

Elected Member Strategy Day

Wednesday 3 December



MASTERTON
WHAKAORIORI
DISTRICT COUNCIL



Today's Agenda

- **Setting the Scene**
 - Brad Olsen, Infometrics
- **Prioritisation Considerations**
 - Karen Yates, GM Strategy
- **LUNCH**
- **Prioritisation Workshop**



MASTERTON
WHAKAORIORI
DISTRICT COUNCIL

Searching for the new economic normal

Masterton District Council

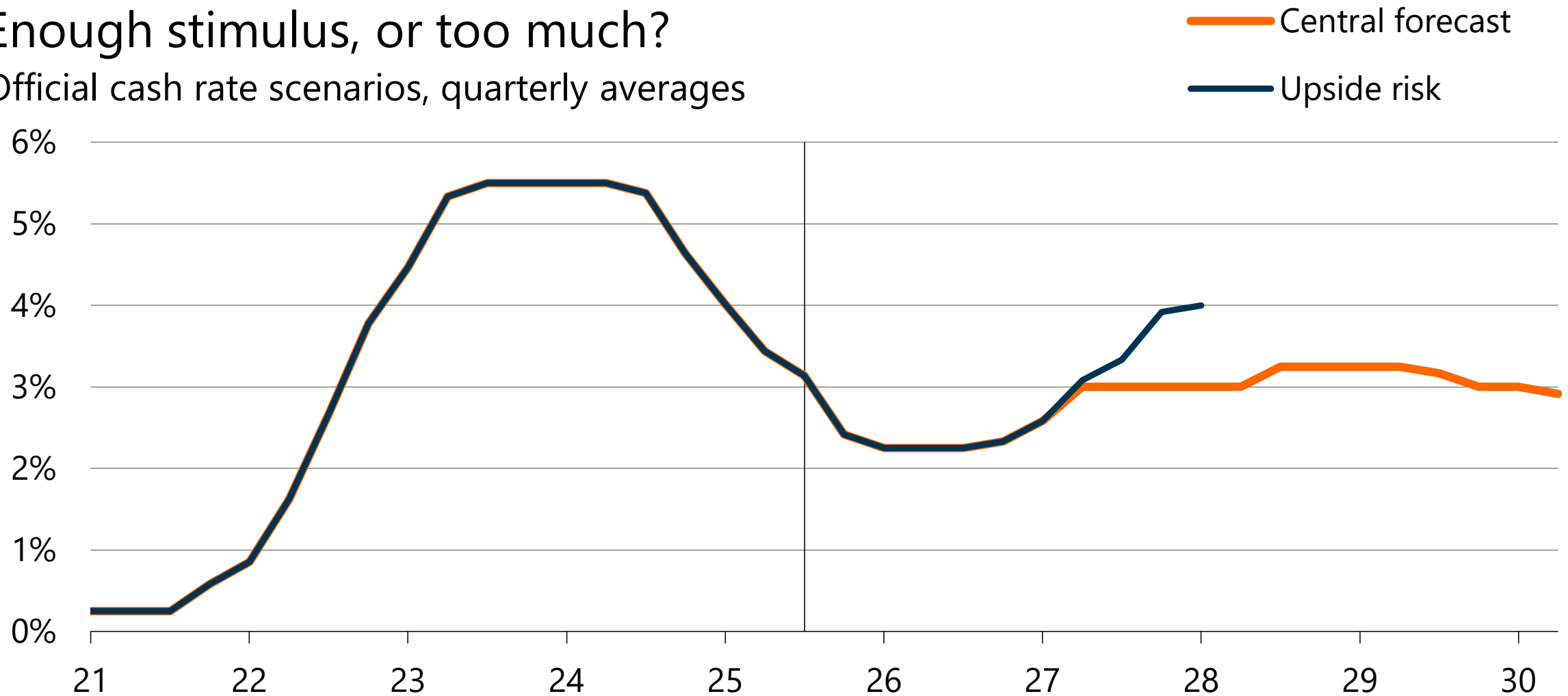
Brad Olsen (Chief Executive and Principal Economist)

03 December 2025

Interest rates

Enough stimulus, or too much?

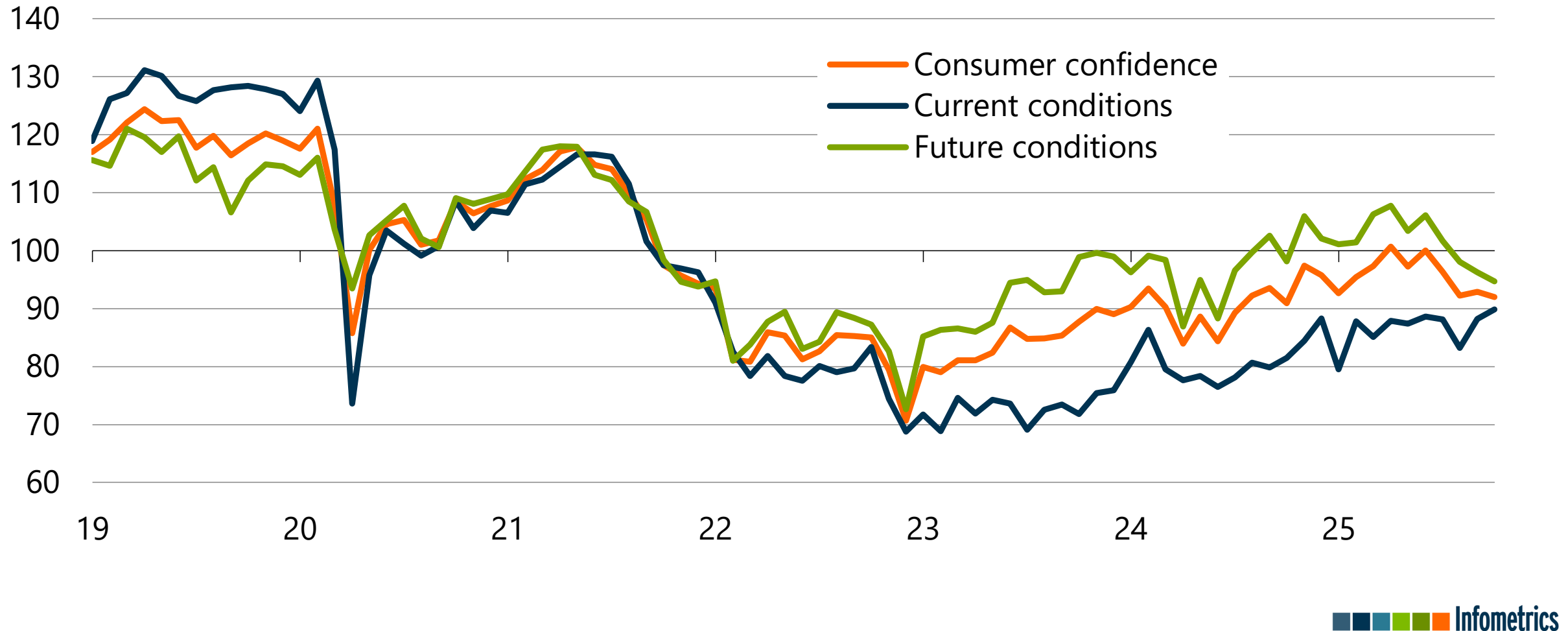
Official cash rate scenarios, quarterly averages



Household outlook

Less optimistic about future conditions again

ANZ Roy Morgan consumer confidence, seas. adj. (Below 100 = pessimistic)

