

ORDINARY MEETING of Council

AGENDA

Supplementary Reports

LTP 2024-2034 Deliberations – Financial Implications

Time: 9:00 am
Date: Wednesday, 5 June 2024
Venue: Waiata House, 27 Lincoln Road,
Masterton

MEMBERSHIP

Mayor Gary Caffell (Chairperson)

Councillor Bex Johnson

Councillor Craig Bowyer

Councillor Brent Goodwin

Councillor David Holmes

Councillor Tom Hullena

Councillor Stella Lennox

Councillor Tim Nelson

Councillor Marama Tuuta

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7 REPORTS FOR DECISION

7.6 LONG-TERM PLAN 2024-2034 DELIBERATIONS - FINANCIAL IMPLICATIONS

File Number:

Author: Executive Leadership Team

Authoriser: Kym Fell, Chief Executive

PURPOSE

The purpose of this report is to:

- present Council with a summary of submitters' feedback (as expressed in submissions and at the hearings) on financial and funding topics, including Fees and Charges, that were raised as part of the consultation on the Long-Term Plan 2024-34; and
- inform Council of any changes and new information received since the Long-Term Plan Consultation Document was adopted on 3 April 2024; and in response,
- receive direction on the changes to make to the budgets in the LTP financial model for the adoption of the 2024-34 Long-Term Plan.

RECOMMENDATIONS

That Council:

1. **Receives** the Long-Term Plan 2024-2034 Deliberations - Financial Implications Report
2. **Notes** the analysis of submissions and key themes on financial and funding topics, including Fees and Charges, that were received as part of the consultation on the Long-Term Plan 2024-34.
3. **Receives** the changes and new financial information received since the Long-Term Plan Consultation Document was adopted on 3 April 2024, as identified in the Report.
4. **Directs** staff to incorporate the changes identified under the **Financial Model Changes Proposed (pre-deliberations)** heading in the Report, along with any other changes that result from Council's deliberation decisions, into the Long-Term Plan for adoption on 26 June 2024.

CONTEXT

The Consultation Document was supported by a full set of documentation that included the Council's Infrastructure Strategy, Financial Strategy, asset management plans, forecasting assumptions and forecast financial statements (Council's draft budgets). These documents underpinned the proposed service levels, rates required and debt levels. Submitters were able to comment on any aspect of the plans and budgets for the full range of Council activities for the next ten years.

ANAYLSIS AND ADVICE

This report is split into three parts:

1. The first part is an overview of submitter's feedback received via the Long-Term Plan (LTP) consultation process, specifically in relation to financial topics, with advice and proposed recommendations on these topics. Noting that comments made in relation to the big decision consultation items have been discussed in separate reports relating to those topics that are also included in this agenda.
2. The second part is an overview of submitter's feedback specifically in relation to the proposed changes to fees and charges.
3. The third part details proposed changes to the draft budgets as a result of submissions/feedback and/or as better or new information has emerged since the LTP Consultation Document was adopted on 3 April 2024.

The sum of the changes made to date have resulted in a small downward movement in the rates required. Prior to deliberations it sits at an average rate increase of 10.2%.

An Attachment accompanies this report containing revised draft financial statements that reflect the changes that are described in this report. Further changes to the budgets may be the result of Council's deliberations. Those changes will be incorporated into the final documents for adoption on 26 June 2024.

Themes from the Submission Analysis

In total 836 submissions were received on the 2024-34 LTP. As noted, financial comments relating to the big decisions have been discussed in separate reports relating to these topics also included in this agenda. Outside of the big decision topics, approximately 90 submitters made general comments relating to rates and financial aspects of the documents; and approximately 105 commented on fees and charges. Common themes can be summarised as follows:

Affordability, Rates Increases and Debt

Affordability continues to be a concern for our community. Key reasons given for this included the cost of living 'squeeze' we are in at the current time. Some 18 submitters have said the Council should not take on more debt as that debt servicing drives up rates. They make the point that large expenditure at this time is ill-timed, and Council should live within its means.

Another common theme (some 10+ submitters) was that Council should focus spending on infrastructure and services and high use facilities. Council should maintain and improve the basic services.

There were submitters who said any rates increases were unaffordable while others said they should be no more than the rate of inflation. Many of these comments have referenced the fact that Masterton has a large retired population who are on low and fixed incomes. There were also

references to the cost-of-living crisis and the impact of that on our wider community, families etc. Two submitters provided their view that the Council regularly over-spent on projects, noting this is a waste, but neither provided examples.

