



**ROTORUA
LAKES COUNCIL**
Te Kaunihera o ngā Roto o Rotorua

Kaupapataka Agenda

NOTICE OF AN ORDINARY MEETING OF COUNCIL

Date: Wednesday 14 February 2024

Time: 1.00pm

Venue: Council Chamber

MEMBERSHIP

Chair Mayor Tapsell

Deputy Chair Cr Kai Fong

Members
Cr Barker
Cr Brown
Cr Kereopa
Cr Lee
Cr Maxwell
Cr O'Brien
Cr Paterson
Cr Wang
Cr Waru

Quorum 6

NGĀ TUKUNGA HAEPAPA A TE KAUNIHERA COUNCIL DELEGATIONS

Type of Committee	Council Committee
Subordinate to	N/A
Subordinate Committees	<ul style="list-style-type: none"> • District Licencing Committee • Audit and Risk Committee
Legislative Basis	Schedule 7 s30 (1) (A), Local Government Act 2002 Committee delegated powers by the Council as per Schedule 7, s32, Local Government Act 2002
Purpose	The purpose of the Council is to make decisions on all matters that cannot be delegated, that it has not delegated or that it has had referred to it by staff or a committee.
Reference	01-15-016
Membership	Mayor (Chair) Deputy Mayor (Deputy Chair) All councillors
Quorum	6
Meeting frequency	Monthly
Delegations	<ul style="list-style-type: none"> • the power to make a rate • the power to make a bylaw • the power to borrow money, or purchase or dispose of assets, other than in accordance with the Long-term Plan • the power to adopt a long-term plan, annual plan, or annual report • the power to appoint a chief executive • the power to adopt policies required to be adopted and consulted on under the LGA 2002 in association with the long-term plan, or developed for the purpose of the local governance statement • the power to adopt a remuneration and employment policy • the power to set and support strategies in measures related to emergency matters. • all the powers, duties and discretions under the Civil Defence Act for the proper operation and administration of the approved Civil Defence Plan; such delegation to be executed solely within the defined policy guidelines as determined from time to time by the Council and subject to the Financial limits imposed by the approved Council estimates. <p>Additional responsibilities retained by the Council committee:</p> <ul style="list-style-type: none"> • Advise and support the mayor on the development of the long-term plan and annual plans • Approval of long-term plan or annual plan consultation documents, and supporting information and consultation process prior to consultation

	<ul style="list-style-type: none"> • Approval of a draft bylaw prior to consultation • Resolutions required to be made by a local authority under the Local Electoral Act 2001, including the appointment of the electoral officer • Adoption of, and amendment to the Committee Terms of Reference, Standing Orders and Code of Conduct • Relationships with the Te Tatau o te Arawa board, including the funding agreement • Monitor the overall financial management and performance of the council • Make financial decisions required outside of the annual plan budgeting processes • Approve the council’s insurance strategy and annual insurance placement for Council • Write-offs • Acquisition of property in accordance with the Long-term Plan • Disposals in accordance with the Long-term Plan • Review the Chief Executive’s performance annually and establish performance targets for each year • Undertake a performance review at the end of the first term of appointment as required by Schedule 7, clause 35 of the Local Government Act 2002. Undertaken no less than 6 months before the date on which the chief executive’s contract of employment for the first term expires.
<p>Relevant Statutes</p>	<p>All the duties and responsibilities listed above must be carried out in accordance with the relevant legislation.</p>
<p>Limits to Delegations</p>	<p>Powers that cannot be delegated to committees as per the Local Government Act 2002 Schedule 7 S32.</p>

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1. Karakia Whakapuaki - Opening Karakia

TŪTAWA MAI

Tūtawa mai i runga
Tūtawa mai i raro
Tūtawa mai i roto
Tūtawa mai i waho
Kia tau ai te mauri tū
Te mauri ora, ki te katoa
Hāumi e. Hui e. Tāiki e!