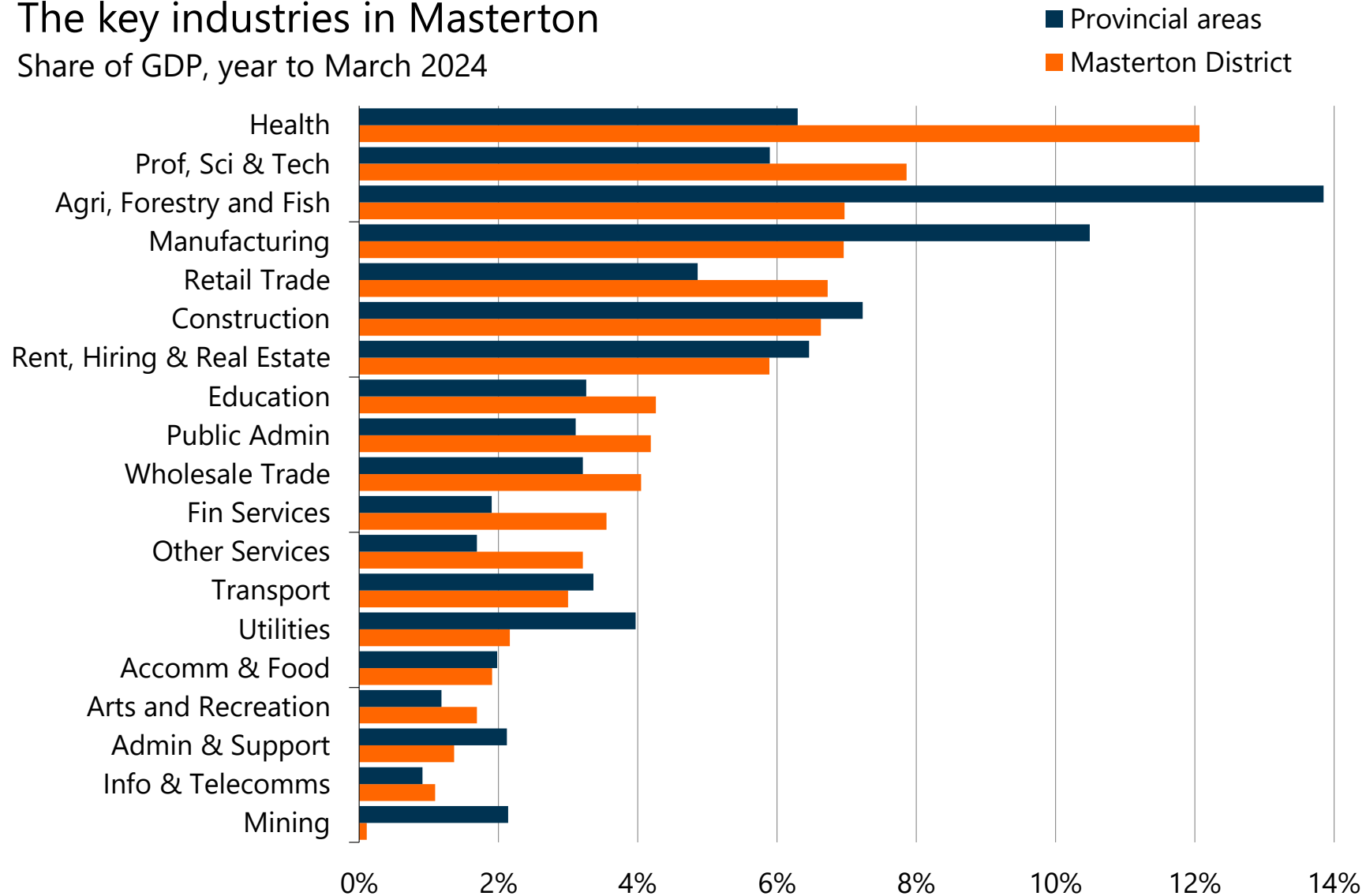


The Masterton Economy

GDP

The key industries in Masterton

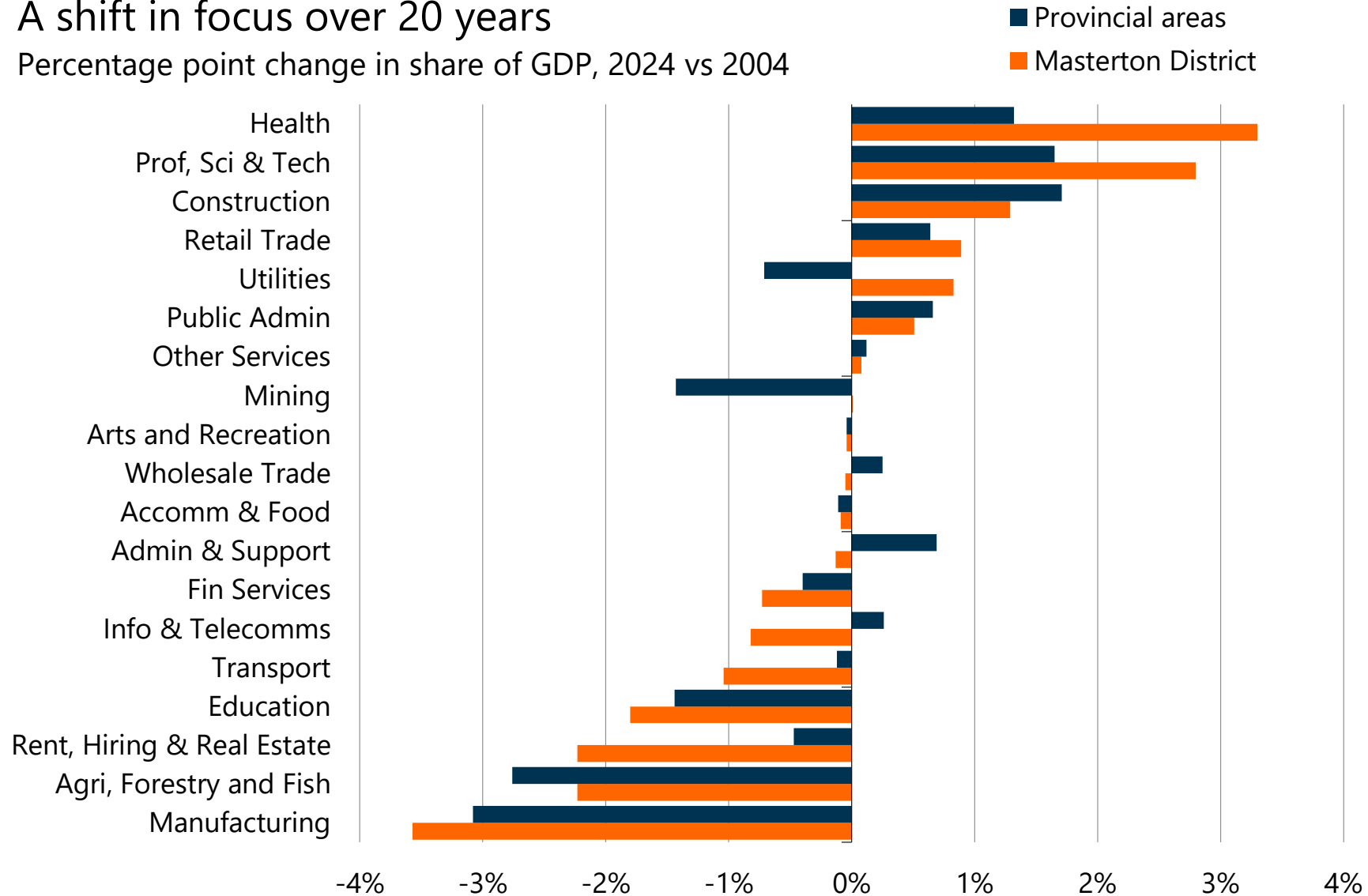
Share of GDP, year to March 2024



20y shift

A shift in focus over 20 years

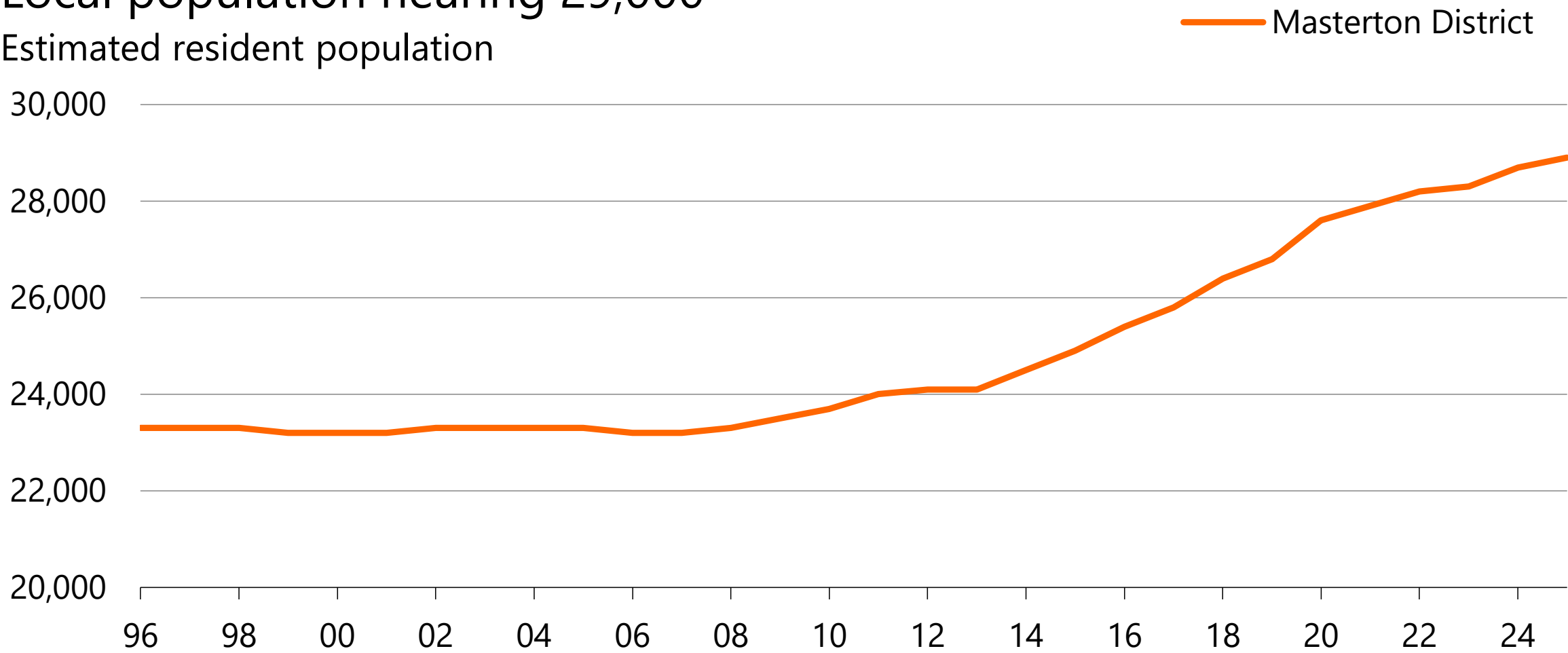
Percentage point change in share of GDP, 2024 vs 2004



Population

Local population nearing 29,000

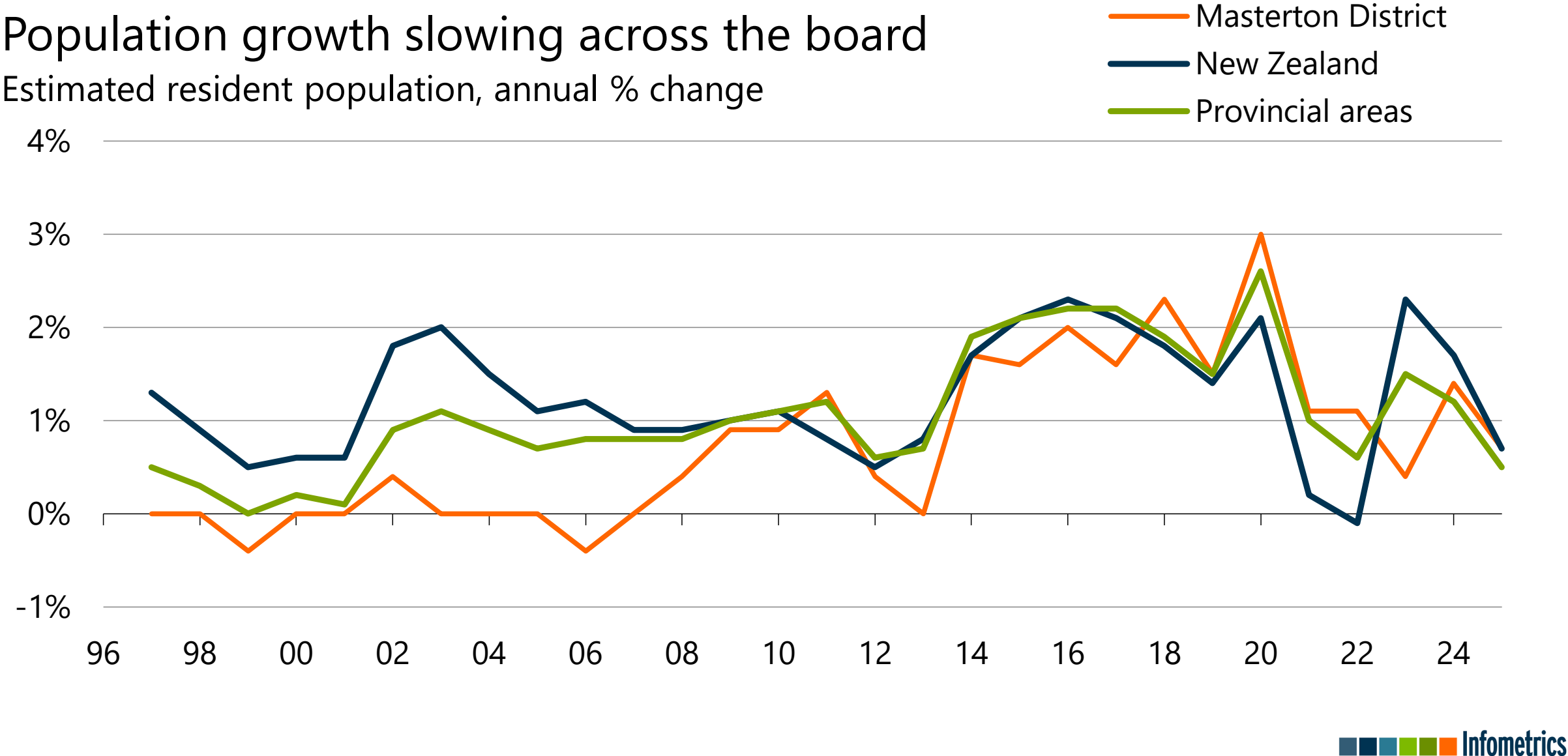
Estimated resident population



Population

Population growth slowing across the board

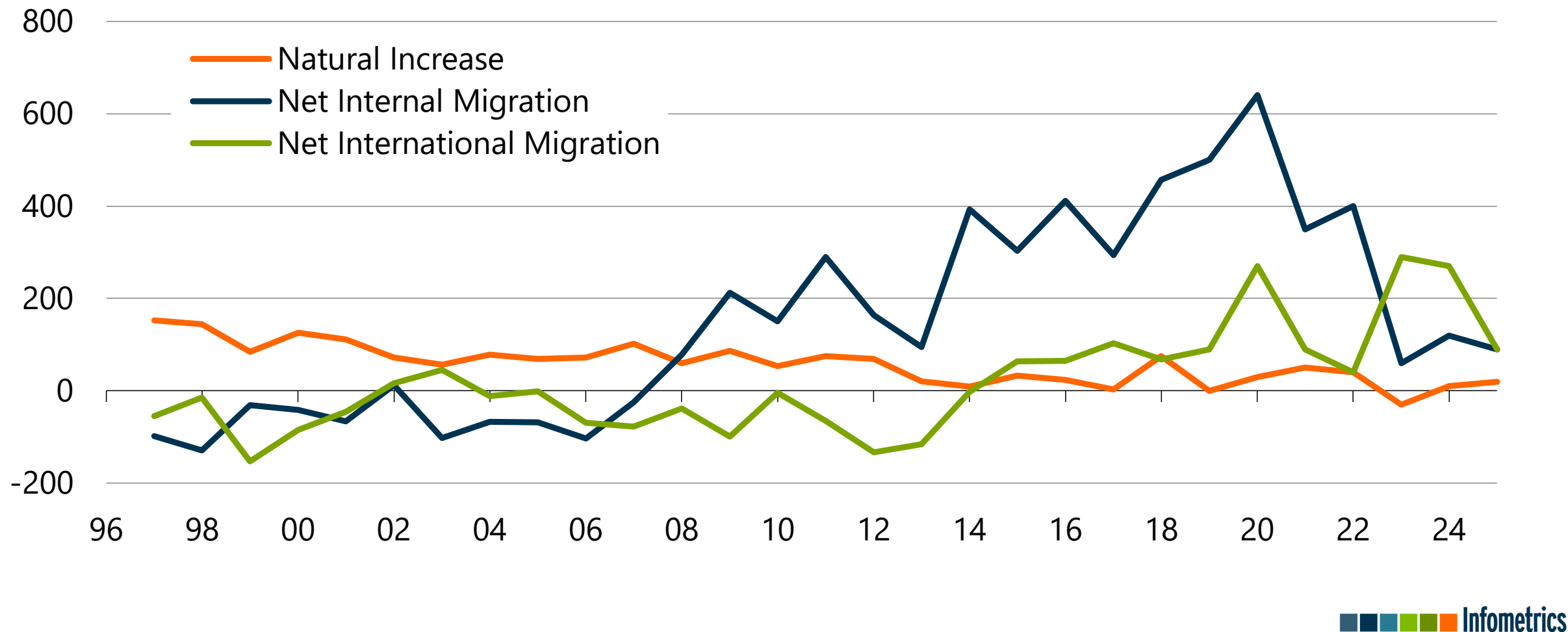
Estimated resident population, annual % change



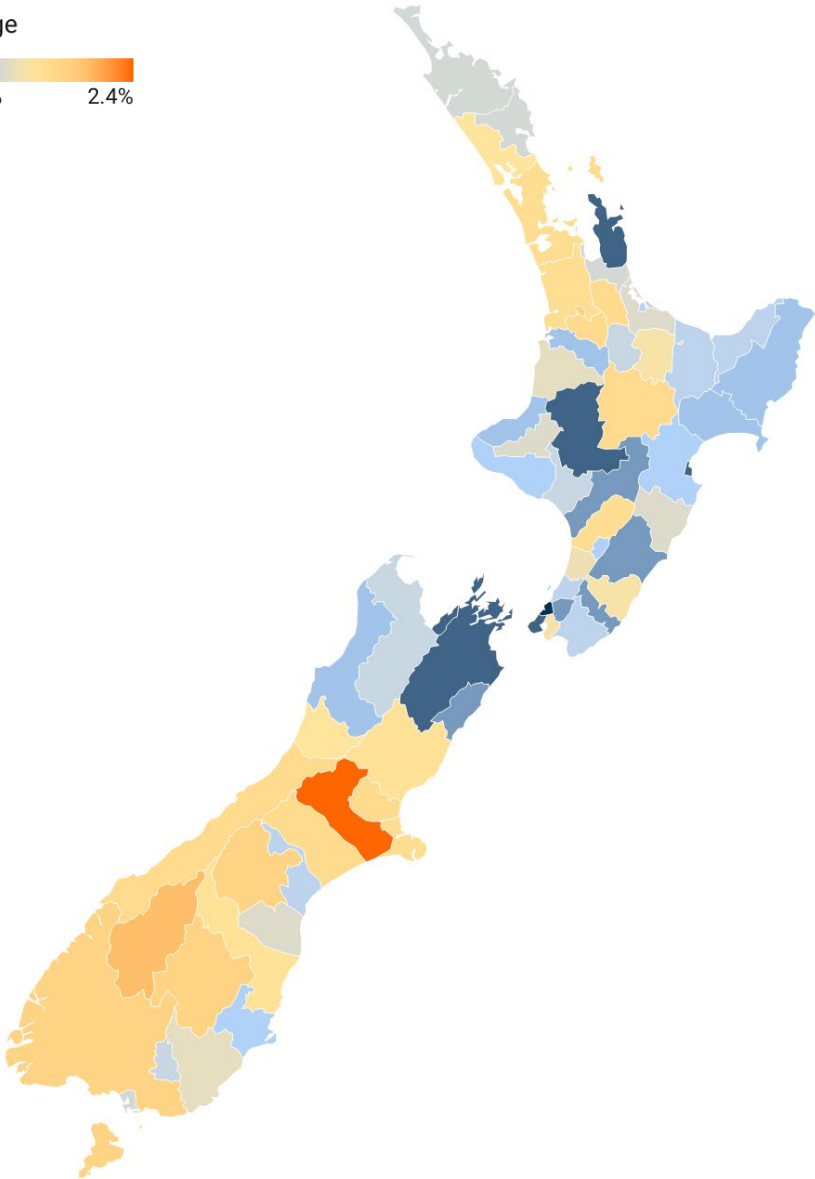
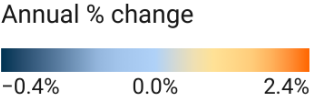
Population