There were 7 submitters amongst those who commented on rates or finance generally who specifically expressed concern at the cost of staff and some of the benefits that staff employed by the Council receive as part of their remuneration. Personnel costs are 22% of total operating costs. The percentage to rates revenue is misleading as some Council activities (with staff) are fully or partly funded by revenue other than rates, e.g. Building Services.

Rural Rates

Rural rate increases were commented on by a number of submitters. Specifically, that farms are paying too much of the increase in year 1 and the contribution to the rates that forestry-use properties pay is not equitable or in proportion to the road damage that results from logging. There were a small number of similar comments regarding rate increases from rural small block property owners. It is noted their rural rate increases are driven by a combination of property valuation increases, the GWRC increases and MDC's rural roading cost increases.

The Federated Farmers submission asked for rate increases to be held at the rate of inflation. Budgets for roading have increased at more than inflation due to Council's commitment to maintain levels of service after absorbing contract cost increases over the last 3 years. Also, the impacts of weather events/cyclone repairs have caused roading costs to increase. The rural share of those increases has been applied as per the Revenue & Financing Policy, which includes the rural area's share of roading costs at 70%. That has resulted in rates increases on many rural properties that are well in excess of the rate of inflation.

The issue identified by several rural submitters was that their latest rating valuations were higher than expected and will result in them paying larger rates increases than the averages Council indicated. Advice has been sought from Quotable Value re the influence of forestry land purchases on the new valuations. Ratepayers have had the option to object to their Rating Valuations. QV's advice is as follows:

"We can confirm we had sufficient genuine pastoral farm sales to establish a sound basis for the Masterton Revaluation. We were able to consider sales in Tararua, Carterton and South Wairarapa districts to support the limited sales available in Masterton District. The genuine pastoral sales (not to forestry) indicated land value increases between 35% and 45% depending on location and size."

Across the Council's rating database, pastoral-use LV increases have ranged from 25% to 50% which, according to QV, reflects the market and excludes the high values paid by forestry investors.

Beyond year 1 of the LTP, the rate increases are driven by the costs of investment in water infrastructure and roads as well as new and improved facilities and amenities such as the town hall and library upgrades. Increases in year 1 were depicted in the CD in terms of which activity areas were pushing up rates.

Other Financial Considerations

Debt has been modelled as the way we will pay for a number of our larger projects. It means those receiving the benefits (future ratepayers) will be contributing. The Council uses debt as a funding tool because it means future generations help to pay for the long-life assets which they receive benefits from – a concept known as intergenerational equity.

Debt reduction, particularly on key assets like Homebush wastewater plant, is a key aspect of the financial strategy. All debt is budgeted to be progressively repaid.

Growth in the rating base has been factored into the financial model. The extra rates that new properties generate will benefit all existing properties. The LTP will anticipate the effect of the growth to be 1.4% in year 1 (no change from the draft).

The uncertain environment in which the Council has prepared the LTP has been acknowledged. Council will consider options and impacts of the 3 waters reforms as more information becomes available, including the potential of joining a Wellington-Horowhenua-Wairarapa entity. No additional funding has been allowed to progress this work.

Amalgamation of the three Wairarapa councils may be considered in future, noting the significant potential changes that are on the horizon e.g. waters reforms. The LTP assumes business as usual for all Council activities. A number of submitters advocated for amalgamation in the context of the potential to share costs and/or gain efficiencies.

The revaluation of properties for rating purposes will take effect from 1 July 2024. The impact of those new values will vary as there have been some large variations in the revaluations. The Council's draft budgets indicated 10.6% increase in rates was the average impact, but the new valuations will translate into many urban residential properties increase being less than that and some commercial and rural properties paying more. Both pastoral farms and forestry use properties have had increases about the average, so will see a greater share of the rural rates increases.

Revenue and Financing Policy

The Revenue & Financing Policy (R & F Policy) was reviewed in 2023. The changes will be applied from 1 July 2024, including a move from 20.6% of all rates collected by way of targeted uniform charges to 23.1% (legislative limit is 30%). After services charges are taken into account, that percentage goes from 25.4% to 29.9% on urban rates. That percentage in the rural area is higher (36.6%). Services such as libraries and parks are allocated to the rural area based on population share and spread across properties as part of the rural Targeted Uniform Charge. 30% of the roading costs allocated in the rural rating area are charged as a targeted uniform charge, 70% based on LVs – this policy, combined with large increases in LVs on pastoral farms has resulted in the impacts referred to by several submitters.

