

OIR: 2324/926 and 2324/949

11 June 2024

[Redacted]

Tēnā koe [Redacted]

Thank you for your emails of [Redacted] May 2024.

[Redacted]

[Redacted]

[Redacted]

[Redacted]

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

In the meantime, in regard to your current questions from 13 and 26 May 2024:

In your email of **13 May 2024 (OIR 2324/926)**, providing comment in relation to our response to your request of 15 May 2024 (2324-872), you requested further information (in bold):

1. Re Water Assets Revaluations between 2022-2023 to 2024-2025 what was the total capital revaluation movement and depreciation resulting i.e. in terms of the schedule of Water assets applied to each of:

a. The originally budgeted depreciation movement as at 16/11/2023? for the 2023- 2024 Rating year about to be expensed

The Council completed a revaluation of the three water assets at 30 June 2022. The total depreciation change for the three water assets in 2022/23 was \$1.6 million.

As agreed with Ernst & Young, a desktop valuation was completed on 30 June 2023 with support from our independent valuers but the uplift in depreciation was not booked as this was not a full revaluation. As repeatedly advised, the next three water revaluation takes place as at 30 June 2024.

The estimated uplift to depreciation is \$1.5 million for 2024/25 due to the full revaluation on 30 June 2024.

b. Updated since by the 4.7M recovery, what assets was that extra 6% depreciation on? in your graphs 19/4/24 pp 2-3

As stated within the 19 April 2024 communication within the response to point "3", the 6% increase in depreciation equated to \$5.582m to the following asset classes:

| Changes in Depreciation forecast for 2024-25 | \$000 |
|---|--------------|
| 2024-23 Estimated increase in depreciation for Roading | 745 |
| 2023-24 Estimated increase in depreciation for Water Assets | 1,492 |
| 2023-24 Estimated increase in forecast CAPEX | 3,778 |
| 2023-24 Estimated adjustment for work in progress | (1,116) |
| 2023-24 Vested Assets (Old SH1 and PP2O) | 683 |
| Total Depreciation Increase | 5,582 |

- c. ***Total depreciation revaluations to be expensed 2023-2024 and projected 2024-2025 underpinning the 17% rates rise but expressed in the categories of Water Assets [incoming, waste, storm], Coastal and Roothing.***

The table below identifies the depreciation uplift effect from the scheduled revaluations split by asset class. This is as per the “07 November 2023, Long-term Plan 2024-34 Council briefing”:

| Asset Class | Actual 2023-24 | Forecast 2024-25 |
|---|---------------------------|-----------------------------|
| | \$000 | \$000 |
| Roothing (uplift over budget) | 745 | - |
| Coastal | - | - |
| Stormwater | - | 197 |
| Wastewater | - | 700 |
| Water | - | 595 |
| Total Valuation uplift on Depreciation | 745 | 1,492 |

2. ***Please provide the valuation reports for the three years requested including the independent valuation made 30/6/2023 on the three Waters Assets as these were needed upon which to charge the revised and revalued depreciation***

The Council is currently seeking permission from our independent valuers to share this report with you. We will forward you this report once the valuers agree that we can do so.

3. ***The Appendix 1 LTP Council briefing 7/11/23 page 6 depreciation does not state what the increase of \$5.5M [25540 – 31122] was based on, apparently it was not on the 3 Waters, so what was it for?***

As shown above, \$745k relates to Roothing depreciation above the 2023/24 budget, plus \$1.492 million estimated depreciation uplift for the three waters assets revaluation as at 30 June 2024.

4. ***Can you please provide the BECA review of the Jacob’s report along with the Local data onsite testing review, as recommended by MFE.***

Here is the link to the Jacob’s report – the BECA review is at the end (page 190):
[Kāpiti Coast Coastal Hazards Susceptibility and Vulnerability Assessment](#)

5. Can you please disclose the accounting entries in the ledger of expenditure to prove to the Auditors how this BOF CAPITAL grant was applied? and the reasons why it was not set aside in an asset reserve for three waters CAPITAL Funding as it was originally intended by the Labour government

As per the 2023/24 Annual Plan, below is extra commentary on how the BoF grant was applied within the financial statements. Net effect was a zero impact on Rates.