TŪTAWA MAI

I summon from above
I summon from below
I summon from within
I summon the surrounding environment
The universal vitality and energy to infuse and
enrich all present
Enriched, unified and blessed

2. Ngā Whakapāha - Apologies

The Chair invites notice from members of:

1. Leave of absence for future meetings of the Rotorua Lakes Council; or
2. Apologies, including apologies for lateness and early departure from the meeting, where leave of absence has not previously been granted

3. Whakapuakitanga Whaipānga - Declarations of interest

Members are reminded of the need to be vigilant to stand aside from decision making when a conflict arises between their role as a member and any private or other external interest they might have.

4. Ngā Take Whawhati tata kāore i te Rārangi Take - Urgent Items not on the Agenda

Items of business not on the agenda which cannot be delayed

The Chair will give notice of items not on the agenda as follows:

Matters Requiring Urgent Attention as Determined by Resolution of Rotorua Lakes Council

The Chair shall state to the meeting.

1. The reason why the item is not on the agenda; and
2. The reason why discussion of the item cannot be delayed until a subsequent meeting.
The item may be allowed onto the agenda by resolution of the Rotorua Lakes Council.
s.46A (7), LGOIMA

Discussion of minor matters not on the agenda.

Minor Matters relating to the General Business of the Rotorua Lakes Council.

The Chair shall state to the meeting that the item will be discussed, but no resolution, decision, or recommendation may be made in respect of the item except to refer it to a subsequent meeting of the Rotorua Lakes Council for further discussion

s.46A (7), LGOIMA

5. Te Whakaū i ngā Meneti - Confirmation of Minutes

5.1 Council Meeting Minutes (Draft) 31 January 2024

20137121

Minutes (Draft)

Council Meeting held Wednesday 31 January 2024 at 9.30am
Council Chamber, Rotorua Lakes Council

MEMBERS	Mayor Tapsell (Chair)
PRESENT:	Cr Kai Fong, Cr Barker, Cr Brown, Cr Lee, Cr Maxwell, Cr O'Brien, Cr Paterson, Cr Kereopa, Cr Wang, Cr Waru.
APOLOGIES:	Cr Waru and Cr Wang – apology for lateness
STAFF PRESENT:	G Rangī, Interim Chief Executive; J Gaston, Group Manager, Community & District Development; T Collé, Group Manager, Corporate Services; S Michael, Group Manager, Infrastructure & Environmental Solutions; O Hopkins, Executive Director, Corporate Planning and Governance; G Kieck, Manager, Corporate Strategy & Planning; D Jensen, Director of Finance; I Tiriana, Manager, Council Communications; D Cossar, Governance & Democracy Manager; N Michael, Executive of Communications, Mayor's Office; S McNicol, Director of Marketing & Communications; W Wilkinson, Governance & Democracy Advisor.

The meeting opened at 9.30am.

The Mayor welcomed elected members, staff, and members of the public.

1 KARAKIA WHAKAPUAKI OPENING KARAKIA

Cr Kai Fong opened the meeting with a Karakia.

2 NGĀ WHAKAPĀHA APOLOGIES

Resolved

1. That the apologies from Cr Waru and Cr Wang for lateness be accepted.

Moved: Cr Maxwell

Seconded: Cr O'Brien

CARRIED

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3 WHAKAPUAKITANGA WHAIPĀNGA DECLARATIONS OF INTEREST

None

4 NGĀ TAKE WHAWHATI TATA KĀORE I TE RĀRANGI TAKE URGENT ITEMS NOT ON THE AGENDA

Cr Wang joined the meeting at 9.37am.

Action point

Cr Paterson requested that an invitation go to Darren Toy (Regional Director – Kāinga Ora – Homes and Communities) to attend the next Council Meeting.

Cr Lee – Notice of Motion. i.e. Disestablishment of Ngāti Whakaue Protocol meeting. Cr Lee requested the Notice of Motion be added to Council website.