The process undertaken to review the Revenue and Finance Policy has had a legal review to ensure compliance with the Local Government Act. The Revenue & Financing Policy will be adopted as part of the supporting policies to the LTP. No changes are proposed to that policy as a result of submissions, but it can be noted that year 1 of the 2024-34 LTP has work committed to implement two changes to the policy for 2025-26. Those are:

- Implementing a funding regime for urban water supply that uses the water meters that have been installed, and

- progressing work to investigate the impact of forestry logging on the road network and forestry land use changes on our rural communities. A forestry land use differential on the LV Roding Rate may be the result of that work.

Financial Contributions

A number of submissions referred to growth and development paying for the impacts they have on infrastructure. The Development and Financial Contributions Policy is based on the provisions in the Wairarapa Combined District Plan which is currently undergoing a review. The financial contributions that are payable by developments is one of the key aspects being addressed in that review, with increases proposed. The Council is not intending to move to setting development contributions under the Local Government Act.

Rates Arrears

Council's Audit & Risk Committee asked for more analysis of rates arrears to be incorporated in the deliberations reports. The analysis below is a snapshot on 26 May 2024, after the 4th instalment due date. The arrears numbers and values exclude those properties which have direct debits in place that will clear their rates by 30 June 2024.

At 30 June 2023, 745 properties had rates arrears and they owed 1.7% of the total rates levied. At 26 May 2024 there are 1,111 properties have rates arrears. The value of those arrears is 3.2% of the total levied in the current year. These figures are expected to come down before 30 June 2024, but not dramatically.

753 (8.7%) of urban residential properties have arrears, which is 3.7% of the value levied, with an average of \$1,324 overdue which is approximately 4.25 months in arrears. Upper quartile properties (above \$550,000 CV) had less arrears by number (7.1%) and value levied (2.1%).

Commercial properties number 593, of which 39 had arrears (6.6%).

Rural properties number 4,058 and 319 had arrears (7.9%) and the value of arrears was 3.6% of rates levied in the rural area. Of the rural upper quartile properties (\$1m CV and above) only 6.1% had arrears and those arrears were 2.3% of the rates levied.

Conclusions that could be drawn – more ratepayers are getting behind in paying rates than twelve months ago, and there is a small trend that higher property values have slightly less arrears. The higher value properties (upper quartiles) in both urban residential and rural areas, have lower percentage of numbers of arrears and lower percentage of arrears by rates levied.

Feedback on Fees & Charges

There are a number of comments that relate to the fees and charges, with common themes being that user pays is supported, but costs need to be transparent and they should not exclude people from using a service. Several submitters mentioned that current charges were not listed, only the new charges (as discussed in the LTP Deliberations overview report).

There are several submissions that mention concern about high transfer station fees for waste, suggesting the increases will result in more fly tipping. The increase from 1 July 2024 is partly because of the Government's waste levy increase of \$10/tonne (to \$60/tonne).

Another suggests transfer station and e-waste charges need to reduce (note: e-waste charges have not been in place but will be introduced if the current fees & charges schedule is adopted). Three further submissions argue for not introducing e-waste charges because of potential fly tipping and because e-waste may end up in general waste because of the cost differential. Two submitters suggest that green waste charges are too high.

The introduction of charges for disposal of e-waste will go ahead unless Council takes account of the submissions made that oppose them. Similarly the increases to Transfer Station gate fees and the cost to buy Council blue bags will increase as per the proposed Fees & Charges. The increased fees are expected to have a flow-on effect via the wheelie bin and skip bin operators increasing their prices.

Four submitters commented on Building Fees and Charges. These submitters commented included questioning the high level of LIM fees and Swimming Pool inspection fees; suggesting building consent fees for new builds should be much higher than alterations on existing buildings; and advocating more use of time-based charging in the building consents area.

A number of submitters commented that dog fees were not listed (note: dog fees are set by the Council via a separate timeline and process and are not proposed to increase in 2024/25).

Housing for the Elderly rent increases of between \$20.00 and \$22.50/wk were proposed in the draft LTP. A Panama bedsitter will be \$128/wk, a one bedroom \$136/wk. The proposed increases are between 18% and 19% and were the result of Council's review of its Revenue & Financing Policy which identified the rents charged were well below market and the ratepayers' subsidy of this activity is more than the Council's policy target. A second increase of around 20% is scheduled for 2025/26.

Specific feedback was sought from residents and 58 have signed a letter that states that the 18.5% increase is too high, it will take all of the increase they receive from the pension increase this year, leaving them nothing to pay for other cost increases such as power and insurance. They suggest that an increase of between \$10 and \$15 week would be manageable. In addition, three further residents provided comments that generally aligned with the letter.

