,800	13,600	-400	-0.1
	Medium	14,000	13,500	13,000	12,500	11,800	11,000	-3,000	-1.0
	Low		13,100	12,200	11,100	9,900	8,600	-5,500	-2.0

(1) Boundaries at 30 June 2006.

(2) Three alternative projection series have been produced using different combinations of fertility, mortality and migration assumptions for each area.

(3) These projections have as a base the estimated resident population of each area at 30 June 2006.

(4) Calculated as a constant rate of population change over the period.

Notes: All derived figures have been calculated using data of greater precision than published. Owing to rounding, individual figures may not sum to give the stated totals.

While the medium projection shows a slight overall decline for the District, closer analysis has identified slight gains in different area units of the District during the 2001-2006 inter-census period, as summarised below. The estimates prepared by Statistics New Zealand show a slight growth in population for the District between 2006 and 2011 resulting from internal migration:

2011 Estimates of Population and Dwellings

Census Usually Resident Population Count for Area Units in the Waitomo District, 1996, 2001 and 2006 and 2011 estimates.

Area Unit *	1996 Census Usually Resident Population Count	2001 Census Usually Resident Population Count	2006 Census Usually Resident Population Count	2011 Population Estimates	Change 1996 to 2001	Change 2001 to 2006	Change 2006 to 2011
531500 Piopio	489	468	468	480	-21	0	12
531600 Taharoa	228	246	219	210	18	-27	-9
531710 Mahoenui	486	525	480	450	39	-45	-30
531720 Marokopa	1,650	1,587	1,608	1,680	-63	21	72
531731 Waipa Valley	948	960	984	1,040	12	24	56
531732 Tiroa	81	72	84	90	-9	12	6
531800 Mokauiti	1,236	1,218	1,179	1,150	-18	-39	-29
532000 Te Kuiti	4,611	4,377	4,419	4,540	-234	42	121
Total	9,729	9,453	9,441	9,630	-276	-12	*189

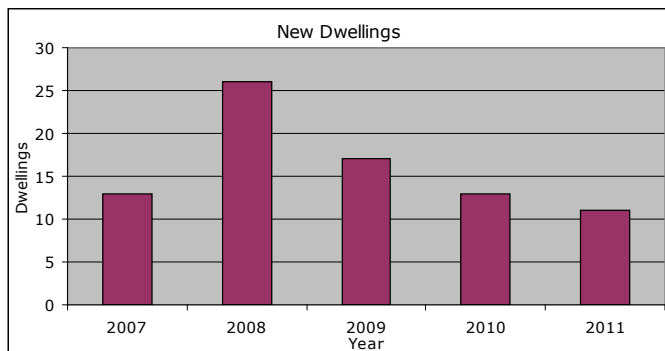
Note: *Difference of -10 caused by statistical rounding.

Current Pattern of Building and Subdivisional Development

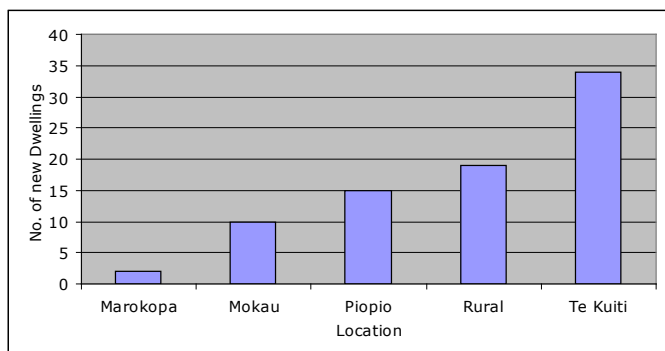
While the projected population growth for the District has been shown to be static, it is known that subdivisional and building activity is occurring in the form of modest lifestyle development around Te Kuiti, Waitomo Village, Mokau, Awakino and Te Waitere. It is predicted that this trend will continue.

This type of population "relocation" within the District may lead to demand for additional infrastructural capacity, (roading, water and wastewater), including the costs of increasing the capacity of the connecting infrastructure.

