

TASMAN DISTRICT COUNCIL – ADDITIONAL AND AMENDED ASSUMPTIONS

ASSUMPTION	BRIEF DESCRIPTION OF RISK	LEVEL OF UNCERTAINTY	POTENTIAL EFFECTS OF UNCERTAINTY ON FINANCIAL ESTIMATES
<p>Population growth: The overall population of Tasman is expected to increase by 7,700 residents between 2021 and 2031, to reach 64,300. The District will experience ongoing population growth over the next 30 years but the rate of growth will slow over time.¹ Population growth will be distributed across 15 settlements and five Ward Remainder areas based on the direction from the Nelson Tasman Future Development Strategy and on demographic and development trends for each Ward.</p> <p>The growth assumption also considers non-resident demand for holiday home properties and assumes the current proportion of dwellings which are used as holiday homes.</p> <p>Based on these assumptions, Council is planning a further 4,300 dwellings and 160 new commercial or industrial buildings² will be required by 2031.</p>	<p>That population growth and development are higher or lower, due to a range of factors, including migration patterns, housing demand, and landowner/developer decisions.</p> <p>Positive net migration is the major contributor to the District’s population growth and increasingly offsets natural decrease (more births than deaths). Migration patterns could be affected by:</p> <ul style="list-style-type: none"> • International border restrictions • An increase in the number of returning New Zealanders • House prices and incomes relative to other regions and countries • Housing supply in other regions, particularly Nelson City. <p>The demand and supply of new commercial and industrial buildings are influenced by a range of factors, including the economic and employment trends.</p>	<p>Medium</p>	<p>If population growth is higher than assumed, debt incurred by Council to fund the growth related portion of infrastructure will be repaid more quickly than assumed. Higher growth than planned could also result in an insufficient amount of serviced land (including infrastructure) for development and a worsening of housing affordability. Council may be required to undertake further changes to the Tasman Resource Management Plan and/or increase its investment in infrastructure to make more land for development available.</p> <p>If population growth is lower than assumed it may take longer for Development Contributions to pay off debt incurred to fund growth related infrastructure. Council may need to revise its capital programme for growth related infrastructure. The forecast increases in rates and development contributions may be smaller than anticipated.</p>

¹ [Tasman District Population Projections, Natalie Jackson Demographics, November 2019, using the medium scenario](#)

² Estimated using Property Economics business land forecasting model, using the medium population scenario.

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<p>The number of new dwellings expected to meet Tasman’s population growth assumes that Nelson City Council will provide adequately for Nelson’s expected population growth, in line with recent growth trends.</p>			
<p>Staff numbers and accommodation: That the Council’s staff numbers increase from 307 full time equivalent in 2019/2020 to 473 by end of 2030/2031. This growth in staff numbers is associated with population growth, changing local government responsibilities and increasing customer expectations.</p> <p>That the Council’s office building in Richmond is not adequate to meet the need for the existing staff to operate productively and the future growth in staff numbers. A strategic study will be carried out in 2021/2022 to consider options to either move to a new site or demolish and rebuild on the existing site. No budget provision has been made in the Long Term Plan (LTP) 2021 – 2031 for a substantial change in the Richmond office. Budget has been provided for basic and affordable changes to the Richmond office</p>	<p>Council’s staffing requirement grows to a lesser extent or more slowly as a result of efficiencies, improved information technology or changes to Council’s functions.</p> <p>Council’s staffing requirement grows to a greater extent or more rapidly than assumed.</p> <p>There becomes an urgent need to relocate from the Richmond office more quickly than anticipated or supplement the existing capacity through additional office accommodation.</p> <p>Council continues to occupy the Richmond office building and has to carry out the necessary additional earthquake strengthening work.</p>	<p>Medium</p>	<p>Council carried out workforce planning to inform its LTP 2021 – 2031. We decided to scale back the increases in staff numbers forecast through this planning in the LTP budget. This is in anticipation of IT and other efficiencies. There are also likely to be changes to the range of services Council will provide in the next few years.</p> <p>If the number of staff employed increases less than anticipated, Council may be able to reduce rates or fees and charges revenue or consider increasing discretionary levels of service.</p> <p>If the number of staff employed increases more than anticipated, Council may need to increase rates or fees and charges revenue to fund these or consider reducing discretionary levels of service.</p> <p>If Council has to relocate from the Richmond office earlier than assumed, it could be necessary to increase borrowing</p>

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<p>to maintain its functionality in the meantime.</p> <p>That Council will not occupy the Richmond office building by 2031 and therefore does not expect to incur additional earthquake-strengthening costs (estimated at \$4 million). We have not budgeted for these earthquake strengthening costs in the LTP 2021 – 2031. The reasons for making this assumption are that based on known earthquake strengthening cost information, we anticipate developing a new building on the current site or moving to an alternative site and disposing of the current site.</p>			<p>(if Council owns the replacement building) and/or rates (to either lease a building or service the debt).</p> <p>If Council has to carry out the additional earthquake strengthening work on the Richmond office building it may need to increase debt levels or reprioritise other capital projects.</p>
<p>Holding Company Proposal Due to the uncertainty of the Holding Company Proposal proceeding, no provision has been made in the LTP 2021 – 2031 financial estimates for any increase in dividends or release of equity from Nelson Airport Limited (NAL) and Port Nelson Limited (PNL)</p>	<p>Dividends may be higher or lower than forecast in the LTP 2021 – 2031.</p>	<p>Medium</p>	<p>If revenue from dividends is lower than assumed, Council may need to consider increasing rates and/or reducing levels of service.</p> <p>If revenue from dividends is higher than assumed, Council may choose to reduce rates, pay down debt or invest further to improve levels of services.</p>