TAKU TŪ I TE AO
ENVIRONMENTAL SCAN

TE KAUNIHERA Ā-ROHE O WHAKAORIORI

MASTERTON
DISTRICT COUNCIL

CONTENTS

An environmental scan is one tool a local authority can use to inform and support the development of its Long-Term Plan. It looks at past, present, and future factors and trends at the local, national, and international level. It is designed to spark debate and discussion as part of the strategic planning process, and to raise questions for further thought and planning. It also provides readers with a sense of context and perspective of the factors and trends impacting the district. While it is not a discussion of all issues that might be relevant to the Masterton district, it covers issues that are of particular importance.

This environmental scan starts with an outline of the global megatrends that are shaping the world. It is followed by a more detailed analysis of political, social, cultural, economic, environmental, and technological factors at the international, national, and district level.

This scan was completed at a time when there was great change and disruption worldwide. While we are now in the economic recovery stage following the global COVID-19 pandemic, it has had a lasting impact on the way we live and work, and we can expect this rate of change to continue.

"For more than a decade we've all sat through presentations where we've been given information on the growing global population, risks of resource scarcity, increasing emissions, global warming and climate change, ageing populations and the affordability challenge, and wave after wave of new technologies impacting the way we work, learn, share, and exchange. These change drivers are no longer abstract concepts. Together they create a perfect storm that has already started to confront our communities."[1]

While a degree of uncertainty in planning for the future is inevitable, we are in a period where the only certainty is change. To move forward when things appear unclear, planning needs to be flexible to cope with change and unexpected challenges, so it remains relevant in a fast-moving environment.

Megatrends

Megatrends represent the large global forces that are shaping and transforming the world. In our 2020 Environmental Scan we considered analysis by international consultancies Deloitte and EY[2], completed in 2017, which identified five megatrends relevant to the development of the Council's Long-Term Plan. In this 2023 Environmental Scan we have considered the previous megatrends and how they align with more recent work from PWC[3], completed in 2022, that represents the challenges being faced in 2023 and beyond. The megatrends and analysis by PWC are detailed below. We have also included the megatrends from 2020, which illustrates how the thinking on these global issues has changed and evolved over the five years between the analysis.

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[1] Taituarā. (2021) Navigating Critical 21st Century Transitions. Retrieved on 2 May 2023 from: www.taituara.org.nz

[2] Deloitte. Beyond the Noise: The Megatrends of Tomorrow's World. (2017). Retrieved 17 October 2019 from: www.deloitte.com. EY. The Upside of Disruption: Megatrends shaping 2016 and beyond. (2016). Retrieved 26 October 2019 from: www.cdn.ey.com

[3] PWC. Megatrends: Five global shifts reshaping the world we lie in (2022). Retrieved 23 May 2023 from: www.pwc.com
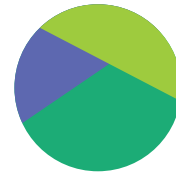
Climate Change **Technological disruption** **Demographic shifts** **Fracturing world** **Social instability**

Megatrend 2020 (from Deloitte)	Megatrend 2023 (from PWC)	Description of challenge
Climate Change	**Climate Change**	While humanity is trying to figure out ways to reduce carbon emissions, greenhouse gas levels in the atmosphere are worsening, global temperatures are rising, and extreme weather events are becoming more frequent and more severe.
Technology: The next wave	**Technological disruption**	Transformative technology changes how we function in the world and how we understand humanity. It enables huge value creation, but harmful consequences are – and will increasingly be – difficult to mitigate.
Urbanisation	**Demographic shifts**	The median age in all countries around the globe is increasing, but at different rates and from a different starting position. This demographic change is causing some countries' social systems to break down, resulting in a lack of workers in critical areas (both in numbers and in skills/qualifications), whereas other countries face skyrocketing un- and under-employment, weakening economies from emigrating citizens, and strain on social safety nets.
Globalisation	**Fracturing world**	The world is fracturing with strengthening regional powerbases as more nation states are competing for influence, with the rest of the world aligning around them and some states acting as destabilisers. Countries are increasingly turning their focus inwards, prioritising their national resilience and further localisation.
Equity and Empowerment	**Social instability**	Massive pressure on individuals and wider society – resulting from social and economic polarisation, disruption, demographic change, and eroding trust – leads to greater social unrest.

COVID-19

The previous Environmental Scan was prepared during the early stages of the COVID-19 pandemic. The COVID-19 pandemic situation has moved on, with the bulk of the controls and restrictions put in place by governments to manage the outbreak now lifted.

There remains a long tail of the impact of COVID-19, with economic and social disruption. Global supply lines for goods continue to be impacted, driving increases in prices and a 'cost of living' crisis. Despite the recent upturn in immigration, many sectors are still facing staffing challenges due to the effective halt on migration in many countries caused by pandemic control measures. The impacts of COVID-19 therefore still need to be considered across planning and investment decisions.

Planning in a Turbulent Environment

As the three years since the last environmental scan have shown us, we continue to operate in a world of disruption and turbulence, where fast-paced change is the new normal. Given this, planning based on data and evidence, but which retains flexibility, is the best way forward.

"Strategic foresight isn't new, but its relevance and necessity has grown, especially in our ability to respond to Covid and climate change. While the future is inherently unpredictable, strategic foresight provides a tool to help think about and prepare for an uncertain future in an age where looking back, no longer provides a roadmap for looking forward".[4]

[4] Judene Edgar. Agile planning for an unpredictable future. Institute of Directors (2023). Retrieved 29 May 2023 from: www.iod.org.nz
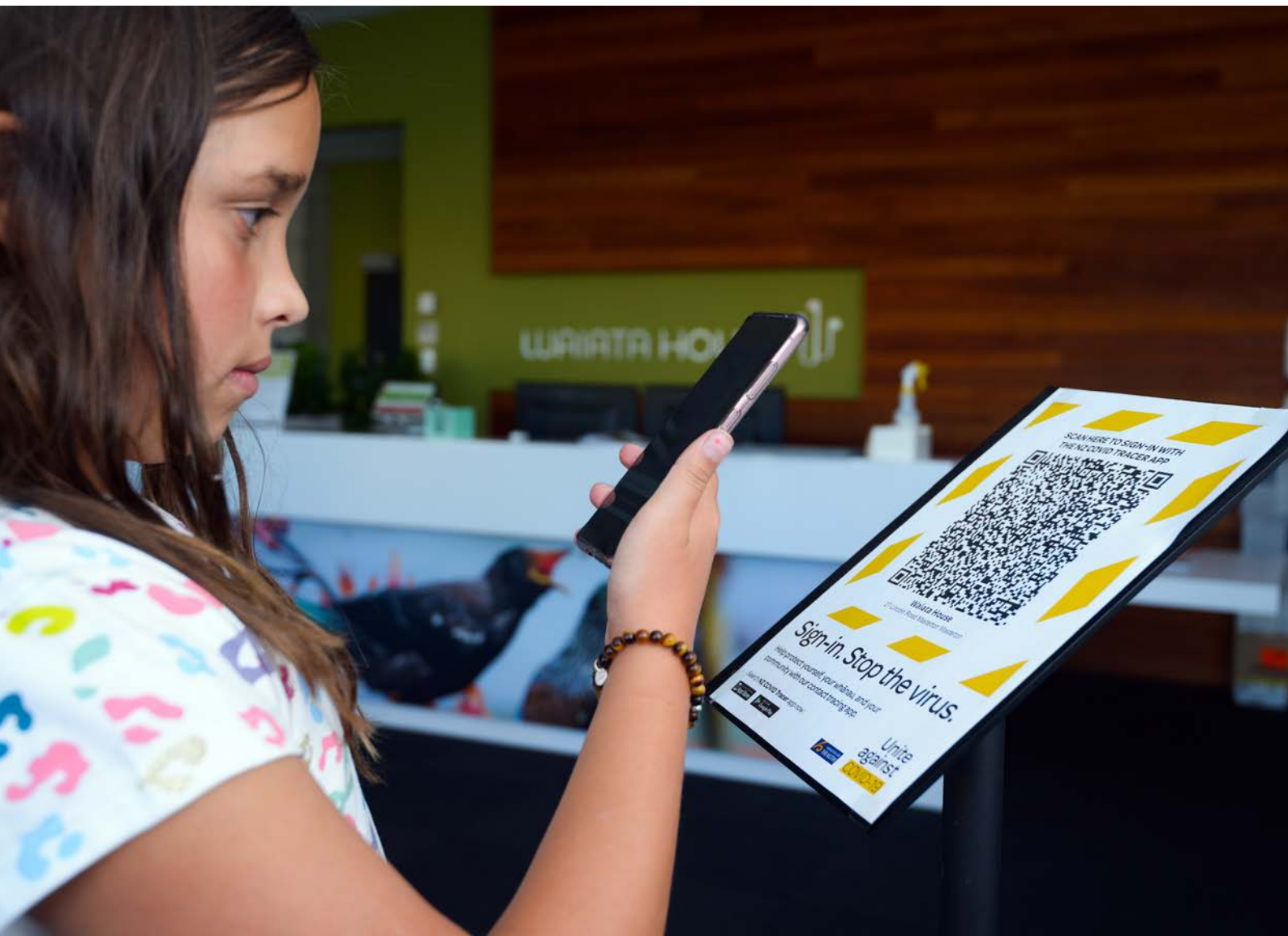
International Context