Slowdown in migration, with a slight natural increase

Source of population growth, June years, Masterton



Population

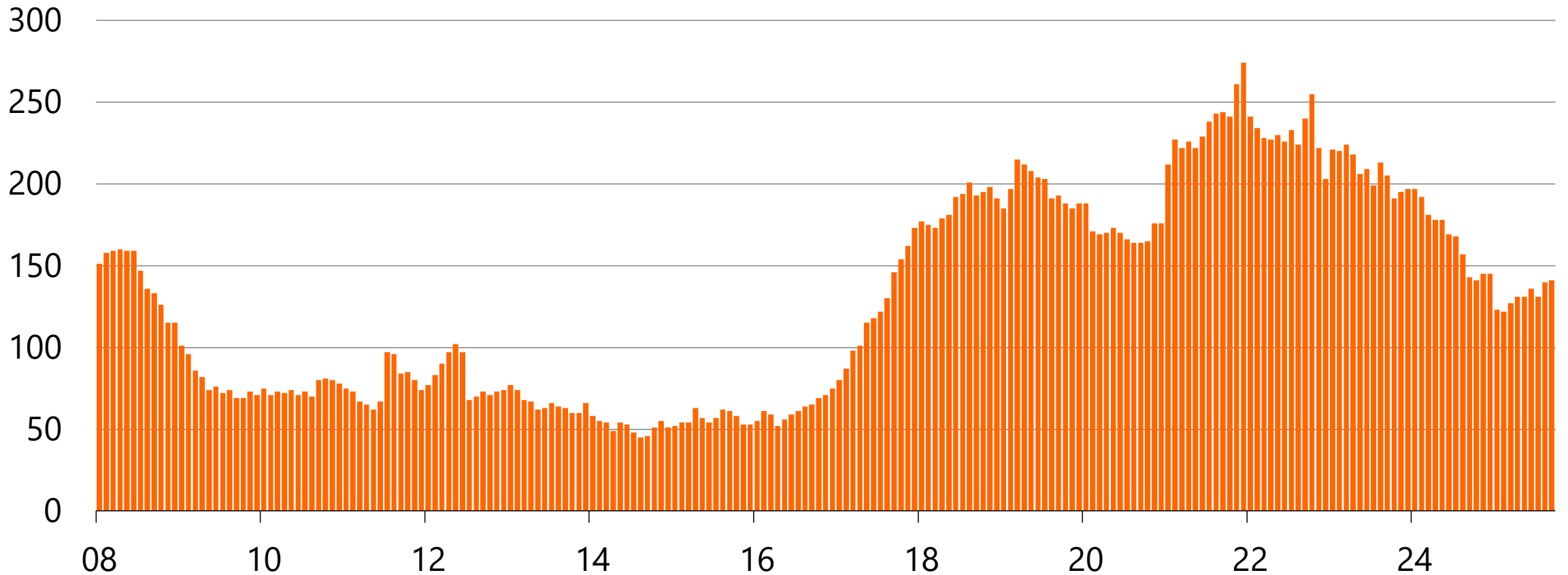


Construction

Local building intentions record small rise

Annual running total, residential consents

■ Masterton District

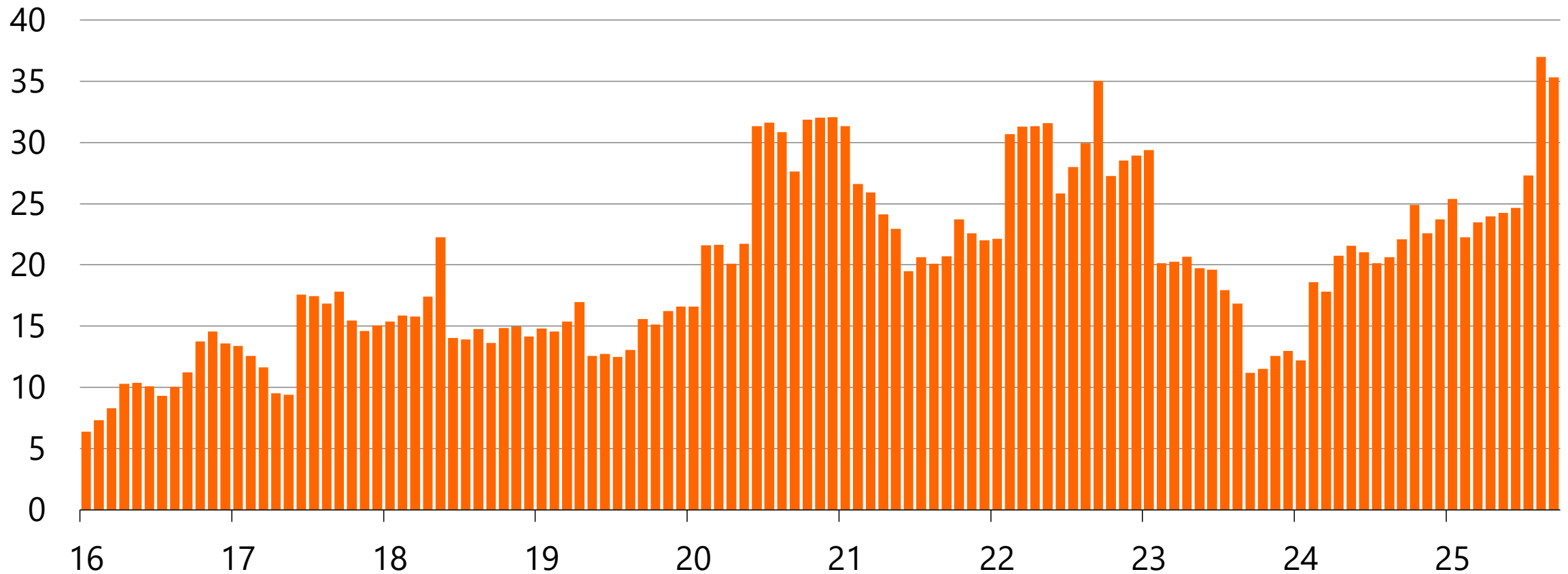


Construction

Investments locally rise, up 60%pa

\$m, annual running totals, non-res consent values

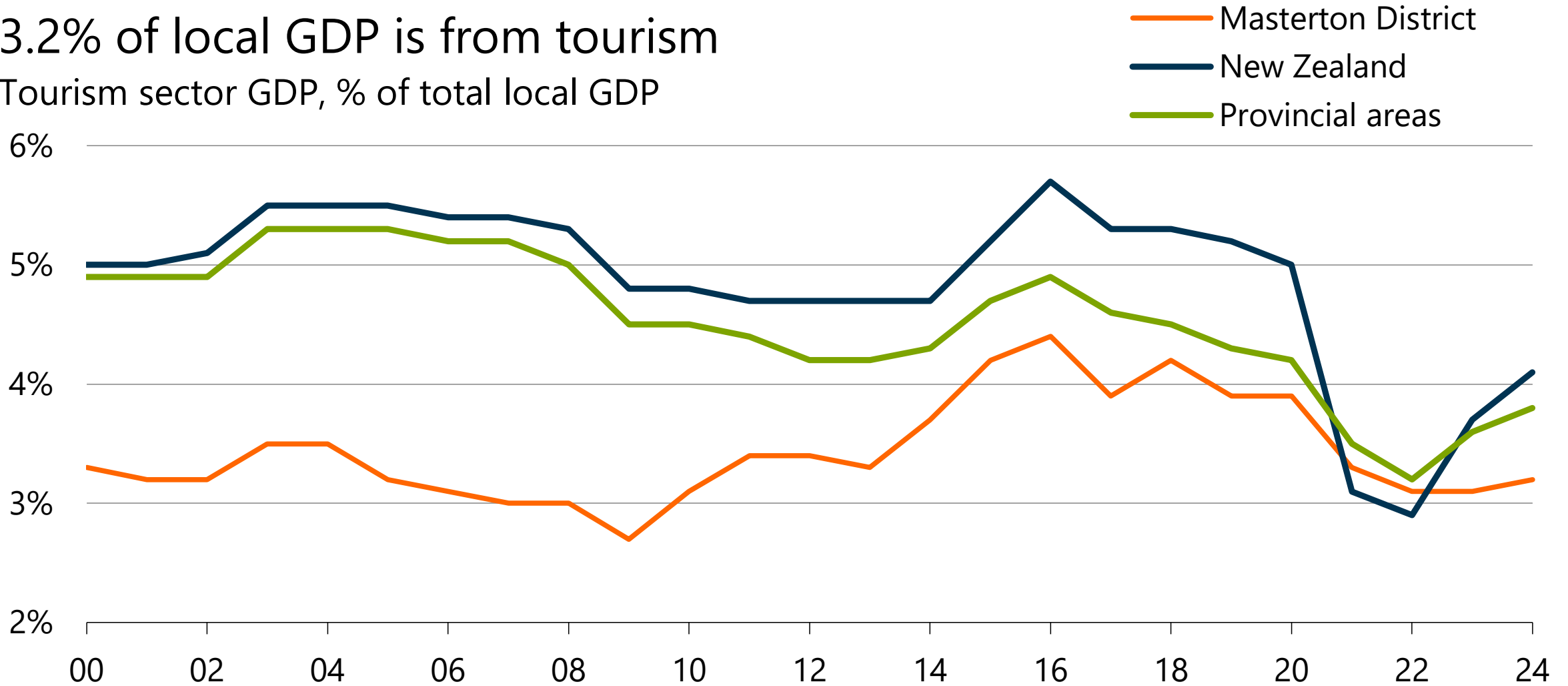
■ Masterton District



Tourism

3.2% of local GDP is from tourism

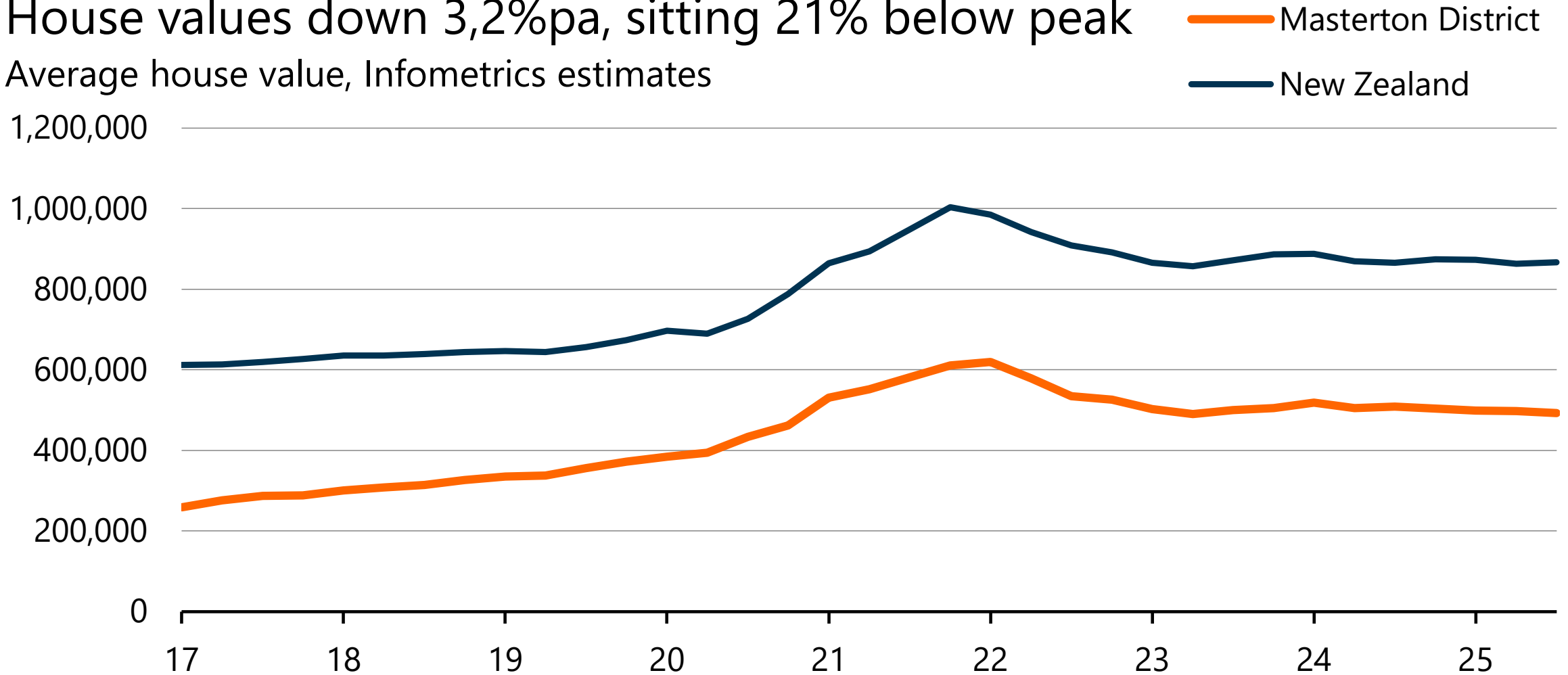
Tourism sector GDP, % of total local GDP



