

CONCERNED RATEPAYERS KAPITI: CANDIDATE QUESTIONNAIRE 2025

Affordability and Financial Management

1. Projected Rates Increases

The Long-Term Plan (LTP) 2024–2034 outlines average rates increases totalling 115% over 10 years.

If (re)elected, would you support these planned increases?

- If yes: Why do you believe these increases are affordable for ratepayers?
- If not: What level of average annual increases would you consider acceptable instead?

The Long Term Plan covers a 10 year period, however it is reviewed every three years. Rates affordability cannot be looked at in isolation. Obviously, ratepayers would like rates to be as low as possible, but there is a balance to be had between what ratepayers would like to pay and what Council requires in order to be financially sustainable so it can continue to deliver core services into the future. It would be easy to set rate increases at a very low level by cutting back on expenses but the risk is that the spending is just deferred to later years, which means that either rates have to go up significantly later on or the Council faces big debts to cover the shortfall. Or alternatively, infrastructure may become inadequate. This has happened with other Councils.

Another factor to consider is debt reduction. In order to reduce debt, Council income needs to exceed its expenses, with the surplus being used to offset debt. If we reduce debt, we pay less interest and create more borrowing headroom. Increased headroom means we can potentially reduce our insurance cover as we will have access to borrowing in the event of a disaster.

Rates affordability is usually measured in terms of the percentage of household income spent on rates compared with a benchmark. The 'Shand report' recommended that rates not exceed 5% of household income however that report was written in 2007 and the author, David Shand (Chair of Council's Risk and Assurance Committee) himself says this is no longer a valid benchmark. Council's auditors assess the affordability of proposed rate increases in the Long Term Plan to ensure the proposed increases are reasonable.

The level of rate increase that is in the best long term interests of the community is one that balances affordability with financial sustainability and debt reduction. The percentage increase is assessed each year and may vary from what is in the Long Term Plan, so I am open to setting rates at a different level than stated in the Long Term Plan.

I plan to have a three pronged approach to rates affordability:

- (i) Agree with the community an appropriate range of services to be offered by Council (we do this through consultation on the Long Term Plan and Annual Plans but we can improve these processes and the level of engagement with the community)
- (ii) Consider how these services can be provided most cost effectively, including focussing on improved performance
- (iii) Consider whether the cost of the services results in the three goals of affordable rates, financial sustainability and debt reduction,

2. Council Staffing Costs

Between June 2022 and June 2025, the Kapiti Coast District Council's (KCDC's) total staffing costs are projected to rise by 50%. This includes a 15% increase in staff numbers (FTEs) and at least a 24% rise in average cost per FTE.

- ***If you are a current councillor seeking re-election: Why did you support this level of increase, and what – if anything – would you do differently in the next term to manage costs?***
- ***If you are a new candidate: Do you consider this level of increase acceptable? If not, how would you address it if elected?***

Firstly, the increase in staffing costs you have quoted is not correct due to a reporting error. Staffing costs were \$37.5m in 2021/22, \$34.4m in 2022/23 \$39.4m in 2023/24 and we don't yet know what the 2024/25 cost is as the annual accounts have not been audited. The 2023/24 figure was based on 478 staff, whereas current staffing levels are well below that number – in the order of around 415 I believe, so I would expect staffing costs to be below last years figure.

Staffing costs are a considerable cost for Council as for any other organisation. In recent years, staffing has increased due to the demands placed on Local Government by Central Government – not only the introduction of the four 'wellbeings' but also other legislation which Local Government is required to implement but without additional funding – for example, Local Water Done Well, Speed Management, Plan Change 2 etc. Council has imposed a staffing cap and staffing currently sits well below that.

The Chief Executive has undertaken a number of restructures to ensure we have an appropriate staffing level and mix of staff for the services provided. Staffing is an operational matter and is the responsibility of the Chief Executive. Elected members cannot direct the Chief Executive to make staff changes. However, Council, in their governance role, hold the Chief Executive responsible for the financial performance of the organisation and this is reflected in his performance objectives which in turn are linked to his salary.

3. Economic Development Spending

The LTP plans to spend an average of \$3.1 million per year on "economic development" over the next decade, mostly funded by residential rates.

Would you support continuing this level of spending?

- If yes: Why?
- If not: What level of spending would you support instead?

Firstly, the amount you have quoted appears to be incorrect. The most recent information I have to hand shows that spending on economic development is around \$2.1million excluding overheads, of which around \$1.5million is currently managed by the Economic Development Kotahitanga Board. The economic development budget represents less than 2% of Council's total budget and costs ratepayers around \$2 a week.