The international political context is characterised by some key trends and challenges. The international political context is ever changing, and new developments can have significant impacts. The key trends and challenges covered in the previous environmental scan continue to evolve, and include:

1. **Global Pandemic.** The COVID-19 pandemic has had a significant impact on the international political landscape. Governments worldwide have been focused on managing a public health crisis, implementing vaccination campaigns, and mitigating the socio-economic consequences of the pandemic.

2. **Shifting Alliances and Power Dynamics.** The global balance of power continues to evolve, with the United States, China, and Russia being key players. There are ongoing trade disputes, technological rivalries, and strategic relationships that continue to influence international relations[5].

3. **Climate Change and Environmental Issues.** Climate change remains a critical global challenge. Countries are engaged (to various degrees) in efforts to mitigate greenhouse gas emissions, promote renewable energy, and negotiate international climate agreements.

4. **Multilateralism and Global Governance[6].** The role of multilateral institutions, such as the United Nations, World Trade Organisation, and the World Health Organisation have faced increasing scrutiny and calls for reform. Countries continue to grapple with balancing national interests with the need for collective action on global issues.

5. **Regional Conflicts and Security Challenges.** Various regional conflicts persist, including conflicts in Syria, Yemen, and Ukraine. Ongoing security challenges include terrorism, cybersecurity threats, and non-state actors.

6. **Immigration and Refugees.** Migration and refugee flows continue to pose political challenges, with countries implementing different policies to manage migration flows and address potential humanitarian aspects[7].

7. **Technological Advancements.** Rapid advancements in technology, including artificial intelligence, cybersecurity and 5G networks, have raised concerns about privacy, national security and the digital divide between nations.

[5] Connor M. Savoy and Janina Staguhn. Global Development in an Era of Great Power Competition. 24 March 2022: www.csis.org

[6] New Zealand Foreign Affairs and Trade. Why multilateralism matters to us. Accessed on 28 June from: www.mfat.govt.nz

[7] OECD. Making Migration and Integration Policies Future Ready. Retrieved on 10 July 2023 from: www.oecd.org

National Context

Central and local government are facing increasing pressures due to inflation, supply chain challenges, and labour shortages, caused by both national and international drivers. While covered in detail in the Economic Factors section, it is important to consider these when assessing the national political context.

The current Labour government has taken a strong wellbeing approach as evidenced by its Wellbeing Budgets since 2019 the latest Wellbeing Budget in May 2023, and the Treasury's first Wellbeing Report[8] in 2022. The purpose of local government was amended in 2019 to focus on the current and future wellbeing of communities[9], and since then there has been a further emphasis from the Government on wellbeing.

The purpose of local government is:

a. to enable democratic local decision-making and action by, and on behalf of, communities

b. to promote the social, economic, environmental, and cultural well-being of communities in the present and for the future.

It is for each local government to decide how they promote the four areas of wellbeing (social, economic, environmental, and cultural), taking note of the wider national context and the approaches of other local bodies.

A key area of the Government's focus in the local government space is the Review into the Future for Local Government. The review has been driven by the pressures that local governance structures and systems, which were designed many years ago, are facing. This includes responding to community needs and changes such as resource management and water reforms, climate change, and changes in mandates and focus led by central government. In July 2023 the Government released a final report, *He piki tūranga, he piki kōtuku*[10], which sets out a need for a local governance system in Aotearoa that is community-focussed and citizen-centred, based on strong relationships and partnerships. Local authorities, including Masterton District Council, participated in the review through submissions and other engagement opportunities, to shape the final report.

The Government is also continuing its suite of policy and legislative reform, particularly in the environmental area. Key planks of this reform are the Water Services Reform Programme, and changes to the Resource Management Act. These reforms are discussed further in the reforms appendix. To date, it is unclear how the election in October 2023 will impact the progress, or otherwise, of these reforms.

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8 www.treasury.govt.nz

9 Section 10, Local Government Act 2022 as amended by the Local Government (Community Well-being) Amendment Act 2019.

10 He piki tūranga, he piki kotuku: www.futureforlocalgovernment.govt.nz

Local Context

Local Context	Description
A focus on community wellbeing	The Council has adopted a Wellbeing Strategy, *He Hiringa Tangata, He Hiringa Whenua* to provide a long-term strategic direction across four development areas: social, cultural, environmental, and economic. The Council have signalled intent to review this Strategy, with the potential to repurpose as a framework for wellbeing.
Building on sub-regional collaboration	There is a high degree of sub-regional collaboration evidenced through the Wairarapa Combined District Plan and other combined strategies (such as the Wairarapa Economic Development Strategy), plans, bylaws, policies and forums. There is a degree of shared services between the three Wairarapa councils. There are shared staff members, some shared contracts (for example, solid waste and recycling contract), and joint projects (for example, water resilience). There is also a Shared Service Working Group that is exploring and prioritising opportunities for shared services.
Commitment to community engagement	Council has a demonstrated commitment to community engagement through its community-led, Council supported philosophy. Amongst its communication and engagement methods, Council is taking a broad approach, utilising in-person, digital and social media, and traditional communications tools.
Post-treaty settlement opportunities	There are two iwi in the Wairarapa - Ngāti Kahungunu ki Wairarapa and Rangitāne o Wairarapa, with four iwi entities: • Kahungunu ki Wairarapa • Rangitāne o Wairarapa • Rangitāne Tū Mai Rā Trust • Ngāti Kahungunu ki Wairarapa Tamaki Nui ā Rua Treaty Settlement Trust With both treaty settlements now completed there are opportunities for Iwi/Council partnerships heading into a post treaty settlement era.

Local Context	Description
Strengthening relationships with iwi	Council is committed to strengthening relationships with iwi. There is a commitment to "creating real opportunities for better decision-making and planning in a diverse community".
	At the 2022 Local Government Elections, a Māori ward was in place for the first time.
	Council has iwi representatives on Council committees with full voting rights (and with speaking rights at Council meetings).
	The appointment of iwi representatives provides an iwi and tangata whenua perspective to Council's decision making, including input in areas across the business of council and helping to identify what is important for Wairarapa's development, such as the environment, tourism, education and economic growth.
	Other actions Council is undertaking are as follows.
	• Better off Funding for mana whenua climate change action – Council working with iwi to develop a project plan for climate action.
	• Working with iwi on key initiatives, such as the Wairarapa Economic Development Strategy.
	• Working on a broader Māori engagement strategy.
	• Increasing use of te reo Māori in communications and development of a te reo policy.

Implications for Masterton District Council

A Wellbeing Approach to Local Government:

In late 2021 the Government released a Living Standards Framework, which was developed to support the Treasury to consider the range of things that matter to New Zealanders[11]. It provides a framework to understand the drivers of wellbeing and to consider the broader impacts of Treasury policy advice in a systematic and evidenced way. Council is considering these measures and how they can be used to complement the Wellbeing Strategy, He Hiringa Tangata, He Hiringa Whenua (HHT-HHW) and will take this strategy into consideration when HHT-HHW is reviewed.

