

OIR: 2324/926 and 2324/949

11 June 2024

[REDACTED]

Tēnā koe [REDACTED]

Thank you for your emails of [REDACTED] May 2024.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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

In the meantime, in regard to your current questions from 13 and 26 May 2024:

In your email of **13 May 2024 (OIR 2324/926)**, providing comment in relation to our response to your request of 15 May 2024 (2324-872), you requested further information (in bold):

1. Re Water Assets Revaluations between 2022-2023 to 2024-2025 what was the total capital revaluation movement and depreciation resulting i.e. in terms of the schedule of Water assets applied to each of:

a. The originally budgeted depreciation movement as at 16/11/2023? for the 2023- 2024 Rating year about to be expensed

The Council completed a revaluation of the three water assets at 30 June 2022. The total depreciation change for the three water assets in 2022/23 was \$1.6 million.

As agreed with Ernst & Young, a desktop valuation was completed on 30 June 2023 with support from our independent valuers but the uplift in depreciation was not booked as this was not a full revaluation. As repeatedly advised, the next three water revaluation takes place as at 30 June 2024.

The estimated uplift to depreciation is \$1.5 million for 2024/25 due to the full revaluation on 30 June 2024.

b. Updated since by the 4.7M recovery, what assets was that extra 6% depreciation on? in your graphs 19/4/24 pp 2-3

As stated within the 19 April 2024 communication within the response to point “3”, the 6% increase in depreciation equated to \$5.582m to the following asset classes:

Changes in Depreciation forecast for 2024-25	\$000
2024-23 Estimated increase in depreciation for Roading	745
2023-24 Estimated increase in depreciation for Water Assets	1,492
2023-24 Estimated increase in forecast CAPEX	3,778
2023-24 Estimated adjustment for work in progress	(1,116)
2023-24 Vested Assets (Old SH1 and PP2O)	683
Total Depreciation Increase	5,582

- c. ***Total depreciation revaluations to be expensed 2023-2024 and projected 2024-2025 underpinning the 17% rates rise but expressed in the categories of Water Assets [incoming, waste, storm], Coastal and Roothing.***

The table below identifies the depreciation uplift effect from the scheduled revaluations split by asset class. This is as per the "07 November 2023, Long-term Plan 2024-34 Council briefing":

Asset Class	Actual 2023-24	Forecast 2024-25
	\$000	\$000
Roothing (uplift over budget)	745	-
Coastal	-	-
Stormwater	-	197
Wastewater	-	700
Water	-	595
Total Valuation uplift on Depreciation	745	1,492

2. ***Please provide the valuation reports for the three years requested including the independent valuation made 30/6/2023 on the three Waters Assets as these were needed upon which to charge the revised and revalued depreciation***

The Council is currently seeking permission from our independent valuers to share this report with you. We will forward you this report once the valuers agree that we can do so.

3. ***The Appendix 1 LTP Council briefing 7/11/23 page 6 depreciation does not state what the increase of \$5.5M [25540 – 31122] was based on, apparently it was not on the 3 Waters, so what was it for?***

As shown above, \$745k relates to Roothing depreciation above the 2023/24 budget, plus \$1.492 million estimated depreciation uplift for the three waters assets revaluation as at 30 June 2024.

4. ***Can you please provide the BECA review of the Jacob's report along with the Local data onsite testing review, as recommended by MFE.***

Here is the link to the Jacob's report – the BECA review is at the end (page 190):
[Kāpiti Coast Coastal Hazards Susceptibility and Vulnerability Assessment](#)

5. Can you please disclose the accounting entries in the ledger of expenditure to prove to the Auditors how this BOF CAPITAL grant was applied? and the reasons why it was not set aside in an asset reserve for three waters CAPITAL Funding as it was originally intended by the Labour government

As per the 2023/24 Annual Plan, below is extra commentary on how the BoF grant was applied within the financial statements. Net effect was a zero impact on Rates.