Cr Lee was informed that the Notice of Motion was declined as Council cannot make the decision sought in the Notice of Motion. As it did not proceed, it is not published on the website.

Cr Lee – Question to the Chair. Why was a request to speak at ‘public forum’ by member of the public declined?

He was advised that ‘public forums’ are not part of Council’s adopted Order of Business (so 9.4), as adopted in 2016.

Cr O’Brien requested that an item be taken to the February Council meeting regarding issues with the Lakeland Queen operations. The Mayor stated following the meeting she would seek further clarification for Cr O’Brien before the matter could be taken further.

5 TE WHAKAŪ I NGĀ MENETI CONFIRMATION OF COUNCIL MINUTES

5.1 MINUTES OF COUNCIL MEETING HELD 13 DECEMBER 2023

20088448

Resolved

- 1. That the minutes of the Council meeting held 13 December 2023 be confirmed as a true and correct record.**

Moved: Cr Brown

Seconded: Cr Barker

CARRIED

5.2 MINUTES OF EMERGENCY COUNCIL MEETING HELD 20 DECEMBER 2023

20100548

Resolved

- 1. That the minutes of the Emergency Council meeting held 20 December 2023 be confirmed as a true and correct record.**

Moved: Cr Paterson

Seconded: Cr Maxwell

CARRIED**6. PŪRONGO KAIMAHI
STAFF REPORTS****6.1 FINANCIAL PERFORMANCE FOR THE SIX MONTHS ENDING 31 DECEMBER 2023 (INFORMATION ONLY)**

20131017

Resolved

- 1. That the report “Financial Performance for the Six Months ended 31 December 2023” be received.**

Thomas Collé and David Jensen overviewed the report and spoke to the presentation titled “Financial Update to 31 December 2023”.

Moved: Cr Barker

Seconded: Cr Wang

CARRIED**6.2 LONG-TERM PLAN 2024-2034 – SUPPORTING INFORMATION: PART 1 (DECISION REQUIRED)**

20118182

Resolved

- 1. That the report “Long-term Plan 2024-2034 – Supporting Information: Part 1” be received.**

Moved: Cr Barker

Seconded: Cr Kereopa

CARRIED

Oonagh Hopkins overviewed the report. Thomas Collé and Stavros Michael answered questions from the Councillors.

- 2. That Council approve in draft a set of supporting information used to guide the development of the Long-term Plan 2024-2034 direction,**

- a) Significant Forecasting Assumptions**

Moved: Cr Wang

Seconded: Cr Brown

CARRIED[Back to index](#)

b) Environmental Strategy

Moved: Cr Wang
Seconded: Cr Brown
CARRIED

c) Asset Management Policy

Moved: Cr Wang
Seconded: Cr Brown
CARRIED

3. That Council notes that these supporting documents will be published in conjunction with the Long-term plan Consultation Document following its adoption in March.

Moved: Cr Wang
Seconded: Cr Brown
CARRIED

Vote recorded against: Cr Lee.

Cr Waru joined the meeting at 11.08am.

Meeting adjourned at 11.12am and resumed at 11.33am

6.3 LONG-TERM PLAN 2024-2034 – SIGNIFICANCE AND ENGAGEMENT POLICY – DECISION-MAKING (DECISION REQUIRED)

20118189

Resolved**1. That the report ‘Long-term Plan 2024-2034 - Significance and Engagement Policy – Decision Making’ be received.**

Moved: Cr Brown
Seconded: Cr Barker
CARRIED

Greg Kieck and Oonagh Hopkins overviewed the report and spoke to the presentation titled “Significance and Engagement Policy 2024”.

Further resolved**2. That the Committee note the community feedback arising from the consultation process.****3. That Council adopt the Significance and Engagement Policy.**

Moved: Cr Wang
Seconded: Cr Waru
CARRIED

Vote recorded against: Cr Kereopa

Cr Lee abstained from voting.