Housing

House values down 3,2%pa, sitting 21% below peak

Average house value, Infometrics estimates

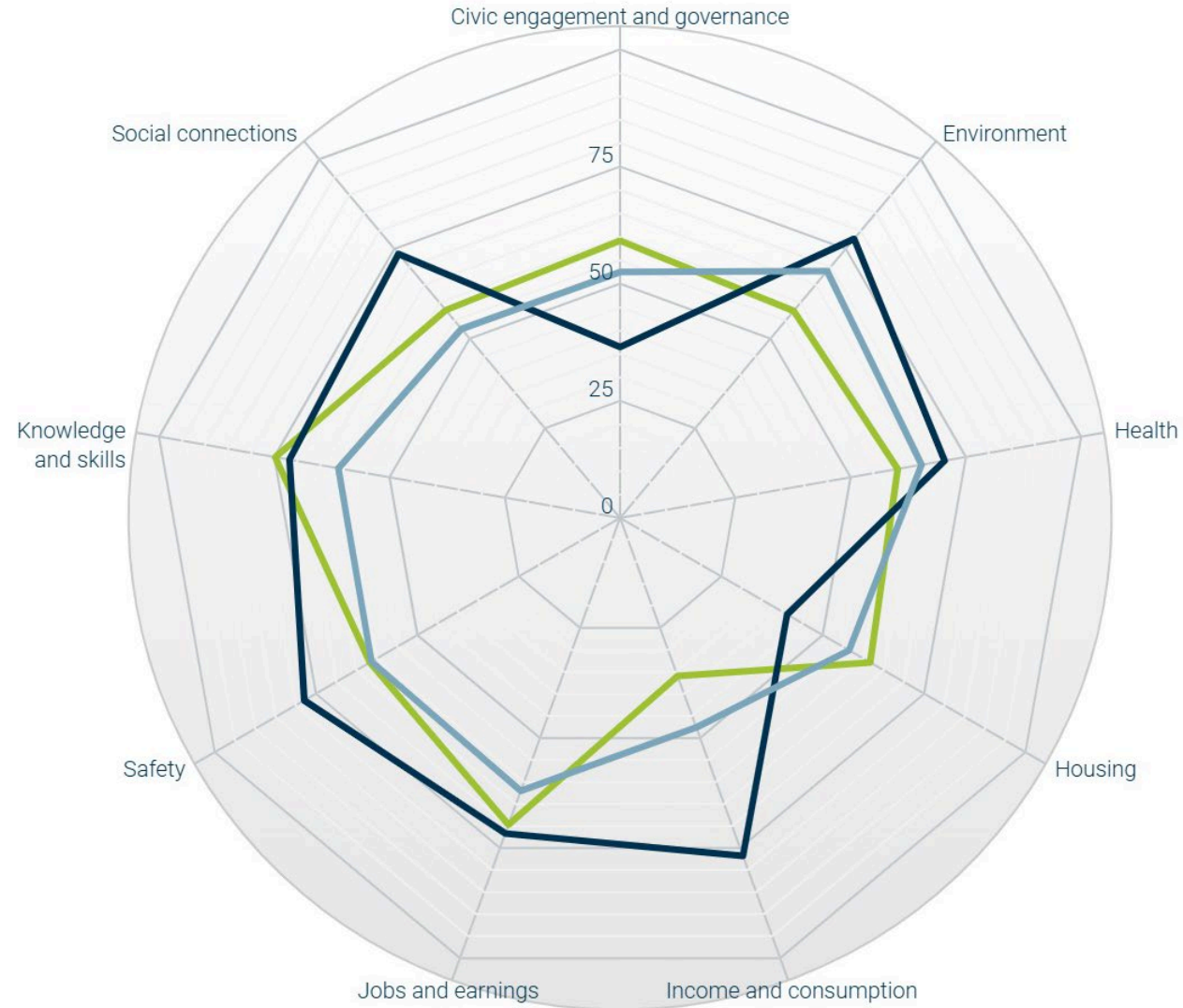


Wellbeing

Masterton District

New Zealand

Provincial areas

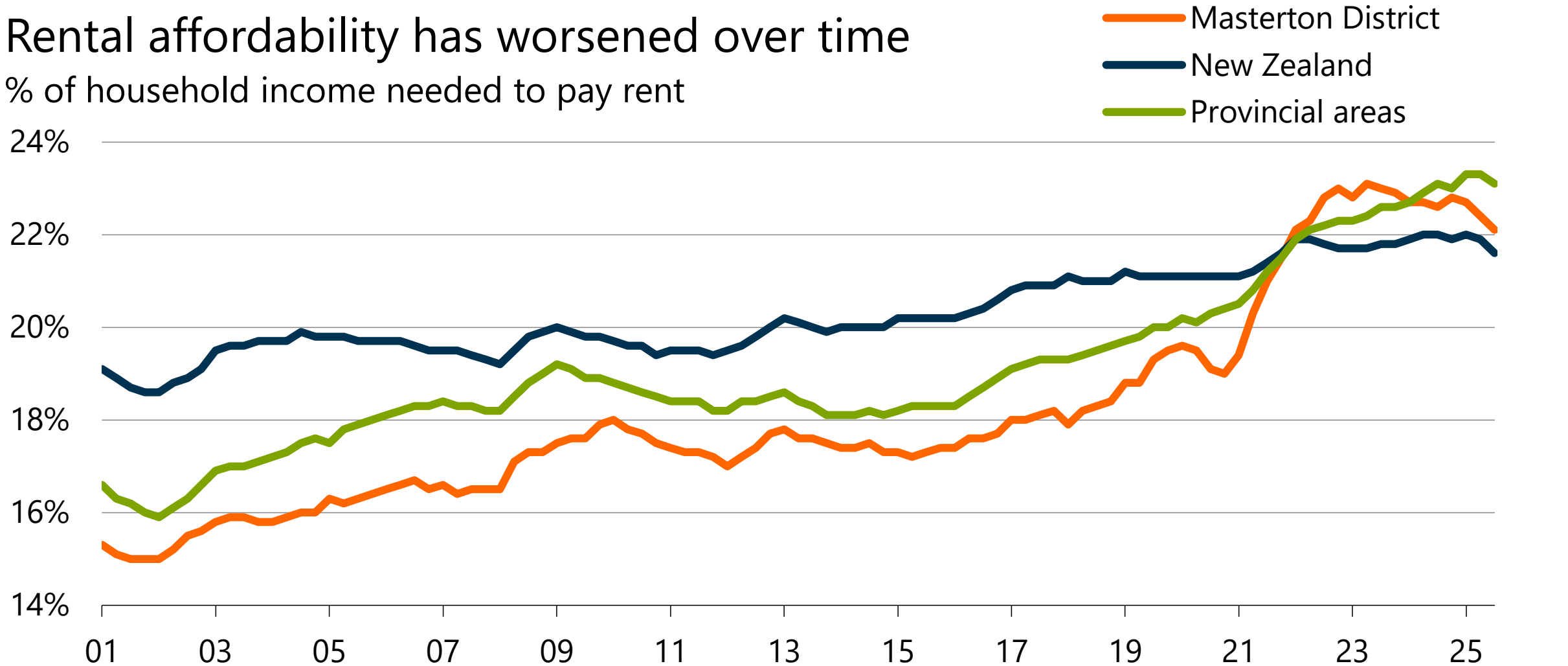


Incomes and affordability

Affordability (rents)

Rental affordability has worsened over time

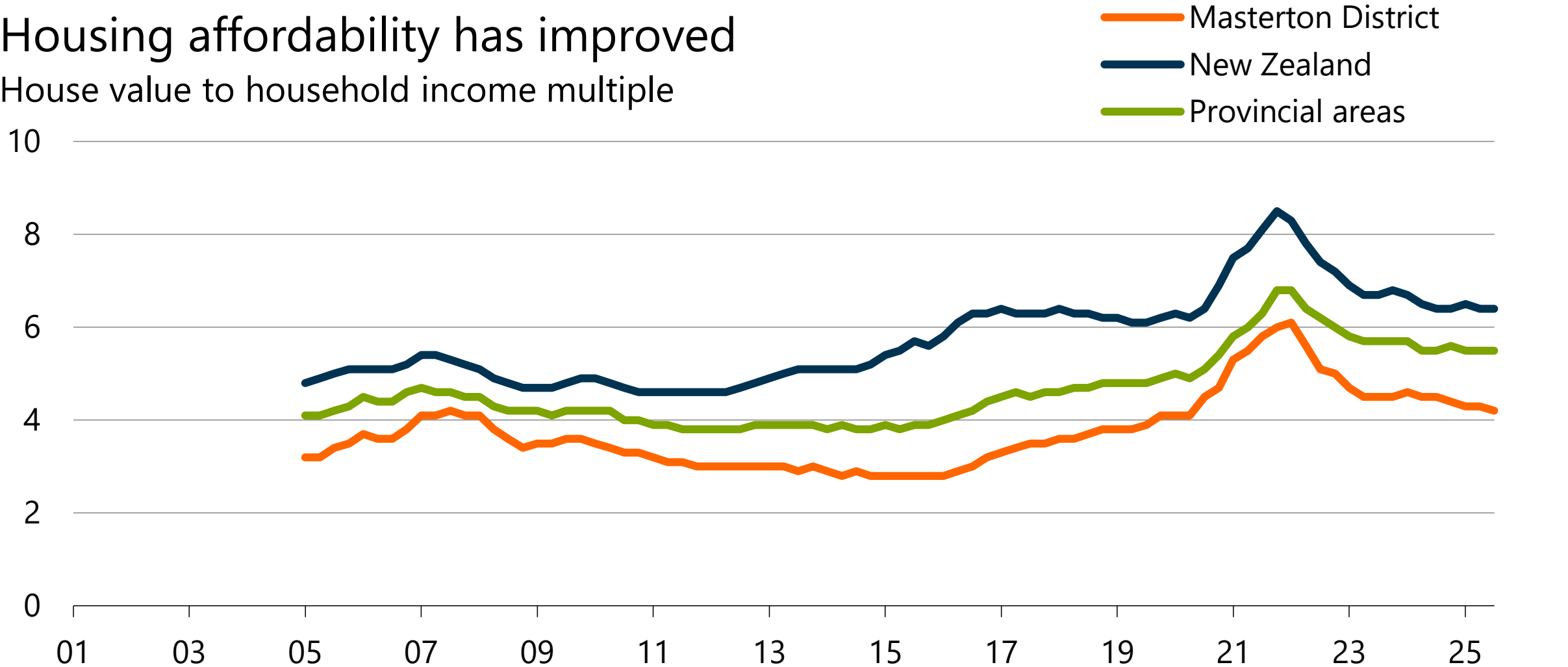
% of household income needed to pay rent



Affordability (housing)

Housing affordability has improved

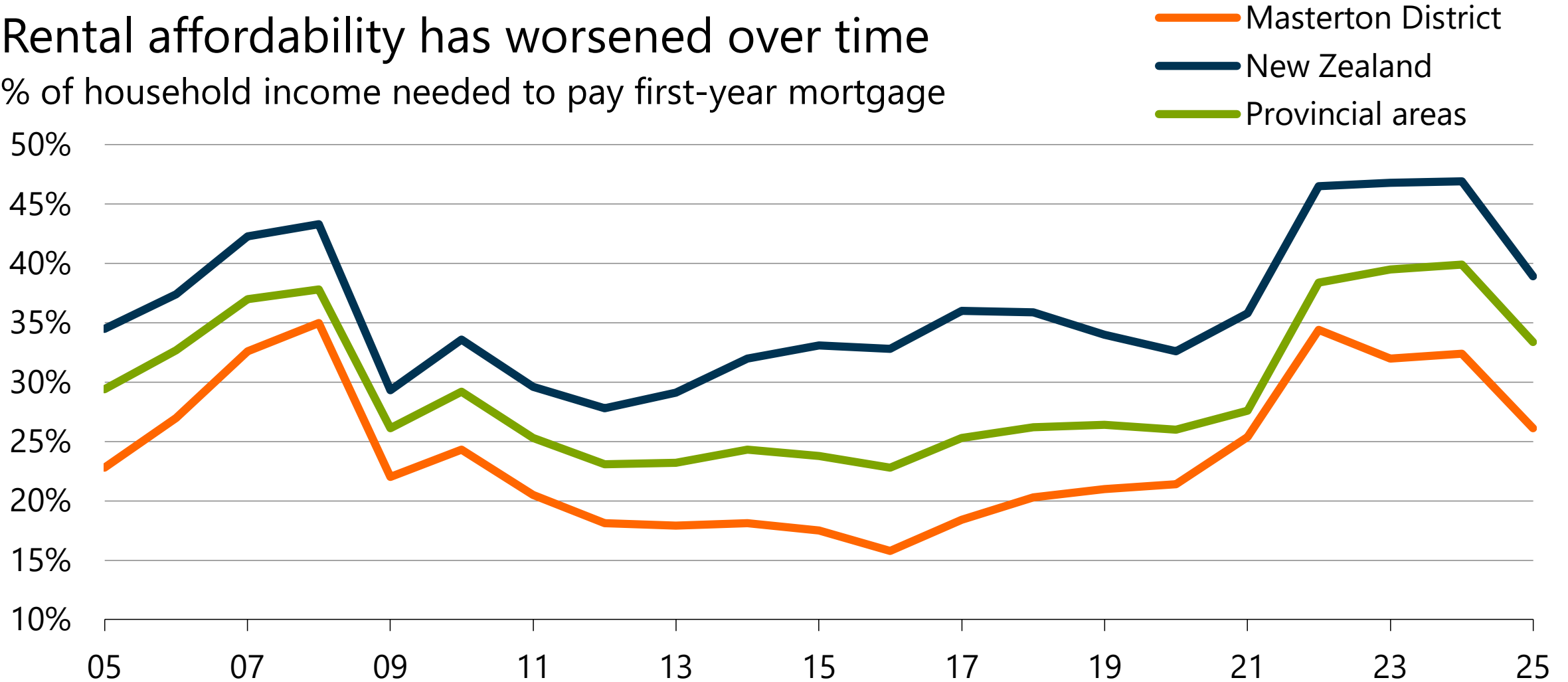
House value to household income multiple



Affordability (housing)

Rental affordability has worsened over time

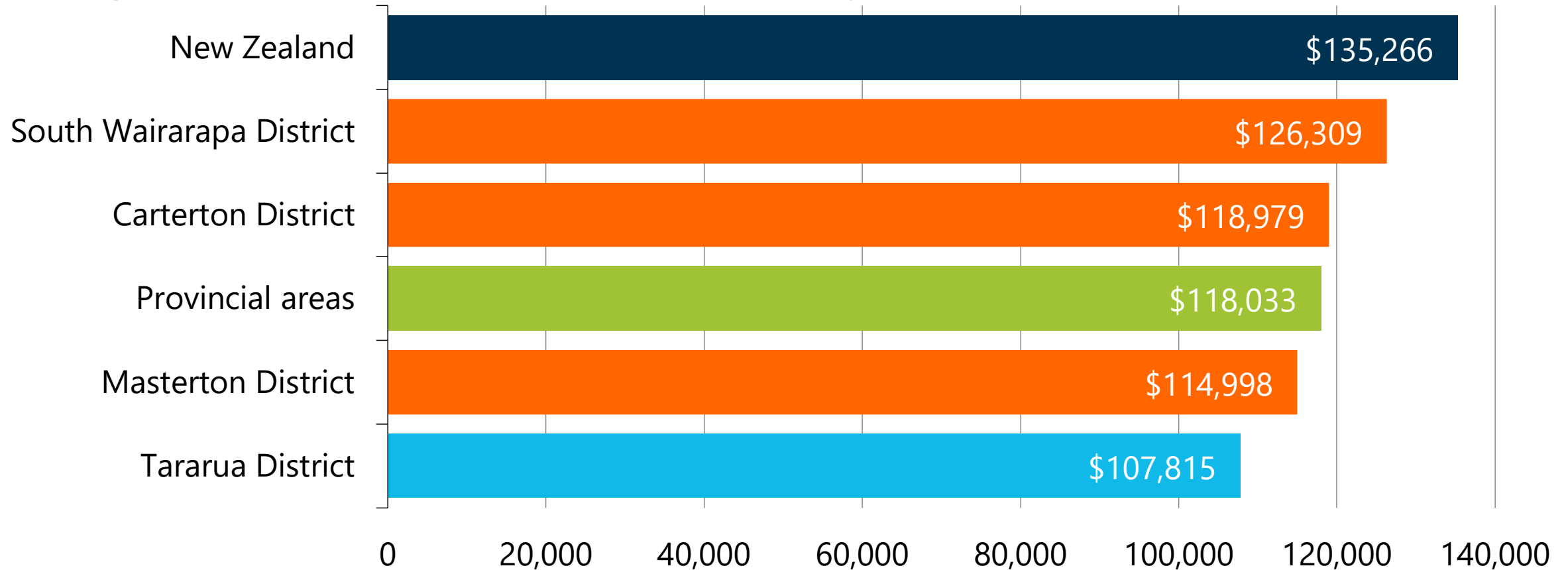
% of household income needed to pay first-year mortgage