Better Alignment Between Central Government and Local Government:

Opportunities exist for Council to develop and align programmes and initiatives with those offered by central government. A key lesson learnt from the Provincial Growth Fund was the need to ensure that project plans are in place early, so that Council is well placed for the rollout of any new funds. Building on existing collaboration with the other Wairarapa Councils is another area of strength and opportunity for Council, particularly as all Councils consider the implications of the Government's Water Reform Programme.

Community-Led Engagement:

Council is considering how it engages with the community, in order to ensure that all parts of the community are represented in discussions and council decision making processes. As well as traditional "point-in-time" consultation, this also includes facilitating ongoing dialogue between Council and communities. To support this, Council is looking at both the ways we undertake engagement as well as the technology available to support participation and engagement.

Partnership with Māori:

Council is committed to increasing meaningful opportunities for Māori to be involved in the council decision-making process. At the 2022 Local Government Elections, a Māori ward was in place for the first time. As noted earlier, there are also two iwi representative appointments to Council committees with full voting rights (and with speaking rights at Council meetings). Council has a number of projects and initiatives to increase the capacity of the organisation to be more inclusive of Māori and provide opportunities for progressing co-governance and co-development. Now that both local iwi have had their treaty claims settled, there may be an opportunity for further partnership and co-investment opportunities.

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[11] The Treasury. Our Living Standards Framework. Accessed on 10 July 2023 from www.treasury.govt.nz

SOCIAL AND CULTURAL FACTORS

International Context

Worldwide the social and cultural context continue to shift and evolve, with variation across regions and communities. However, even with these differences, there are key trends and challenges, covered in the previous environmental scan, which continue to evolve:

1. **Globalisation.** The world continues to experience increasing connectedness and globalisation[12]. People are more interconnected through technology, communication, and travel, leading to the exchange of ideas, cultures, and values.

2. **Diversity and Inclusion.** There is a growing recognition and emphasis on embracing diversity and promoting inclusion[13]. Discussions and movements advocating for equity, equality, rights and inclusivity continue to gain momentum.

3. **Social Activism.** Social activism is playing a significant role in society, with grassroots movements and campaigns focusing on issues such as climate change, human rights, social justice, and income inequality gaining momentum[14]. Activism has utilised social media platforms, enabling wider reach and mobilisation.

4. **Technological Influence.** Technological advancements continue to shape social interactions and cultural practices. Social media, smartphones, and digital platforms play a significant role in communication, information sharing, entertainment, and the formation of online communities and as noted, expand the reach for social activism[15].

5. **Sustainability and Environmental Consciousness.** Growing concerns about climate change and environmental degradation have led to increased awareness of sustainability. Individuals and communities are showing a greater interest in eco-friendly practices, renewable energy, and reducing carbon footprints[16].

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[12] IMF Blog. Globalization Helps Spread Knowledge and Technology Across Borders. April 9, 2018: www.imf.org

[13] McKinsey & Company. Diversity Wins: How Inclusion Matters. May 19, 2020: www.mckinsey.com

[14] Megan Carnegie, BBC Worklife. Gen Z: How young people are changing activism. 9 August, 2022: www.bbc.com

[15] University Canada West. How has social media emerged as a powerful communication medium? Retrieved on 5 July, 2023 from: www.ucanwest.ca

[16] Deloitte. How consumers are embracing sustainability. Retrieved on 19 June 2023 from: www.deloitte.com

National Context

New Zealand has a particularly high rate of urbanisation, with 86% of the population living in urban environments[17]. The population of New Zealand, and particularly Auckland, continues to increase, in large part due to immigration. However, the rate of population growth has slowed since 2020 and it is expected that growth will remain slower from an annual average of 1.6% in the past decade (2011-2021) to 0.9% over the next decade (2021-2031)[18].

New Zealand continues to have one of the least affordable housing markets in the world, being ranked sixth least affordable in a 2022 Global Cost of Property Report[19]. Auckland is particularly unaffordable compared with other cities[20]. Housing affordability impacts everybody, but is a particular issue for first home buyers, people renting, and those on low incomes and benefits.

In August 2020 the Government's National Policy Statement on Urban Development 2020 (NPS-UD 2020) came into force[21]. The NPS-UD 2020 requires councils to plan for growth and ensure a well-functioning urban environment for all people, communities, and generations. The NPS-UD 2020 contains objectives and policies that councils must give effect to in their resource management decisions.

The Government has set six health priorities to protect, promote, and improve the health of all New Zealanders. The priorities relate to achieving equity in outcomes, embedding the Treaty of Waitangi across the health sector, keeping people well in their communities, developing the future work force, ensuring financial stability and laying the foundations for ongoing success.

In February 2021 the Local Electoral (Māori Wards and Māori Constituencies) Amendment Bill was passed[22]. The Bill removed all mechanisms for holding binding polls on Māori wards, which had been identified as a barrier to the creation of Māori wards. The Government is also taking forward the Local Government Electoral Legislation Bill which aims to simplify the representation review process councils must follow every six years in which they determine how their communities are represented. Decisions regarding Māori wards and general wards will become part of one process that includes:

- a strategic policy decision about Māori representation as the first step of the process

- detailed decisions about implementation of wards as the second step of the process.

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[17] New Zealand Search and Rescue Environmental Scan. Retrieved on 20 June 2023 from: www.nzsar.govt.nz

[18] Infometrics. Media Release: New population projections show regions will need to change how they plan for population growth. 27 October 2022: www.infometrics.co.nz

[19] Compare The Market. Global Cost of Property Report. Retrieved on 20 June 2023 from: www.comparethemarket.com.au

[20] Demographia International Housing Affordability 2023 Edition: www.demographia.com

[21] National Policy Statement on Urban Development. Retrieved on 20 June 2023 from: www.environment.govt.nz

[22] Department of Internal Affairs. The process for considering Māori wards are changing. Retrieved on 21 June 2023: www.dia.govt.nz

Local Context

Local Context	Description
A growing population	The 2023 estimated residential population of Masterton District is 29,381[23]. The District continues to experience solid population growth, with an increase of approximately 5,000 people between 2014 and 2023. Internal migration is the primary driver of this growth[24]. Some level of growth is expected to continue, with even the lower end projections from Sense Partners showing at least another 5,000 people in Masterton, with the higher end predictions indicating the population could close to double by 2054[25].
	The Council is working with councils across the Wellington region to progress a Regional Growth Framework, which will enable the region's councils to collaborate on regional issues such as housing supply and affordability, transport, climate change impacts, water and community infrastructure.
An ageing but also youthful population	The population of the District is ageing, with 22.3% of the population currently aged 65 or over (compared to 16.4% nationally)[24]. The proportion of the population aged over 65 is expected to grow.
	The Positive Ageing Strategy for the Wairarapa Region (2019) has five strategic goals relating to: community support and health services, communication and engagement, transport, cultural diversity, housing, and places, spaces and activities.
	There is also a significant youth population with 24.1% under the age of 20 (similar to the national percentage)[24].
	Te Rautaki Rangatahi o Wairarapa: Wairarapa Youth Strategy (2022). The Strategy sets out seven priorities that rangatahi in the Wairarapa region have identified and what council can do to respond to and support their needs and aspirations. Through priorities and actions, councils are striving to enhance the mana of rangatahi so that they have opportunities to grow, develop and reach their full potential.

[23] Sense Partners. Population forecast 2021 to 2054. Retrieved on 3 July 2023 from: www.demographics.sensepartners.nz

[24] Infometrics.

[25] Sense Partners

Local Context	Description
Growing urbanisation	According to the Masterton Urban Growth Strategy[26], between 2018- 2043 the District's total population is forecast to increase by an additional 5,397 people to almost 31,000. This population growth will drive the need for an additional 2,667 dwellings. The Masterton urban area's share of this growth is forecast to be about 3,581 more people and 1,809 more dwellings by 2043. The Urban Growth Strategy acknowledges that "[T]his is a sizable amount of growth and will have implications for ensuring adequate land supply to accommodate growth, particularly for residential demands".
	We are currently working with other councils across the Wellington region on a Future Development Strategy, that is expected to be finalised in early 2024. The Future Development Strategy will set out a long-term plan to ensure a 'well-functioning' urban environment, showing where growth will be, in what form, and what infrastructure is needed to support that growth.
	Population growth is a fundamental precursor to increasing urbanisation. Affordability of land, combined with zoning rules, will be the main determining factors of where to accommodate growth. Appropriately zoning land (within or on the edge of the urban area) can encourage further urbanisation. The review of the Wairarapa Combined District Plan considers these factors.
Some areas of deprivation	The NZDep is an area-based measure of socioeconomic deprivation in Aotearoa New Zealand. It measures the level of deprivation for people in each small area. It is based on nine Census variables.
	There is large variation in levels of deprivation between statistical areas, with McJorrow Park being the most deprived area (NZDep 10) and Opaki the least[27] (NZDep 1). Overall Masterton is considered more deprived than the average for New Zealand as a whole.