6.4 GOING FOR HOUSING GROWTH - NEXT STEPS (DECISION REQUIRED)

20122836

Resolved

- 1. That the report 'Going for Housing Growth – Next Steps' be received.**

Moved: Cr Kai Fong

Seconded: Cr Brown

CARRIED

Jean-Paul Gaston overviewed the report and spoke to the presentation titled "Going for Growth".

- 2. That Council note the 'balanced' approach to delivering a compact city, well-functioning urban environment and housing capacity requirements over the next 30 years detailed in the Future Development Strategy, as adopted in December 2023.**

Moved: Cr Kai Fong

Seconded: Cr Brown

CARRIED

Cr Lee abstained from voting.

6.5 BUSINESS CASE: REQUEST FOR TRAVEL COSTS TO SUPPORT CR WANG'S ATTENDANCE AT THE 2024 SMART CITY SUMMIT AND EXPO, TAIWAN ACTIVITIES (DECISION REQUIRED)

20124062

Resolved

- 1. That the report titled 'Business Case: Request for Travel Costs to Support Cr Wang's Attendance at the 2024 Smart City Summit and Expo, Taiwan' be received.**

Moved: Cr Waru

Seconded: Cr Maxwell

CARRIED

- 2. That Council approves the cost of flights for Cr Wang to attend 2024 Smart City Summit and Expo, 19-23 March 2024, in Taiwan with Mayor Tapsell.**
- 3. That Council approves the cost of accommodation for Mayor Tapsell and Cr Wang prior to and following the 2024 Smart City Summit and Expo.**
- 4. That Council support Mayor Tapsell in an undertaking to investigate the establishment of sister city relationship with Pingtung County in Southern Taiwan.**

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Moved: Cr Waru
Seconded: Cr Maxwell
CARRIED

A division was called:

FOR: Cr Waru, Paterson, Cr Maxwell, Cr Brown, Mayor Tapsell
AGAINST: Cr Lee
ABSTAINED: Cr Wang, Cr Kereopa, Cr O'Brien, Cr Kai Fong, Cr Barker

The Chair advised that the only matter in the Public Excluded session is to adopt the confidential minutes of the previous meeting and if there are no corrections or discussion required there is no requirement to move into Public Excluded.

**7. TE WHAKAŪ I NGĀ MENETI (NGĀ TAKE MATATAPU)
CONFIRMATION OF MINUTES (CONFIDENTIAL ITEMS)**

7.1 CONFIDENTIAL MINUTES OF COUNCIL MEETING HELD 13 DECEMBER 2023

20088448

Resolved

- 1. That the confidential minutes of the Council meeting held 13 December 2023 be confirmed as a true and correct record.**

Moved: Cr Barker
Seconded: Cr Waru
CARRIED

7.2 CONFIDENTIAL MINUTES OF COUNCIL EMERGENCY MEETING HELD 20 DECEMBER 2023

20130612

Resolved

- 1. That the confidential minutes of the Council Emergency meeting held 20 December 2023 be confirmed as a true and correct record.**

Moved: Cr Wang
Seconded: Cr Kai Fong
CARRIED

**8. TE KARAKIA WHAKAMUTUNGA
CLOSING KARAKIA**

Cr Kai Fong closed the meeting with a Karakia.

The meeting closed at 1.06pm.

To be confirmed at a Council meeting on 14 February 2024.

.....
Chair

Note:-Rotorua Lakes Council is the operating name of Rotorua District Council.

6. Pūrongo Kaimahi - Staff Reports

Doc ID: 20144463

ROTORUA LAKES COUNCIL

Mayor
Members
COUNCIL

6.1 Long-Term Plan 2024-2034 – Supporting Information: Part 2 (Decision Required)

Report prepared by: Greg Kieck, Manager – Corporate Planning and Strategy

Report reviewed by: Stavros Michael, General Manager, Infrastructure & Environment

Report approved by: Oonagh Hopkins, Executive Director, Corporate Planning and Governance

1. TE PŪTAKE PURPOSE

The purpose of this report is to provide elected members with the second suite of supporting information documentation underpinning the Long-term Plan 2024-2034 development.