Forecasting assumptions

No drivers for changing any of the global assumptions that underpin the budgets for the Long-Term Plan have been identified since the CD and supporting information was adopted on 3 April 2024.

There is better information now about project timing and cost increases projected for items such as insurance and rates on Council properties (see below).

The trends for consent applications since February have confirmed the view that volumes and revenue declines are happening, but the predicted revenue figures in the LTP have anticipated this and are not recommended for change.

Financial Analysis and Changes

The Supporting Information for the Consultation Document included proposed budgets for the ten years of the LTP, including operating revenue and expenditure, capital expenditure and proposed funding and balance sheet forecasts (assets and debt). These budgets are developed using a financial model that has been subject to scrutiny by our auditors. One of the key outputs of the budget is the revenue that is required from property rating. The draft budgets indicated an average increase of rates revenue of 10.6% for year 1 (after the impact of 1.4% growth in the rating base).

Since March 2024 additional information is available that will result in improved budget forecasts. The following information updates the Council on what changes are recommended to be made to the budgets prior to finalising the LTP and rates resolution:

- Changes that are made by Council as a result of the LTP consultation process and are incorporated as recommendations in other deliberations reports will be made to the budgets. There will be resulting changes to the bottom line Rates Required.
- Some changes described below have come about from better estimates and new information for the costs and revenue streams and timing of expenditure (eg insurance premium increases greater than allowed for, property valuation changes affecting rates on Council properties, etc).
- Capital expenditure forecasts to 30 June 2024 can now be updated and where there is associated loan funding, the debt servicing impacts in year 1 and beyond have been updated in the financial model. This is effectively re-forecasting of the capital expenditure programme for 2023/24 where works will now occur in Year 1.

Financial Model Changes Proposed (pre-deliberations)

- a) Adjust inflation rates used on capital expenditure - an inconsistency was picked up by Audit NZ. The change results in minor changes to capex figures in years 2 to 10.
- b) Roothing budget changes within NZTA programme bid. The opportunity has been taken to move budgets between functional areas (e.g. maintenance, renewals, safety improvements, bridges) and between years across the three year programme. There will be reductions in rates required in year 1 and increases in years 2 and 3.
- c) Also in the roading area, the draft budgets assumed a 56% subsidy on all cyclone recovery work and Council's share coming from new debt. NZTA has confirmed that a 76% subsidy will apply to all but \$1m of this work so less debt will be needed. Also, the projected value of this work to be completed by 30 June 2024 and the value to be included in year 1, 2024/25 has been updated.
- d) Depending on Council's preferred option, a provision for some capex on the Town Hall project is needed in Year 1 in order to fund design and project management.
- e) There is proposed to be a move of two out-sourced functions to staff roles – waste minimisation and legal services. No change to total costs, but an increase in the personnel budget of some \$200,000. Other changes have been made within the personnel budgets based on best information, including the incorporation of market salary survey results and

recent restructuring proposals. The CE's commitment to make a 5% saving in personnel budgets was implemented in the draft LTP budgets. The only change to the total budgeted personnel costs since then are the two noted above. But changes in corporate departments mean budget changes flow through the corporate allocations into activity areas and their rates required.

- f) A financial model error in a depreciation rate on a solid waste capex budget has been corrected (asset life was too short). This has resulted in a reduced rates requirement for this activity by \$100k.
- g) The ICT capital budget for equipment renewals is proposed to be increased from \$120,000 to \$150,000. This is a one-off increase for year 1 and is funded from depreciation reserves and reflects the need to catch up on equipment renewals to ensure more staff can be provided with technology that improves their efficiency.
- h) Resilience funding grant of \$1.3m – the allocation for the Cockburn St project has been changed from original figures, as timing and priorities have been identified. The draft LTP budgets assumed all of the funding would be received and spent in the 2024/25 year, but a portion has already been committed in 2023/24. The mix of expenditure between capital works and operational expenditure has also been revised as a work programme has been devised to address the wastewater and stormwater issues in the Cockburn Street catchment. Budgets have been adjusted accordingly, without an impact on the rates required.
- i) Staff have identified that the Street Tree ordered works budget needs to be increased to progress work on lower Renall St trees – identified H&S issues need to be addressed (add \$20,000 to operating costs)
- j) Staff have also identified that the level of investment needed in two general rental properties in the capital expenditure budget will not be enough to bring those properties up to achieve full market rental income and comply with healthy homes standards. An increase in the year 1 capital budget of \$30,000 is proposed (funded from depreciation reserves).
- k) Rural halls painting project (Tinui) is proposed to be paid for over 3 years utilising a new contract model. This results in a reduction in rates required by approximately \$56,000 in year 1 and an increase of \$33,000 in years 2 and 3.
- l) Insurance premiums are forecast to increase more than allowed for in the draft LTP, particularly LAPP disaster cover and material damage insurance. While the insurance renewal work is on-going through June, a provisional increase needs to be allowed for in the budgets. It is recommended that a further \$180,000 is added to the budgets. This figure assumes some \$50,000 savings can be achieved on material damage premiums through increasing the extent of assets insured for indemnity values. Further work on identifying those assets and the savings that can be realised will be done in the lead up to insurance renewal and shared with the Council.
- m) Rates on Council properties, specifically utility networks will increase more than expected as a result of rating valuation increases on those network assets. Impact likely an additional \$35,000.
- n) Indications from central Government are that Council will be expected to produce a water services delivery plan before 30 June 2025. Provision of \$100,000 has been made in the water supply operational budget to deliver this work, most likely in conjunction with other councils.