[26] Boffa Miskell (2019). Masterton Urban Growth Strategy: Planning for Growth to 2043.

[27] University of Otago. (2019). Socioeconomic Deprivation Indexes: NZDep and NZiDep, Department of Public Health. Retrieved on 29 June 2023 from: www.otago.ac.nz

Local Context	Description
Affordability and availability of housing is an issue for some	House prices in Masterton remain relatively affordable when compared to the national average. However, house prices have increased faster than incomes and affordability for longer-term residents (as opposed to those who have recently moved to Masterton) is an issue. Additionally, the availability of good quality housing (particularly rentals) is limited[28].
	The supply of social housing is an issue in Masterton. Kāinga Ora have only recently returned to the district, albeit on a limited scale. Community-owned company, Trust House, is the District's largest registered Community Housing Provider (CHP). A recent policy change has seen Trust House committing to taking tenants from the Social Housing Register, which helps to ensure that those most in need are prioritised.
	Masterton has housing supply issues. It is predicted that over 2,500 additional dwellings will be needed within the next 20 years to meet predicted population growth[29]. A spatial strategy would determine the appropriate mix of infill and medium density housing versus greenfields development. This work is being incorporated onto the Regional Growth Framework and the review of the Wairarapa Combined District Plan.
Poorer mental health outcomes and life expectancy rates	Mental health presentation and suicide rates are worse for Masterton compared with New Zealand generally, as well as provincial New Zealand[30].
	Life expectancy rates are also lower for Masterton than the country as a whole[30].
	The rate of smoking is higher in Masterton for both the population as a whole, and specifically for Māori when compared with the New Zealand average. However, the percentage of the District's smoking population has dropped significantly since 2006[31].
A growing and youthful Māori population	An increasing number of Masterton residents identify as Māori (5,433 in 2018 compared with 4,170 in 2013) and the Māori population is expected to grow as a proportion of the total population. The Māori population is more youthful, with a median age of 24.2 years (compared to a median age for the total Masterton population of 43.2 years)[32].

[28] Masterton District Council. (2019). Masterton District Housing Stocktake.

[29] Boffa Miskell. (2019). Masterton Urban Growth Strategy: Planning for Growth to 2043.

[30] Infometrics

[31] Stats NZ. (2020). Census Place Summaries: Masterton District. Retrieved on 28 June 2020 from: www.stats.govt.nz

[32] Stats NZ. (2020).

Local Context	Description
Increasing ethnic diversity	Masterton District is primarily a bicultural society, but it is gradually becoming more ethnically diverse (84.7% of people identify as European, 21.3% as Māori, 4% as Pacific peoples, and 3.9% as Asian)[33]. In early 2019, Masterton was announced as one of the new resettlement locations for refugees, and since then refugee families have joined the community. While small in number, they contribute to the ethnic diversity of the District.
Disabled People/ Tangata Whaikaha	As our population grows, the number of people in our community who experience some form of disability will also grow. While there is little data available on the number of people in Masterton with a disability, around 24 percent of the national population identify as disabled. These rates significantly increase for people aged over 65, and Māori and Pacific people had higher-than-average disability rates.
Languages spoken	97.4% of Masterton District are English speakers. 4.5% of the population speak te reo Māori, compared to the national average of 4%. Samoan is the only other language of note (1.2%)[34].
Wellbeing Strategy (Cultural Development)	The Masterton District Council Wellbeing Strategy includes a vision statement for each of the four wellbeing areas. The vision for Cultural Development is: *Masterton/ Whakaoriori values the place and role of tangata whenua and is proud of our cultural identity and heritage.* The Council also has an Arts, Culture and Heritage Strategy 2019-2024, as well as an implementation plan, which has five priorities. These are: support for the Arts, Culture and Heritage sector, telling our stories, Toi Māori, opportunities for people to connect, and public art.

[33] Infometrics
[34] Stats NZ. (2020). Census Place Summaries: Masterton District.

Implications for Masterton District Council

Increasing Cultural Diversity:

Our population will continue to become more diverse and, in particular, our Māori population will continue to grow. Planning for greater diversity, and for meeting the needs of a more diverse population, will make Masterton a better and more inclusive place. Council is undertaking and involved in a number of activities to support diversity:

- Working to improve the cultural appropriateness of services (e.g. offering te reo Māori based programmes in our Library; bilingual signage; reflecting Māori culture and design in 'our place')

- Masterton is one of the Government's refugee resettlement locations

- Council is part of the "Welcoming Communities Programme', an initiative to support improved social inclusion outcomes for recent migrants.

An Ageing Population:

An ageing population raises a number of implications for the Council, including the following:

- The types of services and infrastructure an ageing population will need (such as accessibility and recreational needs), how this contrasts with the needs of other population groups, and delivery options. This may require joint ventures and collaboration with other agencies (including central government), multi-use and flexible facilities, and decisions to discontinue some services.

- The ongoing financial sustainability where the rating base is comprised of an increasing number of retired ratepayers (including their ability to pay rates).

- A potentially growing base of volunteers that can actively contribute to the social and cultural wellbeing of the community.

Supporting a Strong Youthful Population:

Masterton District has a significant youthful population (particularly its Māori population). The social, cultural, and economic needs of this younger population may well be quite different and, at times, in conflict with those of the growing older population. Engaging with this population group can also be challenging and may require a targeted approach.

Housing in an Increasingly Challenging Market:

Supporting housing security (both in terms of affordability and accessibility) remains an ongoing issue for Council. Despite the return of Kāinga Ora to Masterton, social housing shortages persist. Council will need to use a number of tools to support equitable access to quality housing through, for example, growth planning and advocacy for a broader range of housing typologies (including social housing).

Focusing on Improved Mental Health:

The District rates poorly in terms of mental health. While this is a broader social issue primarily addressed by central government, councils have options available to assist with the many factors that underlie poor health outcomes. Programmes and initiatives which promote community connection, breakdown economic barriers to participation (particularly in areas of high deprivation), and ensure access to quality housing, community facilities and public infrastructure, are all elements that can improve the mental health of residents.

Support for people with disabilities:

As our population grows, attention needs to be given to how Council supports those with disabilities. Improving access and support, and considering the needs of various disabilities, will need to form part of Council decision making processes.

Recognising diversity in lived experience:

Lived experiences encompass the wide range of experiences individuals have throughout their lives, shaped by various factors such as culture, ethnicity, religion, socioeconomic status, education, sexuality, gender identity, physical ability, and more. These factors can influence how people perceive the world, interact with others, and navigate societal expectations.

Recognising and valuing this diversity helps foster empathy and understanding and will help Council promote a more inclusive and compassionate society.

Community Connection:

Social and community connectedness is a key part of maintaining community wellbeing. This requires Council and other agencies to continually focus on ways to encourage and strengthen social connection, trust and participation, in a community-led manner. This must be based on an understanding of the different social and cultural needs of increasingly diverse communities, as well as the different cultural identities of rural versus urban parts of the District.

ĀHUATANGA ŌHANGA
ECONOMIC FACTORS

International Context

Economic conditions internationally have changed rapidly and substantially in the three years since the last environmental scan. Changes have been driven by a range of factors including the COVID-19 global pandemic, geopolitical events and natural disasters. Headline factors which are driving the global economic context (identified in both the PWC megatrends work and other assessments) are set out below.

1. **Global Economic Recovery.** As the world has moved through the COVID-19 pandemic, economic transition has continued to guide countries' actions such as economic stimulus, migration policies and economic relationships.

2. **Varying growth rates.** Economic growth rates continue to vary . Some countries, particularly those with advanced economies and robust health systems are experiencing a faster recovery from the pandemic. Emerging markets and developing economies have faced challenges with disparities in healthcare and lingering impacts of the pandemic[35].

