



Concerned Ratepayers Kapiti

Being proactive to create positive communities

By email: concernedratepayerskapiti@gmail.com

13 April 2025

The Mayor and Councillors
Kapiti Coast District Council
175 Kapiti Road
Paraparaumu 5254

By email: kapiti.council@kapiticoast.govt.nz and haveyoursay@kapiticoast.govt.nz

Dear Ms Holborow and Councillors

Submission: Local Water Done Well

Concerned Ratepayers Kapiti submit that we are *not* in a position to fully support either Option 1 'The One' (essentially a status quo option which is the preferred option of the Kapiti Coast District Council (KCDC)) or Option 2 'The Four', as we still do not have sufficient information on which make a recommendation.

There is insufficient information to determine which of the two options is the most efficient and effective option for a Kapiti 'water organisation.' The consultation document itself is heavily slanted towards residents approving the preferred KCDC option and is silent on some key information provided by Morrison Low to the Council in February 2025.

The Concerned Ratepayers Kapiti group has engaged fully in the consultation process, attended drop-in sessions, the webinar, raised questions of KCDC staff and Councillors. We are of the view that the consultation document itself and the answers provided to our questions are at best generic statements with little supporting analysis or detail. We remain unsure of how cost estimates have been arrived at, what is included and what is not.

We have no clear indication of implementation timelines for either option. This is material to understanding the possible implications of either of the options being presented.

Our assessment of 'The One' - with comments in italics.

This is the status quo option. KCDC would run water services as part of its business as usual.

It is stated that this option will cost more - around \$1.4million per annum as additional operating costs – it's said that this is to manage the additional economic regulations, compliance with new standards (e.g. water standards) and cost recovery levies (page 31 consultation document). ***It's unclear why this will cost \$1.4 million. We have no information about how those costs have been determined as the costs of the new regulatory levies are around \$300,000.***

Revenues would be ring-fenced to cover the total cost of water services. The costs charged for water services will not be able to be used for anything else. ***There is no detail on how this would happen, other than there will be a role for the Commerce Commission to check. We consider it will be important for ALL water charges to be separated from general rates and billed separately so that ring-fencing is open and transparent.***

The cost per household is projected to be \$1,645 in 2025 rising to \$2,023 by 2034 (including projected inflation). By 2054 the cost is projected to be \$2,749. ***By comparison, in 2054, costs for 'The Four' are projected to be \$2,594.***

The Council's own assessment of Option One shows a 'good' rating for five of the six priorities and a 'some challenges' for resilience. ***So while KCDC would retain direct control over the least expensive option in the short term, we question whether agreeing to vulnerabilities of a smaller scale operation is a sustainable option for the longer term.***

Our assessment of 'The Four' - with comments in italics.

This option would set up a new entity as a "Council Controlled Organisation" which would be legally separate from any individual Council. The new entity would be owned by the participating Councils - they would appoint the Board. ***We understand that the Board would be answerable to the each of the shareholder Councils and to the Commerce Commission. For these reasons, we do not agree with the 'some challenges' rating for local priorities under 'The Four' option.***

KCDC water assets and about \$167 million of KCDC debt would be transferred to the new entity. ***The consultation document and responses to questions we have received do not outline the potential impact of savings that would result in the KCDC's debt repayment programme, and therefore, the overall impact on general rates.***

Ratepayers would receive a bill from the new entity rather than from KCDC. ***We assume a volume-based water bill for fresh water (water meters) and a bill based on property value to pay for wastewater and stormwater. An assumption is not the best basis for decision making.***

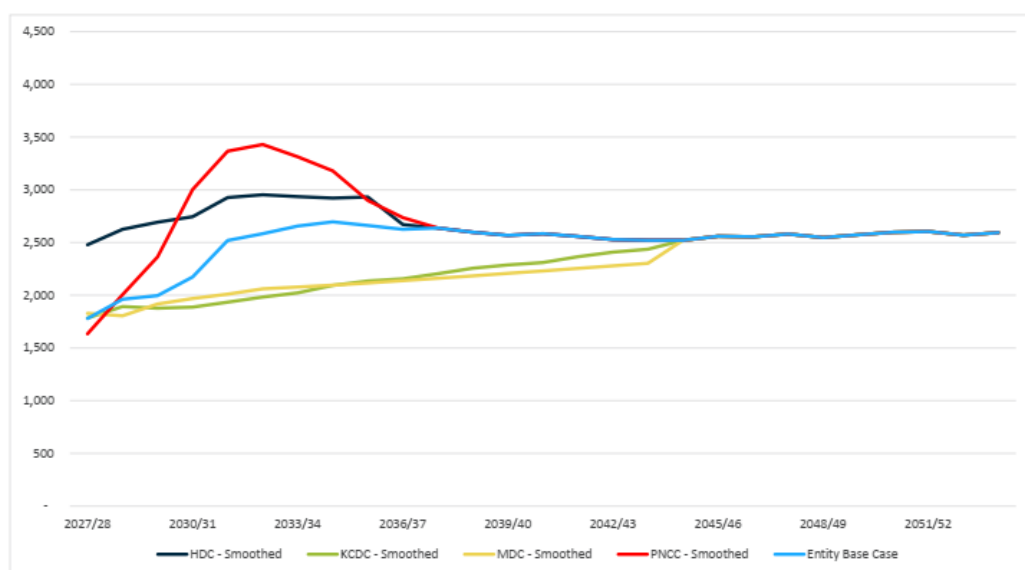
The set-up costs and ongoing costs are higher with a new entity. ***But KCDC's consultants Morrison Low estimate lower costs for water services under the new entity after the***

first 10 years (February 2025, page 32) because of lower procurement costs due to the ability to use the entity's size to get better deals and lower financing costs.

The consultation document assumes a unified water charge for each rate payer across the four districts and suggests that Kapiti residents would help pay for the costs of water services in Palmerston North and Horowhenua. Both districts have some major infrastructure catch-ups to do.

The Morrison Low report from February 2025 identifies ways to “smooth” prices for Kapiti residents and that it may be possible for ‘The Four’ to get more efficient water services in the future (and pay less in the future) WITHOUT having to pay more now. This information has not been clearly outlined to Kapiti residents.

The graph below shows what price smoothing could look like under ‘The Four’ (Morrison Low, February 2025, page 13). The blue line shows what everyone would pay IF everyone under the four pays the same. The green line shows what Kapiti residents would pay under a ‘price smoothing option.’ Kapiti residents pay \$2,023 in 2034, the same as under ‘The One’. In this scenario. Palmerston North residents would pay for their own upgrades, not Kapiti residents.



We are told that there are ‘ongoing discussions’ with the other councils and we understand that the other Councils are undertaking their own consultation processes, all on different timelines. **We do not have any information about how those discussions are proceeding. We do not have any detailed information about what a final option may look like and neither do we have information about alternatives, if any, if some of other Councils decide not to proceed.**

Summary

The KCDC decisions now will affect generations to come.

We contend that KCDC has not conducted an effective consultation process.

We contend that KCDC must present a full analysis of information including feedback generated through this current process, outcomes of the other Councils' consultation processes and additional information from the Morrison Low February report as the basis for a referendum later in the year (as required by the KCDC's own standing orders).

I would welcome the opportunity to talk to this submission at the KCDC's public hearings in May 2025.

Chris Harwood (Ms)

Chair, Concerned Ratepayers Kapiti