

**Kāpiti Coast District Council**

Financial Investigation of a  
Kāpiti Coast Unitary

April 2013



achieving  
**results**  
in the public sector

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## 1. INTRODUCTION

Kāpiti Coast District Council has commissioned Morrison Low and Associates to undertake an initial, high-level, financial investigation into the formation of a Kāpiti Coast Unitary Authority.

In 2010, through the Wellington Mayoral Forum, the Wellington Region jointly commissioned PricewaterhouseCoopers (PwC) to conduct a review of the governance of the Wellington Region. Following that review all the Councils in the Wellington region conducted a consultation review with their communities on the future governance options proposed in the PwC review report. Following on from this there has been continued discussion on the future form of governance in the Greater Wellington region.

It now seems likely that there will be some change in the governance of the Wellington Region and because of this Kāpiti Coast District Council is investigating the financial implications of the formation of a Unitary Council for the Kāpiti Coast. As a unitary authority, the Kāpiti Coast Unitary Authority would have the responsibilities a territorial local authority and a regional council under the Local Government Act 2002.

## 2. METHODOLOGY

The purpose of the modelling undertaken for this study is to investigate the operational revenue and expenditure requirements resulting from the formation of a Kāpiti Coast Unitary Authority. A Kāpiti Coast Unitary Authority would be responsible for providing the local activities currently provided by the Kāpiti Coast District Council and would also be responsible for providing the regional activities currently provided by the Greater Wellington Regional Council.

District councils and regional councils have different responsibilities and provide different services. Kāpiti District Council is responsible for the provision of local activities and services, such as:

- District planning and resource consents
- Dog control and liquor licensing
- Roads and footpaths
- Water supply and wastewater management
- Stormwater management
- Parks and open spaces
- Solid waste management
- Economic development
- Community facilities

The Greater Wellington Regional Council is responsible for the provision of regional activities and services, such as:

- Regulating use of natural resources – air, land and water
- Funding and managing public transport services, including rail, bus and ferry
- Pest and plant control
- Building and maintaining flood protection works
- Regional economic development and emergency management
- Management of regional parks and forests

This report provides a financial assessment of a Kāpiti Coast Unitary Authority based on the information made available by the Greater Wellington Regional Council.

The study makes no assumptions about the governance of other Territorial Local Authorities within the Greater Wellington Region. However, the study does assume that if the Kāpiti Coast District was to become a Unitary Authority and the Greater Wellington Regional Council remains that the Greater Wellington Regional Council would no longer directly provide services within Kāpiti.

The modelling was undertaken in two component parts:

- **Component One: Local Activities** – This component of the modelling was based on the local activities currently undertaken by the Kāpiti Coast District Council. These local activities would continue to be undertaken by Kāpiti Coast Unitary Authority.
- **Component Two: Regional Activities** – This component of the modelling was based on the regional activities that are currently undertaken by the Greater Wellington Regional Council, within the territorial area governed by Kāpiti Coast District Council. These regional activities would need to be provided by the Kāpiti Coast Unitary Authority.

The combined model results of component one and two provide an estimate of the revenue and expenditure requirements of a Kāpiti Coast Unitary Authority. The model incorporates a number of assumptions, for example that the current local and regional levels of service would continue, these are set out in section 2.2 of this report.

## 2.1 Kāpiti Coast Unitary Authority

For the purpose of this study, it is assumed that a Kāpiti Coast Unitary Authority would be formed within the area currently governed by the Kāpiti District Council. The new Kāpiti Unitary Authority would provide the local services currently provided by the Kāpiti District Council and the regional services currently provided, in the Kāpiti Coast, by the Greater Wellington Regional Council. The Greater Wellington Regional Council, if it remained in existence would no longer collect revenue or provide regional services within the Kāpiti Coast.

The costs have been summarised into the main income and expenditure types and consolidated to show indicative costs for a Kāpiti Coast Unitary. The financial modelling undertaken for this study required that a series of assumptions be made, the main model

assumptions are set out in Table 2 below. For example, The model assumes that the Unitary Authority would deliver local services at the same level of service currently delivered by the Kāpiti Coast District Council and would deliver regional services at the same level of service currently delivered by the Greater Wellington Regional Council, and that much the same level of staffing would be required to deliver current levels of service.

The revenue and expenditure for the Kāpiti Unitary Authority, as reported in this study, is based on components one and two of the financial model. This involved the aggregation of the activities of the current Kāpiti District Council and the regional data, as supplied by the Greater Wellington Regional Council.

Component one of the model specifies revenue and expenditure across all local activities of Kāpiti Coast District Council. To develop component one of the financial model, the budgeted revenue and costs from the Kāpiti Coast 2012-22 Long-Term Plan (LTP) has been collected and combined in a financial model based on the following activity groupings:

- Access and Transport
- Solid Waste
- Stormwater Management & Flood Protection
- Coastal Management
- Wastewater Management
- Water Management
- Parks and Open Spaces
- Supporting Social Wellbeing
- Libraries, Arts & Museums
- Development Management
- Building Control & Resource Consents
- Environmental Protection
- Governance and Tangata Whenua
- Economic Development
- Community Facilities
- Supporting Environmental Sustainability

To develop component two (regional activities) of the financial model reliance has been placed on data provided by the Greater Wellington Regional Council. As the Greater Wellington Regional Council do not specifically record expenditure for the Kāpiti Coast District the total costs of the regional activities have been apportioned by the Greater Wellington Regional Council as a percentage of the total Greater Wellington Regional Council expenditure for the 2011/12 financial year. An apportionment of the high-level income statement and balance sheet was provided together with a further analysis of the net cost per function showing the percentage allocation per function for each council. A copy of the financial information received from the Greater Wellington Regional Council for the Kāpiti Coast is attached as Appendix B.

The following table (Table One) shows the activity groups for which Greater Wellington Regional Council data for regional activities has been consolidated into local activity groupings and into the model.