Prospective financial statements

Financial statements have been prepared in the same way as financial statements in the LTP and there have been no changes to Council's significant accounting policies. Significant accounting policies can be found on pages: 302–313 in the [Long-term Plan – Kāpiti Coast District Council](#) (kapiticoast.govt.nz)

Prospective statement of comprehensive revenue and expense			
Annual Plan 2022/23 \$'000		Annual Plan 2023/24 \$'000	Long-term Plan 2023/24 \$'000
Revenue			
81,735	Rates	88,735	90,327
11,862	Fees and charges	12,665	11,323
16,837	Grants and subsidies	18,931	7,893
3,949	Development and financial contributions	3,865	5,533
51,879	Other operating revenue	38,459	29,942
166,262	Total revenue excluding gains	162,655	145,018
Expenses			
74,356	Operating expenses	78,217	70,334
25,772	Depreciation and amortisation	29,076	29,782
100,128	Total expenses	107,293	100,116
Interest			
1,500	Interest income	3,915	550
8,983	Interest expense	12,838	8,913

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In your email of **26 May 2024 (OIR 2324/949)** following the council meeting of 23 May 2024, you requested the following information:

1. ***What the \$3.2 M government BOF 'sweetener' grant was actually spent on? and why removal of a one off grant caused a 10 year recurring depreciation charge and recovery of \$4.7M [\$47M] on assets that have a useful life of 50-120 years?***

Without BoF, the Council would have increased Rates levies by \$3.2 million for Stormwater and Wastewater. The BoF was used to fund the operating costs instead of Rates.

2. ***The date on which KCDC removed from the depreciation schedule liability those Three Waters depreciable Capital asset items that KCDC expected not to have to account for if the Government appointed administrator was to take over these assets....***

The current 2023/24 Annual Plan includes Three Water assets, similarly the draft 2024/25 Long-term Plan includes same. At no time has the Council removed asset ownership and responsibility for Three Water assets from planning and accounting records.

3. ***...What were the revalued Three Waters capital items and depreciation charged and the yearly rate, for the three Water Assets held at the end of each of the years prior to when KCDC took the depreciation requirement off the books? So this means to show the starting point before the Three Waters Assets Revaluations i.e. before the 2022-2023 to 2024-2025 years.***

Attached are the Plant, Property and Equipment register schedules from the 2021/22 and 2022/23 Annual Reports. We have highlighted the Three Water assets and their subsequent movements as requested.

If you have any other matters that you believe require Council attention then I suggest you lodge them through the informationrequest@Kapiticoast.govt.nz, or the Council Antenno system.