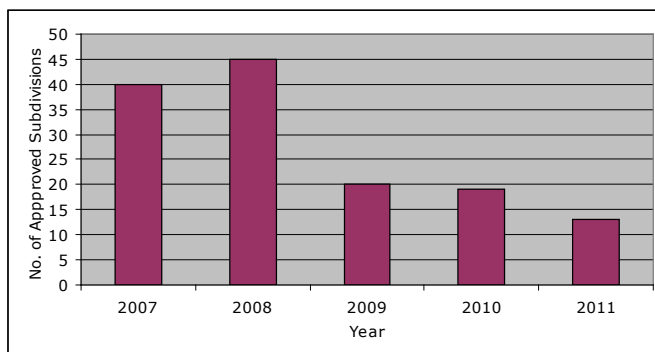
The above issues have been assessed during work completed over the past 12 months on updating and improving Council's Activity Management Plans (AMP's). It has been found that overall, the level of consented growth to date has been modest. Using the number of new dwellings across the District as a tangible indicator of growth, this has averaged just 19 new dwellings per year over the past five years, as illustrated in the following graph:



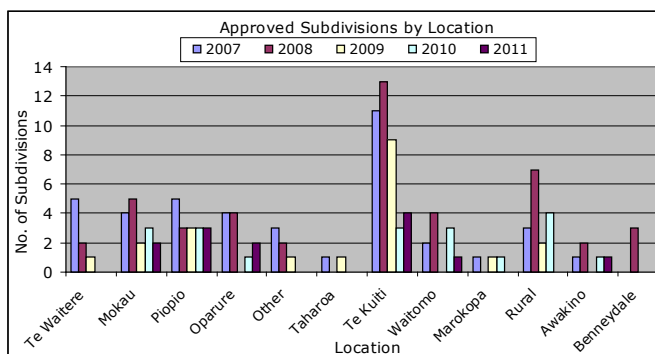
On a geographical basis, the above trend corresponds to the following pattern of location (over the past 5 years, 2007 - 2011 inclusive):



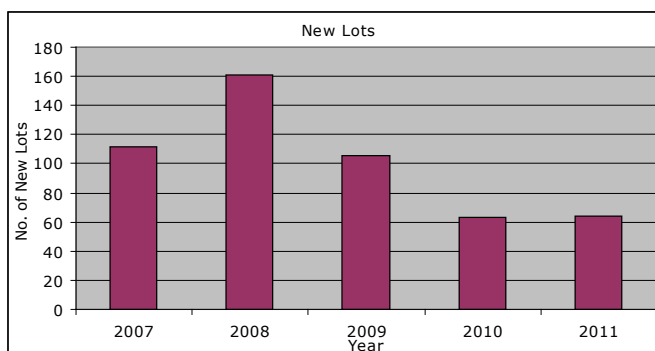
Information relating to the number and location of new subdivisional consents, as the foundation to the growth and location of new dwellings, has also been collected and analysed. The following graphs show the pattern of land use activity that has taken place over the past five years beginning from 2007 - 2011:



While the overall number of approved subdivisions is trending downwards, this varies by location as shown below, with development at Mokau, Piopio, Te Waitere and Oparure not following the same linear trend.



The number of new lots created over the same period as above follows a similar overall trend to the number of new subdivisions, with the exception of 2007. The spike in this year is mostly due to the 37-lot Parkside Subdivision in Te Kuiti. Other than that, the trend for the number of new lots is downwards, as illustrated below:



The data shows that the average number of new lots per subdivision over the above period was just over two, i.e. the average size subdivision was approximately three lots.

As expected, the rate of creation of new lots has exceeded the incidence of new dwellings. While this is partly due to the delay between subdivision approval and building construction, there is also a backlog of undeveloped lots in the District which need to be factored into planning considerations. The data shows that over the 2007 to 2011 period, 137 new lots were created, but only 80 new dwellings were consented.

Future Subdivisional Activity

From a recent, informal, desktop planning exercise, drawing from development proposals which are known to officers and/or are in the early stages of consent processing, it has been identified that further growth is likely to occur during the planning period at Mokau – Awakino, Te Waitere, and Waitomo Village. Indications are at present that some of the major subdivision in the Mokau area will not go ahead at this time.

The financial projections make allowance for anticipated growth by specific capital expenditure programmes for Council owned assets. Water supply, Wastewater and Stormwater services associated with managed development of the main activities where growth expenditure has been provided (albeit very modestly). In other cases, the capital expenditure is associated with improvements to levels of service rather than growth, e.g. improved drinking water standards due to new legislative requirements.

The main effect of a materially higher growth rate than has been assumed would be an increased demand on the capacity of these services. A more modest growth rate would have little effect on these LTP issues.

Council does not anticipate any significant land-use changes during the period of this LTP.

Assumption 14	Level of Uncertainty	Impact on Integrity of LTP
The impact of population growth and structure has been adequately provided for in the financial estimates.	Low	Low

Potential societal change factors

The demographic ageing of the population is a significant trend for the township areas and the District as a whole, particularly in the over 70 age group. Based on the 2006 Census data, by 2031, the percentage of the Waitomo District population over 65 years age is expected to be approximately 22%; just above the national average of approximately 21%, and the 22nd lowest percentage across all 73 TLAs. This ageing is expected to result in a decreasing average occupancy per dwelling ratio, and a greater demand for services relevant to the retired. This could impact on, for example, Council’s Elderly Person’s Housing activity.

