



APPENDICES MINUTES

**Additional Kaunihera | Council
Meeting**

Thursday, 1 May 2025

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Concerned Ratepayers Kapiti

Being proactive to create positive communities

1 May 2025

Speaking notes in support of the submission from Concerned Ratepayers Kapiti on Local Water Done Well.

Thank you for the opportunity to speak in support of the submission from Concerned Ratepayers Kapiti.

My name is Chris Harwood. I am the Chair of Concerned Ratepayers Kapiti. As a group, we have fully engaged in the consultation process, attended drop-in sessions, the webinar, raised questions of KCDC staff and Councillors and held two public meetings to promote engagement in the consultation process and to hear the concerns of ratepayers.

We would like to acknowledge the efforts of Council staff to answer some of our detailed questions. **CRK is heartened to note our questions have resulted in more information being made available to Kapiti residents via the FAQs on the website.**

BUT

We submit that we are still *not* in a position to fully support either Option 1 'The One' or Option 2 'The Four', as we still do not have sufficient information on which make a recommendation.

We are not clear about which of the two options is the most efficient and effective option for a Kapiti 'water organisation' that will take us forward for several decades to come. 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 contend that the process has been heavily slanted towards residents approving the preferred KCDC option and is silent on analysis of key information, such as that provided by Morrison Low to the Council in February 2025.

We don't think this is good enough.

As stated by Mayor Holborow's introduction in the consultation document, *this is one of the most important decisions we'll make in the coming decades*. She also states that *it's complex and there are many unknowns, that financial decisions require many assumptions that may or may not play out*. She further states that current

arrangements have served us well and we see no need to make changes, at least in the short to medium term.

The Concerned Ratepayers Kapiti group contends that while some aspects of the current water services arrangement may have served us well in the past and that we are better positioned than some districts because of the significant investment in water meters, we are entering a time of change. We will have new expectations about water quality, new expectations about how water services should be planned and funded, and new expectations about matters such as ensuring that all revenue collection, debt repayment, infrastructure and operational costs are ringfenced. And there will be greater external scrutiny over how any water services entity, whether in house or a separate Council Controlled Organisation, a CCO, actually delivers for its ratepayers.

The information provided through the consultation does not adequately address what is going to change, how those changes will be managed and when the changes will be implemented- **for either option.**

I reviewed the youtube recording of the briefing to elected Council members about the LWDW submissions that was held on 15 April.

I was alarmed at two levels.

Firstly, council staff 'glossed' over some of the detailed questions posed by Councillors, interestingly, some of the very same questions being asked by CRK and ratepayers who attending meetings

- Council staff spent some time explaining to elected members how water charges were currently applied. This was not explained in the consultation document or FAQs and Council staff stated this would be made clearer in the LTP.
- It was stated that it was not possible to do detailed cost estimates for each kind of water user across the district so they could understand what the changes might mean. We accept that BUT it would have been possible to do some differentiated scenario modelling.
- An elected member asked why the LTP locked in a 17% rate increase ahead of the LWDW decisions. It seems that this is closely related to KCDC's overall debt reduction strategy which may not take into account the need to ring fence debt and future borrowing related to water services and then agree how to repay infrastructure and development debt so that those who use the water assets over their life time actually pay for them. In our submission, we identify that water assets and about \$167 million of KCDC debt would be transferred to a new entity- either an inhouse business unit or a CCO. ***The consultation document and responses to questions we have received do not outline the potential impact of savings that would result in possible changes to KCDC's debt repayment programme.*** A Council staff member stated instead that 'we have had

no direction from central government about debt reduction'. Surely, this is a matter for KCDC to consult on with respect to water services.

- At the briefing, an elected member asked whether a 7% rate increase would be retained in the 2025/26 annual plan. That assurance was given that it would be- even though we are told that there will be increased compliance costs and an additional operational cost of \$1.4 million for Option One. It was stated in the briefing meeting that Council has not talked about how an inhouse model might look structurally and how they will make overhead costs visible. We are asked to take potential costs on trust and then trust how this will be represented publicly on the understanding that it will be OK because the water business unit will be audited by EY and the Commerce Commission.

KCDC has taken a fait accompli approach to this consultation. Our submission has detailed questions and comments because we have been unable to get the detailed information we'd expect for such an important decision.

Which leads to me a second alarm. It was stated during the briefing meeting that the possible changes *'were complicated if you dig into the detail and that's why we've gone with Option One', 'that we are building the plane while flying it', and Council 'has not done the level of work required' to consider the price harmonisation options proposed by the February Morrison Low report.*

It was further stated that *'work on a Water Services Delivery Plan is 30-40% underway'*. How can that be? We don't have a decision about what option will be progressed and then to cap things off, a level of coercion was introduced by the CEO telling everyone to *'vote wisely'*.

We contend that KCDC has not conducted an effective consultation process and that the process to date has been heavily slanted towards the Council's preferred option

We ask elected members to demand and engage with the detail. This decision is too important to leave to chance.