**Table 1: Consolidation of Regional Activities into Local Activity Groups**

<b>Local Activity Group</b>	<b>Regional Activity (Apportioned)</b>
<b>Governance &amp; Corporate</b>	Democratic Services Investments Other – Emergency Management
<b>Stormwater and Flood Protection</b>	Flood Protection
<b>Coastal Management</b>	Harbour Master
<b>Parks and Open Space</b>	Regional Parks & Forests
<b>Community Facilities</b>	Stadium
<b>Building Control and Resource Consents</b>	Environmental Regulation Environmental Monitoring
<b>Economic Development</b>	Wellington Regional Strategy
<b>Environmental Protection</b>	Bio Security Bio Diversity Land Management
<b>Environmental Sustainability</b>	Environmental Policy

As for component one (local activities), the financial modelling for component two (regional activities) requires that a series of assumptions are made and these are set out in Table Two below. In addition, a number of assumptions have been made by Greater Wellington Regional Council in the apportionment of its costs to the regions Councils. These assumptions are set out in the letter from Greater Wellington Regional Council’s advisors PwC which is attached as Appendix B.

## 2.2 Model Assumptions

In developing the model a number of assumptions have been made.

### Overarching Assumptions

- Kāpiti Coast District Council budgets for this study have been based on year one (2012/13 financial year) of the Kāpiti Coast Long Term Plan and assumes that the revenue forecast will be realised (e.g. number of resource consents used to estimate revenue).
- Greater Wellington Regional Council budgets for activities have been obtained using the following methodology:  
 Where the 2012/13 budget data provided to the Wairarapa has been able to be matched to the Greater Wellington Regional Council activities for which a percentage apportionment has been supplied (for 2011/12 actual data) this data has been used and the 2011/12 percentage apportionment has been applied. Where the 2012/13 data is not available or where there is a low level of confidence the 2011/12 data has been used and inflated by 4.5%. This has enabled an assessment of 2012/13 costs to be made and included with the LTP data for the Kāpiti District Council.
- The study does not model the transitional, establishment, or amalgamation costs that would be incurred in the formation of a Kāpiti Coast Unitary.
- The modelling has been undertaken based on activity groups and not organisational structure.
- The modelling assumes that the current level of staffing will be maintained.

**Table 2: Modelling Assumptions**

Assumption	Local Activities	Regional Activities
<b>Levels of Service</b>	<ul style="list-style-type: none"> <li>• In determining the cost of delivering local activities the model assumes that services will continue to be delivered as per the current Service Levels of Kāpiti Coast District Council</li> </ul>	<ul style="list-style-type: none"> <li>• In determining the cost of delivering regional activities, the model assumes that regional services will be delivered as per existing Service Levels for the Greater Wellington Regional Council</li> </ul>
<b>Operating Approach</b>	<ul style="list-style-type: none"> <li>• The model assumes that local activities will continue to be delivered as per the existing operating approach (e.g. internal resource, contracted out)</li> </ul>	<ul style="list-style-type: none"> <li>• The model assumes that regional activities will continue to be delivered as per the existing operating approach of the Greater Wellington Regional Council (e.g. internal resource, contracted out)</li> </ul>

Assumption	Local Activities	Regional Activities
<b>Revenue</b> (all sources)	<ul style="list-style-type: none"> <li>Modelled revenue for local activities is based on the 2012/22 Long Term Plan financial policies and 2012/13 budgets for the Kāpiti District Council (e.g. existing rating system, existing fees and charges)</li> </ul>	<ul style="list-style-type: none"> <li>Modelled revenue for regional activities is as per an analysis provided by Greater Wellington Regional Council for the Wairarapa Councils, where possible</li> <li>Otherwise, revenue is as per the analysis of 2011/12 Greater Wellington Regional Council activities prepared by PwC with 4.5% added for 2012/13.</li> </ul>
<b>Staffing levels</b>	<p><b>Management</b></p> <ul style="list-style-type: none"> <li>The model assumes existing management levels are maintained</li> </ul> <p><b>Staff of all groups of activities</b></p> <ul style="list-style-type: none"> <li>The model assume existing staffing levels are maintained</li> </ul>	<p><b>Management</b></p> <ul style="list-style-type: none"> <li>The Greater Wellington Regional Council data includes an apportionment for management costs</li> </ul> <p><b>Staff of all groups of activities</b></p> <ul style="list-style-type: none"> <li>The data supplied by Greater Wellington Regional Council includes an apportionment for staff costs but does not provide detail about the number of FTE's this apportionment equates to</li> </ul>
<b>Salary costs</b>	<ul style="list-style-type: none"> <li>Based on existing salaries as budgeted for in year one of the Kāpiti District Council 2012/22 Long Term Plan</li> </ul>	<ul style="list-style-type: none"> <li>Staffing costs not supplied by Greater Wellington Regional Council for all activities. Where data is known (from the Wairarapa data) this has been added into the model</li> </ul>
<b>Overhead costs</b>	<ul style="list-style-type: none"> <li>Based on overhead costs as budgeted for in year one of the Kāpiti District Councils 2012/22 Long Term Plan</li> </ul>	<ul style="list-style-type: none"> <li>Overhead costs are apportioned across Greater Wellington Regional Council activities</li> </ul>
<b>Other Operational Costs</b>	<ul style="list-style-type: none"> <li>Based on costs as budgeted for in year one of Kāpiti District Councils 2012/22 Long Term Plan</li> </ul>	<ul style="list-style-type: none"> <li>Based on costs identified in Wairarapa data where possible</li> <li>Otherwise, net costs as advised by Greater Wellington Regional Council for 2011/12 plus 4.5% has been used for 2012/13</li> </ul>

## Exclusions

The model excludes any financial information related to public transport as this information was not supplied by Greater Wellington Regional Council.