Prospective financial statements

Financial statements have been prepared in the same way as financial statements in the LTP and there have been no changes to Council's significant accounting policies. Significant accounting policies can be found on pages: 302-313 in the [Long-term Plan – Kāpiti Coast District Council](#) (kapiticoast.govt.nz)

| Prospective statement of comprehensive revenue and expense | | | |
|--|---|-------------------------------|----------------------------------|
| Annual Plan 2022/23 \$'000 | | Annual Plan 2023/24 \$'000 | Long-term Plan 2023/24 \$'000 |
| Revenue | | | |
| 81,735 | Rates | 88,735 | 90,327 |
| 11,862 | Fees and charges | 12,665 | 11,323 |
| 16,837 | Grants and subsidies | 18,931 | 7,893 |
| 3,949 | Development and financial contributions | 3,865 | 5,533 |
| 51,879 | Other operating revenue | 38,459 | 29,942 |
| 166,262 | Total revenue excluding gains | 162,655 | 145,018 |
| Expenses | | | |
| 74,356 | Operating expenses | 78,217 | 70,334 |
| 25,772 | Depreciation and amortisation | 29,076 | 29,782 |
| 100,128 | Total expenses | 107,293 | 100,116 |
| Interest | | | |
| 1,500 | Interest income | 3,915 | 550 |
| 8,983 | Interest expense | 12,838 | 8,913 |

Includes \$3.2m BoF Funding for Stormwater and Wastewater operating costs.

Includes Stormwater and Wastewater operating costs of \$3.2m funded by BoF not rates.

In your email of **26 May 2024 (OIR 2324/949)** following the council meeting of 23 May 2024, you requested the following information:

1. ***What the \$3.2 M government BOF 'sweetener' grant was actually spent on? and why removal of a one off grant caused a 10 year recurring depreciation charge and recovery of \$4.7M [\$47M] on assets that have a useful life of 50-120 years?***

Without BoF, the Council would have increased Rates levies by \$3.2 million for Stormwater and Wastewater. The BoF was used to fund the operating costs instead of Rates.

2. ***The date on which KCDC removed from the depreciation schedule liability those Three Waters depreciable Capital asset items that KCDC expected not to have to account for if the Government appointed administrator was to take over these assets....***

The current 2023/24 Annual Plan includes Three Water assets, similarly the draft 2024/34 Long-term Plan includes same. At no time has the Council removed asset ownership and responsibility for Three Water assets from planning and accounting records.

3. ***...What were the revalued Three Waters capital items and depreciation charged and the yearly rate, for the three Water Assets held at the end of each of the years prior to when KCDC took the depreciation requirement off the books? So this means to show the starting point before the Three Waters Assets Revaluations i.e. before the 2022-2023 to 2024-2025 years.***

Attached are the Plant, Property and Equipment register schedules from the 2021/22 and 2022/23 Annual Reports. We have highlighted the Three Water assets and their subsequent movements as requested.

If you have any other matters that you believe require Council attention then I suggest you lodge them through the informationrequest@Kapiticoast.govt.nz, or the Council Antenno system.