Thank you for your time today.



Water Done Well -Who should manage water services in the future -Kapiti

1. In February 2024 the current Government passed the Water Services Acts Repeal Act 2024 giving effect to stopping the Three Waters Programme introduced by the former Labour led Government. The current Government unveiled details of a replacement policy Local Water Done Well and in doing so stated that local councils would retain ownership of water assets. It does not define ownership of water per say. In August 2024 the National lead Government announced that council controlled organisations (CCO's) would be able to borrow money for water infrastructure from the Local Government Funding Agency and introduced a bill the Local Government (Water Services Preliminary Arrangements) Act 2024 which became law in September 2024. This legislation requires Councils to have a Water Services Delivery Plan (WSDP) which is "financially sustainable" to deliver water services by September 2025.

2. The new provisions provide an option for Councils to keep services in house or combine with neighboring councils to provide services. The council has produced a LWDW consultation document dated March 2025. The document is very superficial and lacks clarity bearing in mind that six months has elapsed since the Act was passed. In that document, Council presented two options, the status quo, keep in house and "the four" combining with Horowhenua, Palmerston North City, Manawatu and Kapiti subject to mutual agreement. There are of course other options, the two and the three, having discounted Wellington due to its well publicised issues with its water related infrastructure.

3. In discussing "the four" there is no reference to any agreement with the other parties in the document even though it's been six months since the legislation passed. I therefore presume that there has been little or no discussion with the other three parties of the 'four' and the financial projections in the report are little more than speculation. What is clear is that Council clearly favours the current in-house management of water services. However, there is some confusion. The document states that councils can continue to directly provide water services in house but with changes to meet the legislation.

4. Does that mean that services are provided by a 'business unit' within council -the current situation **or** does the current infrastructure unit have to

become a limited liability company with shareholders and all the associated governance costs? (p7) of the document?

5.The legislation currently provides protection from privatisation -at the moment. However, this does not provide protection for the future on this issue and if the business unit has to become a limited company its saleable (albeit with necessitating a change in the legislation).

6.The legislation provides for water services revenue to be ring fenced and may only be spent on water services.

7.I support the proposal to keep water services in Kapiti and in public ownership.

8.A serious question arises and is not clearly stated in the document, what will be the general rate reduction be with water services removed from the annual rates bill? What extra can water users expect to pay for these services once they are ringfenced. Will there be a general increase or decrease in annual fixed payments to council?

9.Water supply. Currently those consumers who are on a council operated reticulated supply are charged a consumption fee per litre of water used and recorded by meter.

What does this fee cover?

10.Water for supply involves extraction, treatment, quality monitoring, and reticulation of water. The costs of infrastructure and the debt incurred to build and maintain that infrastructure. Its depreciation and replacement and the cost of borrowing. Is this covered by the volumetric charge? If not, how will these costs be identified to avoid cross-subsidisation for other water services. How will these costs be ringfenced and clearly identified? Service recipients need to know what they are paying for.

11. I understand that by all accounts Kapiti's water supply services are in good shape.

12.Wastewater, Similar to above where ratepayers are connected to services and includes trade waste connections. There is no reference in the documentation as to how these services are charged. I presume trade waste to sewer are charged based on acceptance criteria and treatability and is independently monitored. There should be no charge for wastewater where a wastewater service is not provided ie in rural areas and

settlements without reticulation. Recovery of costs is not discussed in the document and therefore not transparent. I am familiar with Water Care's charging practice -It has been determined that 75% of the water recorded as taken from the reticulation finds its way to the sewage treatment system. The costs associated with collection treatment, infrastructural costs and depreciation are then levied to the customer.

13.Stormwater, I understand that stormwater services are covered entirely by the general rate. Charging for these services should be transparent and based on benefit on a catchment basis. The document states that Council has 18 pumpstations. These of necessity will have defined catchment areas and the consumers who benefit should be levied the cost of the service and the infrastructure that is necessary to provide that service. Similarly, the council has soak pits, ponds and wetlands which all require some level of maintenance. Their catchment is easily defined and the service they provide should be levied on the beneficiaries.

14. Perhaps the most contentious is stormwater management of the 52.7Km of open waterways that provide stormwater drainage. I have heard of many instances of local flooding and water retention due to the apparent lack of maintenance by Council. There needs to be a clear definition of those waterways on a catchment basis and identify those catchments Council is responsible for as part of the stormwater reticulation provided under LWDW. There is a need for a clear classification of benefits for the stormwater system managed by Council. That classification would clearly define areas of benefit which would be levied according to the service required and delivered. This practice is widely used in urban and rural river control and flood management schemes.

15, New levies-p30 the table states that the additional operating cost for council to continue as usual "The one" is \$1.4M page 31 states that the new levies total \$303,000 What is the \$1.097M for ? Please explain.

Thank you

Donald Carter

Te Horo