Against this, Waitomo District is expected to have the 3rd highest percentage of people under the age of 15 years (22%) by 2031, out of all TLAs. The national median percentage, at that point in time, is expected to be about 17%.

The median age of Waitomo District is projected to increase from 35 years to 40 years by 2031, the 12th youngest of all TLAs at that point in time, and similar to Otorohanga.

Sub-national Population Estimates provided by Statistics NZ in November 2011 indicate that as at June 2011:

- Waitomo experienced no population growth in the previous year (along with six other similar local authorities). These statistics have now been updated in January 2012 with an estimated population spike in 2011 resulting from the Christchurch earthquake and then reverting to a slow decline in population.
- Waitomo has the second highest percentage of children aged 0 – 14 years in the country (after Porirua).

Year	Total Population	Change in Population	Percentage change
2011	9,630		
2031	8,900	730	-7.6%
Year	0-14 Years	Change in Population	Percentage change
2011	2,380		
2031	2,000	380	-15.9%
Year	15-39 Years	Change in Population	Percentage change
2011	2,990		
2031	2,700	290	-9.7%
Year	40-64 Years	Change in Population	Percentage change
2011	3,030		
2031	2,300	730	-24.1%
Year	65 Years & over	Change in Population	Percentage change
2011	1,230		
2031	1,900	670	54.5%

The District’s population characteristics, which include a high proportion of Maori, can be expected to translate into demand for compatible services, e.g. community infrastructure in the form of increased recreational and cultural facilities. Council considers these changes have been adequately catered for in its 2012-22 LTP. Any departure from this assumption can be addressed during the 3-yearly review of the Plan.

Assumption 15	Level of Uncertainty	Impact on Integrity of LTP
The impacts of societal changes and population structure have been adequately provided for in the financial estimates.	Low	Low

Forecast return on investments

The annual return on Council’s investment in ICL is assessed at zero for the first four years of the LTP before returning to historical levels. Surplus investment income will be utilised prudently to accelerate retirement of term debt, instead of the previous policy of substituting

investment income for rating income. This strategy mitigates the effects of variations in investment income on the financial integrity of this LTP.

If projected dividend income from ICL is not received the likely effect on Council's Debt Reduction Strategy can be found in chapter 6.12.2 (g) of the Financial Strategy contained in Section D of this LTP.

Council having adopted the recovery plan proposed by the ICL Board of Directors, it is assumed that ICL will follow and achieve the recovery plan objectives and that the company will continue as a going concern.

The impact of this assumption is therefore considered to be minor.

Assumption 16	Level of Uncertainty	Impact on Integrity of LTP
The annual return on investments is assessed at zero for the first four years of the LTP before returning to historical levels.	Medium	Low

Credit rating of investment organisations

The recent global recession has highlighted the vulnerability of lending institutions to slumps in the economy of major countries. An understandable reaction at an international level has been a tightening of lending provisions including more stringent assessment of the credit ratings of potential borrowers. In Council's case, its credit rating is secure through its ability to generate an income from rates.

In the case of its term investments, the risk is mitigated by investing with credit worthy counter parties having a Standards and Poors rating of AA- or better, in accordance with its Policy on Investments.

The borrowing options available to Council now include the bank, funding options provided by Bancorp and obtaining funds from the newly formed Local Government Funding Agency. Council considers that the risk of its investment portfolio and inability to borrow is minimal.

Assumption 17	Level of Uncertainty	Impact on Integrity of LTP
The risk of Council's investment portfolio and inability to borrow is minimal.	Low	Low

Depreciation rates

Council has estimated future depreciation on the basis of recent asset valuations and planned capital expenditure, using straight line percentage calculations of depreciation on all property, plant and equipment other than land and land under roads, at rates that will write off the cost (or value) of the assets to their estimated residual values over their useful lives, as detailed in the Accounting Policies.

These calculations could prove inadequate in the event of:

- new valuations.
- improved knowledge of asset age, condition and performance (e.g. the need to accelerate the rate of replacement of infrastructural assets- bridges etc - due to improved knowledge or higher than expected rate of deterioration of asset condition).
- changes to the capital expenditure programme.

The impact of higher depreciation could lead to a higher level of rating. An averaged percentage basis of asset component parts has been used to calculate future depreciation on planned asset purchases.

Assumption 18	Level of Uncertainty	Impact on Integrity of LTP
Allowances for depreciation in financial estimates are adequate.	Low	Low

Resource Consents

Council has assumed that the resource consents it requires for its infrastructural activities will be obtained and/or renewed within the nominated time frames with conditions that can be met within expenditure estimates.