### 3. KĀPITI COAST UNITARY AUTHORITY FINANCIALS

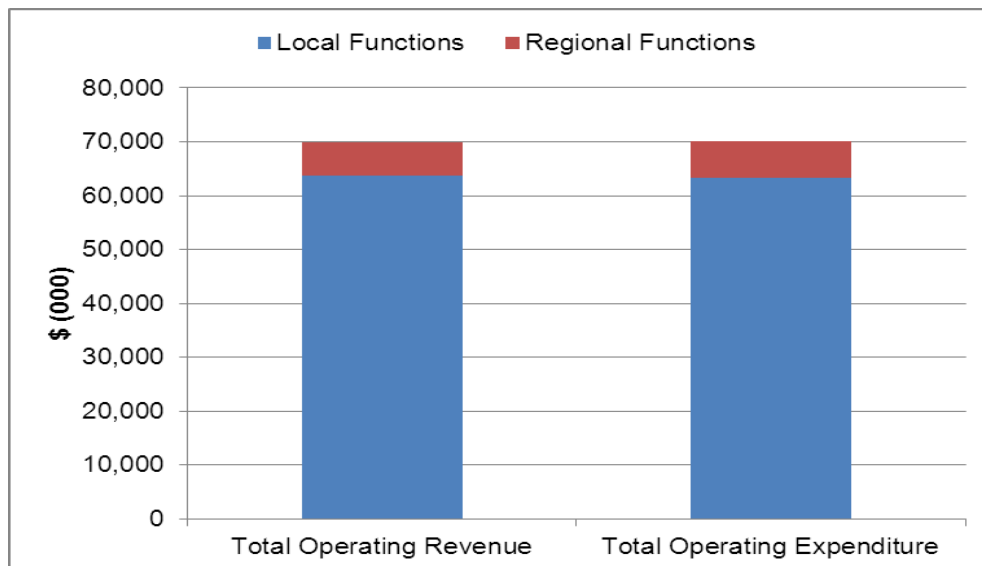
A Kāpiti Coast Unitary Authority would undertake the responsibilities and functions of both a territorial local authority and regional council under the LGA 2002.

#### 3.1 Total Operating Revenue and Expenditure

The graph below (Figure One) shows the consolidated operating revenue and expenditure for a Kāpiti Coast Unitary Authority. The operating revenue of a Kāpiti Coast Unitary (based on the revenue for the 2012/13 financial year) would be approximately \$69.895 million and the operating expenditure (based on budgeted expenditure for the 2012/13 year) required to deliver services at the current levels would be \$70.110 million. A Kāpiti Coast Unitary Authority would have an operating deficit in the order of \$0.215 million based on current expenditure.

The PwC report apportions investment income of the Greater Wellington Regional Council to each of the Councils in the Wellington Region. The major items contained in Greater Wellington Regional Councils investment income of \$10.6 million include forestry investment income, the port dividend and interest on cash and other financial instruments held. Investment income of the Greater Wellington Regional Council which has been apportioned to the Kāpiti Coast District (\$0.6 million) has been included in the operating revenue reported below.

**Figure 1: Consolidated Operating Revenue and Expenditure**



The indicative cost to deliver regional activities in the Kāpiti Coast is about \$6.708 million against rates revenue of \$6.229 million collected by the Kāpiti Coast District Council, on behalf of the Greater Wellington Regional Council, for the purpose of regional activities in 2012/13.

Figure Two shows a breakdown of the total operating revenue of the Kāpiti Coast Unitary Authority by source. General and targeted rates accounts for approximately 75% of all revenue while fees and charges accounting for a further 20% of the revenue collected. Development and financial contributions makes up 3% with the 2% balance from capital subsidies.

**Figure 2:** Total Operating Revenue, by Source, for the Kāpiti Coast Unitary Authority

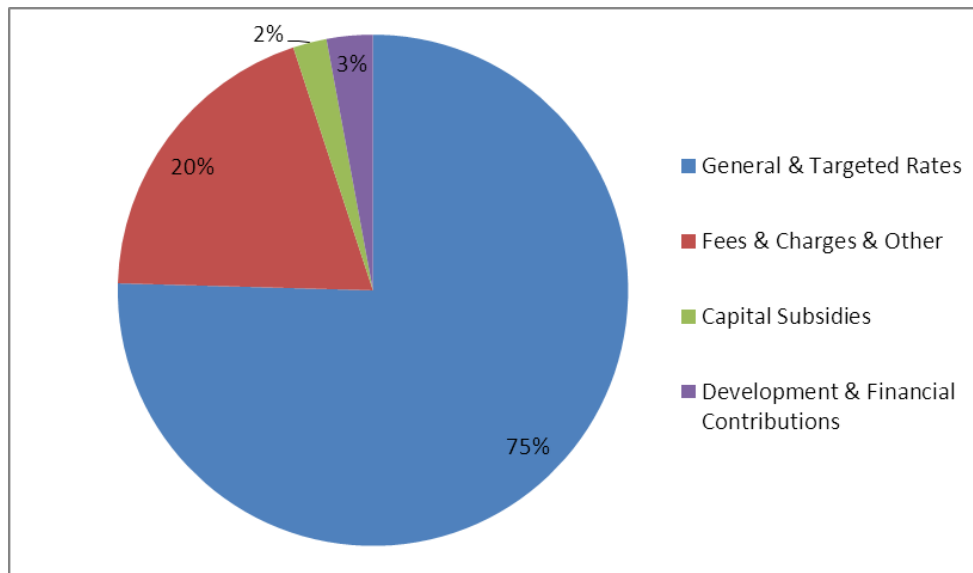
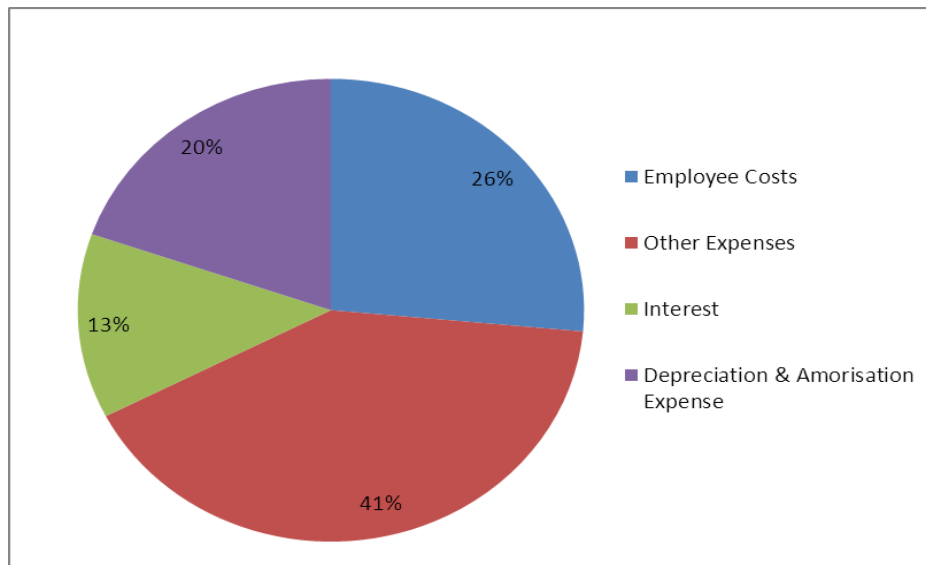


