

23 May 2019

Chris Laidlaw
Chair
Greater Wellington Regional Council
PO Box 11646
Manners St
WELLINGTON 6142

Dear Chairperson Laidlaw

GWRC Annual Plan 2019/20 and draft Revenue & Financing Policy

1. Thank you for the opportunity to submit on the *GWRC Annual Plan 2019/20 and draft Revenue & Financing Policy*.
2. Having just recently adopted the 10-year plan for the region, Kāpiti Coast District Council (Council) acknowledges that GWRC is not proposing any material or significant changes to the work planned for 2019/20.
3. Council would, however, like to take this opportunity to highlight four issues that continue to be of particular importance to the Kāpiti Coast District:
 - Proposed rates and draft Revenue & Financing Policy;
 - Climate change and coastal adaptation;
 - Transportation; and
 - Flood protection.

Proposed rates and draft Revenue & Financing Policy

4. As we outlined in our submission to the 2018-28 LTP, Council is extremely concerned by the proposed impact of the revenue and financing proposals both in the LTP and now in this Annual Plan. Council notes the average rates increase proposed is 5.9% for the 2019/20 year. By our calculations, the total increase in rates contributed by Kāpiti residents under this new proposed policy would be 9.0% (increase from \$11,897,170 in 2018/19 to \$12,967,055 in 2019/20). This is not acceptable.
5. Council notes that the transport rate is increasing at a considerable rate. This includes rural (12.22%), business (21.03%), and residential (12.96%). We are concerned that the significant cost pressures that may have arisen as a result of

issues with the bus network in Wellington are now being borne by Kāpiti residents.

6. Council is concerned that these rates increases are too high and do not take into account residents' ability to pay these rates. According to Census data, in 2013 the median household income in Kāpiti was \$53,400 compared with \$74,300 in the Wellington Region and \$63,800 in New Zealand. Similarly, the Ministry of Business, Innovation and Employment (MBIE) found that in 2017 the average household income in Kāpiti was \$90,500 compared with \$113,600 for the Wellington Region.¹ It is not apparent from the consultation document that there has been adequate assessment in accordance with Section 101(3)(b) of the Local Government Act, which requires consideration of 'the overall impact of any allocation of liability for revenue needs on the community'.
7. Council notes that the transition from the rates review is proposed over 3 years, although it is not entirely clear how the new models would be implemented across the 3 years. Three years is an unacceptably short timeframe, imposing a significant burden on our District, which we have noted has some of the lowest ability to pay in the Region. Council recalls that GWRC went through a similar transition with its funding assistance rate (FAR) for rail transport, however, that transition was over ten years. Council requests that any rates review is implemented over a ten-year transition, not a 3-year transition. This second year impact is clearly impacting unfairly on Kāpiti residents.
8. Council further requests GWRC reprioritise its activities to reduce the rates increase. Council has recently undertaken the same exercise itself and deferred operating expenditures – many of which Council considers to be more important than some of the newly proposed GWRC expenditures – in the interest of affordability for our ratepayers. It is therefore unsatisfactory to see this effort eroded by GWRC's proposal for such a significant rates increase.

PROPOSED RATES

- Council deems these proposed rates increases to be unacceptable. They do not take into account residents' ability to pay these rates;
- Council requests that any rates review is implemented over a ten-year transition, not a 3-year transition; and
- Council further requests GWRC reprioritise its activities to significantly reduce the rates increase.

Climate change and coastal adaptation

9. In Council's submission to the *GWRC Long Term Plan 2018-2028* (dated 26 April 2018), Council was surprised to note there was not more information on GWRC's climate change work programme, despite the consultation documents identifying climate change as a significant issue for the region.

¹ MBIE's Regional Economic Activity Web Tool.

