

OIR: 2425/1215

20 December 2024

██████████
██

Tēnā koe ██████,

Request for Information under the Local Government Official Information and Meetings Act 1987 (the Act) (the LGOIMA)

Thank you for your email of **6 December 2024** requesting the following information about Council debt levels:

- A. *Page 14 of the Council's consultation document for the Long-Term Plan 2024-2034 included a scenario of rates increases without debt repayment (but after growth). This scenario had average rates rises of between 2% and 4% in the last four years of the period covered by the Long-Term Plan. Had that scenario been adopted, what would have been the Council's forecast level net debt for each year 2024/25 to 2033/34, and what would have been the Council's quantified debt limit for each of those years?***

Page 41 of the Council's Long-term Plan illustrates the difference in net debt levels over the 10-year period between the adopted plan (including debt repayment) and a scenario with no debt repayment. The difference in net debt by 2033/34 is estimated to be \$153 million. [Long-term Plan 2024-34](#)

- B. *The Council has resolved to explore entering into a regional water entity with either Horowhenua District Council or the Horowhenua District Council/Manawatu District/Palmerston North City Councils. If either scenario should eventuate:***

- i. *approximately what value of the Council's existing assets would be transferred over to a new regional water entity?***

The Councils water, wastewater and stormwater assets would transfer to a water entity. By way of indication, the net book value of these assets at June 2024 was \$499 million.

Please note that any information provided in response to your request may be published on the Council website, with your personal details removed.

ii. approximately what level of Council debt would transfer over to the new regional water entity?

The Council agreed an assumed level of water debt as at June 2022 with the Department of Internal Affairs. That opening value has been projected forward taking account of subsequent capital expenditure less capital funding streams and at June 2024 was estimated at \$167 million.

iii. which of the Council's current revenue streams would transfer over to the new regional water entity, and what is the estimated 2024/25 value of those revenue streams?

The Council revenue for water, wastewater and stormwater for the 2024/25 year totals \$30 million.

iv. for each of the regional options being explored, what is the current estimate the water charges/rates/levies that would be paid by:

- **rural properties in the Kapiti District (ie: those with their own water and sewerage systems)**

Water charges for the various regional options have been calculated at an average level per connection only. No detailed modelling of the impact on individual properties has been done.

- **properties on the "town supply" in the Kapiti District (ie: those with piped water and sewerage)**

Please refer to the response above.

v. approximately which capital expenditures outlined in the Long-Term Plan 2024/34 would become the responsibility of the new regional water services entity rather than the responsibility of the KCDC?

Water service entities would be responsible for water, wastewater and stormwater services. Capital expenditure relating to these services is set out on pages 130-145 of the Long-term Plan - [Long-term Plan 2024-34](#)

vi. if a new regional water entity were established with KCDC participation, and assets/debt transferred to it, we understand that the new water entity would have its own borrowing limits. Is this correct, and (if so) to what level? Would the KCDC's upper net debt limit remain at 280% of total operating revenue?

The Council's debt limit would remain at 280%. The Department of Internal Affairs and the Local Government Funding Agency have jointly announced that water service entities that are Council Controlled Organisations guaranteed by Council, will be able to borrow up to 500% of water service revenues.

- vii. if a new regional water entity were established with KCDC participation, and assets/debt transferred to it, what would the Council's net debt position be (with the debt repayment strategy agreed to under the Long-Term Plan) be in 2033/34?**

Because net debt relating to Water assets is relatively high, residual Council net debt should water assets and debt transfer to a regional water entity would be relatively low. Detailed modelling has not yet been completed to quantify this.

- C. if the KCDC eventually decides not to be involved in a new regional water services entity and instead keeps its water services as an in-house business unit:**

- i. would the Council's upper debt level remain at 280% of total operating revenue or would the upper debt limit be able to be increased (and if so, to what level)?**

The Council's net debt limit would remain at 280%.

- ii. what would the Council's net debt position be (with the debt repayment strategy agreed to under the Long-Term Plan) be in 2033/34?**

The Council's net debt position under the agreed debt repayment strategy is set out on page 40 of the Long-term Plan - [Long-term Plan 2024-34](#)

Ngā mihi,



Andrew Pervan

Acting Group Manager Corporate Services
Te Kaihautū Ratonga Tōpū