Figure Three shows a breakdown of the operating expenditure of the Kāpiti Coast Unitary Authority by type of expenditure. While at this stage the correct breakdown of regional costs has not been included for all activities employee costs account for 26% of total operating expenditure with depreciation and amortization accounting for a further 20%. Other expenses accounts for 41% of operating expenditure and includes materials and contracts, insurances and internal charges and allocations. Interest accounts for approximately 13% of operating costs.

The operational expenditure of the Greater Wellington Regional Council apportioned to Kāpiti Coast District Council includes some costs for departmental and senior management, corporate services and other corporate overheads. This means that the operating expenditure reported here, will include some duplication and that there may be some opportunities for efficiencies.

**Figure 3:** Total Operating Expenditure, by Type, for the Kāpiti Coast Unitary Authority

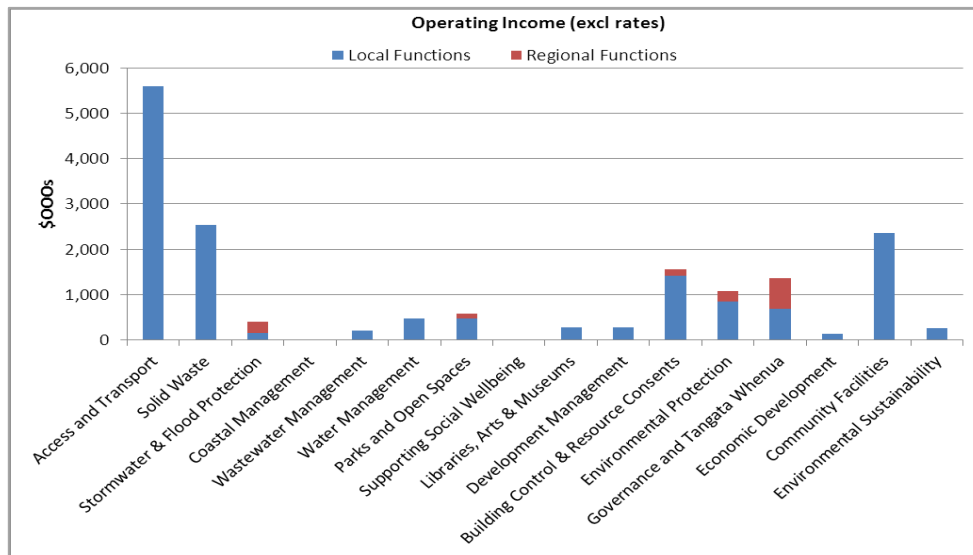


### 3.2 Operating Revenue and Expenditure by Groups of Activity

The following series of graphs show operating revenue and expenditure for the Kāpiti Coast Unitary Authority by groups of activity. The graphs also show the relative operational revenue and expenditure between local and regional activities.

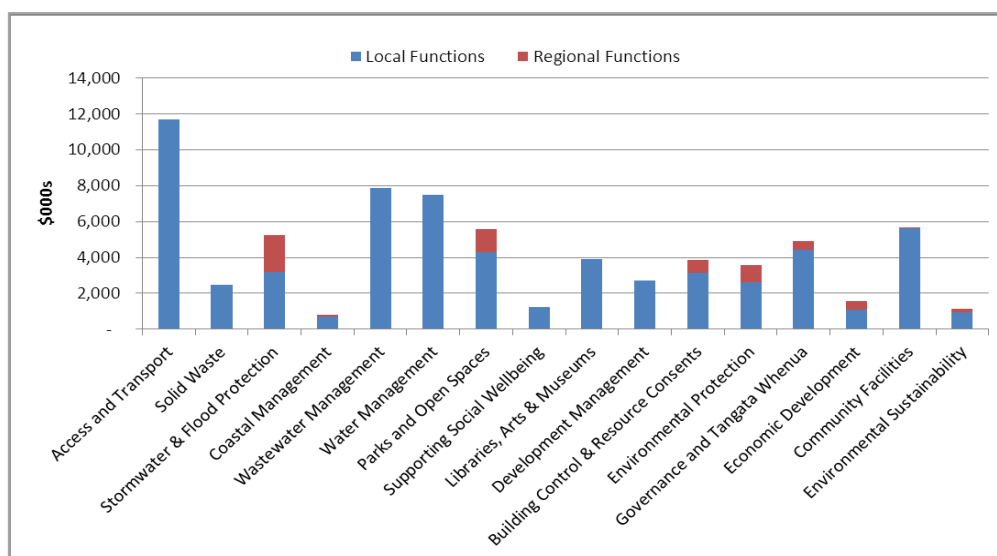
Figure Four shows the relative distribution of operating revenue (other than rates), for the Kāpiti Coast Unitary Authority, across the groups of activities. Revenue relating to Access and Transport (33%), solid waste (15%), and community facilities (14%) and building control and resource consents (9%) would account for approximately 70% of all other operating revenue for the Kāpiti Coast Unitary Authority.

**Figure 4: Total Operating Revenue (excluding rates) of the Kāpiti Coast Unitary Authority, by Group of Activity**



The following graph, Figure Five provides a breakdown of operating expenditure for each group of activities. Transport (17%), water management (11%) and wastewater management (11%) account for approximately 39% of operational expenditure with stormwater management (8%), parks and open spaces (8%) and community facilities (8%) accounting for a further 24% of operational expenditure.