3. **Trade and Supply Chains.** Global trade continues to face disruptions following lockdowns and other restrictions at the height of the pandemic[36]. These supply chain impacts have highlighted the vulnerabilities and the need for diversification and resilience in international trade networks.

4. **Inflationary Pressures.** Rising inflation emerged as a concern in many countries in 2021 and is now impacting many economies[37]. Factors such as supply chain disruptions, higher commodity prices, and pent-up demand has contributed to inflationary pressures. Banks are closely monitoring these developments and adjusting monetary policies in response.

5. **Technological Advancements.** Technological advancements continue to shape the global economy. Digitalisation, automation, and artificial intelligence (AI) are playing a significant role in transforming industries and changing the nature of work[38].

6. **Sustainable Development.** There has been an increasing focus on sustainable development and the transition to a low-carbon economy. Efforts are being made to address climate change, promote renewable energy, and adopt environmentally friendly practices.

7. **Economic Inequality.** Addressing income inequality and wealth inequality remains a significant challenge globally. The pandemic exacerbated these disparities, with vulnerable populations disproportionately affected[39]. Governments and organisations are exploring policies to promote inclusive growth and social protection.

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[35] The World Bank. As Global Growth Slows, Developing Economies Face Risk of 'Hard Landing'. 11 January 2022: www.worldbank.org

[36] IMF Blog. Global Trade Needs More Supply Diversity, Not Less. 12 April 2022: www.imf.org

[37] World Bank. World Economic Outlook, Chapter 2, Inflation Scares. October 2021: www.imf.org

[38] Zia Quershi, Brookings. How digital transformation is driving economic change. 18 January 2022: www.brookings.edu

[39] Francisco H. G. Ferreira. Inequality in the time of COVID-19. August 2021: www.imf.org

National Context

New Zealand is impacted by global volatility. Like most of the world, as we move out of the COVID-19 pandemic the impacts of inflation are being felt across the country. Economic discussions are dominated by the "cost of living crisis" and how the ongoing impacts are being felt throughout society.

It was confirmed in June 2023 that the New Zealand economy had entered a technical recession as GDP fell for a second quarter[40]. While there is no clear consensus on how long the recession will last, or how deep it will be, New Zealand is going to continue to experience a period of economic volatility (along with the rest of the world).

New Zealand is a small, isolated and relatively undiversified economy, making it more vulnerable to economic shocks than many other developed countries. As illustrated during the COVID-19 pandemic and associated lockdowns, our dependence on international visitors creates a vulnerability to external events. However, most of the time, tourism is a strength as it provides income and employment opportunities across New Zealand.

At a high level, New Zealand's economy is structurally very similar to most other developed economies. It has a large and growing service sector, whilst manufacturing is becoming a relatively smaller component of the economy over time. Primary production represents less than 10 percent of output.

Central government funding for regional economic development has reduced with the end of the Provincial Growth Fund following the 2020 General Election. It was expected that there would be a surge of central government spending on regional projects in the wake of the COVID-19 pandemic, however this did not eventuate to a significant extent.

[40] Anan Zaki. New Zealand in recession as GDP falls for a second quarter. 15 June 2023: www.rnz.co.nz

Local Context

Local Context	Description
Post COVID-19 economic recovery[41]	Masterton's economy is currently strong, with GDP growth of 6.6% in the year to March 2022, compared to 5.3% for New Zealand. The biggest contributors to this growth were the health care and social assistance sector, professional, scientific and technical services, and the construction sector.
	Employment was up 3.6% for the year to March 2022 (compared with 3% nationally). This equates to an increase of over 450 jobs. The healthcare and social assistance sector is the biggest employer (16.3% of jobs), followed by retail trade (11.7%) and agriculture, forestry and fishing (11.5%).
Mean earnings are lower than the national average[41]	Mean annual earnings per person are below the national average, but continue to grow. The mean annual earnings for 2022 were $56,695 per annum a 5.8% increase on the previous year, and close to $7,000 more than 2019. Mean household incomes sit for 2022 at $97,129, having grown 5.2% in the past year and close to $30,000 over the past 10 years[41].
	12.6% of Masterton's working age population is on a benefit, remaining relatively stable over the past five years. The number on a benefit has the potential for increasing inequality between the employed and those not in the workforce.
Healthcare and Social Assistance is Masterton's biggest industry	Masterton district's three biggest industries, in terms of contribution to GDP, are healthcare and social assistance (11.9%), professional, scientific and technical services (8.0%) and retail trade (7.3%). Agriculture, forestry and fishing plays a smaller but still strong role in the economy (6.9%).
Water resilience is a significant issue	Pressure on water supply will increase in the district as the population continues to grow and periods of drought increase, due to the impact of climate change.
	All Wairarapa Councils are working closely together and with Greater Wellington Regional Council, iwi, key stakeholders and other entities on matters of water resilience.
	Water is a severe limiting factor to the region's future economy, and projected climate change effects for the Wairarapa will worsen this situation. The proposed Wakamoekau storage scheme has not been progressed, and at present there is no other developed alternative solution. All Wairarapa councils are committed to working together to develop a solution to the water resilience challenge.

[41] Infometrics.

Local Context	Description
Connectivity is critical for the local economy	Connectivity to Wellington is a defining issue for the region, both for growing industry and enabling people and freight to have access to Wellington. Masterton is served by the Wairarapa train line which operates passenger and freight services to Wellington. KiwiRail is currently undertaking a significant upgrade to the Wairarapa Line which will improve resilience, reliability, and punctuality to prepare for increasing future passenger and freight services. The work includes signalling upgrades, track renewals, remedial works on bridges, drainage and de-vegetation work[42]. The Government also recently announced that it will be purchasing 18 four-car, tri-mode trains, and associated infrastructure, for the Wairarapa and Manawatū rail lines. It is expected that this investment will double peak-time passenger services between Masterton and Wellington[43]. The link to Palmerston North (including through to Hawkes Bay and North to Auckland by air) is also important. In 2017, the Manawatu Gorge (SH3) was closed by slips, affecting access from Masterton to Palmerston North and Napier. A new four-lane, $620m highway is currently being built with completion set for the middle of 2025. Te Ahu a Turanga – Manawatū Tararua Highway will improve access between Masterton and Palmerston North, which is a growing rail/road freight hub.
Demographic challenges with the workforce	Masterton has demographic challenges with its workforce. It is markedly under-represented in the 20-to-44-year age bracket and over-represented in the 60 plus age bracket, meaning that we have a smaller population readily available for the workforce.

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[42] Kiwi Rail. Wairarapa Line. Accessed on 5 July 2023: www.kiwirail.co.nz

[43] Wellington Scoop. 18 new passenger trains for Wairarapa and Manawatū lines. April 29 2023. Retrieved from: www.wellington.scoop.co.nz

Local Context	Description
Education and training for young people is essential	The NEET (not in employment, education or training) rate for those aged 15 to 24 is 8.1% - the lowest point since a high of 19.5% in 2013. This is below the national average of 11.7%, and also below the 9.5% rate for the Wellington region. In November 2022 UCOL, the largest training provider in the district, became part of the national vocational education provider Te Pūkenga. The impact of this change is still to be fully realised. Taratahi Agricultural Training Centre remains closed, leaving a gap in agricultural training opportunities for both the Wairarapa and the lower North Island. Work by the Ministry for Primary Industries (MPI) and the Tertiary Education Commission is continuing to find a long-term solution to secure sustainable agricultural education at Taratahi.
Wairarapa Economic Development Strategy	The Wairarapa Economic Development Strategy (WEDS) is a collaborative venture between the three Wairarapa District Councils and WellingtonNZ. The WEDS sets out a development strategy that has five focus areas: • People focus • Business focus • Iwi focus • Land use focus • Digital/tech focus.

Implications for Masterton District Council

Post COVID-19 recovery: Government's response to COVID-19 included the largest economic stimulus package ever implemented in New Zealand. While the funding from this stimulus has ended, work must continue to ensure that Masterton is well placed to access funds in further periods of stimulus. The "cost of living crisis" which has emerged post-COVID has created additional challenges, and alongside the more obvious economic impacts, the affordability of rates may become an issue for many ratepayers in the short to medium term.