- o) A provision for increased capacity in the Emergency Management function (ie a part time dedicated local controller) has been added from year 2 onwards (MDC share assumed to be \$60k).
- p) The returns from interest income on investments have yet to be reviewed. This has the potential to bring down the rates increase slightly, but deliberations decisions need to be made first.
- q) Also, small changes may need to be made to the budgeted funding of depreciation, debt repayment and use of reserves in Years 2 and 3 in order to hold the rates increase below the Financial Strategy limit in those years, depending on the outcome of deliberations decisions on the major consultation items.

Capex projects moved to 2024/25 include:

- solid waste transfer station concrete pad renewal \$250,000
- youth hub & skatepark toilets \$200,000
- animal shelter \$2,200,000
- GIS aerial photography update \$36,000
- Henley Lake playground \$250,000, funding in 2024/25 to include insurance proceeds & Lions Club fundraising
- Kids Own Playground in QE Park had been allowed for upgrade in year 4. Following indications of support of the project via submissions it is prudent to bring forward a portion of the funding to allow for initial scoping and design. Yr1 \$100k, Yr2 \$120k.
- Airport upgrade project timing has changed due to construction delays. A total of \$5.2 million project cost has been carried forward and added to Year 1. The capital budget is now planned as Yr1 \$8.74m and Yr2 \$3.21m. External funding of \$7.78m will be utilised, with balance funded by debt as per the draft LTP.
- Rural roading cyclone recovery works to be carried forward into Yr1 need to increase by \$0.53m to now total \$6.711m
- Pool vehicle replacement – due to late delivery of the preferred model, a carry forward of a portion of the 2023/24 budget is needed (\$55,000 in the capex budget, funded ex depreciation reserves)
- There are reductions to costs from the draft budgets in interest and depreciation in year 1 as a result of not having these assets completed by 30 June 2024. These changes have been incorporated into the updated financial model.

CONCLUSION

A high response rate was received and a broad range of comments were recorded from the community in response to consultation on the 2024-34 Long Term Plan. Staff comments and recommendations on key themes/issues raised have been included in this report and accompanying report on the key consultation issues.

Key budget changes have been described in the above. Full financial reports have not been prepared as further budget changes may come out of the deliberations meetings. Staff are working on trying to produce a budget which requires no more rates than was indicated in the Consultation Document and supporting information. This remains subject to Council's decisions on the range of deliberations reports. The changes indicated above result in both increases and decreases in rates required.

Overall the rates required has reduced by 0.4% (to an increase of 10.2%). Attachment 1 to this report includes the key financial statements that reflect the changes made to date.

SUPPORTING INFORMATION

Refer to the Long-Term Plan 2024-34 Deliberations – Consultation Overview report for advice on the considerations relating to the Long-Term Plan deliberations.

ATTACHMENTS

1. **Key Financial Statements showing changes to date** [↓](#)

ATTACHMENT 1

The following pages are designed to highlight the impact of changes made to the financial model since the LTP CD was prepared.

Those changes are described in the Financial Implications report.

Further changes will be made once the outcomes of Council's deliberations are known.

The Rates Sample property examples page is included in order to show the small impact that the financial changes made to date have had at the individual property level.