In addition to Council money, there is around \$1million coming from Government Departments to support economic development and youth employment. If we didn't have an economic development function, we would not be able to access that funding.

Our local business economy comprises very small businesses. The majority of them are sole traders and most don't employ more than 5 people. Our business owners are not big corporates, they are Mum and Dad business owners who are local ratepayers. Many of them need support with marketing their products and attracting people to our district.

This spending on economic development includes but is not limited to the following:

- Running the Major Events Fund, which for a cost of just over \$200k brings in a return of \$6.7million to the Kapiti economy (this includes events such as the Kapiti Food Fair and Otaki Kite Festival)
- Running the Kapiti Arts Trail, which again brings in millions of dollars to our local economy and supports our local artists, who are all ratepayers
- Youth development and employment – for which we are receiving Government funding
- Attracting businesses to come to Kapiti (more businesses means more rates revenue and more jobs for all the people who are building houses here)
- Business capability support for existing businesses and startups to help them grow (this does not involve giving money directly to or investing in individual businesses)
- Visitor attraction – establishing Kapiti as a tourist destination to help our local economy
- Developing a strategy for improving and promoting our tracks and trails network as a major attractor of tourists
- Removing barriers to growth for local businesses
- Developing a strategy for Maori businesses (this does not involve giving money to Maori businesses)

Council's economic development activities are in the process of being moved into a Trust which will find other sources of revenue over time. There will be a Letter of Expectations agreed between Council and the Trust which will set out clear, measurable objectives for the Trust which it will be required to meet in order to attract ongoing funding.

4. **Toi Mahara Gallery Funding**

Funding to the Toi Mahara gallery increased from \$218,600 in 2022/23 to \$671,300 in 2025/26 – a 207% rise.

Would you support this level of funding continuing over the next three years?

- If yes: Why?
- If not: What level of funding would you support instead?

The Mahara Gallery Trust raised a substantial amount of money to redevelop the gallery -a total project cost of around \$6.5million of which Council contributed around \$2.8million. Council owns the gallery building and leases it to the Trust. The refurbishment was required in order to house the Field collection (mostly Frances Hodgkins paintings) which has been gifted to the Trust and which requires special conditions for storage and display. Council now has a multi-million dollar award winning building for which it paid less than half its cost.

The reason the operating costs for Toi Mahara have increased is because the gallery reopened in 2023 with a higher staffing level to provide a service more fitted to the revamped gallery.

Council has established a Joint Monitoring Committee to oversee the operations of the gallery. This committee has an independent Chair. The committee ensures the gallery meets its performance commitments to Council and the aim is that the monetary contribution from Council will diminish over time as the Trust finds other sources of revenue.

I cannot understand why Toi Mahara is being singled out when Council covers the operating costs of many recreational facilities it owns such as museums, libraries, sports grounds, swimming pools etc. The costs of Toi Mahara are insignificant by comparison. Given that there are 25600 rating 'units' in Kapiti, the cost per rating unit per week for Toi Mahara is about 50 cents. Who would begrudge that?

To reduce Council expenses, it is much better to focus on the big ticket items such as the \$11million we pay each year in interest on debt and the \$3million we pay for insurance. I support continued payments to Toi Mahara. It is a great asset to our community, it attracts visitors from around New Zealand and adds to our sense of community. It has the potential to a hub for the arts in Kapiti and we have many artists here who deserve to be supported.

Debt Reduction and Rates Burden

KCDC plans to reduce its debt from a peak of \$345 million (in 2030) to \$262 million by 2034, largely funded through higher rates.

Do you support this debt reduction strategy? Why or why not?

Kapiti District Councils debt level is high by comparison to other Councils of a similar size – in fact, it is about twice as much. This is because we have invested in our water infrastructure. It is also because Councils in previous triennia have (rather stupidly in my opinion) borrowed money for operating costs in an effort to keep rates increases lower. The borrowing was done to make up the shortfall between costs and rates revenue. Thankfully, that practice has now stopped but it has left us with a debt burden that needs to be reduced.

Reducing our debt will reduce the amount of interest we pay (we currently pay about \$11m per year, which is around \$430 per ratepayer per year). It will also allow us to save on insurance premiums (we currently pay around \$3m a year) because if we have more borrowing capacity we can reduce our insurance cover. It is imperative that we reduce debt. The only question is how quickly we reduce it, but the sooner the better.

5. Capital Expenditure Programme

The LTP proposes \$799 million in capital spending over 10 years—about a third of the Council's current fixed asset value—putting considerable upward pressure on rates, especially through increased depreciation costs.

If (re)elected, how would you prioritise infrastructure spending to balance affordability and essential services?