Household incomes

Average household income of around \$115k in Masterton

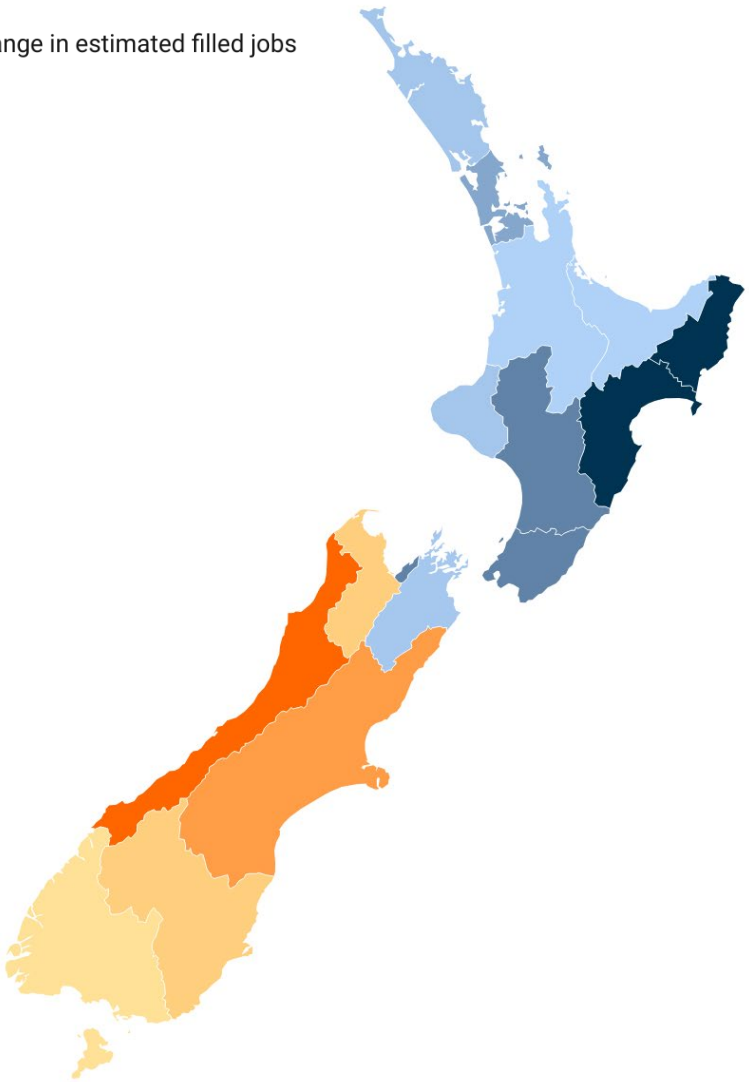
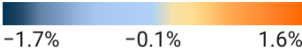
Average household income, Infometrics estimates, by selected areas, 2024



More recently...

Regional jobs growth

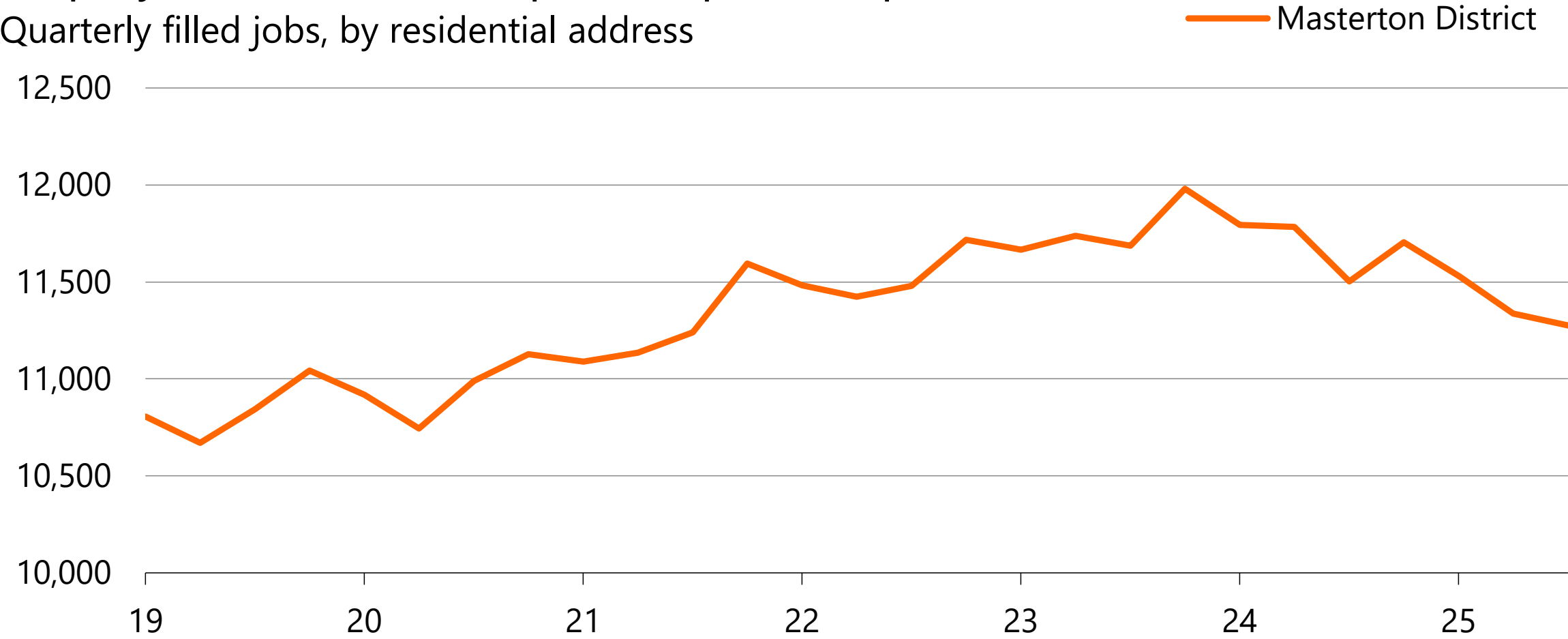
Employment growth, September 2025 quarter, annual % change in estimated filled jobs



Jobs

Employment down 2.0%pa in Sep 2025 quarter

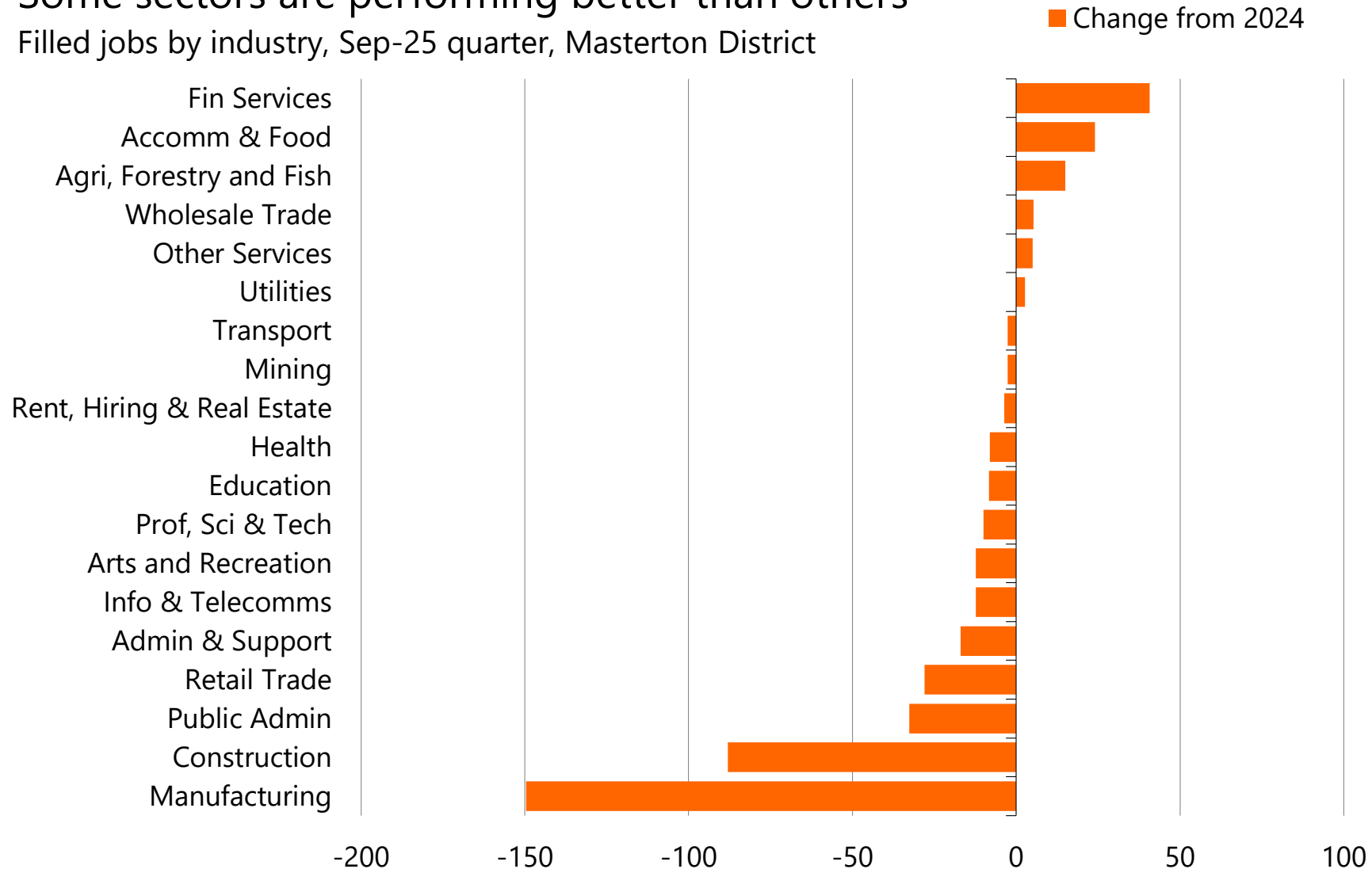
Quarterly filled jobs, by residential address



Jobs

Some sectors are performing better than others

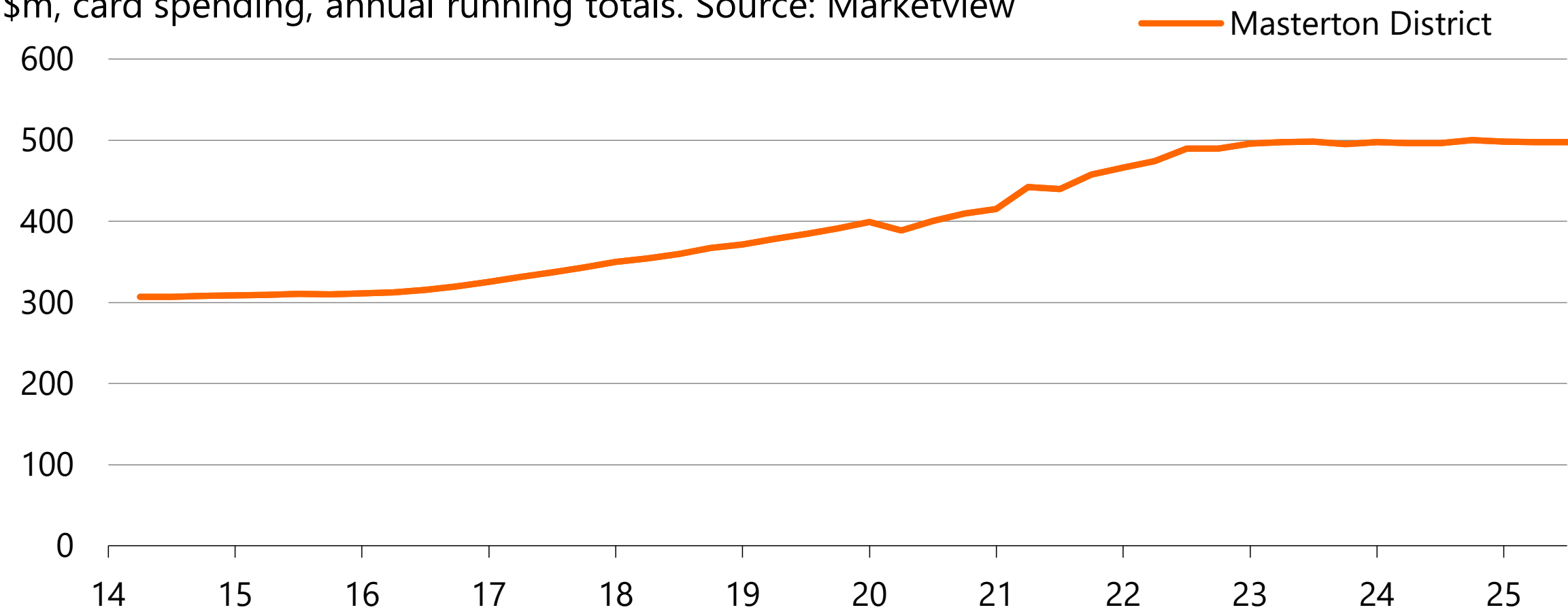
Filled jobs by industry, Sep-25 quarter, Masterton District