**Figure 5: Total Operating Expenditure of the Kāpiti Coast Unitary Authority by Group of Activities**



### 3.3 Groups of Activities

The following table (Table Three) provides a summary of the types of local activities which are provided under each group of activities and a summary of the types of regional activities which have been incorporated in each of the groups of activities. The summaries of activities are illustrative, not exhaustive lists of all activities currently provided by Kāpiti Coast District Council or Greater Wellington Regional Council within the Kāpiti Coast District.

For each group of activities, the table provides a summary of the likely operational expenditure for each group of activities, incorporating expenditure for both local and regional activities, where appropriate. The table also shows what proportion of total operational expenditure the group of activities would account for.

**Table 3: Group of Activities Summary Information**

Group of Activities	Local Activities	Regional Activities	Total Estimated Expenditure	Percentage of Total Expenditure
<b>Access and Transport</b>	<ul style="list-style-type: none"> <li>operation and maintenance of the Kāpiti Districts transport network</li> <li>planning and investigation in relation to transport activities and the provision of safe Cycleways, Walkways and Bridleways networks throughout Kāpiti</li> </ul>	<ul style="list-style-type: none"> <li>no regional activities incorporated into this group of activities</li> <li><i>Greater Wellington Regional Council was unable to provide a breakdown for each council for public transport, as rail in particular, operates as an integrated network</i></li> </ul>	This total expenditure for this group of activities is \$11.677 million.	This group of activities would account for 17% of the total expenditure of a Kāpiti Coast Unitary Authority.
<b>Solid Waste</b>	<ul style="list-style-type: none"> <li>provision of kerbside refuse and recycling collection in the urban area</li> <li>transfer stations greenwaste and recycling centres</li> <li>active promotion of waste minimisation and recycling</li> </ul>	<ul style="list-style-type: none"> <li>no regional activities incorporated into this group of activities</li> </ul>	The total expenditure for the solid waste activity is \$2.495 million.	This group of activities would account for 4% of the total expenditure of the Kāpiti Coast Unitary Authority.
<b>Stormwater Management and Flood Protection</b>	<ul style="list-style-type: none"> <li>protection of property, public health and the environment by safely and efficiently collection and disposing of stormwater runoff in urban areas</li> <li>this includes managing streams, watercourses and a physical stormwater pipe network</li> </ul>	<ul style="list-style-type: none"> <li>management of the risk of flooding from the region's rivers and streams</li> <li>provision of advice and raising awareness about the risk of flood</li> <li>maintenance of existing assets as agreed by Schemes and Floodplain Management Plans</li> <li>protection of land and public infrastructure while providing for environmental and recreational enhancement where possible</li> </ul>	The total expenditure for the Stormwater and Flood Protection activity is \$5.252 million.	This group of activities would account for 8% of the total expenditure of a Kāpiti Coast Unitary Authority.

Group of Activities	Local Activities	Regional Activities	Total Estimated Expenditure	Percentage of Total Expenditure
<b>Coastal Management</b>	<ul style="list-style-type: none"> <li>• maintenance of community owned seawalls</li> <li>• provision of beach protection projects such as dune reshaping and planting</li> <li>• provision of beach patrols and signage</li> </ul>	<ul style="list-style-type: none"> <li>• responsibility for Harbour management, including making provision for safe navigation</li> <li>• provision of a Harbour Master</li> </ul>	The total expenditure for the Coastal Management activity is \$0.788 million.	This group of activities would account for 1% of the total expenditure of the Kāpiti Coast Unitary Authority.
<b>Wastewater Management</b>	<ul style="list-style-type: none"> <li>• management of               <ul style="list-style-type: none"> <li>○ urban reticulated sewerage systems</li> <li>○ pumping stations</li> <li>○ sewage treatment plants</li> <li>○ sewage disposal services</li> </ul> </li> <li>• management of the impact of any discharge into the environment</li> <li>• Kāpiti Coast District is responsible for the provision and management of three wastewater schemes</li> </ul>	<ul style="list-style-type: none"> <li>• no regional activities incorporated into this group of activities</li> </ul>	The total expenditure for the Wastewater activity is \$7.879 million.	This group of activities would account for 11% of the total expenditure of a Kāpiti Coast Unitary Authority.
<b>Water Management</b>	<ul style="list-style-type: none"> <li>• management of urban water reticulation and treatment facilities, water supply assets comprise of the water collection and storage system, filtration and treatment system and reticulation systems</li> </ul>	<ul style="list-style-type: none"> <li>• no regional activities incorporated into this group of activities</li> </ul>	The total expenditure for the Water Management activity is \$7.482 million.	This group of activities would account for 11% of the total expenditure of the Kāpiti Coast Unitary Authority.

Group of Activities	Local Activities	Regional Activities	Total Estimated Expenditure	Percentage of Total Expenditure
<b>Parks and Open Spaces</b>	<ul style="list-style-type: none"> <li>• provision and maintenance of:               <ul style="list-style-type: none"> <li>○ parks, reserves and monitored ecological sites</li> <li>○ sports grounds</li> <li>○ playgrounds</li> <li>○ trees and amenity plantings</li> <li>○ built assets such as pavilions, toilets and furniture</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Greater Wellington Regional Council manages a network of seven regional parks and two forests, for the enjoyment of the Greater Wellington community. The parks activities include parks planning, visitor services and the environmental protection of regional parks</li> </ul>	The total expenditure for the Parks and Open Space activity is \$5.580 million.	This group of activities would account for 8% of the total expenditure of the Kāpiti Coast Unitary Authority.
<b>Supporting Social Wellbeing</b>	<ul style="list-style-type: none"> <li>• provision of advocacy on community issues</li> <li>• policy development and advice to Council on social issues and social wellbeing</li> <li>• provision of resources to work with government agencies and community organisations</li> </ul>	<ul style="list-style-type: none"> <li>• no regional activities incorporated into this group of activities</li> </ul>	The total expenditure for the Supporting Social Wellbeing Activity is \$1.245 million.	This group of activities would account for 2% of the total expenditure of the Kāpiti Coast Unitary Authority.
<b>Libraries, Arts and Museums</b>	<ul style="list-style-type: none"> <li>• provision of library services</li> <li>• support for history and heritage and arts activities, facilitates funding for local arts projects</li> <li>• provision of operational funding for the Mahara Gallery and the Otaki Museum and Kāpiti Museum</li> </ul>	<ul style="list-style-type: none"> <li>• no regional activities incorporated into this group of activities</li> </ul>	The total expenditure for the Libraries, Arts and Museums activity is \$3.884 million.	This group of activities would account for 6% of the total expenditure of the Kāpiti Coast Unitary Authority.