Draft LTP (as per CD Supporting Information)				
RATES REQUIREMENT STATEMENT				
Prior Year Plan 2023/24		LTP Year 1 2024/25	LTP Year 2 2025/26	LTP Year 3 2026/27
	\$	\$	\$	\$
7,368,578	Roadings	8,707,861	9,798,543	10,324,980
1,466,143	Subsidised Roadings	1,748,425	1,919,270	2,207,905
	Non-subsidised Roadings			
4,522,194	Water Services	5,136,957	5,485,242	6,113,769
152,816	Urban Water supply	167,088	171,452	179,048
	Rural Water supplies & races			
7,556,951	Wastewater Services	8,011,538	8,494,576	8,964,971
441,570	Urban Sewerage system	474,207	484,813	508,615
	Rural Sewerage systems			
922,216	Stormwater Services	1,041,189	1,168,689	1,344,695
	Urban Stormwater System			
260,442	Solid Waste Services	427,851	452,452	466,736
1,052,515	Solid Waste Management	1,127,613	1,104,132	1,029,578
	Waste Minimisation Services			
3,543,263	Community Facilities/Activities	4,002,579	4,211,559	4,275,283
1,503,867	Parks, Reserves & Sportsfields	1,664,445	1,728,382	1,893,649
167,941	Trust House Recreation Centre	263,507	262,371	271,353
2,841,295	Cemeteries	2,886,185	3,293,060	3,793,827
1,734,124	Library & Archive	1,917,915	2,042,383	2,488,453
427,755	Property	524,109	698,025	863,060
153,971	Airport	243,173	251,158	267,746
	Mawley Park			
1,259,158	Regulatory Services	1,444,361	1,501,289	1,549,961
712,562	Resource Management & Planning	914,724	994,178	1,014,132
1,144,840	Environmental Services	1,194,335	1,305,205	1,396,088
2,729	Building Development	4,004	7,399	10,411
138,455	Parking Control	249,799	368,653	342,743
284,033	Animal Services	338,218	352,456	364,396
	Emergency Management	-	-	-
	Weather Events Recovery	-	-	-
918,808	Leadership, Strategy & Corporate Services	932,255	1,031,434	1,043,888
-	Representation	-	-	-
1,128,373	Internal Functions (net)	1,255,136	1,365,949	1,446,089
562,232	Community Development	492,195	511,483	558,213
912,958	Arts and Culture	1,035,190	998,321	1,020,627
451,208	Economic Development	474,832	512,567	619,063
	Environmental Initiatives			
\$ 41,628,998	Total Rates Requirement	\$ 46,679,691	\$ 50,515,041	\$ 54,359,279
41,528,998	MDC Rates Revenue*	46,514,691	50,345,916	54,185,926
(50,303)	less rural sewerage capital contributions	(50,303)	(50,303)	(50,303)
41,478,694		46,464,388	50,295,612	54,135,622
8.8%	% Change (pre growth) from prior year	12.0%	8.2%	7.6%
8.8%	% Change (after growth) from prior year**	10.8%	7.0%	6.6%
275,000	Penalty Revenue	350,000	358,750	367,719
(175,000)	Rates Remissions	(185,000)	(189,625)	(194,366)
\$ 41,578,694	Net Rates Revenue	\$ 46,629,388	\$ 50,464,737	\$ 54,308,975