- Are there specific projects you would delay, reduce, or cancel? Why?

Last year Council cut back its planned capital expenditure by a third, which is a massive cut. We are a growing town with increasing infrastructure costs, some of which will be covered by development contributions. Planned capital expenditure is between \$75million and \$100million per annum and most of this relates to core assets such as three waters assets, access and transport. A small amount relates to community facilities.

Council runs an excellent asset management programme which plans ahead when our core assets are due for replacement and when we need to increase our infrastructure. If we fall behind in our asset management programme we run the risk of ending up like Wellington City

with major infrastructure inadequacies. The amounts specified in the Long Term Plan are a guideline and best estimate rather than hard and fast amounts.

Council has adopted an approach of setting a capital expenditure 'envelope' in the Long Term Plan rather than specifying specific projects. How that money is spent will be determined according to community priorities at any point in time. This gives a great deal of flexibility to be able to respond to what is most needed rather than being tied to particular projects.

7. Rates Cap Proposal

The Government is exploring the possibility of capping local authority rate increases.

Do you support the idea of capping rate increases? Why or why not?

Rates capping is not a silver bullet for rates affordability and has a number of downsides. It is currently in place in parts of Australia but is not considered to be successful. The downsides of rates capping are:

- An increase in fees and charges – for example, charges for swimming pools, libraries, hall hire and dog registration
- Deterioration of infrastructure due to deferred maintenance and replacement
- Insufficient infrastructure for a growing population
- Increased debt to cover the shortfall in revenue

In addition, there are the following consequences of rates capping:

- Rates may be higher than they need to be as Council's may charge the capped rate increase, even if costs have gone up by a lesser amount
- A 'one size fits all' policy for rates capping doesn't take into account that some geographic areas, such as Kapiti, are growing rapidly and need to increase their infrastructure, nor does it allow Councils to take into account the specific needs of their community.
- A rates cap linked to the Consumer Price Index is not appropriate as Council's costs do not spend money on fruit and vegetables, they buy concrete and roading materials etc. The costs of the goods Councils buy increases at a different rate than the CPI.
- Rates capping can interfere with the principle of intergenerational equity, which says that the cost of Council assets should be borne by those who use them, rather than deferring the cost so it is paid by the next generation.

For these reasons I do not support rates capping. It is much better to focus on cost efficiency.

Transparency

8. Public Engagement

Do you believe KCDC currently engages well with the community on key plans like the LTP?

- If yes: Please explain.
- If not: What would you do differently?

I believe there are significant changes required to the way in which Council engages with the community. With regard to the LTP in particular, we need to start planning much earlier to allow us to agree a mandate with the community for what services Council should be providing (or not). There needs to be sufficient time in the process for Council to make changes to the LTP based on submissions from the community in the consultation process. There also needs to be sufficient detail either in the consultation documents or online for the community to make informed choices and comments.

Public meetings and workshops should play a key role in shaping the LTP and some of these need to be held outside work hours to allow full participation of the community.

The drop in sessions held during consultations seem to work very well, however they are generally not well attended and are only held during the day,

I think more could be done to let people know about the different ways they can interact with Council – eg through their Ward Councillor, Community Board, “Have Your Say” and public speaking at Council meetings.

9. Flood Mapping Consultation

Are you satisfied with the Council's recent consultation process on the revised flood hazard maps?

- If yes: Why?
- If not: What should have been done differently?

I believe there was a good communication process in place for this project. Letters were sent to affected parties and several drop in sessions were held which were well attended. We have received many queries about this project, and I am not aware of any major complaints. Council are in the process of evaluating all feedback from the community.

10. Decision-Making Behind Closed Doors

Concerned Ratepayers Kapiti has raised concerns that decisions are effectively made before public consultation and often behind closed doors and, as a result, little if anything changes through public consultation processes.

If (re)elected:

- a) What will you do to minimise the use of "public excluded" sessions?***
- b) Will you advocate for prompt public release of decisions made in secret once confidentiality is no longer necessary?***

Firstly, there is a distinction between a ‘public excluded’ session and ‘closed session’.

'Public excluded' sessions are only held when there is confidential information being discussed such as, for example, the awarding of a roading or construction contract. There is very little business discussed in public excluded sessions and there is absolutely no discussion of items on which there is to be some community consultation at a point in time. It is not appropriate for decisions made in 'public excluded' to be made public (by definition)

A 'closed' session is a briefing or workshop which is not open to public attendance and not live streamed. Closed sessions are sometimes held during the development of annual and Long Term Plans and other consultation documents so that elected members can have free and frank discussions without going on public record. It is very useful to have these sessions while brainstorming and going through fine details and the public Council meetings flow better as a result. Council is always mindful to have as many public meetings as possible and in my view the current balance is about right. There are NO Council decisions made in closed sessions. All Council decisions are made in a public meeting. Therefore part (b) of this question does not apply.

