

OIR: 2425/1292

20 March 2025

[REDACTED]  
[REDACTED]

Tēnā koe [REDACTED],

**Request for Information under the Local Government Official Information and Meetings Act 1987 (the Act) (the LGOIMA)**

Thank you for your email of **3 March 2025** requesting the following information. We have provided responses to your questions at a high level to ensure you get an accurate response and a full understanding of Council's position.

***This OIR is communicated mainly in response to the recent publication of the [KCDC - LWDW Public Consultation Doc](#). Which is based on proposed legislation that has not yet passed select committee stage, not had consideration made of public submissions, second reading or reached Parliamentary Assent.***

***Secondly the KCDC [KCDC - LWDW Public Consultation Doc](#) has a number of omissions in its construction, it only allows limited, channelled options for ratepayers to respond on, and obviously where a material item is omitted it cannot be consulted or responded upon.***

***Lastly, parts of it are unclear in terms of what the proposed legislation is indicating.***

**Question 1**

***The Morrison Low model appears to be mis-counted and based on a faulty denominator:***

***For the KCDC in house business unit preferred option-***

***Total KCDC rating base [ OIR 2324-940] 25763***

***No water connection or -3142***

***Self sufficient rural properties under  
[OIR 2324-933] -4340***

***Water services RU User base***

***21423 Not the 24663 stated by Morrison***

***Low p.35***

***Please note that any information provided in response to your request may be published on the Council website, with your personal details removed.***

***It has to be split into those actual properties that do, or that do not use the three services differentiated by the three categories, they cannot be grossly lumped together across the whole rating unit base.***

***Please advise the Correct Model Denominator for the KCDC only option, and show in mathematical terms exactly which ratepayer units by the categories shown in the OIR 2324-933 as to who will bear the cost of each type of Water Service? and***

- a) Is the User Pays model to be used for the water services delivery model and charging for water usage, and including interest costs on water services assets debt, water services policy, planning and governance overheads?***
- b) Will all cross subsidisation of water services costs in a) cease under the new delivery mechanism LWDW?***
  - Under the standalone KCDC business unit model? being prescribed or***
  - Under any other options as put by Morrison Low?***
- c) Will KCDC continue to charge water service rating levy charges on the overhead i.e. interest costs on water services assets debt, water services policy, planning and governance overheads to the self – sufficient rural ratepayers under OIR 2324-933 as it has done in the past?***
- d) Will KCDC charge the self –sufficient ratepayers as specified in OIR 2324-933 any Water Services or related interest and overhead charges that they cannot or cannot use, and KCDC cannot provide to them?***
- e) If the answer to d) is the affirmative what is the legislative authority? And***
- f) What is the Commerce Commission's guidance and policy on the charging for services [capex and Opex for water services] not provided?***

The Morrison Low modelling supporting the LWDW consultation document has been conducted at a relatively aggregated level using the average three waters (drinking water, wastewater and stormwater) household charge as the key metric to report on. However, the modelling for each of the three waters services is done separately.

The total costs including interest and overhead allocations for each of the services (drinking water, wastewater and stormwater) are divided over the number of connections for that service to calculate an average cost per household for that service. These three charges are then aggregated to create an average three waters household charge.

The same methodology and denominators for each service are used to calculate the equivalent measure for the four-council option. Modelling at this level is considered appropriate to understand the relative cost difference between the options.

## **Question 2**

***Who will pay for the set up of the new Water Services entity whether it is an in house business unit or other wise? And***

- a) Will that be just the water services users or***
- b) Will that include the Ratepayers who cannot use the water services and that KCDC cannot provide them? please refer to OIR 2324-933***

- c) And how will this be funded?**
- d) Will the setup and first year's costs be capitalised to water services charges.**

Water services costs will be charged to the users of those services, in accordance with rating/charging policies applicable at the time. This will include any set up or additional operating costs.

### **Question 3**

***The Consultation document makes no reference to the Transfer agreement or the valuation of Water Assets valuations to be passed over to the new entity [which ever is chosen]***

***There have been a number of conflicting OIR responses from KCDC regarding the valuation of the Water Services Assets.***

***Please advise the agreed \$dollar valuation of water services assets by the three asset classes to be transferred to the new water services entity whichever is chosen, in-house or otherwise? And***

- a) Please provide all meeting minutes, decisions and agreement affecting same?**
- b) With whom this decision, amount, and agreement was made? and**
- c) On who's authority?**

***Please note:***

- (i) That DIA, Manager Ministerial Services Jade Badcock under OIA 2425-0739 dated 5/2/25 denied the information requested in OIR 2425-1233 existed or is not held by DIA.**
- (ii) The original question was:**

***"Please provide the documentary information, minutes and signed agreements with supporting substantive accounting reasoning and rationale to the agreement made by LGFA with KCDC as reported by KCDC in OIR 2425-1233..."?***

- (iii) KCDC stated in reply that "...a detailed reconciliation of debt by asset class has been completed resulting is an estimated \$167 million being attributed to the three waters. This estimate has been accepted as reasonable by the department of internal Affairs. Being \$167,000,000 or 68% of Total KCDC debt being assigned to Three Waters**

- (iv) KCDC Debt is held by LGFA not DIA.**

Should the Council opt for an in-house delivery model, assets would continue to be owned by the Council.

Should the Council opt for the four-council owned option, it is assumed Council's three waters assets would transfer to the new entity at their accounting valuation at that time.

An outline of the methodology used to agree with DIA the opening amount of debt attributable to three waters and to project debt forward, has been provided in the

consultation [Frequently asked questions](#). Some reasons are also provided as to why the relative proportions of three waters debt and assets may differ.

#### **Question 4**

***Will the Kapiti Coast Ratepayers be permitted to exercise their democratic choice by Public referendum rather than a pre-prescribed and limited consultation document?***

***A 'consultation' is not the same as a referendum as Morrison Low incorrectly indicate to the KCDC executive.***

The current consultation will provide the Council with a basis for decision-making once concluded. At this stage, the Council has not decided whether a transfer of assets will be triggered which means a referendum under the Council's Standing Orders has not been initiated yet. Please refer to page 13 of the [consultation document](#).

#### **Question 5**

***For Tax purposes KCDC by law has to hold a minimum of two sets of books -***

- a) A management set based partially on a Current Cost Accounting Asset Revaluation basis for replacement in an inflationary environment.***
- b) A Historic Cost set for reporting GST to IRD***

***Please supply the Net Capex costs [excluding Opex which cannot be capitalised] incurring GST p.a. declared for the GST returns for the Water Services Assets purchased or added, grouped by the balance sheet asset type categories of Water, Waste-water and Storm-water for the 2023 -2024 and preceding six years back to 2017- 2018? [seven years being the IRD requirement for record holding]***

***Just the Balance Sheet category Annual Report asset type totals will be sufficient.***

***This is not new information***

***It is not commercially sensitive***

***This is information that KCDC already possesses in its public sector accounting responsibility of paying GST on public ratepayer fixed assets to IRD.***

Council is not required to maintain two sets of books.

Ngā mihi,



**Steffi Haefeli**

Acting Group Manager Corporate Services  
Te Kaihautū Ratonga Tōpū