After Incorporating changes per Report, but pre Deliberations							
RATES REQUIREMENT STATEMENT							
		LTP Year 1 2024/25	LTP Year 2 2025/26	LTP Year 3 2026/27	Change Yr1	Change Yr2	Change Yr3
	\$	\$	\$	\$			
	Roadings						
	Subsidised Roadings	8,496,796	9,978,717	10,183,253	(211,066)	180,174	(141,726)
	Non-subsidised Roadings	1,732,030	1,759,743	2,023,605	(16,395)	(159,526)	(184,300)
	Water Services						
	Urban Water supply	5,373,360	5,526,277	6,259,256	236,403	41,035	145,487
	Rural Water supplies & races	173,579	178,128	185,924	6,491	6,676	6,876
	Wastewater Services						
	Urban Sewerage system	7,939,105	8,424,103	8,894,835	(72,433)	(70,473)	(70,136)
	Rural Sewerage systems	470,781	474,555	497,821	(3,426)	(10,258)	(10,794)
	Stormwater Services						
	Urban Stormwater System	1,061,232	1,184,440	1,360,318	20,043	15,751	15,623
	Solid Waste Services						
	Solid Waste Management	377,428	430,031	452,216	(50,423)	(22,421)	(14,520)
	Waste Minimisation Services	1,127,363	1,104,251	1,030,538	(250)	119	960
	Community Facilities/Activities						
	Parks, Reserves & Sportsfields	3,856,495	4,078,001	4,147,146	(146,084)	(133,558)	(128,137)
	Trust House Recreation Centre	1,624,069	1,688,665	1,852,399	(40,376)	(39,717)	(41,250)
	Cemeteries	258,836	257,865	266,820	(4,671)	(4,506)	(4,533)
	Library & Archive	2,944,941	3,055,205	3,758,142	58,756	(237,855)	(35,685)
	Property	1,892,155	2,124,742	2,570,997	(25,760)	82,359	82,544
	Airport	551,702	782,380	963,925	27,593	84,355	100,865
	Mawley Park	224,269	232,576	248,604	(18,904)	(18,582)	(19,142)
	Regulatory Services						
	Resource Management & Planning	1,436,527	1,494,549	1,564,724	(7,834)	(6,740)	14,763
	Environmental Services	934,735	1,016,028	1,036,695	20,011	21,850	22,563
	Building Development	1,219,334	1,332,750	1,445,737	24,999	27,545	49,649
	Parking Control	3,328	6,910	9,924	(676)	(489)	(487)
	Animal Services	267,841	385,650	411,493	18,042	16,997	68,750
	Emergency Management	338,755	383,063	395,065	537	30,607	30,669
	Weather Events Recovery	-	-	-			
	Leadership, Strategy & Corporate Services						
	Representation	934,623	1,034,773	1,047,951	2,368	3,339	4,063
	Internal Functions (net)	-	-	-			
	Community Development	1,265,616	1,387,787	1,469,717	10,480	21,838	23,628
	Arts and Culture	492,987	512,335	559,332	792	852	1,119
	Economic Development	1,037,421	1,000,694	1,023,187	2,231	2,373	2,560
	Environmental Initiatives	482,738	520,966	625,501	7,906	8,399	6,438
	Total Rates Requirement	\$ 46,518,046	\$ 50,355,184	\$ 54,285,126	(161,645)	(159,856)	(74,153)
	MDC Rates Revenue*	46,353,046	50,186,059	54,111,773			
	less rural sewerage capital contributions	(50,303)	(50,303)	(50,303)			
		46,302,742	50,135,756	54,061,469			
	% Change (pre growth) from prior year	11.6%	8.3%	7.8%			
	% Change (after growth) from prior year**	10.2%	7.1%	6.8%			
	Penalty Revenue	350,000	358,750	367,719			
	Rates Remissions	(185,000)	(189,625)	(194,366)			
	Net Rates Revenue	\$ 46,467,742	\$ 50,304,881	\$ 54,234,822			

MASTERTON DISTRICT COUNCIL as per LONG TERM PLAN CD 2024-2034					as amended, pre Deliberations				
PROSPECTIVE STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE									
OPERATING REVENUE		2023/24	2024/25	2025/26	2026/27	2024/25	2025/26	2026/27	Changes Yr1
NZ \$	Notes	Annual Plan	Year 1	Year 2	Year 3	Year 1	Year 2	Year 3	
Rates revenue		40,840,994	45,825,188	49,628,369	53,439,153	45,663,542	49,468,513	53,364,999	(161,645)
Rural sewerage schemes capital contrib.		50,303	50,303	50,303	50,303	50,303	50,303	50,303	-
Financial contributions		2,123,500	1,643,000	3,543,000	2,943,000	1,643,000	3,543,000	2,943,000	-
Roading subsidies - Waka Kotahi		22,022,968	12,624,454	12,229,550	12,325,392	13,011,750	12,137,556	12,569,325	387,296
Fees and charges		10,244,186	11,079,348	11,022,225	11,069,012	10,919,348	11,032,225	11,089,012	(160,000)
Interest and dividends		1,184,750	965,750	1,015,128	1,077,906	965,750	1,015,128	1,077,906	-
Other revenue		6,547,093	7,204,984	4,110,469	1,366,609	10,375,148	3,648,424	1,366,655	3,170,164
Gain on sale of assets		4,333,300	-	4,333,300	-	-	4,333,300	-	-
Total Operating Revenue	2	87,347,095	79,393,027	85,932,345	82,271,375	82,628,842	85,228,449	82,461,201	3,235,815
OPERATING EXPENDITURE									
Personnel costs		14,723,796	15,284,916	15,309,354	15,575,759	15,492,421	15,500,405	15,768,904	207,505
Finance costs		2,965,665	2,791,468	3,211,262	4,115,367	2,721,778	3,337,641	4,232,837	- 69,690
Depreciation & amortisation		18,946,210	21,007,209	21,542,800	24,346,809	20,929,378	21,433,793	24,254,322	- 77,831
Other Operating costs		27,537,524	30,559,200	30,133,632	30,652,796	30,544,412	30,507,743	31,165,393	- 14,788
Total Operating Expenditure		64,173,195	69,642,793	70,197,048	74,690,731	69,687,989	70,779,582	75,421,456	45,196
Net Surplus / (Deficit)**		\$ 23,173,900	\$ 9,750,234	\$ 15,735,297	\$ 7,580,644	\$ 12,940,853	\$ 14,448,867	\$ 7,039,745	