Ngā mihi,



Mark de Haast

Group Manager Corporate Services
Te Kaihautū Ratonga Tōpū

Enclosure

ANNUAL REPORT 2021/22

* Revaluation completed

11. Property, plant, and equipment

	Cost/Revaluation								Accumulated depreciation					Carrying amount		
	Opening balance \$000	Additions \$000	Vested assets \$000	Disposals \$000	Revaluation \$000	Impairment \$000	Transfers ((to)/from) \$000	Closing balance \$000	Opening balance \$000	Depreciation \$000	Disposals \$000	Revaluation \$000	Transfers (to/(from)) \$000	Closing balance \$000	Opening balance \$000	Closing balance \$000
2021/22																
Operational assets																
Buildings and improvements	58,609	-	-	(113)	-	-	4,961	63,457	(2,084)	(2,462)	12	-	6	(4,528)	56,525	58,929
Computers and office equipment	2,971	-	-	-	-	-	93	3,064	(1,626)	(516)	-	-	-	(2,142)	1,345	922
Furniture and chattels	2,724	-	-	-	-	-	84	2,808	(1,029)	(374)	-	-	2	(1,401)	1,695	1,407
Land	37,907	-	-	(1,715)	-	-	2,326	38,518	-	-	-	-	-	-	37,907	38,518
Library collections	3,419	-	-	-	-	-	343	3,762	(1,507)	(389)	-	-	-	(1,896)	1,912	1,866
Motor vehicles	3,205	-	-	(113)	-	-	363	3,455	(2,047)	(222)	113	-	8	(2,148)	1,158	1,307
Plant and machinery	3,436	-	-	(79)	-	-	150	3,507	(2,450)	(192)	78	-	(3)	(2,567)	986	940
Items under construction	2,804	13,780	-	-	-	-	(9,060)	7,524	-	-	-	-	(2)	(2)	2,804	7,522
Total operational assets	115,075	13,780	-	(2,020)	-	-	(740)	126,095	(10,743)	(4,155)	203	-	11	(14,684)	104,332	111,411
Infrastructural assets																
Bridges	16,446	-	-	-	1,805	-	57	18,308	(154)	(506)	-	444	2	(214)	16,292	18,094
River flood protection and control works	1,148	-	-	-	132	-	-	1,280	(19)	(19)	-	38	-	-	1,129	1,280
Roading – land under road	767,738	-	-	-	-	-	-	767,738	-	-	-	-	-	-	767,738	767,738
Roading and footpaths	363,199	-	151	-	43,814	-	6,513	413,677	(1,762)	(7,115)	-	6,760	36	(2,081)	361,437	411,596
Seawalls	7,578	-	-	-	782	-	759	9,119	(476)	(504)	-	981	-	1	7,102	9,120
Stormwater drainage	71,634	-	150	-	5,405	-	2,816	80,005	(1,068)	(1,096)	-	2,164	-	-	70,566	80,005
Wastewater – other assets	114,884	-	276	-	22,225	-	(568)	136,817	(2,632)	(2,618)	-	5,234	10	(5)	112,252	136,811
Wastewater treatment plants and facilities	22,839	-	-	-	3,257	-	916	27,012	(1,144)	(1,183)	-	2,289	(10)	(48)	21,695	26,964
Water – other assets	99,735	-	155	-	8,114	-	3,449	111,453	(2,330)	(2,325)	-	4,611	31	(13)	97,405	111,440
Water treatment plants and facilities	22,143	-	-	-	7,083	-	-	29,226	(967)	(966)	-	1,933	-	-	21,176	29,226
Items under construction	32,332	29,542	-	-	-	-	(13,882)	47,992	-	-	-	-	(36)	(36)	32,332	47,956
Total infrastructural assets	1,519,676	29,542	732	-	92,617	-	60	1,642,627	(10,552)	(16,332)	-	24,454	33	(2,397)	1,509,124	1,640,230
Restricted assets																
Buildings and improvements	36,030	-	-	-	-	-	1,035	37,065	(2,481)	(2,430)	-	-	32	(4,879)	33,549	32,186
Land	58,884	-	-	-	-	-	43	58,927	-	-	-	-	-	-	58,884	58,927
Items under construction	774	2,117	-	-	-	-	(1,023)	1,868	-	-	-	-	-	-	774	1,868
Total restricted assets	95,688	2,117	-	-	-	-	55	97,860	(2,481)	(2,430)	-	-	32	(4,879)	93,207	92,981
TOTAL PROPERTY, PLANT AND EQUIPMENT	1,730,439	45,439	732	(2,020)	92,617	-	(625)	1,866,582	(23,776)	(22,917)	203	24,454	76	(21,960)	1,706,663	1,844,621

THREE WATER
ASSET
INFORMATION

① Opening balance : 332,383
 ② Vested assets : 581
 ③ Revaluation : 46,216
 ④ Transfers : 6,613
 ④ 385,793

⑤ opening balance : (8,160)
 ⑥ Depreciation : (8,207)
 ⑦ Revaluation : 16,269
 ⑧ Transfers : 31
 ⑧ (67)

① + ⑤
 Total Water
ASSETS : 385,726

ANNUAL REPORT 2022/23

NOTE * Desktop valuation performed on 3 Water Assets; No movement in depreciation by valuation