10. Council notes the same concern in this consultation document, particularly in regards to coastal adaptation. The *Supporting Information* document states that GWRC will 'partner with city and district councils to develop an approach to engage with communities on co-developing coastal adaptation plans for coastal hazards and sea level rise' (p.11).
11. While Council is pleased to see this work included in the 2019/20 work programme, Council would like more information on how this work will be carried out.
12. On 5 June 2018, the Wellington Region Climate Change Working Group established a Sub-group on Coastal Adaptation to:

'Prepare a specific plan for a community-led coastal adaptation planning process for the region with governance, resourcing, timeline, regional buy-in and recommended priority areas to be submitted for agreement by councils and the Mayoral Forum prior to commencement of the programme.'
13. Kāpiti Coast District Council has been working closely with GWRC and other councils in the region to develop such a plan, but we are extremely concerned that GWRC lacks sufficient resource to cover its share of the project. The issues and implications are far-reaching and will likely require wider solutions than simply via District Plans; for this reason, we strongly advocate for GWRC to allocate appropriate/sufficient resources to undertake/support/play their part in this work.
14. Based on recommendations made by Mitchell Daysh to the Sub-group on Coastal Adaptation regarding a suitable process, GWRC should allocate \$360,000 towards the community-led coastal adaptation project for the 2019/20 financial year², in addition to the budget that has already been allocated for in-kind support (e.g. technical expertise, policy, and communications). In addition, GWRC should prepare to allocate an additional \$500,000 (in addition to in-kind support) for the 2020/21 financial year.

CLIMATE CHANGE AND COASTAL ADAPTATION

- Due to the important role GWRC plays in the development of a regional response to climate change, Council requests that GWRC increases the resources allocated to GWRC's climate change programme, particularly in regards to coastal adaptation, and agrees to split the funding of this work evenly with other councils. Specifically, GWRC should allocate \$360,000 towards the community-led coastal adaptation project for the 2019/20 financial year, in addition to the budget that has already been allocated for in-kind support.

² The estimate of \$360,000 is GWRC's share of the costs for a cultural values assessment, social impact assessment, coastal technical advice, project manager, project coordinator, panel facilitator, and disbursements. This estimate is based on GWRC and Kāpiti Coast District Council working together on a community-led coastal adaptation project in the Kāpiti Coast District. These costs would reduce if other councils chose to participate in a regional community-led coastal adaptation project in this timeframe.

Transportation

15. Council wishes to express its general support for all of the projects that seek to improve resilience, safety and connectivity across the Wellington Region. Moreover, Council acknowledges that last year's roll-out of the new bus network was challenging, and much of GWRC's transportation focus was directed towards the implementation of the new bus network.
16. Council remains concerned, however, about the challenges some Kāpiti Coast District residents face when trying to access the network, and the frequency and reliability of the network in the Kāpiti Coast District.
17. Council does not support an average cost model for transport funding, and believes a marginal cost model is more appropriate. Our commuters already provide the highest farebox revenues per passenger due to distance travelled (not including Wairarapa). Council advises that this revenue far exceeds the marginal cost of the rail network provided in our District.
18. As Council has noted repeatedly in past submissions³, many transport-disadvantaged residents are concentrated in the north of Kāpiti – particularly in the Ōtaki area – where household incomes are lower and public transportation is less prevalent.
19. To assist the transport disadvantaged in this area, greater investment is required. These residents would benefit from additional bus runs during peak and off-peak hours; improved northwards and southwards transportation services (bus and train); more bus shelters; and the provision of affordable public transportation options.
20. Council is disappointed to note that the consultation documents do not mention any intention to carry out any additional public transportation work in the Kāpiti Coast District over the next year.