Ngā mihi,



Mark de Haast
Group Manager Corporate Services
Te Kaihautū Ratonga Tōpū

Enclosure

ANNUAL REPORT 2021/22

* Revaluation completed

11. Property, plant, and equipment

| 2021/22 | Cost/Revaluation | | | | | | | | Accumulated depreciation | | | | | Carrying amount | | |
|--|-----------------------|-----------------|---------------------|-----------------|-------------------|------------------|-----------------------------|-----------------------|--------------------------|--------------------|-----------------|-------------------|-----------------------------|-----------------------|-----------------------|-----------------------|
| | Opening balance \$000 | Additions \$000 | Vested assets \$000 | Disposals \$000 | Revaluation \$000 | Impairment \$000 | Transfers ((to)/from) \$000 | Closing balance \$000 | Opening balance \$000 | Depreciation \$000 | Disposals \$000 | Revaluation \$000 | Transfers (to)/(from) \$000 | Closing balance \$000 | Opening balance \$000 | Closing balance \$000 |
| <i>Operational assets</i> | | | | | | | | | | | | | | | | |
| Buildings and improvements | 58,609 | - | - | (113) | - | - | 4,961 | 63,457 | (2,084) | (2,462) | 12 | - | 6 | (4,528) | 56,525 | 58,929 |
| Computers and office equipment | 2,971 | - | - | - | - | - | 93 | 3,064 | (1,626) | (516) | - | - | - | (2,142) | 1,345 | 922 |
| Furniture and chattels | 2,724 | - | - | - | - | - | 84 | 2,808 | (1,029) | (374) | - | - | 2 | (1,401) | 1,695 | 1,407 |
| Land | 37,907 | - | - | (1,715) | - | - | 2,326 | 38,518 | - | - | - | - | - | - | 37,907 | 38,518 |
| Library collections | 3,419 | - | - | - | - | - | 343 | 3,762 | (1,507) | (389) | - | - | - | (1,896) | 1,912 | 1,866 |
| Motor vehicles | 3,205 | - | - | (113) | - | - | 363 | 3,455 | (2,047) | (222) | 113 | - | 8 | (2,148) | 1,158 | 1,307 |
| Plant and machinery | 3,436 | - | - | (79) | - | - | 150 | 3,507 | (2,450) | (192) | 78 | - | (3) | (2,567) | 986 | 940 |
| Items under construction | 2,804 | 13,780 | - | - | - | - | (9,060) | 7,524 | - | - | - | - | (2) | (2) | 2,804 | 7,522 |
| Total operational assets | 115,075 | 13,780 | - | (2,020) | - | - | (740) | 126,095 | (10,743) | (4,155) | 203 | - | 11 | (14,684) | 104,332 | 111,411 |
| <i>Infrastructural assets</i> | | | | | | | | | | | | | | | | |
| Bridges | 16,446 | - | - | - | 1,805 | - | 57 | 18,308 | (154) | (506) | - | 444 | 2 | (214) | 16,292 | 18,094 |
| River flood protection and control works | 1,148 | ① | - | - | 132 | ③ | - | 1,280 | (19) | (19) | ⑥ | 38 | ⑦ | - | 1,129 | 1,280 |
| Roading – land under road | 767,738 | - | - | - | - | - | - | 767,738 | - | - | - | - | - | - | 767,738 | 767,738 |
| Roading and footpaths | 363,199 | - | 151 | - | 43,814 | - | 6,513 | 413,677 | (1,762) | (7,115) | - | 6,760 | 36 | (2,081) | 361,437 | 411,596 |
| Seawalls | 7,578 | - | - | - | 782 | - | 759 | 9,119 | (476) | (504) | - | 981 | - | 1 | 7,102 | 9,120 |
| Stormwater drainage | 71,634 | ① | 150 | ② | 5,405 | ③ | 2,816 | 80,005 | (1,068) | (1,096) | ⑥ | 2,164 | ⑦ | - | 70,566 | 80,005 |
| Wastewater – other assets | 114,884 | ① | 276 | ② | 22,225 | ③ | (568) | 136,817 | (2,632) | (2,618) | ⑥ | 5,234 | ⑦ | 10 | 112,252 | 136,811 |
| Wastewater treatment plants and facilities | 22,839 | ① | - | - | 3,257 | ③ | 916 | 27,012 | (1,144) | (1,183) | ⑥ | 2,289 | ⑦ | (10) | 21,695 | 26,964 |
| Water – other assets | 99,735 | ① | 155 | ② | 8,114 | ③ | 3,449 | 111,453 | (2,330) | (2,325) | ⑥ | 4,611 | ⑦ | 31 | 97,405 | 111,440 |
| Water treatment plants and facilities | 22,143 | ① | - | - | 7,083 | ③ | - | 29,226 | (967) | (966) | ⑥ | 1,933 | ⑦ | - | 21,176 | 29,226 |
| Items under construction | 32,332 | 29,542 | - | - | - | - | (13,882) | 47,992 | - | - | - | - | (36) | (36) | 32,332 | 47,956 |
| Total infrastructural assets | 1,519,676 | 29,542 | 732 | - | 92,617 | - | 60 | 1,642,627 | (10,552) | (16,332) | - | 24,454 | 33 | (2,397) | 1,509,124 | 1,640,230 |
| <i>Restricted assets</i> | | | | | | | | | | | | | | | | |
| Buildings and improvements | 36,030 | - | - | - | - | - | 1,035 | 37,065 | (2,481) | (2,430) | - | - | 32 | (4,879) | 33,549 | 32,186 |
| Land | 58,884 | - | - | - | - | - | 43 | 58,927 | - | - | - | - | - | - | 58,884 | 58,927 |
| Items under construction | 774 | 2,117 | - | - | - | - | (1,023) | 1,868 | - | - | - | - | - | - | 774 | 1,868 |
| Total restricted assets | 95,688 | 2,117 | - | - | - | - | 55 | 97,860 | (2,481) | (2,430) | - | - | 32 | (4,879) | 93,207 | 92,981 |
| TOTAL PROPERTY, PLANT AND EQUIPMENT | 1,730,439 | 45,439 | 732 | (2,020) | 92,617 | - | (625) | 1,866,582 | (23,776) | (22,917) | 203 | 24,454 | 76 | (21,960) | 1,706,663 | 1,844,621 |