2. HE TŪTOHUNGA RECOMMENDATION

1. That the report “Long-term Plan 2024-2034 – Supporting Information: Part 2” be received.
2. That Council approve in draft a set of policies used to guide the development of the Long-term Plan 2024-2034 direction,
 - a) Revenue and Financing Policy
 - b) Treasury Policy
 - c) Rates Remission Policy
3. That Council notes that these policies will be published in conjunction with the Long-term Plan Consultation Document following its adoption in March.

3. TE TĀHUHU BACKGROUND

The Long Term Plan 2024-34 will set out what Rotorua Lakes Council proposes to deliver during the ten years covered by the plan and how it will be funded. The plan is reviewed every three years to ensure it remains relevant and reflects the direction of Council and of the Rotorua District.

As part of the long-term plan process, a number of workshops have been held which have set the overall direction for the 2024-2034 LTP. Elected members have had the opportunity to attend twelve workshops between September – December 2023.

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In alignment with the development of an LTP, a number of policies and strategies are required to be developed. All of these then guide and become inputs into the final LTP in June. The following attachments are the second set of supporting documentation to be presented. This includes the Revenue and Financing Policy, Treasure Policy and Rates Remissions Policy.

These supporting documents have been reviewed in line with the direction set by elected members in the LTP development forums.

4. TE MATAPAKI ME NGĀ KŌWHIRINGA DISCUSSION AND OPTIONS

Revenue and Financing Policy:

(Attachment 1)

The Revenue and Financing Policy sets out how the Council funds each activity it is involved in. The Council is required to have this policy to provide predictability and certainty about the sources and levels of funding for operating and capital expenditure.

The Local Government Act 2002 requires Council to identify the costs of its functions and fund them appropriately. Section 103(2) sets out the funding mechanisms that Council has available to fund its functions. They are:

- General rates, including: choice of valuation system, differential rating and uniform annual general charges
- Targeted rates
- Lump sum contributions
- Fees and charges
- Interest and dividends from investments
- Proceeds from sale of assets
- Development contributions
- Financial contributions under the Resource Management Act 1991 (to be phased out by 2012)
- Grants and subsidies
- Any other sources

Council has taken account of all these funding sources in designing its revenue and financing policy.

Treasury Policy – amendment:

(Attachment 2)

The purpose of the Treasury Policy is to outline approved policies and procedures in respect of all treasury activity to be undertaken by Rotorua Lakes Council. The formalisation of these policies and procedures will enable treasury risks within Council to be prudently managed. The Policy establishes borrowing limits to ensure prudent management of anticipated debt borrowings over time, interest rate risk management limits to ensure prudent management of interest rate risks, and that investment returns are maximised within an acceptable risk management framework, to ensure capital preservation, for the benefit of current and future ratepayers.

Rates Remission Policy – roll over:

(Attachment 3)

The purpose of the Rates Remissions Policy is to define the principles and responsibilities that Council applies when managing remissions on rates.

Council has delegated to officers authority to consider and approve all applications for remission or postponement of rates pursuant to Council's policies, except for "remission of rates in extraordinary circumstances". As a general rule, and where practicable, documentary evidence or statutory declaration should be provided in support of a written application.

**5. TE TINO AROMATAWAI
ASSESSMENT OF SIGNIFICANCE**

The decisions or matters of this report are not considered significant in accordance with the Council's Significance and Engagement Policy.

The policies in themselves are significant in that they underpin the LTP and the ability of Council to deliver its LTP once finalised. The policies will be published alongside the Consultation Document for the community to provide feedback.

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

This supporting documentation will be made publicly available to inform LTP consultation discussions and the LTP proper. This will occur once the Consultation Document is adopted in March 2024.

**7. HE WHAIWHAKAARO
CONSIDERATIONS**

**7.1 He Whaiwhakaarotanga Mahere Pūtea
Financial/budget considerations**

This item has no financial implications.