Group of Activities	Local Activities	Regional Activities	Total Estimated Expenditure	Percentage of Total Expenditure
<b>Development Management</b>	<ul style="list-style-type: none"> <li>• development of urban management strategies</li> <li>• maintenance and review of the District Plan</li> <li>• design guidance for engineering and infrastructure development, design and planning advice to external stakeholders</li> <li>• Town Centre upgrade design and construction</li> <li>• advocacy on urban planning and growth management issues</li> </ul>	<ul style="list-style-type: none"> <li>• no regional activities incorporated into this group of activities</li> </ul>	The total expenditure for the Development Management activity is \$2.702 million.	This group of activities would account for 4% of the total expenditure of the Kāpiti Coast Unitary Authority.
<b>Building Control and Resource Management</b>	<ul style="list-style-type: none"> <li>• processing and issuing of building consents</li> <li>• inspection of building projects and issuing of codes of compliance</li> <li>• receipt and processing of applications for resource consents, land use and subdivision</li> </ul>	<ul style="list-style-type: none"> <li>• processing of consents, primarily under the Resource Management Act, for water permits, dairy discharges and for some Building Act functions i.e. large dams</li> <li>• monitoring compliance with resource consents and permitted activities</li> <li>• enforcement action undertaken if required</li> </ul>	The total expenditure for the Building Control and Resource Consents activity is \$3.879 million.	This group of activities would account for 6% of the total expenditure of a Kāpiti Coast Unitary Authority.

Group of Activities	Local Activities	Regional Activities	Total Estimated Expenditure	Percentage of Total Expenditure
<b>Environmental Protection</b>	<ul style="list-style-type: none"> <li>• provision of emergency management</li> <li>• provision of compliance and monitoring activities, such as:               <ul style="list-style-type: none"> <li>○ noise control, liquor licensing</li> <li>○ licensing and inspection of food premises</li> <li>○ hazardous substances</li> <li>○ District Plan and Resource Management Act monitoring</li> <li>○ bylaws investigation and enforcement</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• provision of biosecurity, biodiversity and land management</li> <li>• working with stakeholders and landowners, developing and implementing programs</li> </ul>	<p>The total expenditure for the Environmental Protection activity is \$3.592 million.</p>	<p>This group of activities would account for 5% of the total expenditure of the Kāpiti Coast Unitary Authority.</p>

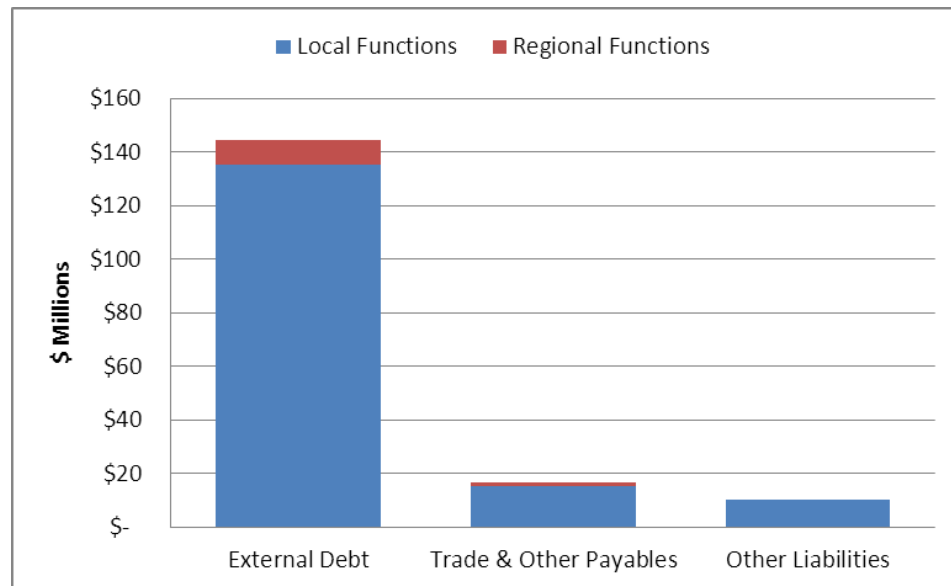
Group of Activities	Local Activities	Regional Activities	Total Estimated Expenditure	Percentage of Total Expenditure
<b>Governance and Tangata Whenua</b>	<ul style="list-style-type: none"> <li>• management of Council and Committee processes</li> <li>• electoral processes</li> <li>• encouraging community awareness of and participation in decision-making processes</li> <li>• administration of community grants and programmes</li> <li>• civic events</li> </ul>	<ul style="list-style-type: none"> <li>• development and maintenance of relationships and collaborative programmes across the region</li> <li>• co-ordination of regional activities including economic development, public transport planning, civil defence and emergency management</li> <li>• encourage and facilitate tangata whenua and community involvement in decision making</li> <li>• Emergency Management</li> <li>• Democratic Services</li> <li>• Maori Strategy and Relationships</li> <li>• Regional Transport Planning</li> </ul>	The total expenditure for this group of activities would be \$4.888 million.	This group of activities would account for 7% of the expenditure of the Kāpiti Coast Unitary.
<b>Economic Development</b>	<ul style="list-style-type: none"> <li>• provision of economic development advice and support</li> <li>• provision of business support, retention and attraction services</li> <li>• provision of visitor information centres</li> </ul>	<ul style="list-style-type: none"> <li>• Kāpiti Coast ratepayers contribute to the wider economic development activities provided as part of the Wellington Regional Strategy. However, due to the data supplied by Greater Wellington Regional Council, operational revenue and expenditure this activity is incorporated in the Governance and Tangata Whenua group of activities</li> </ul>	The total expenditure for the economic development activity is \$1.555 million.	This group of activities would account for 2% of the total expenditure of the Kāpiti Coast Unitary Authority.