Continuous Investment in Resilient Infrastructure:

It is important to note that water infrastructure is subject to the Government's water reforms, and the ongoing transition process. Core public sector infrastructure, and in particular water infrastructure, requires ongoing investment to ensure it has both the capacity and resilience to meet future demand. This requires all councils in the region to collaborate on water resilience strategies and investment to support local communities and economies. The impact of the Government's water reforms will also need to be considered as part of this work.

Growing a Sustainable Workforce:

The NEET rate in Masterton has fallen, showing fewer of our young people are not in work or training. Investment in programmes which support our young people into higher education and employment in the local area will bring ongoing benefits. Other initiatives could focus on encouraging more working age people into the region.

Developing a 21st Century Economy:

We have seen an increasing move towards the digital economy. Following on from the lockdowns, remote and hybrid working has become more common, particularly amongst the professional sector. With its lower house prices and lifestyle benefits, Masterton has been well-placed to attract this type of business growth, as well as attracting those working in Wellington to live in the district. An opportunity exists to attract these recent arrivals into more aspects of the community, utilising their professional skills and experience.

Transport Connectivity:

Investment in transport connectivity is critical to supporting Masterton's economy and enabling it to continue to grow. The recent announcement of investment in rail for the region, and the upcoming completion of the replacement for the Manawatū Gorge road, show the importance of collaboration between councils, iwi, businesses, and central government.

ENVIRONMENTAL FACTORS

International Context

Environmental conditions and challenges are complex, interconnected and continuously evolving. They require global collaboration and sustained efforts to achieve meaningful change. The current trends and issues are detailed below.

1. **Climate Change.** Climate change continues to be a pressing global issue. Rising global temperatures, increased frequency, and intensity of extreme weather events, and changing precipitation patterns pose significant risks to ecosystems, human health, and socio-economic systems[44]. International agreements, such as the Paris Agreement, aim to mitigate greenhouse gas emissions and promote adaptation to climate change.

2. **Biodiversity Loss.** Biodiversity loss and species extinction rates remains a concern. Habitat destruction, pollution, overexploitation of natural resources, and climate change are key drivers of biodiversity decline[45]. The importance of conservation efforts, protected areas, and sustainable land and ocean management have continued to gain recognition.

3. **Natural Resource Management.** The sustainable management of natural resources continues to be a global challenge. Issues such as deforestation, water scarcity, soil degradation, and overfishing pose threats to ecosystems and livelihoods. Efforts are being made to promote sustainable practices, including sustainable agriculture, responsible mining, and efficient water management.

4. **Circular Economy.** The concept of a circular economy continues to gain traction, with the aim to minimise waste generation and promote resource efficiency. Strategies such as recycling, reuse, and product design, focused on reducing environmental impacts and conserving resources[46].

5. **Plastic Pollution.** The issue of plastic pollution is receiving increased attention. Plastic waste in oceans, rivers, and landfills poses risks to marine life and ecosystems. Efforts are being made to reduce single-use plastics, promote recycling, and develop alternative packaging materials.

6. **Renewable Energy Transition.** There is a growing emphasis on transitioning to renewable energy sources to reduce reliance on fossil fuels and mitigate climate change. The deployment of renewable technologies such as solar and wind power continues to increase, supported by government policies and private sector investments[47].

7. **Environmental Awareness and Activism.** Environmental awareness and activism are on the rise, with individuals, communities, and organisations advocating for environmental protection and sustainable practices.

[44] United Nations. Global Issues – Climate Change. Retrieved on 5 July 2023 from: www.un.org

[45] UN Environment Programme. 5 key drivers of the nature crisis. 8 December 2022: www.unep.org

[46] Ministry for the Environment. Ōhanga āmiomio – Circular economy. Retrieved on 21 June 2022 from: www.environment.govt.nz

[47] International Energy Authority. Renewable Electricity – Tracking Report. September 2022: www.iea.org

National Context

The Ministry for the Environment predicts that New Zealand will continue the current trends of higher temperatures, rising sea levels, more extreme weather events, and a change in rainfall patterns throughout this century[48].

There is a framework for the whole of Government that drives climate change policy towards low greenhouse gas emissions and climate resilience. This includes (but is not limited to) the following:

- Climate Change Response (Zero Carbon) Amendment Act which provides a framework to develop and implement clear and stable climate change policies. Local authorities have reporting requirements under this Act and includes a domestic emissions reduction target by 2050.

- Independent Climate Change Commission which provides independent, evidence-based advice to government on climate issues.

- Emissions Reduction Plan released by the Government in May 2022, which describes how New Zealand is going to meet emissions budgets and make progress towards meeting the 2050 target.

- New Zealand Emissions Trading Scheme which helps reduce emissions by:
  - Requiring businesses to measure and report on their greenhouse gas emissions
  - Requiring businesses to surrender one 'emissions unit' (known as an NZU) to the government for each tonne of emissions they emit
  - limiting the number of NZUs available to emitters (i.e., that are supplied into the scheme).

- Carbon Neutral Government Programme which aims to accelerate the reduction of emissions within the public sector.

- National adaptation plan that looks at the impacts of climate change both now and into the future and sets out how New Zealand can adapt.

The Government is also pursuing changes in environmental policy and regulatory direction. These include (but are not limited to) the following:

- The National Policy Statement – Urban Development (NPS-UD), the National Policy Statement – Highly Productive Land (NPS-HPL), the National Policy Statement – Freshwater Management (NPS-FM), and the proposed National Policy Statement for Indigenous Biodiversity, as well a number of proposed environmental standards.

- The NPS-FM is part of central government's Essential Freshwater Programme. This programme has three objectives, namely to stop further degradation of New Zealand's freshwater resources and start making immediate improvements so that water quality is materially improving within five years; to reverse past damage to bring New Zealand's freshwater resources, waterways and ecosystems to a healthy state; and to address water allocation issues.

- The reform of the resource management system is progressing with the Natural and Built Environment Bill and Spatial Planning Bill currently going through the parliamentary process with it expected that these Bills will become law in mid-2023. A third piece of legislation in this resource management reform focused on Climate Adaptation is expected to be tabled in the later part of 2023.

- The government is taking forward a programme of water services reform. These reforms cover drinking water, wastewater, and stormwater and will have impacts for all local authorities.

[48] Ministry for the Environment. Climate Change Projections for New Zealand. Retrieved on 28 June 2023 from: www.environment.govt.nz

New Zealand continues to experience significant reduction in native habitat and biodiversity. The country is also facing threats to biodiversity from pest animals (such as possums) and diseases (such as Kauri dieback disease and myrtle rust). As well as posing a threat to the environment, pests and diseases have the potential to significantly impact on the economy.

Local Context

Local Context	Description
Climate change will affect the Masterton District	Climate change is likely to increase temperatures by 0.75-1.25°C by 2040. Masterton is predicted to experience more periods of drought, with summer rainfall predicted to decrease by up to 12% by 2090. These changes could lead to water shortages, increased demand for irrigation, an increased fire risk, and biodiversity impacts, as new pests and diseases become more prevalent. However, warmer temperatures, a longer growing season and fewer frosts could provide opportunities to grow new crops. The potential for increased storm intensity may impact on stormwater systems and cause erosion and landslides, and the east coast will be at risk from coastal erosion and inundation.

Greater Wellington Regional Council has set a corporate carbon neutrality target and declared a climate emergency.

The MDC Climate Action Plan was adopted in September 2022. The Climate Action Plan sets out the Council's roadmap for actions to reduce emissions and their impacts on the district.

