

ROTORUA LAKES COUNCIL

Mayor
Members
COUNCIL

TE ARAWA LAKES – ROTOITI/ROTOMĀ FUNDING PROPOSAL

Report prepared by: Gina Rangī, Manahautū Te Arawa Hourua

Report reviewed by: Stavros Michael, Deputy Chief Executive, Infrastructure and Environmental Solutions

Report approved by: Geoff Williams, Chief Executive

**1. TE PŪTAKE
PURPOSE**

The purpose of this report is to provide an urgent update to Council in regards to funding for the Rotoiti/Rotomā wastewater treatment scheme.

**2. NGĀ TŪTOHUNGA
RECOMMENDATIONS**

- 1. That the report ‘Te Arawa Lakes - Rotoiti/Rotomā Funding Proposal’ be received.**
- 2. That the Council agree that in the Council’s upcoming Long-term Plan deliberations for the 2024-34 period, a progressive increase to the current Lakes Enhancement Rate will be proposed at an appropriate level to accumulate sufficient funds for the reinstatement of the Land Incentives Programme (when required) and possible other lakes water quality improvement undertakings at Council’s discretion.**

**3. TE TĀHUHU
BACKGROUND**

Rotorua Te Arawa Lakes Strategy Group

The Rotorua Te Arawa Lakes Strategy Group (RTALSG) partners are the Te Arawa Lakes Trust, Rotorua Lakes Council (RLC) and Bay of Plenty Regional Council (BOPRC). The RTALSG oversees the collective work of the partners to maintain and improve water quality in all of the Te Arawa Lakes.

In 2008, the Crown, BOPRC and RLC entered into a Deed of Funding which provides:

- The Crown will provide funding of \$72.1m, matched by \$36.05m each from RLC and BOPRC, to support the four ‘priority’ lakes (Rotorua, Rotoehu, Rotoiti and Ōkareka).
- The Deed funding is allocated to specific projects agreed and recorded in Three-Year Work Programmes and the Annual Work Programme. The purpose of the Three-Year Work Programme and the Annual Work Programme is to identify interventions that are most effective and efficient to deliver the outcomes.

- The Deed funding can only be used to cover actual costs for projects within the agreed work programme. For that reason, costs incurred by RLC and BOPRC are reimbursed after they are actually spent.
- The Deed outcomes must be achieved by 30 June 2032.

While the Deed of Funding focuses on the four priority lakes, the RTALSG roles relates to all of the Rotorua Te Arawa lakes.

RLC's main commitment under the Deed of Funding is wastewater reticulation. Reticulation is crucial because it quickly and significantly reduces N and P leaching to the lakes. RLC has completed reticulation of multiple communities including Hamurana, Ōkāreka, Rotomā and others.

One of the BOPRC's main contributions to the work programme is the Lake Rotorua Incentives Scheme ("Incentives Scheme"). This scheme pays landowners to reduce nitrogen emissions from their land.¹

Funding for the Rotoiti/Rotomā and Tarawera wastewater schemes

Noting that Deed funding dedicated to the Incentive Scheme is underspent, since August 2020 the RTALSG passed a number of resolutions requesting that the Minister for the Environment agree to reallocate \$10.0 million of Deed funding from the Incentives Scheme to the Rotoiti/Rotomā sewerage scheme.

In September 2022, the Minister agreed to reallocate the funding and sought further reassurance that RLC would ensure that a funding instrument is in place to reinstate the funding to the Incentives Scheme when the programme required those funds. As discussed with elected members, the Council (through Her Worship Mayor Tapsell) wrote to the Minister in December 2022 and provided that assurance. The quantum and timing was to be agreed between the partners in the RTALSG.

In May 2023, the Minister rescinded his decision to allow the transfer of funds from the Incentives Scheme to the Rotoiti/Rotomā scheme. Mayor Tapsell responded requesting that the Minister urgently reconsider. She noted that she had not received a response to her December correspondence and reiterated that the RTALSG partners all agreed that the transfer was appropriate and that the partners were able to agree a mechanism to reinstate the funds.

Alongside the correspondence with the Minister, Mayor Tapsell also worked to secure support from the Te Arawa Lakes Trust for the need to secure the funding to reduce the cost to those whānau impacted by the Minister's decision. She expressed her concern that the partners remain mindful of the impact of affordability for the people of Rotoiti/Rotomā, and on all ratepayers, especially at this challenging economic time for many families.

Proposed Funding Mechanism

The proposed mechanism to raise the funds to reinstate the Incentives Scheme would be a progressive increase of the existing Lakes Enhancement Rate. In order to confirm and lock-in the Ministerial funding support, Council will need to:

- **Secure RTALSG support:** Report to the next meeting of the RTALSG (22 September) on the Council's proposed mechanism (and the timing for the mechanism to take effect).
- **Consult on the LTP:** Include the mechanism in the Long-term Plan 2024-2034 (to be consulted on next year).

¹ The RTALSG and the Minister agreed on a nitrogen reduction target for the Incentive Scheme of 100 tonnes by 2032. To date, the scheme has achieved about 35 tonnes. At the most recent RTALSG meeting, BOPRC staff reported that they forecast to achieve 50 tonnes reductions by 2032.

In order to prepare for the above, Mayor Tapsell wrote to Te Arawa Lakes Trust to seek their feedback. A letter has now been received from the Te Arawa Lakes trust confirming:

“As a follow up from our meeting our Board has resolved that we support:

- a) Utilising \$10 million from the Incentive Scheme to pay for Rotoiti/Rotomā Wastewater Scheme to be repaid when a formal request from RTALSG is made.*
- b) Support the Lakes Enhancement rating proposal by Council.”*

Subject to Council support, Council would report to the RTALSG with a view to securing their support, and allowing the RTALSG to confirm a collective update to the Minister that a mechanism/solution has been agreed.

4. TE MATAPAKI ME NGĀ KŌWHIRINGA DISCUSSION AND OPTIONS

The proposed recommendation enables Council to secure funding for the Rotoiti/Rotomā wastewater scheme. It also allows Council the ability to consult the community on the proposed mechanism through the LTP process.

If Council chooses to not progress the proposed mechanism, the full cost of the Rotoiti/Rotomā wastewater scheme must be met by the ratepayers at Rotoiti/Rotomā.

5. TE TINO AROMATAWAI ASSESSMENT OF SIGNIFICANCE

At this early stage of the process, the decisions or matters of this report are not considered significant in accordance with Council’s Significance and Engagement Policy.

6. NGĀ KŌRERO O TE HAPORI ME TE WHAKATAIRANGA COMMUNITY INPUT/ENGAGEMENT AND PUBLICITY

Te Arawa Lakes Trust have provided support for the proposed mechanism. Subject to Council support, RTALSG support will also be sought at their next meeting.

Community input will be sought through the LTP consultation process.

7. HE WHAIWHAKAARO CONSIDERATIONS

7.1 Mahere Pūtea Financial/budget considerations

Securing funding support from the Minister and RTALSG will alleviate the immediate financial burden for ratepayers at Rotoiti/Rotomā.

7.2 Kaupapa Here me ngā Hiraunga Whakariterite Policy and planning implications

Securing funding support from the Minister and RTALSG supports Council's priorities. Securing Council approval for the proposed recommendation also provides clear direction as Council approaches its LTP process.

7.3 Tūraru Risks

Securing funding support from the Minister and RTALSG does not create significant risks.

However, failing to secure funding support will impose significant and immediate financial burden for ratepayers at Rotoiti/Rotomā.

7.4 Te Whaimana Authority

The Council has the authority to make the decisions requested.