Group of Activities	Local Activities	Regional Activities	Total Estimated Expenditure	Percentage of Total Expenditure
<b>Community Facilities</b>	<ul style="list-style-type: none"> <li>• responsible for looking after the buildings and properties that Council owns</li> <li>• This includes the management of facilities such as:               <ul style="list-style-type: none"> <li>○ housing for older persons</li> <li>○ community halls</li> <li>○ civic buildings and depots</li> <li>○ public toilets</li> <li>○ swimming pools</li> <li>○ library buildings</li> <li>○ cemeteries</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Kāpiti Coast ratepayers contribution to the costs of the Wellington Stadium</li> </ul>	The total expenditure for the Community Facilities activity is \$5.656 million.	This group of activities would account for 8% of the total expenditure of the Kāpiti Coast Unitary Authority.
<b>Supporting Environmental Sustainability</b>	<ul style="list-style-type: none"> <li>• provision of biosecurity and water use and conservation advice and support and policy development</li> <li>• implementation of energy efficiency, and waste minimisation initiatives</li> <li>• implementation of projects and provision of support for environmental education</li> </ul>	<ul style="list-style-type: none"> <li>• development of region-wide environmental policy and plans, such as the Regional Coastal plan, the Regional Policy Statement and for the production of State of the Environment reports</li> </ul>	The total expenditure for the Environmental Sustainability activity is \$1.151 million.	This group of activities would account for 2% of the total expenditure of the Kāpiti Coast Unitary Authority.

### 3.4 Liability and public equity

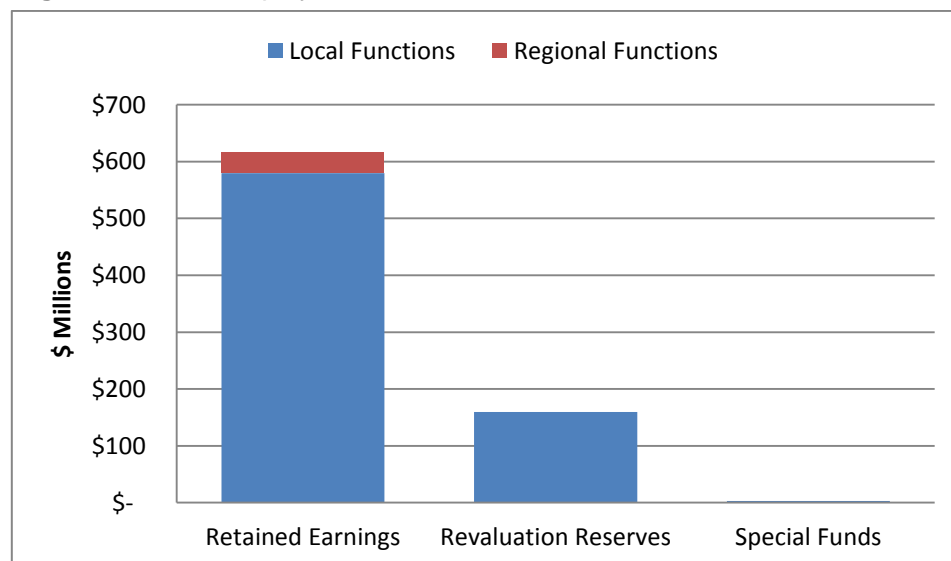
Figure six, shows the total external liabilities of the Kapiti Coast Unitary Authority split between local and regional functions.

**Figure 6: Liabilities**



The figure below shows the total public equity for the Kapiti Unitary Authority, split between local and regional functions.

**Figure 7: Public Equity**



#### **4. SUMMARY**

The purpose of this study is to investigate the likely operational revenue and expenditure requirements resulting from the formation of a Kāpiti Coast Unitary Authority. The operating revenue of a Kāpiti Coast Unitary would be approximately \$69.895 million and the operating expenditure required to deliver services at the current levels would be \$70.110 million. This means that a Kāpiti Coast Unitary Authority would have an operating deficit in the order of \$0.215 million based on current expenditure.

Whilst every attempt has been made to provide the best available data the presented information should be interpreted with some caution given that the model from which it is derived includes assumptions, which if changed would result in different financial results, and incorporates data supplied by others parties which has also been derived based on assumptions. As an example the PwC analysis of 2011/12 actual costs indicated a net deficit of \$0.626 million for regional functions. This compares to a projection of a deficit of \$0.479 million for 2012/13 using a combination of 2012/13 and adjusted 2011/12 data.



## APPENDIX A

### **Kāpiti Coast: Consolidated Financial Position**

<b>Kapiti Unitary Authority</b>					
<b>Statement of Comprehensive Income</b>					
	Notes	KCDC Budget 2012/2013 \$000	GWRC Budget 2012/13 \$000	Adjustment s \$000	Kapiti Unitary 2012/13 \$000
<b>Operating Revenue</b>					
Rates (Includes targeted rates and water by meter)	1	47,936	4,789	-	52,725
Other External Revenue	2	11,156	1,440	-	12,596
Other Revenue - Capital Subsidy NZTA		1,493			1,493
Development Contributions		2,041	-	-	2,041
Vested Assets		1,040	-	-	1,040
<b>Total Operating Revenue</b>		<b>63,666</b>	<b>6,229</b>	<b>-</b>	<b>69,895</b>
<b>Operating Expenditure</b>					
Other Expenditure	2	22,990	5,734	-	28,724
Payments to Employees		18,555			18,555
Finance Costs	2	8,474	569	-	9,043
Depreciation/Amortisation	3	13,383	405	-	13,788
<b>Total Operating Expenditure</b>		<b>63,402</b>	<b>6,708</b>	<b>-</b>	<b>70,110</b>
<b>Net Surplus (Deficit)</b>	4	<b>264</b>	<b>(479)</b>	<b>-</b>	<b>(215)</b>
<b>Other Comprehensive Income</b>					
Revaluation of Assets		-	(50)		(50)
<b>Total Other Comprehensive Income</b>		<b>-</b>	<b>(50)</b>	<b>-</b>	<b>(50)</b>
<b>Total Comprehensive Income</b>		<b>264</b>	<b>(529)</b>	<b>-</b>	<b>(265)</b>
<b>Notes</b>	1	GWRC rates are as per GWRC LTP			
	2	Based on 2011/12 PWC apportionment and 2012/13 Wairarapa apportionment using 2011/12 %ages.			
	3	GWRC Depreciation is total from 2011/12 PWC Apportionment. No depreciation data is available for individual activities			
	4	The operating deficit differs from the PWC analysis due to the use of a combination of PWC and Waurarapa (2012/13) data. The PWC analysis for 2011/12 projected an operating deficit of \$805000 for Kapiti			
	5	As per PWC analysis for 2011/12			