Spending

Spending levels off, up a slim 0.3%pa over Sep-25 year

\$m, card spending, annual running totals. Source: Marketview



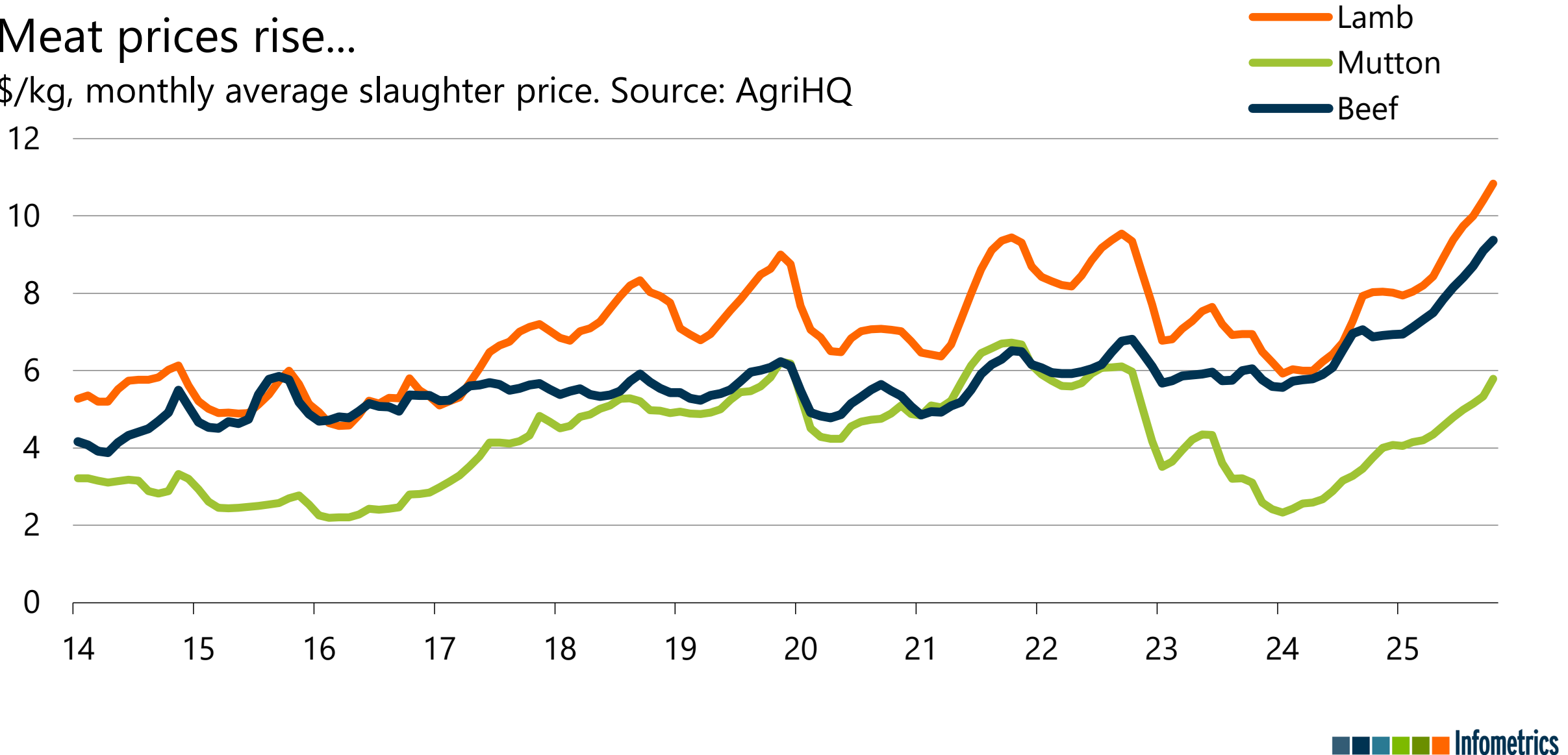
Trade risks...

... and opportunities

Primary sector

Meat prices rise...

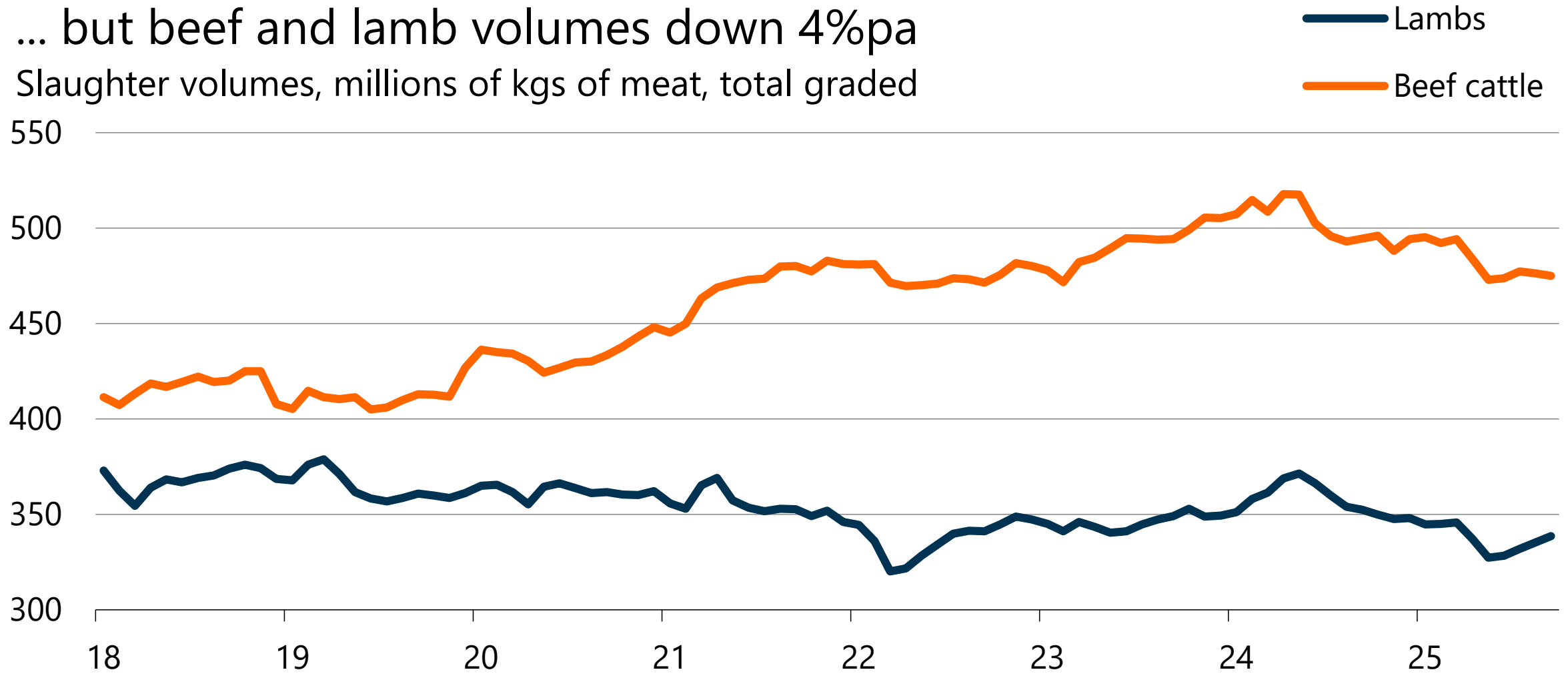
\$/kg, monthly average slaughter price. Source: AgriHQ



Primary sector

... but beef and lamb volumes down 4%pa

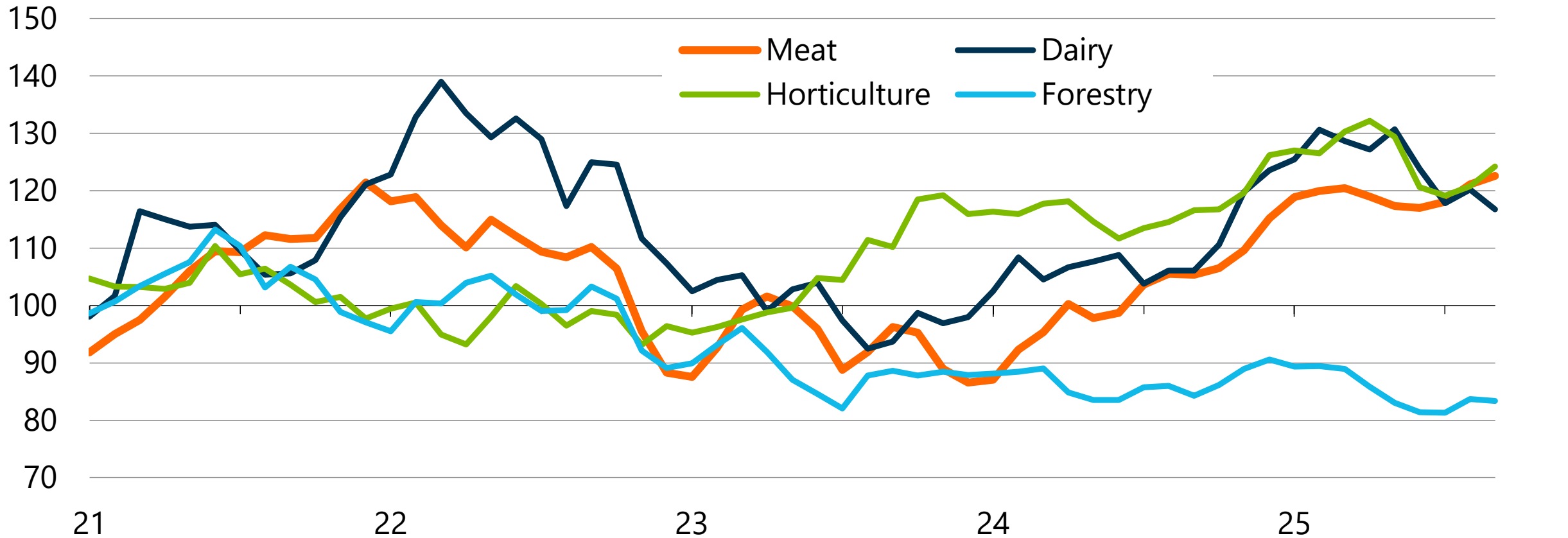
Slaughter volumes, millions of kgs of meat, total graded



Export markets

Export prices moderate from strong levels

ANZ NZD commodity price indices, inflation adjusted, 2015-24 avg = 100



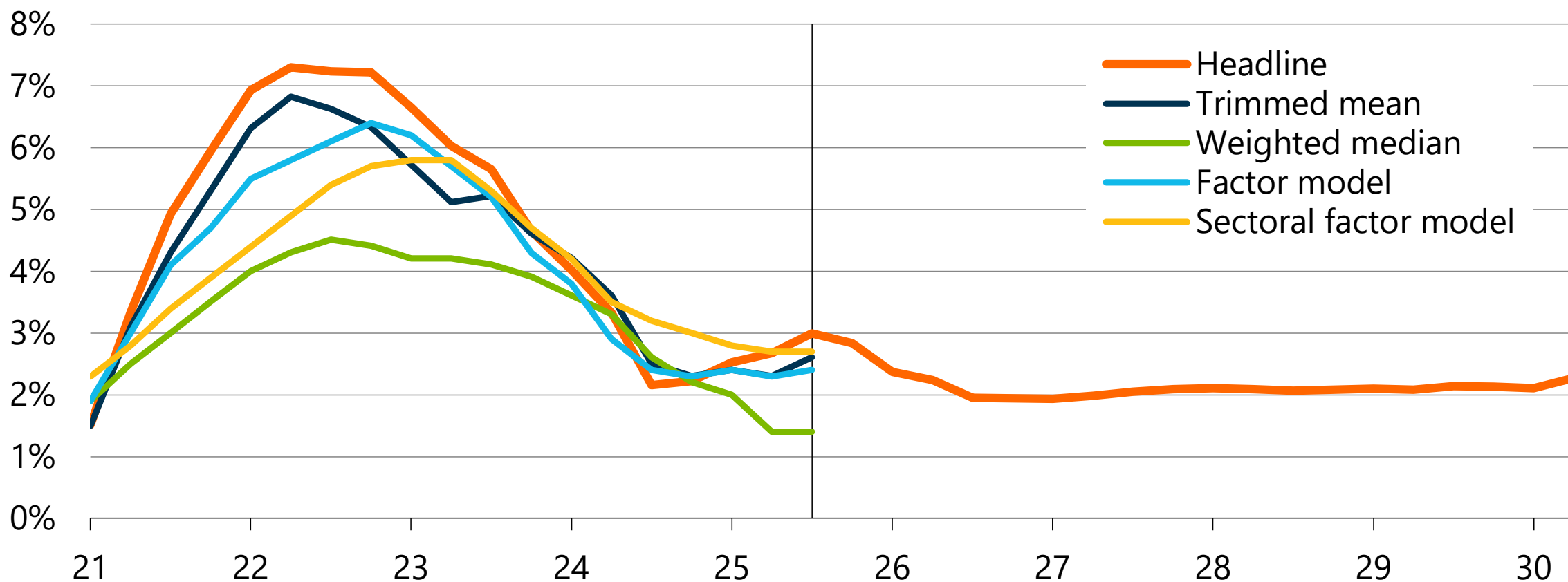
Cost pressures remain...