The expenditure estimates have been prepared based on experience and trends with past consent processes and standards. If the consent conditions are more stringent than expected then the levels of rating, debt, capital and maintenance expenditures will be higher and may require compensating reallocation of other expenditure priorities. Similarly, consent application processes that take longer than estimated could result in additional costs due to the need to extend existing operational arrangements.

The financial impact of consent issues is considered to be minor with time delays required to complete consent processes more likely to be a greater issue than additional costs over what has already been allowed for in the financial estimates.

Assumption 19	Level of Uncertainty	Impact on Integrity of LTP
Resource consent acquisition and compliance processes are within estimated timeframes and expenditure estimates.	Medium	Low

Rating Base

It has been assumed that there will be no increase in Council's rating base over the term of the LTP. This assumption is conservative to minimise the risk of understating average prospective rate increases. Any actual increase in the rating base will help to absorb average rate increases.

Assumption 20	Level of Uncertainty	Impact on Integrity of LTP
The size of the rating base will not increase.	Low	Low

Transfer of ownership of any significant assets

While Council has signalled its interest in exploring sustainable options for the future ownership and management of its two significant investment assets, namely the Waitomo District Landfill and Inframax Construction Ltd, it has been assumed for the purpose of this Plan that these assets will remain in Council ownership. Should transfer of ownership occur, the net effect on Council's financial investments is expected to be minor.

The owners of the water and wastewater infrastructure at Waitomo Village are currently in the process of finalising their strategic position. The Council is aware of the discussions between the affected parties. Concern is held that a suitable solution will not be found and that Council may be expected to have the assets vested in its ownership.

Assumption 21	Level of Uncertainty	Impact on Integrity of LTP
Impact of transfer of significant assets will be minor.	Low	Low

Vesting or disposal of assets

The scope of Council's infrastructural assets is subject to change over time as a result of vesting of new assets in Council (through subdivision activity), and disposal of redundant assets that have become obsolete or are surplus to requirements. As can be seen from the growth change factors above, the projected increase to Council's asset base due to growth is likely to be at best modest in comparison to the current asset inventory. Based on subdivisional activity over the past 3 years, the number of new lots created averages approximately 18 lots per year. Approximately one third of these lots were located in areas without public water and wastewater services. The additional Council assets arising from this level of development will be in new condition and are not likely to add materially to maintenance and renewal costs over the period of this Plan. Similarly, it is assumed that the level of planned asset disposal will be nil or minor over the period of the 2012-22 LTP.

Assumption 22	Level of Uncertainty	Impact on Integrity of LTP
Changes to the scale of Council's asset inventory will be minor.	Low	Low

Development contributions

Council has resolved to reconsider the applicability of a Development Contributions Policy as part the review of the District Plan which will commence during the current planning cycle. It has been assumed that capital outlay to cater for growth will not occur until there is evidence that the assumed growth is taking place. The timing of the capital works and incidence of growth will be reviewed in line with the 3-yearly LTP planning cycle.

Assumption 23	Level of Uncertainty	Impact on Integrity of LTP
The impact of growth related capital expenditure will be offset by revenue from financial contributions.	Medium	Low-medium

Potential impact of natural disasters on planned costs

Except for some provision for roading repairs no additional funding has been made in the Plan for the financial implications of natural disasters. While expenditure on damage repairs from small events can be funded out of budgetary provisions, should significant adverse natural events occur, Council would need to obtain national funding assistance and/or reduce expenditure on some activities to allow for increased expenditure on recovery and rehabilitation work. Expenditure on such events could be major and lead to large sums of new debt which would reduce Council's capacity to pursue community outcomes at the rate provided for in the LTP.

Mitigation measures currently available and utilised include:

- Insurance covers where appropriate and practicable for above ground assets.
- Membership of LAPP following an internal risk assessment.
- Contingency plans for key assets and services.
- Civil defence and emergency management plans.
- Three yearly reviews of the LTP and opportunity for annual variations and amendments.

After the Christchurch earthquakes in December 2010 and February 2011 LAPP experienced some difficulty in obtaining suitable reinsurance. Council's contribution to LAPP doubled in 2011 and premiums on its other insurance policies increased by approximately 40%. It is assumed that contributions at the current level will continue for a few years where after it will return to pre-disaster levels.

Earthquake prone buildings

Council undertook a survey of buildings in the CBD for the purposes of the policy on dangerous, earthquake prone and insanitary buildings. With the exception of the Te Kuiti Library building which has been assessed as posing a medium/possible risk, no Council owned buildings are deemed to be at risk during an earthquake.

Council considers that adequate insurance cover is available for the life of the Plan.

Assumption 24	Level of Uncertainty	Impact on Integrity of LTP
The insurance provision for expenditure as a result of natural disasters is adequate.	Medium	Medium