THREE WATER
ASSET
INFORMATION

① opening balance : 332,383
 ② Vested assets : 581
 ③ Revaluation : 46,216
 ④ Transfers : 6,613
 ⑤ 385,793

⑥ opening balance : (8,160)
 ⑦ Depreciation : (8,207)
 ⑧ Revaluation : 16,269
 ⑨ Transfers : 31
 ⑩ (67)

⑪ + ⑫
 TOTAL WATER
ASSETS \$000
 385,726

ANNUAL REPORT 2022/23

NOTE * Desktop valuation performed on 3 Water Assets; No movement in depreciation by valuation

11. Property, plant, and equipment

| 2022/23 | Cost/Revaluation | | | | | | | Accumulated depreciation | | | | | | Carrying amount | | | |
|--|-----------------------|-----------------|---------------------|-----------------|-------------------|------------------|-----------------------------|--------------------------|-----------------------|--------------------|-----------------|-------------------|-----------------------------|-----------------------|-----------------------|-----------------------|---------|
| | Opening balance \$000 | Additions \$000 | Vested assets \$000 | Disposals \$000 | Revaluation \$000 | Impairment \$000 | Transfers ((to)/from) \$000 | Closing balance \$000 | Opening balance \$000 | Depreciation \$000 | Disposals \$000 | Revaluation \$000 | Transfers (to/(from)) \$000 | Closing balance \$000 | Opening balance \$000 | Closing balance \$000 | |
| <i>Operational assets</i> | | | | | | | | | | | | | | | | | |
| Buildings and improvements | 63,457 | - | - | (144) | (3,888) | - | 9,463 | 68,888 | (4,528) | (2,655) | 144 | 6,929 | .111 | 1 | 58,929 | 68,889 | |
| Computers and office equipment | 3,064 | 86 | - | (1,001) | - | - | 638 | 2,787 | (2,142) | (511) | 1,001 | - | - | (1,652) | 922 | 1,135 | |
| Furniture and chattels | 2,808 | - | - | (239) | - | - | 657 | 3,226 | (1,401) | (401) | 239 | - | (57) | (1,620) | 1,407 | 1,605 | |
| Land | 38,518 | - | - | (510) | 35,726 | - | 2,288 | 76,022 | - | - | - | - | - | - | 38,518 | 76,022 | |
| Library collections | 3,762 | - | - | (213) | - | - | 432 | 3,981 | (1,896) | (349) | 213 | - | - | (2,032) | 1,866 | 1,949 | |
| Motor vehicles | 3,455 | - | - | (427) | - | - | 597 | 3,625 | (2,148) | (248) | 380 | - | - | (2,016) | 1,307 | 1,609 | |
| Plant and machinery | 3,507 | - | - | (139) | - | - | 172 | 3,540 | (2,567) | (197) | 133 | - | - | (2,631) | 940 | 909 | |
| Items under construction | 7,524 | 17,831 | - | - | - | - | (19,776) | 5,579 | (2) | - | - | - | 2 | - | 7,522 | 5,579 | |
| Total operational assets | 126,095 | 17,917 | - | (2,673) | 31,838 | - | (5,529) | 167,648 | (14,684) | (4,361) | 2,110 | 6,929 | 56 | (9,950) | 111,411 | 157,697 | |
| <i>Infrastructural assets</i> | | | | | | | | | | | | | | | | | |