In 2021 Council created an internal Corporate Carbon Emissions Reduction Plan. The plan sets out the ways Council will reduce climate pollution. |

Local Context	Description
The regional policy environment is changing significantly	As well as the significant central government changes occurring in environmental policy, the Greater Wellington Regional Council's proposed Natural Resources Plan (pNRP) replaces five regional plans for managing the coast, soil, discharges to land, fresh water and air.
	This will include, for example, an integrated package of regulatory and non-regulatory methods to maintain water quality or improve it where it does not meet the expectations of the community or of statute. It will also include provisions to drive more efficient water use and promote sustainable water storage, identify and manage discharges to land within drinking water catchments, and require most stormwater discharges from the large networks owned by local authorities to be improved over time.
	Other particularly significant areas of the pNRP include its approach to air quality and biodiversity. For example, the air quality policy covers all sources of particulate matter such as smoke, industrial discharges and dust, as well as odour that is offensive or objectionable beyond a property boundary. The Masterton urban airshed (the air quality management area above Masterton) is the only polluted airshed in the Wellington Region, (there are eight regional airsheds), and was gazetted on 1 September 2014. In terms of biodiversity, the pNRP identifies sites of significance for indigenous biodiversity. Proposals for mitigation and biodiversity offsets will be assessed against defined and scheduled best practice.
	The Proposed Change 1 to the Regional Policy Statement includes the development of a climate change chapter. The Regional Policy Statement (RPS) for the Wellington Region provides an overview of the resource management issues of the Region and sets out the policies and methods to achieve integrated resource management of the natural and physical resources of the whole region. Change 1 of the RPS will account for new national direction. It includes:
	• Enabling urban development and infrastructure in appropriate locations. Encouraging more intensive urban development that is sensitive to the environment and meets the needs of more people.
	• Developing objectives with our mana whenua partners to protect our waterways, including:
	– How Te Mana o Te Wai applies to freshwater in the region.
	– Long-term visions for freshwater bodies in areas with completed whaitua processes.
	• Responding to the climate emergency:
	– Through provisions to reduce emissions.
	– By recognising the role that natural ecosystems play.
	– By reducing the impacts of climate change.
	– Strengthening the existing provisions for indigenous ecosystems to maintain and restore ecosystem processes and biodiversity generally, not just significant biodiversity.
	Changes were publicly notified in 19 August 2022. The Hearing process is taking place in mid-late 2023.

Local Context	Description
Water quality and resilience	Water infrastructure is subject to the Government's water reforms package, and the ongoing transition process.
	Water is provided to the urban reticulation system and the Waingawa industrial area. In rural areas, Council supports the provision of non-drinking and water race supplies, as well as a small number of communally owned water schemes. It owns and maintains a network of water mains, trunk mains, tanks, reservoirs and water treatment facilities at Kaituna and Tinui. Security of water supply and quality are significant issues for Council.
	Council has a Water Conservation Strategy, which includes addressing network leakage, and managing use through the installation of water meters. It also has a Water Safety Plan to manage risks to water quality.
	More frequent droughts from climate change may affect the security of water supply. Currently, Council relies on adequate water flows from the Waingawa River and has no stored water for a prolonged drought.
	The Greater Wellington Regional Council's pNRP will require reductions in treated wastewater discharged into the Ruamāhanga River. Council's current LTP has a budget provision for plant upgrades. The pNRP will also have implications for other discharges, such as stormwater and water races.
	Council is facing challenges completing its water, wastewater and stormwater renewals programme due to limited resource available in the District and competition for contractors due to increased subdivision work.
Natural hazards: Flooding and earthquakes are specific risks	Flooding is a key risk. In March 2023 Greater Wellington Regional Council completed an assessment of flood hazards across the region[49]. The current protection measures, such as stop banks and using roads for secondary run off, have protected the town to date. Council is considering the updated flood hazard assessment as part of future planning to ensure we can maintain effective flood control management.
	Masterton is a high-risk earthquake area and liquefaction risk is included on LIMs.
Environmental Development Strategy	Council's Environmental Development Strategy (which is part of its Wellbeing Strategy), has as a vision "rivers we can swim in and drink from, clean air to breathe, green and blue spaces that we can enjoy and share with future generations". Areas of focus include air and water quality, protecting natural heritage and supporting biodiversity, addressing climate change impacts, a culture of sustainability, and a commitment to work in collaboration with iwi and stakeholders.
Electric vehicles are part of the strategy	The Masterton District Council has a policy of electric vehicles first for its replacement vehicles where appropriate.

[49] Greater Wellington Regional Council. Regional flood hazard assessment. Accessed on 5 July 2023: www.gw.govt.nz

Implications for Masterton District Council

Changing Policy and Legislative Environment:

The Government is moving quickly to significantly alter the environmental policy landscape through a number of policy statements, environmental standards, and legislative reforms. In addition, the Greater Wellington Regional Council's Natural Resources Plan is close to becoming operative and the Proposed Change 1 to the Regional Policy Statement will be finalised over the next year. Collectively, these have a significant impact on the policy environment within which the Council operates. Understanding the impacts, navigating through potential conflicts, and implementing required policy and operational changes, are likely to have major financial implications for Council.

There are also significant reforms by the Government that will impact the environmental policy landscape including Water Services Reform, Resource Management Act reforms, and the Spatial Planning Act. As above, understanding the impacts, navigating through potential conflicts, and implementing required policy and operational changes, will have significant implications for Council.

A Changing Climate:

The world is approaching an environmental tipping point and considerable investment of time and money is needed to determine what this means and the actions that will be needed at the national, regional, and local level. This includes understanding the consequences of transitioning to low emissions living, as well as a living in a disrupted climate. This must be undertaken in collaboration with and, in some circumstances led by communities. This is a critical and ongoing issue for Council.

TECHNOLOGICAL FACTORS

International Context

Technology is advancing rapidly, and the world's technological context is continuously evolving. There are a number of areas where advancements are shaping the context in which the world operates.

1. **Artificial Intelligence (AI).** AI continues to advance, impacting various sectors such as healthcare, finance, transportation, and manufacturing. AI-powered technologies, including machine learning and natural language processing, are used for automation, data analysis, personalisation, and decision-making.

2. **Internet of Things (IoT).** The IoT has expanded, with more devices connected to the internet, enabling data collection and communication between objects. IoT applications are seen in smart homes, wearable devices, industrial automation, and smart cities, improving efficiency, convenience, and monitoring capabilities[50].

3. **Cybersecurity.** Cybersecurity remains a critical concern due to increasing cyber threats and data breaches. Organisations and governments are investing in robust cybersecurity measures to protect sensitive information, critical infrastructure, and personal data.

4. **Blockchain Technology.** Blockchain technology is an advanced database mechanism that allows transparent information sharing within a business network. It continues to evolve, enabling secure and transparent transactions without intermediaries. Beyond cryptocurrencies, blockchain applications have been explored in supply chain management, digital identity verification, voting systems, and decentralized finance.

5. **Green Technology.** There is a growing focus on green technology and sustainability in the tech sector[51]. Efforts are being made to develop renewable energy technologies, energy-efficient devices, and environmentally friendly manufacturing processes to reduce the carbon footprint of the tech industry.

6. **Privacy and Ethics.** Privacy concerns and ethical considerations surrounding technology use are gaining prominence. Discussions revolve around data privacy, algorithmic bias, AI ethics, and responsible technology development to ensure transparency, fairness, and accountability.

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[50] McKinsey & Company. What is the Internet of Things? August 17 2022: www.mckinsey.com

[51] New Zealand Trade and Enterprise. Why sustainability is important in the tech industry. 22 May 2023: www.my.nzte.govt.nz

National Context

Central government has invested heavily in digital connectivity through the rollout of ultra-fast and rural broadband. The rollout of 5G is also underway across the country, with central government recently signing contracts with major telecommunications network operators to speed up the rollout of 5G to regional towns across New Zealand[52]. In addition, One NZ (formerly Vodafone New Zealand) have reached an agreement with SpaceX to provide mobile coverage across the whole of New Zealand, beginning in late 2024[53].

The benefits of investment in digital connectivity were clearly visible in the response to COVID-19 and post pandemic New Zealand. People relied on technology to work from home, stay connected to others, and to be entertained. The pandemic experience has encouraged a step-change in how businesses use and embrace technology, with a rise in working from home and flexible working arrangements.

In 2019 and 2020 the Productivity Commission investigated the way New Zealand can maximise the opportunities and manage the risks of technological change. The final report finds that rather than treating technology as a threat, New Zealand should embrace technology and take steps to encourage greater adoption and innovation, while also looking after the people who are adversely affected or less equipped to adapt[54].

Local Context

Local Context	Description
Digital connectivity is the way of the future	Ultra-fast broadband is available in Masterton, with numerous retail providers. Rural broadband is being progressively rolled out, through a project contracted by Crown Infrastructure Partners. The availability of Starlink is also increasing internet access to previously underserved areas.
Electric vehicles are part of the strategy	The Masterton District Council has a policy of electric vehicles first for its replacement vehicles.