TRANSPORTATION

- Residents – particularly those in the northern parts of the Kāpiti Coast District – would benefit from:
 - additional bus runs during peak and off-peak hours;
 - improved northwards and southwards transportation services (bus and train);
 - more bus shelters; and
 - the provision of affordable public transportation options.
- Council does not support an average cost model for transport funding, and believes a marginal cost model is more appropriate. Our commuters already provide the highest farebox revenues per passenger due to distance travelled (not including Wairarapa). Council advises that this revenue far exceeds the marginal cost of the rail network provided in our district

³ See: Kāpiti Coast District Council. 26 April 2018. *Submission on the GWRC Long Term Plan 2018-2028*; Kāpiti Coast District Council. 18 April 2017. *Submission on the GWRC Annual Plan 2017/18*; Kāpiti Coast District Council. 29 July 2016. *Submission on Better bus services for Kāpiti*; Ōtaki Community Board. 29 July 2016. *Submission on Better bus services for Kāpiti*; Kāpiti Coast District Council. 18 April 2016. *Submission on changes proposed for the GWRC Annual Plan 2016/17*; and Kāpiti Coast District Council. 20 April 2015. *Submission on the GWRC Draft Ten Year Plan*.

Flood protection

21. Because flood protection continues to be a significant programme of work in the Kāpiti Coast District, it is important that Council has a clear understanding of the information held by GWRC on waterways in the Kāpiti Coast District, as well as GWRC's intentions for any future flood protection works.
22. Council seeks more clarification on the prioritisation of planned flood protection work across the region for the coming year as current levels of work planned in Kāpiti are not sufficient to meet required levels.
23. While Council appreciates the science developed by GWRC for the Kāpiti Coast District (e.g. flood hazard mapping, MHWS, sea level rise and storm surge data), Council would appreciate greater engagement with GWRC before research is finalised and published on the GWRC website.
24. In addition, Council would like more proactive maintenance of the streams that are managed by GWRC in the Kāpiti Coast District. Council respectfully repeats its request from the submission to the *GWRC Long Term Plan 2018-2028* for more detailed information on any specific projects planned for the Ōtaki and Waikanae Rivers, as well as other waterways. The *Supporting Information* document states that a review of the Otaki Floodplain Management Plan is a key project for the 2019/20 year (p.17), and Council would like more information on this project in particular.
25. Council also continues to argue for a more practical approach for the consenting of open storm drainage channels. While this issue has been discussed repeatedly between our two Councils over several years, a solution has not yet developed.
26. The establishment of a Whaitua committee for Kāpiti would be helpful in addressing these consenting challenges. While Council notes that the Kāpiti Whaitua process is not scheduled to occur in the 2019/20 year (p.14 of the Supporting Documents), Council would appreciate confirmation on when the process is likely to begin.⁴
27. In terms of funding, Council does not accept that a funding model recovering asset costs over less than the economic asset life is appropriate, and Council would like to understand the terms over which debt funded capital expenditure is recovered through rates as it is unclear whether there is appropriate consideration given to the intergenerational benefit of the capital expenditure. As an example, recovering the costs of a 50-year stormwater asset over 25 years is inequitable to current ratepayers, by a factor of 100%. At a time when Councils are struggling to fund infrastructure and climate change work across the country, this approach by GWRC is egregious.

⁴ See: Kāpiti Coast District Council. 18 April 2017. *Submission on the GWRC Annual Plan 2017/18*; Kāpiti Coast District Council. 18 April 2016. *Submission on the Changes Proposed for the GWRC Annual Plan 2016/17*; and Kāpiti Coast District Council. 20 April 2015. *Submission on the GWRC Draft Ten Year Plan*.

FLOOD PROTECTION

- Council requests:
 - more proactive engagement on critical reports before they are finalised and released;
 - further information from GWRC on its plans to manage waterways in the Kāpiti Coast District;
 - a more practical option to consenting for the open storm drainage channels;
 - more certainty on plans to establish the Kāpiti Whaitua committee; and
 - more information on how flood hazards are defined, and flood hazard work is prioritised, across the region.

28. Kāpiti Coast District Council appreciates the opportunity to submit on the *GWRC Annual Plan 2019/20* and *draft Revenue & Financing Policy*, and appreciates GWRC's consideration of these issues.

29. Kāpiti Coast District Council would also appreciate an opportunity to speak to this submission at a hearing.

Yours sincerely

Wayne Maxwell
Chief Executive