| Bridges | 18,308 | - | - | - | 6,860 | - | (1,467) | 23,701 | (214) | (543) | - | 757 | - | - | 18,094 | 23,701 | |
| River flood protection and control works | 1,280 | ① | - | - | - | - | - | 1,280 | - | (22) | ② | - | - | (22) | 1,280 | 1,258 | |
| Roading - land under road | 767,738 | - | - | - | 10,342 | - | 95 | 778,175 | - | - | - | - | - | - | 767,738 | 778,175 | |
| Roading and footpaths | 413,677 | - | 675 | (34) | 39,473 | - | 9,409 | 463,200 | (2,081) | (7,462) | 34 | 9,544 | (35) | - | 411,596 | 463,200 | |
| Seawalls | 9,119 | - | - | - | - | - | 111 | 9,230 | .1 | (650) | - | - | - | (649) | 9,120 | 8,581 | |
| Stormwater drainage | 80,005 | ① | 235 | ① | 6,336 | ④ | - | 86,576 | - | (1,246) | ⑥ | - | - | (1,246) | 80,005 | 85,330 | |
| Wastewater - other assets | 136,817 | ① | 228 | ② | (11) | ③ | ④ | 149,731 | (6) | (3,177) | ⑥ | 11 | ⑦ | (5) | (3,177) | 136,811 | 146,554 |
| Wastewater treatment plants and facilities | 27,012 | ① | - | - | - | - | 7 | 27,019 | (48) | (1,412) | ⑥ | - | - | (1,460) | 26,964 | 25,559 | |
| Water - other assets | 111,453 | ② | 187 | ② | (13) | ③ | ④ | 122,057 | (13) | (2,698) | ⑥ | 13 | ⑦ | - | (2,698) | 111,440 | 119,359 |
| Water treatment plants and facilities | 29,226 | ① | - | - | - | - | - | 29,226 | - | (1,349) | ⑥ | - | - | (1,349) | 29,226 | 27,877 | |
| Items under construction | 47,992 | 40,382 | - | - | - | - | (6,713) | 81,661 | (36) | - | - | - | 35 | (1) | 47,956 | 81,660 | |
| Total infrastructural assets | 1,642,627 | 40,382 | 1,325 | (58) | 86,057 | - | 1,523 | 1,771,856 | (2,397) | (18,559) | 58 | 10,301 | (5) | (10,602) | 1,640,230 | 1,761,254 | |
| <i>Restricted assets</i> | | | | | | | | | | | | | | | | | |
| Buildings and improvements | 37,065 | - | - | (1) | (3,167) | - | 3,507 | 37,404 | (4,879) | (2,548) | 1 | 7,476 | (51) | (1) | 32,186 | 37,403 | |
| Land | 58,927 | - | - | - | 82,512 | - | 2,295 | 143,734 | - | - | - | - | - | - | 58,927 | 143,734 | |
| Items under construction | 1,868 | 3,176 | - | - | - | - | (2,584) | 2,460 | - | - | - | - | - | - | 1,868 | 2,460 | |
| Total restricted assets | 97,860 | 3,176 | - | (1) | 79,345 | - | 3,218 | 183,598 | (4,879) | (2,548) | 1 | 7,476 | (51) | (1) | 92,981 | 183,597 | |
| TOTAL PROPERTY, PLANT AND EQUIPMENT | 1,866,582 | 61,475 | 1,325 | (2,732) | 197,240 | - | (788) | 2,123,102 | (21,960) | (25,468) | 2,169 | 24,706 | - | (20,553) | 1,844,621 | 2,102,547 | |

THREE WATER ASSET INFORMATION

① Opening balance : 385,793
 ② Vested Assets : 650
 ③ Disposals : (24)
 ④ Revaluations : 29,382
 ⑤ Transfers : 88
④ 415,889

⑥ Depreciation : (9,904)
 ⑦ Disposals : 24
 ⑧ Transfers : (5)
 ⑨ Depn opening : (67)
⑧ (9,952)

① + ⑥
 TOTAL WATER ASSETS \$000
= 405,937