**...with some specific local
govt pressures too**

Inflation

Soft demand quells inflation, but watch for upside risks

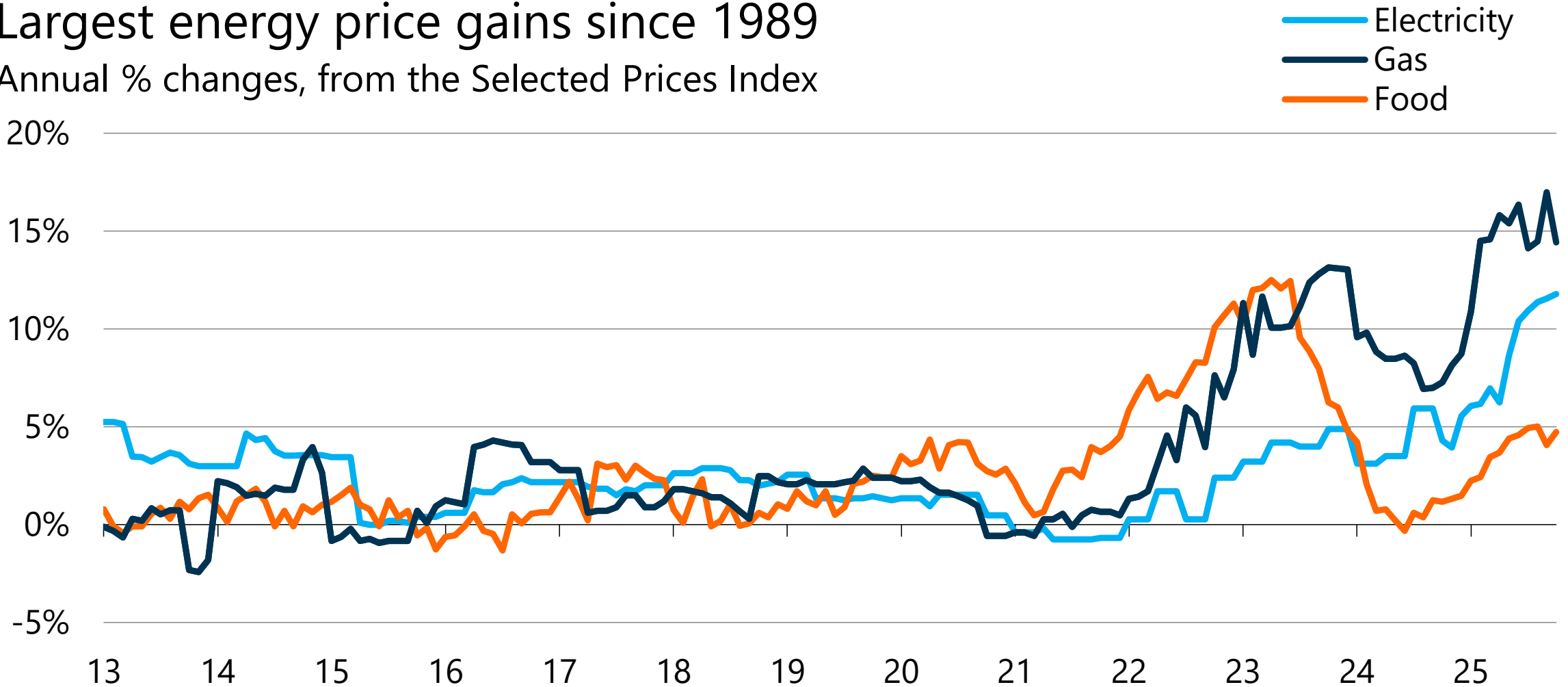
Analytical inflation measures, annual rates



Inflation

Largest energy price gains since 1989

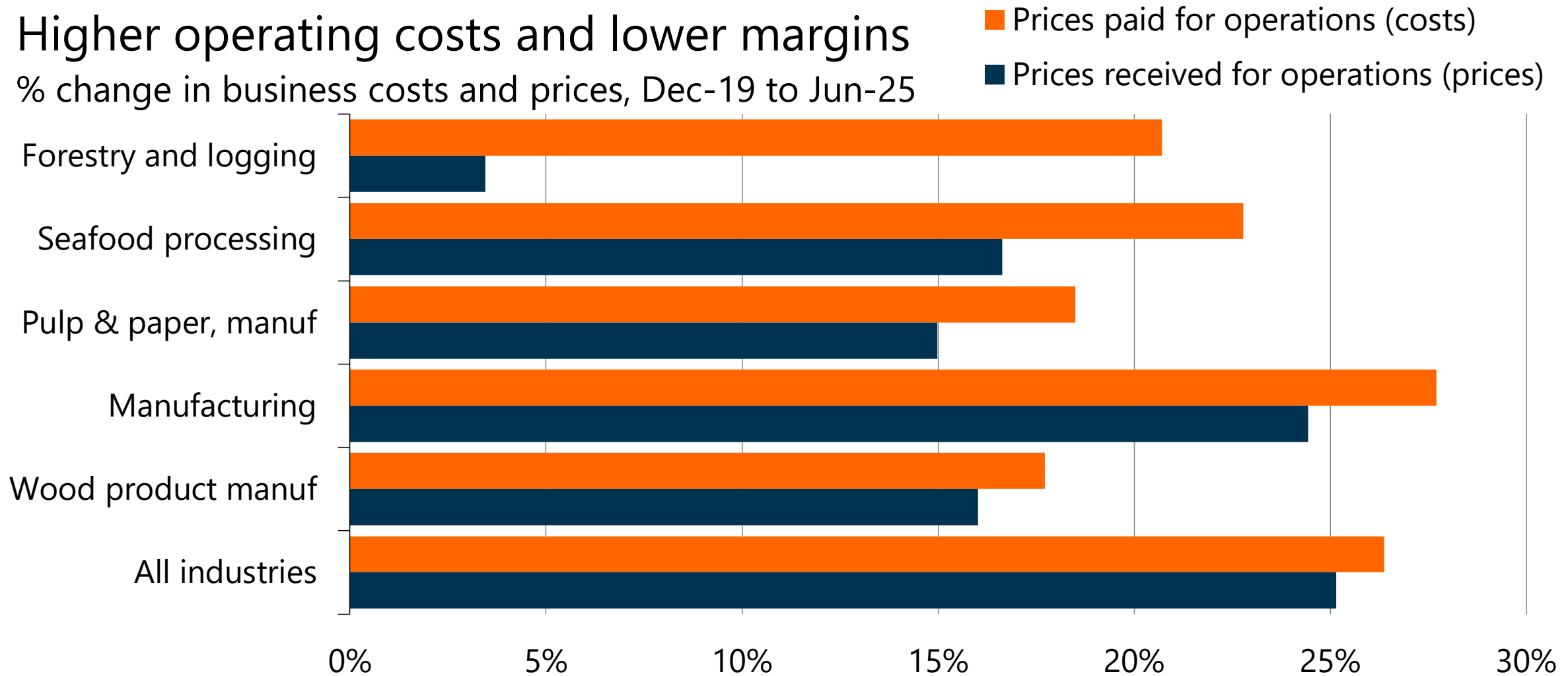
Annual % changes, from the Selected Prices Index



Manufacturing

Higher operating costs and lower margins

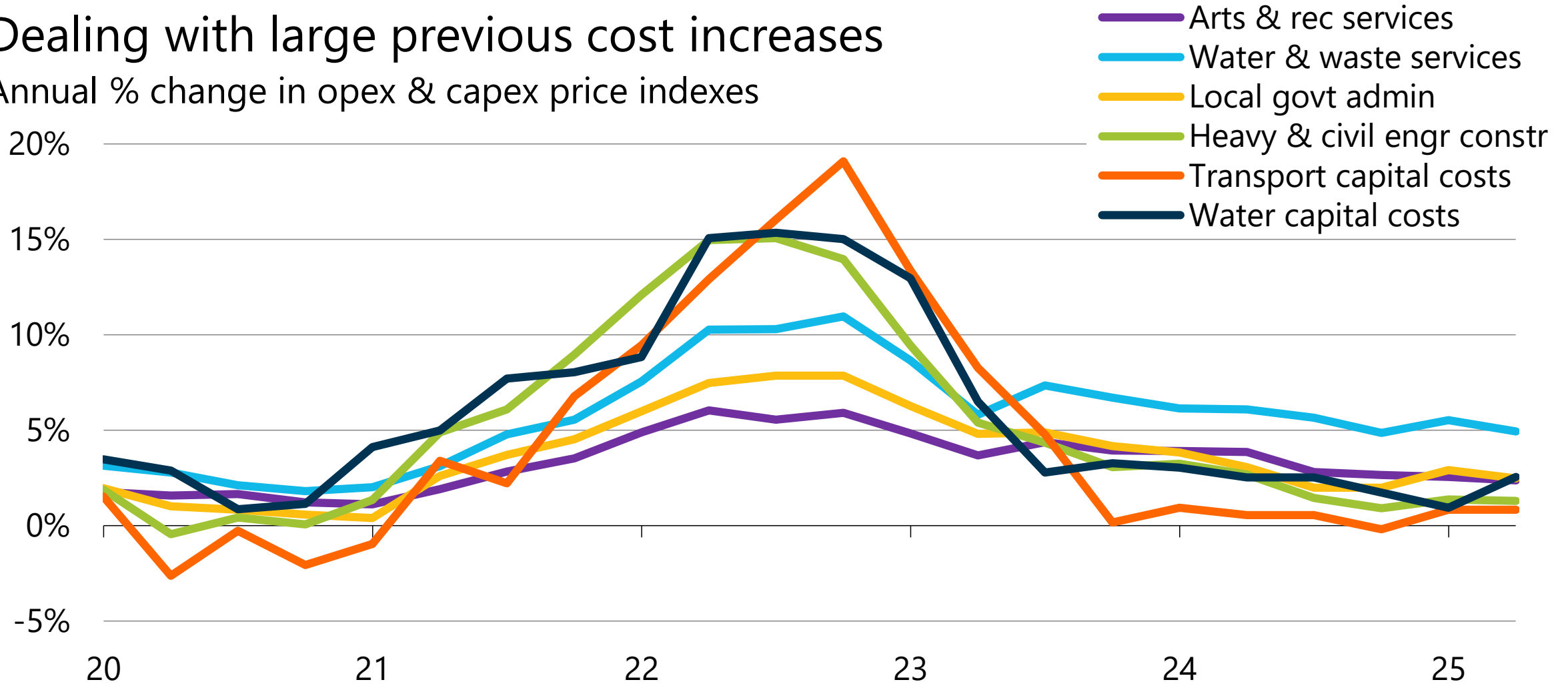
% change in business costs and prices, Dec-19 to Jun-25



Local government cost pressures

Dealing with large previous cost increases

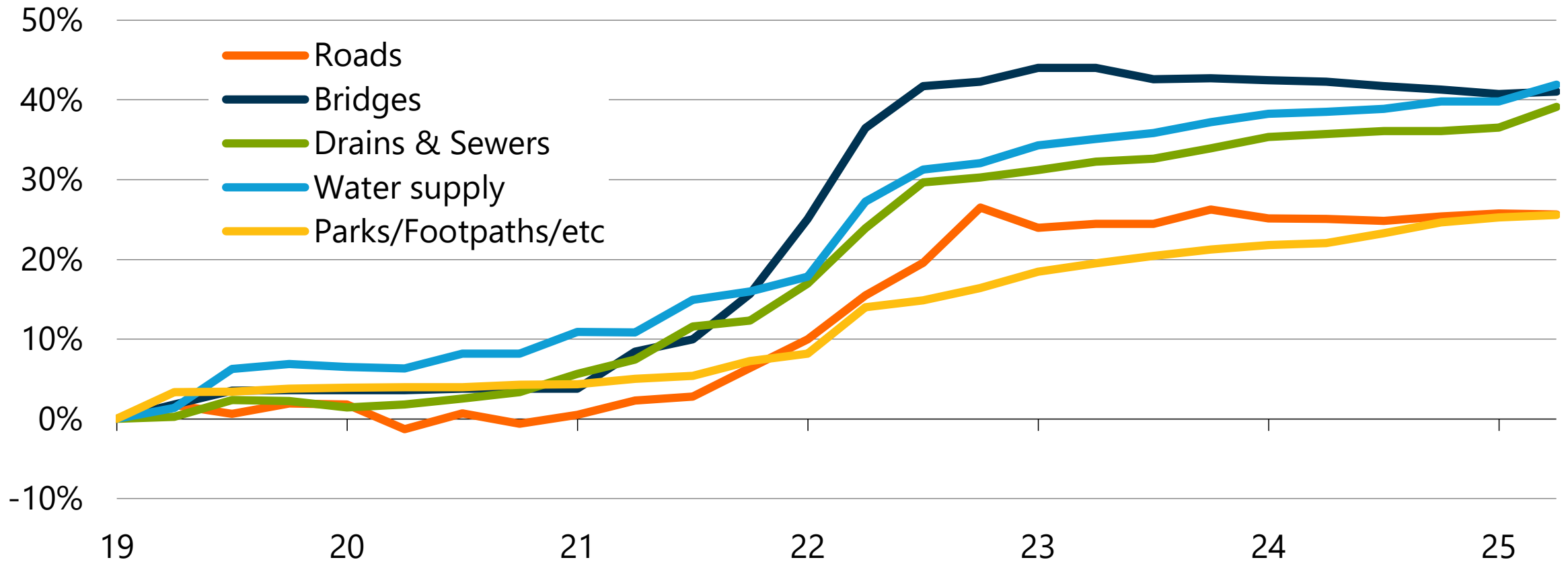
Annual % change in opex & capex price indexes



Local government cost pressures

Bridges & water systems 40% more expensive than 2019

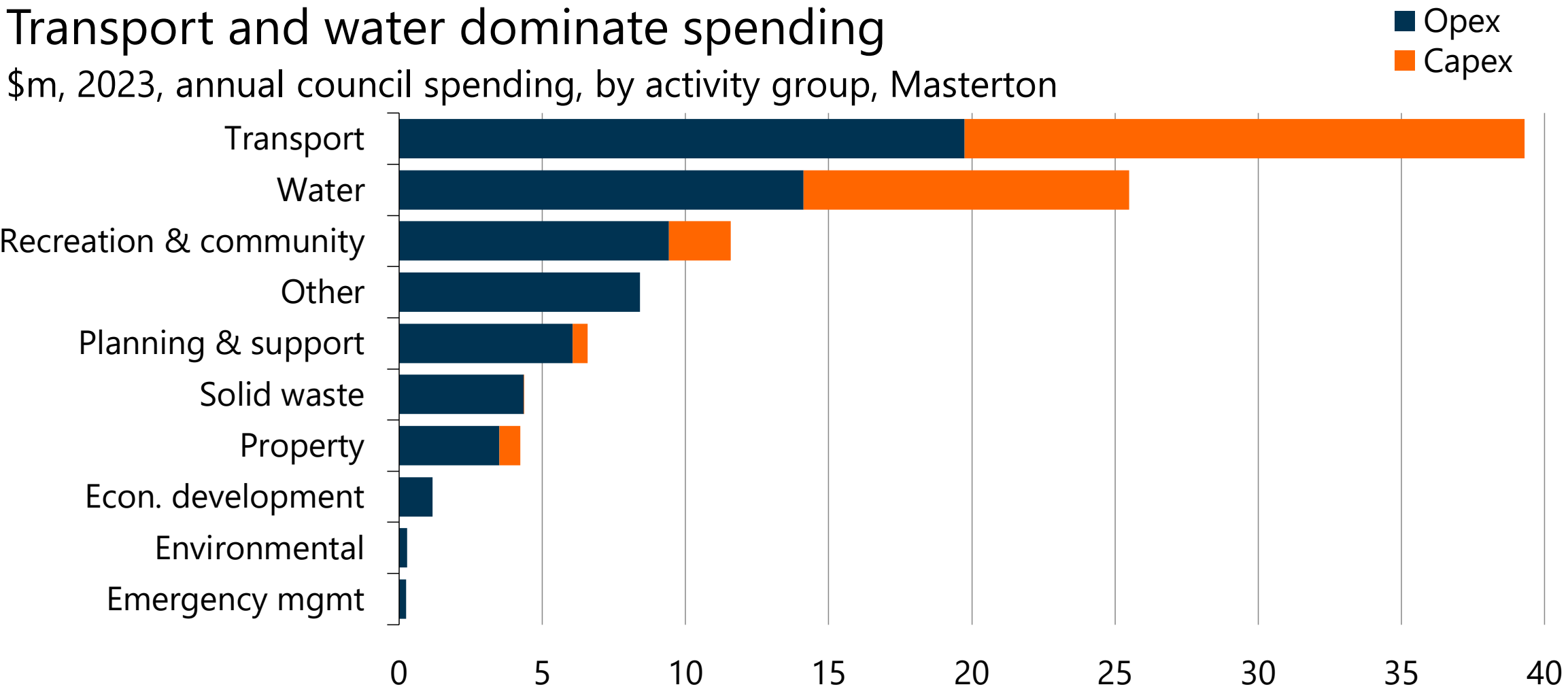
Cumulative % increase since 2019 in selected capital costs



