

OIR: 2425/1317

22 April 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 **21 March 2025** requesting the following information:

- Can you please state numerically exactly how many connections of the three types - water, waste and storm that are to be used for the Water Service delivery model, and indicated as requested and whether they are being applied to the rural ratepayers? and answer in respect of a) – f) below:***

The Morrison Low modelling supporting the Local Water Done Well (LWDW) consultation document has been conducted at a relatively aggregated level using the average three water household charge as the key metric to report on.

However, the modelling for each of the three waters services (drinking water, wastewater and stormwater) is done separately. Total costs including interest and overhead allocations for each of the services are divided by the number of connections for that service to calculate an average cost per household for that service. The modelling assumes that only those connected to each of the services are charged for the service.

Connection numbers used to calculate average cost for each service were:

	KCDC	2023/24
Water Management	Number of residential connections	22,572
Water Management	Number of non-residential connections	1,427
Wastewater Management	Number of residential connections	20,103
Wastewater Management	Number of non-residential connections	953
Stormwater Management	Number of residential connections	21,869
Stormwater Management	Number of non-residential connections	1,298

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

These three separate charges are aggregated to create the 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.

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?

The Council costs including interest and overheads are allocated to activities, and rates are set to fund those activities. The cost of each water service (water supply, wastewater and stormwater) is recovered from properties that benefit or have the potential to benefit from the service, in accordance with approved rating policies.

- a) ***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?***

Please refer to the previous response – 2425-1292.

- b) ***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?***

Please refer to the previous response – 2425-1292.

- c) ***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?***

Please refer to the previous response – 2425-1292.

- d) ***If the answer to d) is the affirmative what is the legislative authority?***

Please refer to the previous response – 2425-1292.

And

- e) ***What is the Commerce Commission's guidance and policy on the charging for services [capex and opex for water services] not provided***

This question is not clear. The requestor is aware of the Commerce Commissions Information Disclosure discussion material, which has been referred to in later questions. Whichever delivery model is chosen, Water Service entities will be required to comply with future information disclosure requirements.

2. Please answer who will pay i.e which water users, and answer the parts to the question a) – d)? Who will pay for the set up of the new Water Services entity whether it is an in house business unit or otherwise? 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.**

If the Council chose the four-council water services organisation option (option 2), set up costs will be charged to the customers of that organisation. Details of how those costs will be funded and charged will be for that entity to determine in due course. The in-house business unit option (option 1) has no set up costs as it will continue to be a part of the Council.

3. If the in-house business model is to be chosen as has been predicated all along, then what is the point of the 'consultation'? other than a PR exercise in 'bad faith'? From your response it is understood that KCDC will not be transferring the assets to the water services delivery entity and intends to continue with the existing cross subsidised aggregated practice, is this correct?

The government is requiring councils to consult with their communities on a minimum of two options for the future delivery water services. An in-house business unit is the Council's preferred option.

There are a number of new legislative requirements being invoked that KCDC will need to comply with.

Furthermore the rationality of unfairly allocating 68% of all KCDC Net Debt to water services users may

- (i) not be approved by ComCom**
- (ii) appears to be incorrect if the in-house option is chosen and the assets not transferred because they stay in house**

will not satisfy the 'ring fencing' provisions proposed by the new legislation and S.432 Consequential amendments [Schedule 1](#)

The Council will comply with any legislative and information disclosure requirements.

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

The Council's Standing Orders (Order 9.16) require that any changes to ownership, governance or management of the districts water assets or services must be agreed by a 75% majority of councillors voting on the decision and that their decision must be informed by a non-binding referendum of the community.

If the Council choose option 1 (in-house business unit option) there is no change to ownership or management of water assets and therefore no referendum is required under Council's current Standing Orders. Should the Council decide to progress option 2, the options with regard to the referendum are set out on page 14 of the Consultation Document.

5. 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 grouped by the three balance sheet 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

Note 11 of the 2023/24 Annual Report provides a reconciliation of property, plant and equipment movements for the year. Previous Annual Reports will contain similar information. GST returns are transactional reports that will not provide the information sought by the requestor. The Council complies with IRD record holding requirements.

Ngā mihi,



Sarah Wattie

Acting Group Manager Corporate Services
Te Kaihautū Ratonga Tōpū