Implications for Masterton District Council

Future of Work:

In the longer term, new technologies may significantly change the work environment within Masterton District Council, as well as the way it provides services and interacts with residents and ratepayers. Knowledge and a willingness to embrace technology will be critical. New technologies may also displace some existing workforces, requiring investment in training, upskilling, and recruitment to support employees affected by technological innovation.

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[52] Beehive Press Release. Govt to speed up 5G rollout to regional towns. 12 May 2023: www.beehive.govt.nz

[53] Stuff.co.nz. One NZ inks deal with SpaceX to provide 100% mobile coverage of NZ. 3 April 2023: www.stuff.co.nz

[54] New Zealand Productivity Commission. Technological Change and the future of work. March 2020: www.productivity.govt.nz

Appendix 1: National reform and legislative changes

There are three significant reforms and processes led by the current Labour Government that will impact Council – Water Services Reform, Resource Management and the Future for Local Government. They represent the largest reforms to local government since the abolition of the provinces in 1877.

The aim of the reforms is to achieve better outcomes for communities and the environment, efficiency improvements and give effect to the principles of Te Tiriti o Waitangi. However, the reforms are at different stages of completion and, approaching a general election, add to the increasingly complex and uncertain operating environment for local government.

These reform have added additional challenges to future planning, but provide an opportunity to further the purposes of local government. The reforms will change the system in which Council operates, including how decisions are made and who makes them, what Council delivers and how it happens, and who enables and delivers community wellbeing.

Water Services Reform (formerly Three Waters Reform)

The current Labour Government has proposed new organisations to deliver water supply, wastewater and stormwater independent of local councils. The Water Services Entities Bill was passed in late 2022, establishing the new water entities. The Water Services Legislation Bill has been reported back from the Finance and Expenditure Select Committee, and will likely pass in 2023. It sets out the functions, powers, obligations and oversight arrangements of the entities. The Water Services Economic Efficiency and Consumer Protection Bill, which provides for the regulation of the price and quality of water infrastructure services, and consumer protection for water infrastructure services, has also been reported back from the Finance and Expenditure Select Committee, and will likely pass in 2023.

As this reform progresses, Council will continue to monitor development and assess the available information to determine how Masterton will be affected. The opposition parties, National and Act, have said they will repeal the Water Services Reforms if elected. With an election in October 2023, it is uncertain what these reforms will look like in the event of a change of government.

Council will need to facilitate the transfer of associated assets, staff and contracts to a new water entity. We will need to manage any impacts of the change for the rest of the Council's Infrastructure Staff and ensure staff are supported through a challenging period of change management.

Resource Management Reform

After incremental changes over many years, the Labour Government is undertaking a comprehensive reform of the resource management system. In February 2021, the Government announced it would repeal the Resource Management Act 1991. The Natural and Built Environments and Strategic Planning Bills were introduced to the House in late 2022 and the third reading was held in August 2023. The Climate Change Adaptation Act, the third piece of legislation as part of this work, has yet to be introduced to the House.

The scale of reform of the resource management system is substantial and will have significant impacts on Masterton District Council. The resource requirements and costs of transition cannot be underestimated, particularly as we move to a new system while fulfilling essential requirements under the current one.

The resource management system is already under significant strain and facing capacity issues. Mana whenua are also constrained in their capacity to fully participate in the current, let alone future, system. The success of the new system and the Council's role in it will largely depend on how we plan for, manage and resource the transition to and implementation of the new system.

Future for Local Government

The Government is undertaking a fundamental review of the purpose, function and operation of local government.

A Ministerial Inquiry was set up to identify how our system of local democracy needs to evolve over the next 30 years to improve the well-being of New Zealand communities and the environment, and actively embody the Treaty partnership.

The final report, He piki tūranga, he piki kotuku, was released on 21 June 2023. It included 17 recommendations to enable local government to better serve communities. The Government has indicated that there will be no further work in this area ahead of the upcoming General Election, and there has been no commitment from opposition parties to actioning the review.

The Council will need to work with central government on any further developments in this space. In the future, government decisions may change the Council's role, functions and structure. This is an opportunity for the Council to help shape its future direction and its role in the community.

Appendix 2: Infometrics Deep Dive on Masterton's wellbeing

Over the past six years Masterton's wellbeing has improved its relative position in six out of nine wellbeing domains. In our chart of the month of July, we showcase the district's movement up the wellbeing rankings using the Infometrics regional wellbeing framework available in the newly refreshed Regional Economic Profile.

Chart 1. Wellbeing radar for Masterton District

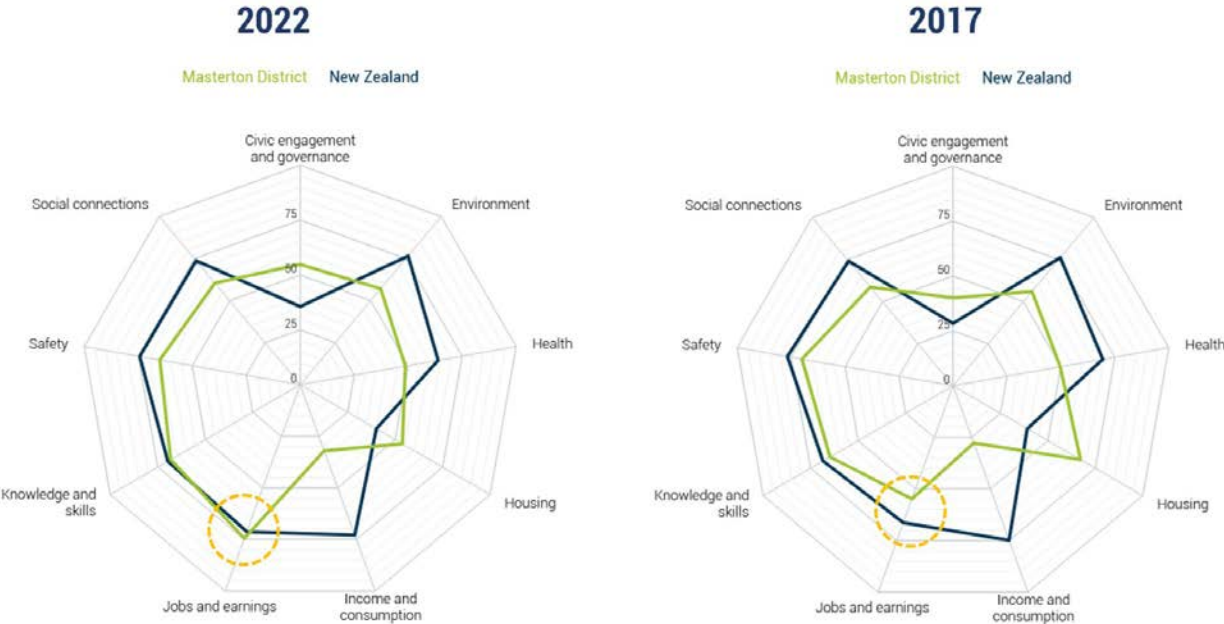Score out of 100 in nine wellbeing domains (higher score = higher wellbeing)

Chart 1 shows Masterton's score out of 100 in the nine wellbeing domains and compares it with New Zealand's scores.

The largest improvement in Masterton between 2017 and 2022 is in the jobs and earnings domain (highlighted in Chart 1) which has been driven by the district's very robust labour market. Its score out of 100 increased from 54.8 in 2017 to 74.5 in 2022 with the result that it jumped 21 places in the ranking of 66 territorial authorities. Its strong performance in this domain was driven by a declining NEET (not in employment, education or training) rate, an increasing proportion of workers in highly skilled positions, and a rapidly declining unemployment rate.

Masterton also experienced a sizeable increase in its civic engagement and governance domain score, driven by improvements in local and general election turnouts. Other domains in which Masterton moved up the ladder were income and consumption, knowledge and skills, social connections, and environment.

On the negative side Masterton's score in the housing domain has fallen from 67.2 to 53.8, driven by housing and rental affordability decreasing faster than most districts. The district's score for safety and health has also dropped slightly.

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TE KAUNIHERA Ā-ROHE O WHAKAORIORI

MASTERTON
DISTRICT COUNCIL