<b>Kapiti Unitary Authority</b>				
<b>Balance Sheet</b>				
	KCDC Budget 2012/2013 \$000	GWRC Actual June 2012 \$000	Adjustment s \$000	Kapiti Unitary 2012/13 \$000
<b>Assets</b>				
<b>Current Assets</b>				
Cash & Cash Equivalents	3,561	533		4,094
Trade & Other Receivables	2,667	2,059		4,726
Inventories	137			137
Derivative Financial Investments	48			48
<b>Total Current Assets</b>	<b>6,413</b>	<b>2,592</b>	-	<b>9,005</b>
<b>Non-Current Assets</b>				
Property, Plant and Equipment	894,912	36,789		931,701
Forestry Assets	350			350
Intangible Assets	350			350
Derivative Financial Instruments	228			228
Other Financial Assets	-	7,535		7,535
<b>Total Non-Current Assets</b>	<b>895,840</b>	<b>44,324</b>	-	<b>940,164</b>
<b>Total Assets</b>	<b>902,253</b>	<b>46,916</b>	-	<b>949,169</b>
<b>Liabilities &amp; Public Equity</b>				
<b>Public Equity</b>				
Retained Earnings	579,566	35,894		615,460
Revaluation Reserve	159,338			159,338
Reserves & Special Funds	2,800			2,800
<b>Total Public Equity</b>	<b>741,704</b>	<b>35,894</b>	-	<b>777,598</b>
<b>Current Liabilities</b>				
Trade & Other Payables	15,293	1,572		16,865
Employee Benefit Liabilities	1,499			1,499
Deposits	1,200			1,200
Derivative Financial Instruments	1,704			1,704
Public Debt	13,909			13,909
Development Contributions	562			562
<b>Total Current Liabilities</b>	<b>34,167</b>	<b>1,572</b>	-	<b>35,739</b>
<b>Long Term Liabilities</b>				
Public Debt	121,281	9,450		130,731
Derivative Financial Instruments	4,618			4,618
Employee Benefit Liabilities	445			445
Provisions	38			38
<b>Total Long Term Liabilities</b>	<b>126,382</b>	<b>9,450</b>	-	<b>135,832</b>
<b>Total Liabilities</b>	<b>160,549</b>	<b>11,022</b>	-	<b>171,571</b>
<b>Total Liabilities &amp; Equity</b>	<b>902,253</b>	<b>46,916</b>	-	<b>949,169</b>



**APPENDIX B**

**Greater Wellington Regional Council**

**PwC Letter dated 15 February 2013**

**Allocation of Greater Wellington Regional Council Costs to  
Territorial Authority Areas**





**APPENDIX C**

**Greater Wellington Regional Council**

**Base Data Supplied by Greater Wellington Regional Council to Wairarapa**

**Summary of Wairarapa share of GWRC Costs (all figures in 000's)**

Group	Resource Mgt	Environment	Flood Protection & Control	Transport	Forestry	Regional Parks	Regional Leadership	TOTAL
<b>WAIRARAPA SHARE of Expenditure &amp; Revenue</b>	55%	43%	23% Note 4	Separate Estimate Note 1	78%	0%	16% Note 2, 3	
<b>OPERATING EXPENDITURE</b>								
Personnel Costs	3,210	1,983	616	44	87	2	202	6,142
Materials	255	823	262	3,338	246	1	182	5,107
Other Costs	1,566	2,639	802	9	178	1	650	5,845
<b>Total Direct Costs</b>	<b>5,031</b>	<b>5,445</b>	<b>1,679</b>	<b>3,390</b>	<b>511</b>	<b>3</b>	<b>1,033</b>	<b>17,093</b>
Department Overhead	454	767	471	8	-	1	37	1,737
Finance Costs - Loans	13	29	740	-	1,136	-	521	2,440
<b>TOTAL OPERATING EXPENDITURE</b>	<b>5,498</b>	<b>6,241</b>	<b>2,889</b>	<b>3,398</b>	<b>1,647</b>	<b>4</b>	<b>1,592</b>	<b>21,270</b>
<b>Operating Revenue</b>								
User Fees & Charges & Subsidies (total external revenue)	(725)	(2,531)	(286)	(44)	(1,057)	0	(50)	(4,694)
<b>Total Revenue</b>	<b>(725)</b>	<b>(2,531)</b>	<b>(286)</b>	<b>(44)</b>	<b>(1,057)</b>	<b>0</b>	<b>(50)</b>	<b>(4,694)</b>
<b>Net cost of operations</b>	<b>4,773</b>	<b>3,710</b>	<b>2,604</b>	<b>3,354</b>	<b>590</b>	<b>4</b>	<b>1,542</b>	<b>16,577</b>
<b>Plus Capital Expenditure</b>								
Debt Repayment	-	-	674	-	1,300	-	-	1,974
	0	0	674	0	1,300	0	0	1,974
<b>Total Expenditure to be funded</b>	<b>4,773</b>	<b>3,710</b>	<b>3,277</b>	<b>3,354</b>	<b>1,890</b>	<b>4</b>	<b>1,542</b>	<b>18,550</b>