Local government spend

Transport and water dominate spending

\$m, 2023, annual council spending, by activity group, Masterton

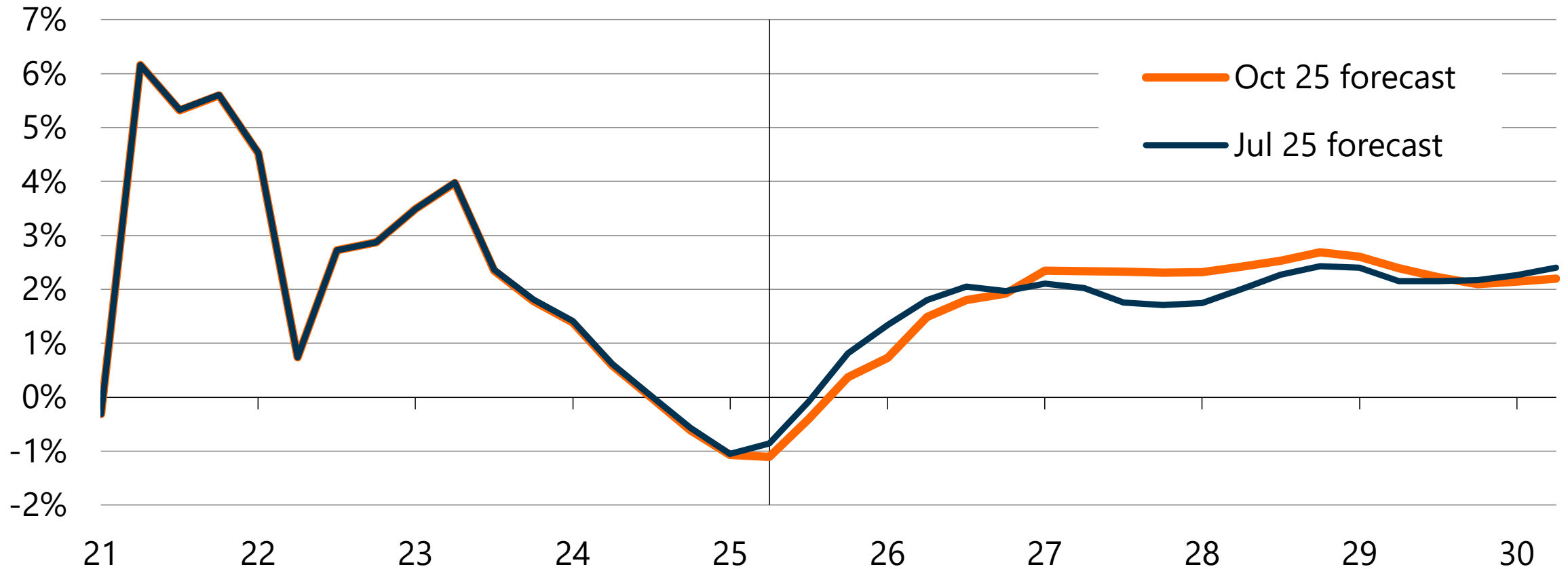


**Our latest forecast outlook:
still tough out there**

NZ economic forecasts

Recovery becomes less erratic in 2026/27

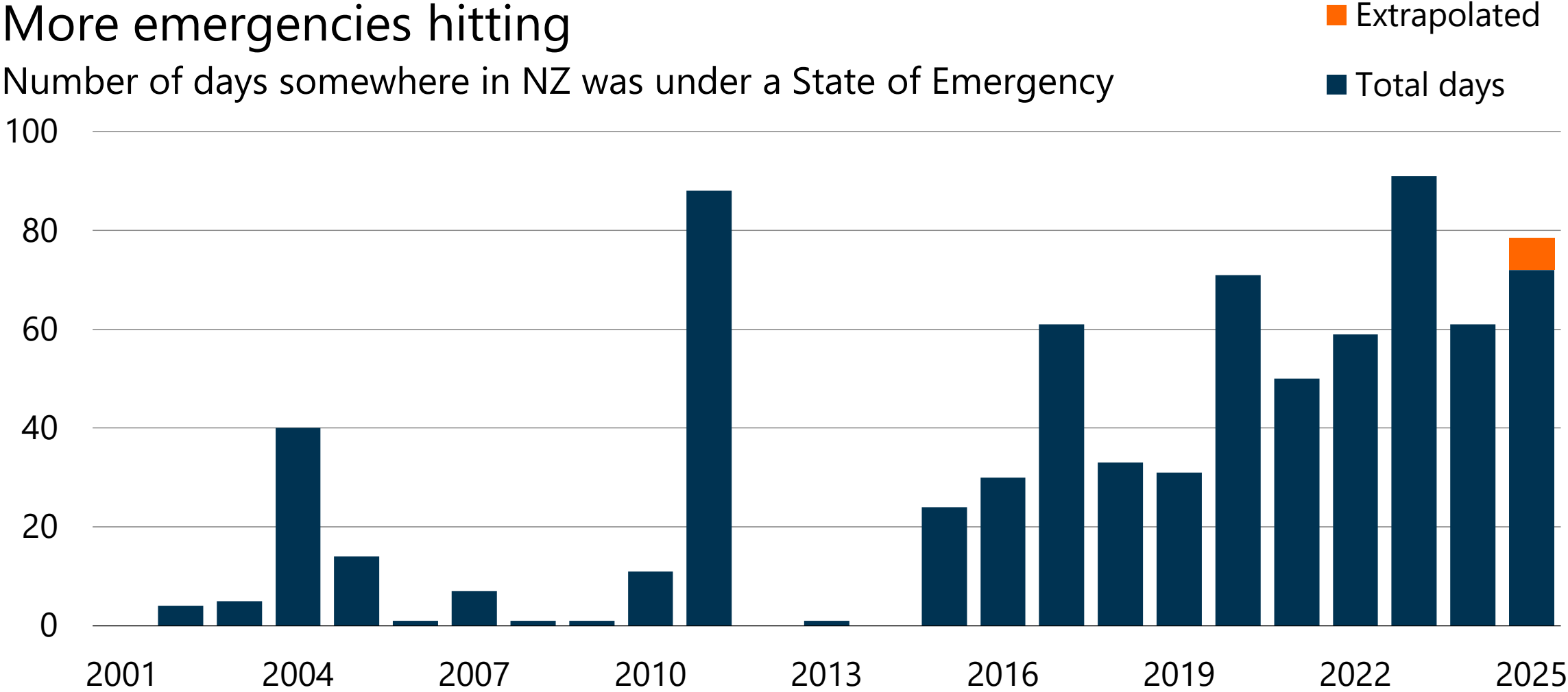
GDP forecast comparison, year-end % changes



Increasing risks

More emergencies hitting

Number of days somewhere in NZ was under a State of Emergency



Questions?

Brad Olsen – Chief Executive & Principal Economist

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Prioritisation Considerations

Karen Yates

Group Manager Strategy



MASTERTON
WHAKAORIORI
DISTRICT COUNCIL

Simplifying Local Government



Simplifying Local Government

- Structural changes to accommodate RMA reform
- Draft proposals - timeline
 - Comments due by 20 February 2026
 - Legislation due mid-2026
 - Election October 2026
 - Legislation enacted 2027

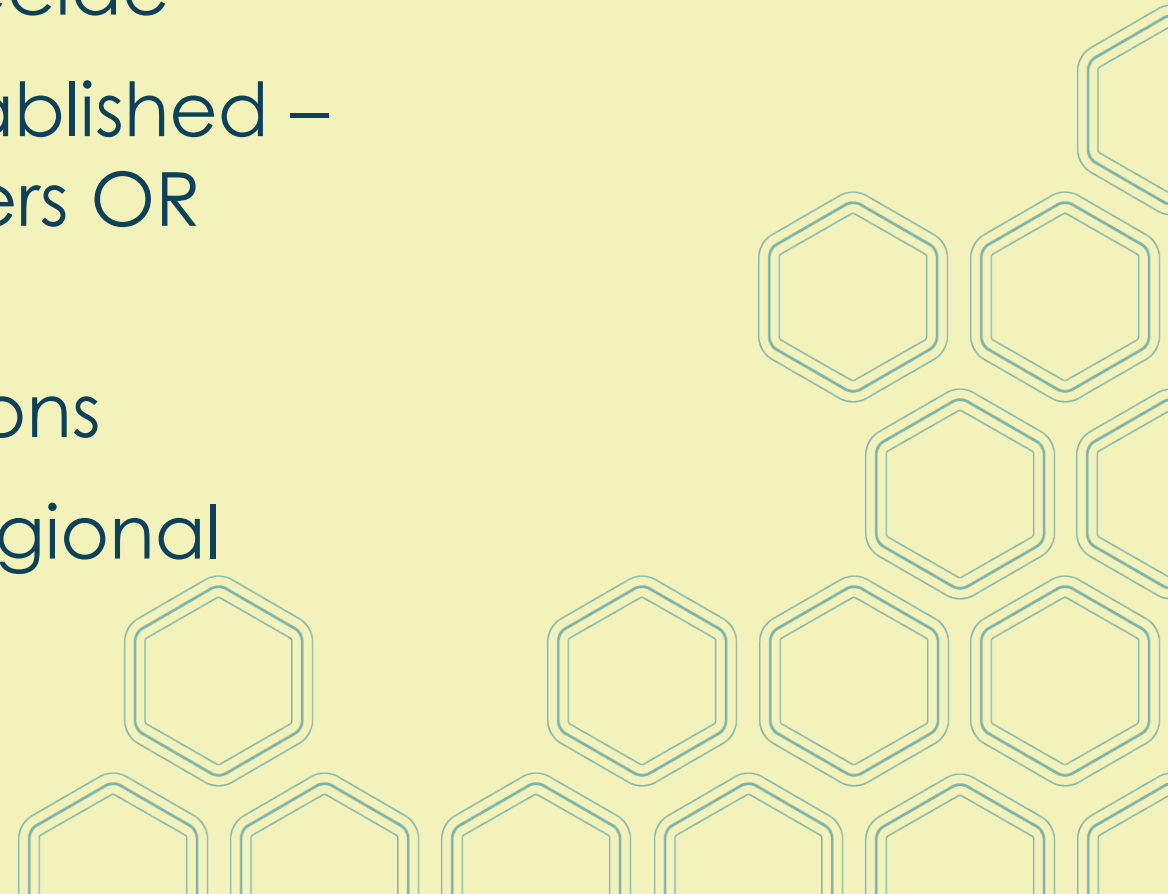


MASTERTON'S VISION TOWARDS 2050



Proposals

- Government decides what functions will remain with RC's, what is centralised, what is abolished, what goes to communities to decide
- Combined Territories Boards established – Mayors OR Mayors/Commissioners OR Commissioners
- CTB runs what is left of RC functions
- CTB has 2 years to develop a Regional Reorganisation Plan (2029-2030)



Voting

- Population based adjusted by LGC based on objectives/criteria
 - Democratic legitimacy, effective representation, effective governance
- Certain decision-making (RM, Transport) requires
 - members representing >50% population &
 - >50% of members for spatial plan and natural environment

Reorganisation Plan



MASTERTON'S VISION TOWARDS 2050

- Encouraging councils to work together to reduce duplication, improve efficiency, retain local voice and identity
- Options may include sharing services, creating CCOs, combining into one or more unitaries, devolving decisions to communities eg on parks and recreational activities
- Consult on the draft plan
- Minister of Local Government signs off on advice from LGC

Iwi / Māori

- Treaty and settlements not undermined
- All existing arrangements for engagement and participation continue
- Regional constituencies and specific Acts for BOP and Canterbury abolished



MASTERTON'S VISION TOWARDS 2050



Current Reorganisation Provisions



- Authority-led
 - Agreement on direction and notify LGC
 - Develop a plan and consult
 - Adopt the plan and submit to LGC
 - 1-3 years
- LGC-led
 - Requested by 10% of electors or investigation request
 - Investigate, consult, develop plan, carry out poll
 - 1.5 - 2.5 years

Considerations

- Under what pathway would a reorganisation proposal proceed?
- How do the timelines between the two interact?
- What capacity will the LGC have?
- What functions are we looking at?
- How is voting impacted by the number of authorities?
- Who is going to pay?
- Who is best to decide?

Rates Capping



Proposals

- Rates range based on CPI inflation (lower end) and GDP growth (higher end) applied to all types of rate (not water or other fees and charges)
- Proposed range of 2-4%
- Approval may be given for infrastructure or extreme needs
- Targeted consultation on proposals to February 2026
- Legislation to be introduced in 2026 with implementation phased between 1 January 2027 (reporting on impacts of cap and financial performance) and 1 July 2029 (full enactment)

What our community want for Masterton 2050

Some high level insights (so far!)



MASTERTON'S VISION TOWARDS 2050

Look after our environment –

Water ways, water resilience, biodiversity, sustainable practices, build climate resilience

Improve public transport –

Especially important for young people, aged, disabled, refugees, migrants etc. who don't drive and/or don't have access to a vehicle

Some high level insights (so far!)



MASTERTON'S VISION TOWARDS 2050

- **Provide housing that meets a range of needs** – Affordable, accessible, safe, resilient, green, transitional, supported, mixed vs segregated
- **More activities, events and opportunities to connect** – Especially for youth; and to connect different generations, cultures etc.
- **Look after our vulnerable** – Advocacy, support, break down stereotypes, change the narrative

Some high level insights (so far!)



MASTERTON'S VISION TOWARDS 2050

Infrastructure Improvements -

Town Centre (more inviting, modern & vibrant);
Community facilities & recreational spaces; Water
resilience; Roads, footpaths, lighting

The Economy-

Support local business, encourage vibrant retail,
grow the economy, diversity/innovation, jobs