**7.2 Kaupapa Here me ngā Hiraunga Whakariterite
Policy and planning implications**

There are no policy or planning implications.

**7.3 Tūraru
Risks**

There are no major risks associated with this decision.

**7.4 Te Whaimana
Authority**

The committee has the authority to make these recommendations.

**8. NGĀ ĀPITI HANGA
ATTACHMENTS**

Attachment 1: Revenue and Financing Policy (ID 20027758)

Attachment 2: Treasury Policy (ID 20142831)

Attachment 3: Rates Remissions Policy (20143794)

Attachments are distributed separately.

ROTORUA LAKES COUNCIL

Mayor
Members
COUNCIL

6.2 Long-Term Plan 2024 – Supporting Information: Part 3 - 30 Year Infrastructure Strategy 2024-2054 (Decision Required)

Report prepared by: Greg Kieck, Manager – Corporate Planning and Strategy

Report reviewed by: Stavros Michael, General Manager, Infrastructure & Environment

Report approved by: Oonagh Hopkins, Executive Director, Corporate Planning and Governance

1. TE PŪTAKE PURPOSE

The Rotorua Lakes Council 30 year Infrastructure Strategy 2024-2054 is a critical planning component that informs the Financial Strategy and guides funding decisions required to support programmes of work necessary to maintain our core infrastructure networks in a safe and stable condition and to ensure we are able to provide a reliable package of core and lifeline services to the community.

The purpose of this report is to present the draft 30 year Infrastructure Strategy 2024-2054 and seek approval for its inclusion into the 2024-2034 Long Term Plan consultation process.

2. HE TŪTOHUNGA RECOMMENDATION

- 1. That the report “Long-term Plan 2024 – Supporting Information: Part 3 - 30 Year Infrastructure Strategy 2024-2054” be received.**
- 2. That Council approve the Draft 30 Year Infrastructure Strategy 2024-2054 for inclusion into the 2024 Long Term Plan consultation process.**

3. TE TĀHUHU BACKGROUND

3.1 Introduction

Rotorua Lakes Council (RLC) is responsible for the provision of core and lifeline services that support the wellbeing of the Rotorua community. Our physical infrastructure needs to be developed, operated and managed in a manner that meets a host of statutory and regulatory objectives, is able to meet the community driven demand now and also to anticipate and enable effective services for the projected future demand as our city and demand grows. This draft 30-year infrastructure Strategy summarises our plan to ensure service reliability, regulatory compliance and to gradually provide additional infrastructure capacity to support our predicted growth in a measured and fiscally responsible way.

This Infrastructure Strategy sets out the known condition of our assets and the integrated phases work we need to do to maintain our core infrastructure in a stable condition to ensure we provide a reliable service to our community. The core physical infrastructure we provide to enable our community to function are land transport (roads and footpaths) and three waters (drinking water, stormwater and wastewater).





The purpose of an Infrastructure Strategy is to identify significant infrastructure issues as known at the time and for a council during the period covered by its strategy. To identify and recommend the principal options for managing those identified issues and the operational, financial and risk implications of those options. This strategy includes the core infrastructure assets identified in section 101B (6) of the Local Government Act being:

- Water supply
- Sewerage and the treatment and disposal of sewage (wastewater)
- Stormwater drainage (stormwater)
- Roads and footpaths (land transport)

3.2 Our Core Assets at a glance

Rotorua Lakes Council own and manage \$1.966 billion (replacement value) of infrastructure assets which can be summarised as follows:

Asset Summary

Activities	Description
Water supply 	<ul style="list-style-type: none"> • Ten defined supply areas including three urban areas • Eleven water sources • Nine water supply treatment plants • Approximately 761km of pipelines • 15 water pump stations
Wastewater 	<ul style="list-style-type: none"> • 410 km of gravity pipelines and 164km rising mains • Services three urban areas of Rotorua (Ngongotahā, city and eastern suburbs) and some rural lakeside communities • Two wastewater treatment plants • 81 wastewater pump stations
Stormwater 	<ul style="list-style-type: none"> • 244km urban reticulated pipelines • 154km of stormwater channels • Service three urban areas of Rotorua (Ngongotahā, city and eastern suburbs) • Reporoa land drainage scheme
Land transport 	<ul style="list-style-type: none"> • 1,007 km of roads - 889 km sealed and 118 km unsealed • 80 road bridges • 28 major culverts • 383 km of footpaths • 52 km of cycling routes • 144 bus shelters

3.3 Current Asset State and Renewal Programme

The current state of our assets in terms of design life expectancy has been assessed for the major land transport and three water asset classes (30 in total). This has been assessed as the percentage of design life expended and the predicted remaining useful life.

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The assessment indicates that most major assets classes design life has been consumed within a range of a quarter to halfway. This is a significant renewal backlog that must be managed carefully and informed by risk and consequence criteria. A summary of this analysis is provided in Section 5.1 of the strategy.

Some of the most widespread assets such as gravity wastewater mains, stormwater mains and street lighting brackets are asset classes identified to be in poor or at risk categories (based on age and predictive modelling standards). These asset classes need to be carefully monitored to ensure that the future funding of renewal programmes are appropriate and adequate based on the risk analysis of failure.

It is intended to continue to improve asset condition data collection with emphasis on the most critical parts of our networks (based on risk) and to complete this asset predictive performance analysis to guide future infrastructure strategies and specific asset management plans. The objective is to ensure we keep our core infrastructure within acceptable industry performance and condition benchmarks to achieve sustainable future investments.

The asset condition and expected performance has been assessed at a high level for each activity and is covered in Section 5.1 of the strategy.

3.4 Significant Issues

There are a number of significant issues facing our city, which may intensify in future years. Council, through its Long-term planning and various strategies aims to take active steps to manage and mitigate the foreseeable risks arising from those issues. These strategic issues do influence and impact the infrastructure strategy, the services we need to deliver the where and how.

In preparing this strategy, we have identified seven strategic issues that must be at the forefront of infrastructure management, planning and decision making.

The following table summarises key strategic issues, implications and Council's proposed plan of response.

Significant issues affecting our infrastructure

Strategic issue	Implications	Council's response
1. Maintaining assets in a stable, reliable, and safe condition	<ul style="list-style-type: none"> We know that we need to invest in our core infrastructure. We need to recognize the asset lives consumption backlog and ensure that there is not an unsustainable deficit created that is unaffordable for our current and future ratepayers. Investment is also required to ensure that our assets meet the levels of service to our communities, meets legislative requirements, and are resilient to any disruption. 	<ul style="list-style-type: none"> Implement risk/consequence based critical asset renewal. Continue with critical asset condition assessment as a priority. Rely on responsive and systematic asset maintenance on the non-critical assets.
2. Meeting future demands on infrastructure	<ul style="list-style-type: none"> Te Arawa and Council have identified safe, secure housing for all our people as our top shared priority to ensure positive, thriving communities. 	<ul style="list-style-type: none"> Update and adjust the timing for new capacity infrastructure through the Annual Plan process if growth accelerates greater than predicted.