* Changes to Year 1 roading programme, more subsidy

** Reduced Resilience Funding (now spent in 2023/24)

*** Changes to timing of Airport project funding

Increase relates to two new roles moving from Operating Costs to Personnel these are Waste Minimisation (previously contracted to CDC) and establishment of an in-house legal role, offsetting externally budgeted costs

The figures below reflect changes made to the financial model since the CD was adopted.

Most properties benefit from a small reduction.

The residential examples¹ have increase because the costs of water supply have increased and not been offset by reductions in Parks, Sportsfields and Property costs. A small reduction in Roothing costs results in most rural properties rates increases reducing slightly from the CD version.

RATES EXAMPLES										
INCLUDING GST	NEW CAPITAL VALUE (AT SEP 2023)	% change in CV	2023/24 MDC RATES ONLY	2024/25 MDC RATES - OLD VALUES	Budget & Policy % Change	2024/25 MDC RATES - NEW VALUES	% Change Due to Revaluation	Overall \$ Change	Overall % Change	As per CD
Masterton - residential example 1	\$ 380,000	7%	\$ 2,617	\$ 2,912	11.3%	\$ 2,857	-2.1%	\$ 240	9.2%	8.9%
Masterton - residential example 2	\$ 500,000	6%	\$ 3,243	\$ 3,563	9.9%	\$ 3,457	-3.3%	\$ 215	6.6%	6.5%
Masterton - residential example 3	\$ 660,000	12%	\$ 3,677	\$ 4,014	9.2%	\$ 4,006	-0.2%	\$ 329	9.0%	8.8%
Masterton - residential example 4	\$ 760,000	12%	\$ 4,038	\$ 4,388	8.7%	\$ 4,360	-0.7%	\$ 322	8.0%	7.9%
Masterton - residential example 5	\$ 1,090,000	11%	\$ 5,435	\$ 5,840	7.5%	\$ 5,756	-1.5%	\$ 322	5.9%	5.9%
Masterton - central, small area	\$ 540,000	2%	\$ 3,507	\$ 3,838	9.4%	\$ 3,571	-7.6%	\$ 63	1.8%	1.7%
Riversdale Beach	\$ 880,000	29%	\$ 3,043	\$ 3,442	13.1%	\$ 3,430	-0.4%	\$ 388	12.7%	13.9%
Castlepoint	\$ 850,000	31%	\$ 2,802	\$ 3,170	13.1%	\$ 3,175	0.2%	\$ 373	13.3%	16.2%
Rural - lifestyle	\$ 1,180,000	19%	\$ 2,471	\$ 2,832	14.6%	\$ 2,686	-5.9%	\$ 215	8.7%	10.6%
Rural - forestry	\$ 2,340,000	43%	\$ 4,513	\$ 5,270	16.8%	\$ 5,891	13.8%	\$ 1,379	30.5%	33.1%
Rural - hill country farm	\$ 6,840,000	27%	\$ 12,687	\$ 14,727	16.1%	\$ 15,082	2.8%	\$ 2,395	18.9%	21.2%
Rural - dairy farm	\$ 3,880,000	18%	\$ 8,043	\$ 9,305	15.7%	\$ 9,016	-3.6%	\$ 972	12.1%	14.2%
Commercial - industrial	\$ 1,000,000	25%	\$ 8,554	\$ 9,092	6.3%	\$ 10,011	10.8%	\$ 1,457	17.0%	17.2%
Commercial - motel	\$ 1,200,000	18%	\$ 11,177	\$ 11,824	5.8%	\$ 11,959	1.2%	\$ 782	7.0%	7.2%
Commercial - large retail	\$ 7,680,000	38%	\$ 53,013	\$ 55,349	4.4%	\$ 65,563	19.3%	\$ 12,549	23.7%	23.9%
Commercial - Queen St shop	\$ 475,000	6%	\$ 5,405	\$ 5,815	7.6%	\$ 5,525	-5.4%	\$ 120	2.2%	2.3%

Note: All rates exclude Wellington Regional Council rates. Percentage changes are subject to roundings.