11. Improving Transparency

If (re)elected, would you introduce new measures to increase Council transparency and public participation?

- If yes: What would these be?
- If not: Why not?

Absolutely. There are some challenges with this. Not everyone wants to see the detail of what Council does, but some people want to see everything. Not everyone wants to engage with Council either. The things we need to do are:

1. Keep consultation documents simple and readable but have more detailed information available on the Council website for those who want it
2. Educate people on the different ways they can interact with Council (through Ward Councillors, Community Boards, 'Have Your Say', public speaking time etc)

Governance and Accountability

12. Voting Rights for Non-Elected Members

Some non-elected individuals currently have voting rights on KCDC committees.

In other councils, non-elected individuals attend in an advisory role only.

Do you support continuing voting rights for non-elected committee members?

- If yes: Why, and would you extend this to other groups?
- If not: Why not?

Council currently has two members of its Risk and Assurance committee (the Chair and one other person) who are appointed, not elected, and who have a vote. We also have three mana whenua representatives who can vote on committees but not at Council meetings. This arrangement will be reviewed at the start of the next triennium in consultation with mana whenua and I have no fixed view at this stage on what the new arrangement should be. It will be useful to have the views of the Maori Ward candidate as part of the review.

13. Māori Ward Referendum

KCDC established a Māori ward without a referendum, which was later mandated by central government. The Government has since required Councils to hold a referendum on the establishment of Māori wards.

Do you believe this decision should have been put to a local referendum regardless? Why or why not?

Democracy does not work well for minorities. Unfortunately, New Zealanders still vote for the people who are most like them, making it very hard (although not impossible) for minorities to get elected. As a result of this, there is a low participation rate of Maori in elections (they see it as not being for them) and few Maori put themselves forward as candidates running against non-Maori.

A referendum on the issue of representation of a minority is unlikely to succeed for the same reasons – it is a foregone conclusion. Having been married for 20 years to a Malaysian Chinese man who, despite being well qualified found it very hard to get jobs, I have seen first hand the effects of racial discrimination. People prefer other people just like them. Referendums cost a significant amount of money to run. I think any referendum at any time on this issue is a waste of money as it is clear what the result will be.

14. Top Three Priorities

What are the three most important changes you would want to see from the next Council compared to the current one?

1: Stronger leadership - to deal with the challenging issues we face

2: Greater emphasis on financial management - which has been sadly lacking in the past

3: More community engagement – so we can agree a mandate with the community for the range of services provided by Council

15. Your Experience

What relevant experience do you bring to help address the financial and affordability

challenges facing KCDC over the next three years?

I have a Master's Degree in Economics from Waikato University, an Accountancy Degree from Victoria University and a Graduate Diploma in Financial Planning from Massey University. I am a Chartered Accountant (Retired) and Chartered Director (Retired) and a Certified Financial Planner (Retired).

The first 20 years of my working life was spent in a management career. I worked for a variety of companies including Development Finance Corporation, EMCO, Databank, Ernst and Young. My management career ended with a 7 year stint as a General Manager at ESR, a Crown Research Institute, where I was responsible for around 120 staff throughout the country.

In 1999 I moved to Kapiti and established a very successful financial planning business. I am now regarded as one of the leading experts in retirement planning in New Zealand and still make regular appearances in the media on financial matters. I sold my business a few years ago and was elected to Council as a District Wide Councillor in 2022.

During my time in Kapiti I have had extensive involvement in community organisations. I joined Kapiti Rotary in 2000 and went on to become President and was awarded a Paul Harris Fellowship – Rotary's premier award for service. I became the Deputy Chair of Nikau Foundation, based in Wellington, and established the Nikau Kapiti Fund for the benefit of local charities. I joined the Kapiti Chamber of Commerce and was its Chair for three years. I was the founding Chair of the Kapiti Economic Development Agency (KEDA) which provides business mentoring in Kapiti. I was instrumental in establishing Work Ready Kapiti which helps young people prepare for employment and, along with two others, established the Kapiti Wellbeing Collective for wellbeing providers.

My strengths are – strong leadership, excellent financial capability, visionary thinking, logical decision making, excellent people skills, highly networked in the local community, an ability to sort out challenging situations and get things done. In whatever I do, I put the community first and act with the highest level of integrity, objectivity and fairness.

NAME: Liz Koh

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