

**Before an Independent Hearing
Commissioner**

In the Matter

**Of the Resource Management
Act 1991**

And

In the Matter

By

**Masterton District Council
Applicant**

Statement of Evidence of David Paris

Dated 28 March 2025

HAZELTON | LAW

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CONSTRUCTION | INSURANCE | RESOURCE MANAGEMENT

INTRODUCTION

Qualifications and Experience

1. My name is David Paris. I am the General Manager Finance at Masterton District Council ('the Council').
2. I am a qualified Accountant with 32 years' experience in Local Government Finance.

Involvement in this matter

3. I joined the Council in 1993 and have been in the financial senior leadership role since 1998.
4. I worked in the Municipal Building up until 2016. Since that time, I have had a close involvement in the preparation of Annual and Long Term Plans that have incorporated the Council's proposals to replace the Town Hall and Municipal Building.
5. I was involved in advising on the decision to purchase Waiata House and I also assisted Horwath HTL by providing the financials that were included in their 2018 demand analysis/needs assessment.
6. I have read and agree with the statement of Maseina Koneferenisi regarding the history of and background to this proposal.

Long Term Plan processes

7. The Council consults on and produces a ten-year plan (LTP) every three years.
8. The LTP is the Council's opportunity to demonstrate what its future vision is for the infrastructure and facilities of the Masterton District. The future work programme, including 'big ticket' projects are included and costed, with an explanation provided as to how they will be paid for. The impact on how much extra rates the community will pay is always an aspect of the consultation.
9. The 2018-28 LTP included three options for the Town Hall, with cost estimates based on estimated square meter rates to build new and estimates to strengthen existing buildings.
10. The consultation with the community focused more on what was needed and to a lesser extent where a future facility should be located. The budget provisions for the capital project included \$15.5 million for a new events centre by 2021 and a further \$5.3 million for a library upgrade by 2022.
11. The 2021-31 LTP was prepared in the shadow of the uncertainty that came from the Covid-19 pandemic, lockdowns and economic disruption.

Never-the-less considerable work was done in the lead up, consulting and developing options.

12. The Council ultimately decided (in June 2021) on a project allocation of \$30.8 million to build a new civic facility, incorporating the library and archive, on a new site. The project was scheduled to span over 5 years with completion in 2025/26. Land purchase was part of the cost estimate, but no provisional spend was nominated for the demolition of the Town Hall and Municipal Buildings. The Council's focus was on gaining efficiencies from a new build and combining activities onto one site in a purpose-built building.
13. Subsequent difficulties included the preferred land not being able to be secured and cost estimate increases saw the Council needing to re-think the project as the investment needed was significantly above the LTP provision. The 2022 revised estimate, plus contingency totalled \$71.3 million. The additional debt servicing from a project of that value would have resulted in rates increases well in excess of those that were consulted on in the 2021-31 LTP. The affordability of the project has always been a consideration for the Council.
14. The 2024-34 LTP consulted on further options (as detailed in Maseina's evidence). The resulting decision was to proceed with a \$25 million project for a town hall on the site of the old hall and extend Waiata House. The cost impact of the Town Hall only, by 2028/29 is an additional 5% or \$172 per annum on an average value urban residential property's rates. This increase would be progressive over the five years. The dollar impact varies across properties as the rating impact of the Facilities cost centre is charged via a rate based on a property's capital value.
15. From my viewpoint, as the Council's financial advisor, the \$25 million is a provisional capital sum and a reasonable compromise between the community's affordability and the identified minimum desirable needs for a facility to service the community's desire for a town hall replacement.

The Town Hall is only one project amongst many

16. In developing the LTP for the Council, the budgets need to allow for operational and capital investment across the whole sphere of activities that the Council is involved in delivering.
17. Over the first five years of the 2024-34 LTP there is some \$223 million of capital investment projects across roading, water supply, wastewater, stormwater, parks & recreation, regulatory services and Council facilities.
18. The Council's annual operating budget is \$70 million and it currently has net debt of some \$55 million. The financial strategy (as described

in the LTP) shows that the Council will stay well below the prudent borrowing limits that the lenders have identified.

19. The LTP identifies the Debt to Operating Revenue ratio by 2028 to be 124%. The Local Government Funding Agency's limit is 175%. This shows that the Council's capital programme (including a \$25 million Town Hall) does not result in a breach of prudent borrowing limits over the next ten years.
20. There is considerable uncertainty around the future of the three waters services being delivered by Councils. The potential removal of the three waters from Council's balance sheet frees up a greater ability for the Council to borrow for other projects.
21. Use of debt to fund long life community assets is done on the basis that it creates intergenerational equity - i.e. the people receiving the benefits of the use and availability of those assets are paying. The flip side is that debt incurs interest and repayments and rates increases are needed to pay for that.
22. Masterton's community is not wealthy, there is a higher-than-average proportion of people on low incomes and our average household income is below the national average. This is illustrated through the following statistics provided by Infometrics from 2024 relating to the make up of Masterton's population:
 - 12.7% of Masterton's working age population are beneficiaries (10.5% is the national average)
 - 22.9% of the population of Masterton District are 65 or older (16.7% is the national average)
 - The mean household income for Masterton is \$116,548 (\$132,873 for national average)
 - Masterton has an average income of \$46,074 per capita (\$49,857 national average)
23. The affordability of the rates that pay for the majority of Council's activities and projects is always under scrutiny by elected members and staff. The demographics of our community give an even greater focus on needing value for money from Council's investments in the facilities of the town.

Options considered

24. I understand the demolition costs will need to fit within the \$25 million project budget. I also understand that a firm cost estimate for the cost of the rebuild is difficult to define while there are many unknowns with the site.

25. In terms of costing other options, there are large uncertainties and risks. The estimated costs of those options involving re-using and strengthening the existing building or re-using the façade have high level of uncertainty. There is a risk that attempts to earthquake strengthen the buildings will uncover greater problems to be fixed. There are estimates obtained by the Council for the cost of retaining the façade and rebuilding behind it, but these also come with risk of the façade not having the structural integrity required and those costs escalating. Ultimately the retention of the façade has not been favoured as it will increase the overall project cost to well beyond the \$25 million figure that the Council considers the community can afford.
26. I sight the Wellington Town Hall project as an example of the risk of getting too far down a path of one option and having to commit significantly more funding to see it through.
27. The option of demolition and rebuild has provided the community greater certainty of the project's cost and therefore future rates increases.
28. I note that there are valuable parts of the building that can be saved through the demolition process, including the town hall flooring and the new stage curtains and stage rigging that was installed in 2014/15.
29. I also note that the range of community consultation on the options over the last 9 years shows an even split in opinion between retaining heritage and replacing the town hall with a functional and fit for purpose facility. Complicating that decision are questions about the potential utilisation of a new facility and the affordability question.
30. The Council, elected by the community, have made a call to get on with replacing the town hall. The retention of the heritage aspects of the building has been seen as high financial risk and therefore potentially unaffordable and so not justifiable in the Council's view.
31. There are holding costs the Council is incurring while the old building is sitting unused. These are not significant at some \$50,000 per annum and include rates and insurance.

Dated this 28th day of March 2025



David Paris

GM Finance

Masterton District Council