11. Property, plant, and equipment

	Cost/Revaluation							Accumulated depreciation							Carrying amount	
	Opening balance \$000	Additions \$000	Vested assets \$000	Disposals \$000	Revaluation \$000	Impairment \$000	Transfers (to/from) \$000	Closing balance \$000	Opening balance \$000	Depreciation \$000	Disposals \$000	Revaluation \$000	Transfers (to/from) \$000	Closing balance \$000	Opening balance \$000	Closing balance \$000
2022/23																
<i>Operational assets</i>																
Buildings and improvements	63,457	-	-	(144)	(3,888)	-	9,463	68,888	(4,528)	(2,655)	144	6,929	111	1	58,929	68,889
Computers and office equipment	3,064	86	-	(1,001)	-	-	638	2,787	(2,142)	(511)	1,001	-	-	(1,652)	922	1,135
Furniture and chattels	2,808	-	-	(239)	-	-	657	3,226	(1,401)	(401)	239	-	(57)	(1,620)	1,407	1,605
Land	38,518	-	-	(510)	35,726	-	2,288	76,022	-	-	-	-	-	-	38,518	76,022
Library collections	3,762	-	-	(213)	-	-	432	3,981	(1,896)	(349)	213	-	-	(2,032)	1,866	1,949
Motor vehicles	3,455	-	-	(427)	-	-	597	3,625	(2,148)	(248)	380	-	-	(2,016)	1,307	1,609
Plant and machinery	3,507	-	-	(139)	-	-	172	3,540	(2,567)	(197)	133	-	-	(2,631)	940	909
Items under construction	7,524	17,831	-	-	-	-	(19,776)	5,579	(2)	-	-	-	2	-	7,522	5,579
Total operational assets	126,095	17,917	-	(2,673)	31,838	-	(5,529)	167,648	(14,684)	(4,361)	2,110	6,929	56	(9,950)	111,411	157,697
<i>Infrastructural assets</i>																
Bridges	18,308	-	-	-	6,860	-	(1,467)	23,701	(214)	(543)	-	757	-	-	18,094	23,701
River flood protection and control works	1,280	①	-	-	-	-	-	1,280	-	(22) ②	-	-	-	(22)	1,280	1,258
Roading - land under road	767,738	-	-	-	10,342	-	95	778,175	-	-	-	-	-	-	767,738	778,175
Roading and footpaths	413,677	-	675	(34)	39,473	-	9,409	463,200	(2,081)	(7,462)	34	9,544	(35)	-	411,596	463,200
Seawalls	9,119	-	-	-	-	-	111	9,230	.1	(650)	-	-	-	(649)	9,120	8,581
Stormwater drainage	80,005	①	235 ①	-	6,336 ④	-	-	86,576	-	(1,246) ⑥	-	-	-	(1,246)	80,005	85,330
Wastewater - other assets	136,817	①	228 ②	(11) ③	12,697 ④	-	-	149,731	(6) ⑨	(3,177) ⑥	11 ⑦	-	(5) ⑧	(3,177)	136,811	146,554
Wastewater treatment plants and facilities	27,012	①	-	-	-	-	7 ⑤	27,019	(48) ⑨	(1,412) ⑥	-	-	-	(1,460)	26,964	25,559
Water - other assets	111,453	①	187 ②	(13) ③	10,349 ④	-	81 ⑤	122,057	(13) ⑨	(2,698) ⑥	13 ⑦	-	-	(2,698)	111,440	119,359
Water treatment plants and facilities	29,226	①	-	-	-	-	-	29,226	-	(1,349) ⑥	-	-	-	(1,349)	29,226	27,877
Items under construction	47,992	40,382	-	-	-	-	(6,713)	81,661	(36)	-	-	-	35	(1)	47,956	81,660
Total infrastructural assets	1,642,627	40,382	1,325	(58)	86,057	-	1,523	1,771,856	(2,397)	(18,559)	58	10,301	(5)	(10,602)	1,640,230	1,761,254
<i>Restricted assets</i>																
Buildings and improvements	37,065	-	-	(1)	(3,167)	-	3,507	37,404	(4,879)	(2,548)	1	7,476	(51)	(1)	32,186	37,403
Land	58,927	-	-	-	82,512	-	2,295	143,734	-	-	-	-	-	-	58,927	143,734
Items under construction	1,868	3,176	-	-	-	-	(2,584)	2,460	-	-	-	-	-	-	1,868	2,460
Total restricted assets	97,860	3,176	-	(1)	79,345	-	3,218	183,598	(4,879)	(2,548)	1	7,476	(51)	(1)	92,981	183,597
TOTAL PROPERTY, PLANT AND EQUIPMENT	1,866,582	61,475	1,325	(2,732)	197,240	-	(788)	2,123,102	(21,960)	(25,468)	2,169	24,706	-	(20,553)	1,844,621	2,102,547

THREE WATER
ASSET
INFORMATION

① Opening balance : 385,793
 ② Vested Assets : 650
 ③ Disposals : (24)
 ④ Revaluations : 29,382
 ⑤ Transfers : 88

④ 415,889

⑥ Depreciation : (9,904)
 ⑦ Disposals : 24
 ⑧ Transfers : (5)
 ⑨ Depn opening : (67)

⑧ (9,952)

④ + ⑧
 TOTAL WATER
 ASSETS 8000
 = 405,937