Strategic issue	Implications	Council's response
	<ul style="list-style-type: none"> Timing for growth enabling infrastructure is based on projected rate of population growth. 	<ul style="list-style-type: none"> Addendums to the Three Water Master Plans have been developed based on the latest growth predictions. Transport modelling is being undertaken to understand the impacts of the Rotorua Future Development Strategy on the road network. The infrastructure improvements required are expected to be minor in nature (compared to three water networks) and will likely be required in the medium to long term.
3.Managing the impacts of legislative and policy change	<p>There are various sector changes with new or proposed legislation that will impact the long-term planning for Council's assets and services networks. These include the Resource Management system reforms, Future for Local Government (although these may change with the new Government) the water regulations both in terms of quality and financial plans.</p>	<ul style="list-style-type: none"> Lead agency awareness and systematic compliance with Standard Operating Procedures. Anticipate and reflect changes in forward financial planning. Keep a watching brief on the new Government's alternative proposals for three water assets. Ensure Council makes Rotorua centric decisions when required. Council's investment programmes and supporting Activity Management Plan will be aligned to the strategic priorities in the new Government Policy Statement on Land Transport once adopted in 2024.
4.Embedding cultural values into the way we manage our infrastructure	<ul style="list-style-type: none"> It can take considerable time and cost to ensure our capital projects are meeting cultural assessments and are appropriate and supported by our wider community. In some cases, we need to explore alternative asset development options and stage appropriate solutions overtime. Monitoring of legislation that is requiring that iwi have a greater role in the governance or decision making for key assets such as water. Council to give effect to the principles of te Mana o te Wai while performing functions or duties. 	<ul style="list-style-type: none"> Maintain effective and mutually beneficial relationship protocols. Identify and provide for cultural elements and performance in designs. Reinforce mutually beneficial partnership with iwi. Council is developing its understanding of te Mana o te Wai principle and the overall focus is an outcome of water quality protection and improvements that will contribute to water life sustaining qualities.
5.Climate change and environmental sustainability	<ul style="list-style-type: none"> We need to prepare for the unpredictable impacts of climate change on the infrastructure assets as we are already experiencing events such as prolonged droughts and higher temperatures. Increased frequency and intensity of high rainfall events, which creates flooding risks and a health risk for our potable / drinking water. The impacts of extreme weather events on our district's infrastructure in the last three years have been significant. Our roading network has been particularly impacted with multiple slip events over the last three years. 	<ul style="list-style-type: none"> Design new and renewed infrastructure within the 100 years climate change effects parameters. Contribute to ongoing emission reductions. Continue undertaking adaptation planning for our infrastructure assets aligned with the Government's objectives to build resilient infrastructure as set out in the National Adaptation Plan (2022). Strengthening our infrastructure resilience is a key focus. Work with Bay of Plenty Regional Council and other Te Arawa partnership understand and identify mitigation

Strategic issue	Implications	Council's response
	<ul style="list-style-type: none"> Unprecedented rainfall in 2023 has caused flooding and rising lake levels at Rotorua, Rotomā, Rotoiti and Rotoehu (the three smaller lakes are interconnected). 	works to address the impact of rising lake levels on Council's infrastructure.
6. Resilience of critical infrastructure	<ul style="list-style-type: none"> Increasing demand and climate risk require focus in strengthening the infrastructural resilience of our core assets. Infrastructure resilience is expected to be tested in Rotorua as it is exposed to a variety of natural hazards including earthquake, landslides, flooding, volcanic eruption, storms and rising lake levels. These natural disasters can cause considerable damage to infrastructure assets and affect the reliable delivery of service. 	<ul style="list-style-type: none"> Prioritise asset improvement interventions based on risk/consequences. Develop gradual redundancy for critical parts of infrastructure for business continuity. Consider how we can ensure that our lakeside communities are able to continue to be connected through extreme weather events, and whether the current infrastructure solutions continue to be appropriate. Strengthen our water storage reservoirs, key bridges and pump stations with appropriate capital investment so they are resilient to earthquakes.
7. Maintaining institutional knowledge and capability (i.e. people resilience).	<ul style="list-style-type: none"> Many of Council's senior engineers are nearing the end of their careers. This reflects a national issue of limited capability and capacity in the industry coupled with a tight labour market. 	<ul style="list-style-type: none"> Maintain an appropriate balance of internal and external resourcing to ensure Council has suitable capacity and capability as engineers retire and new staff develop. Develop and implement a Workforce Capability Plan to cater for exit plans and succession planning. Continue to increase internal capability by providing multiskilling opportunities for staff.

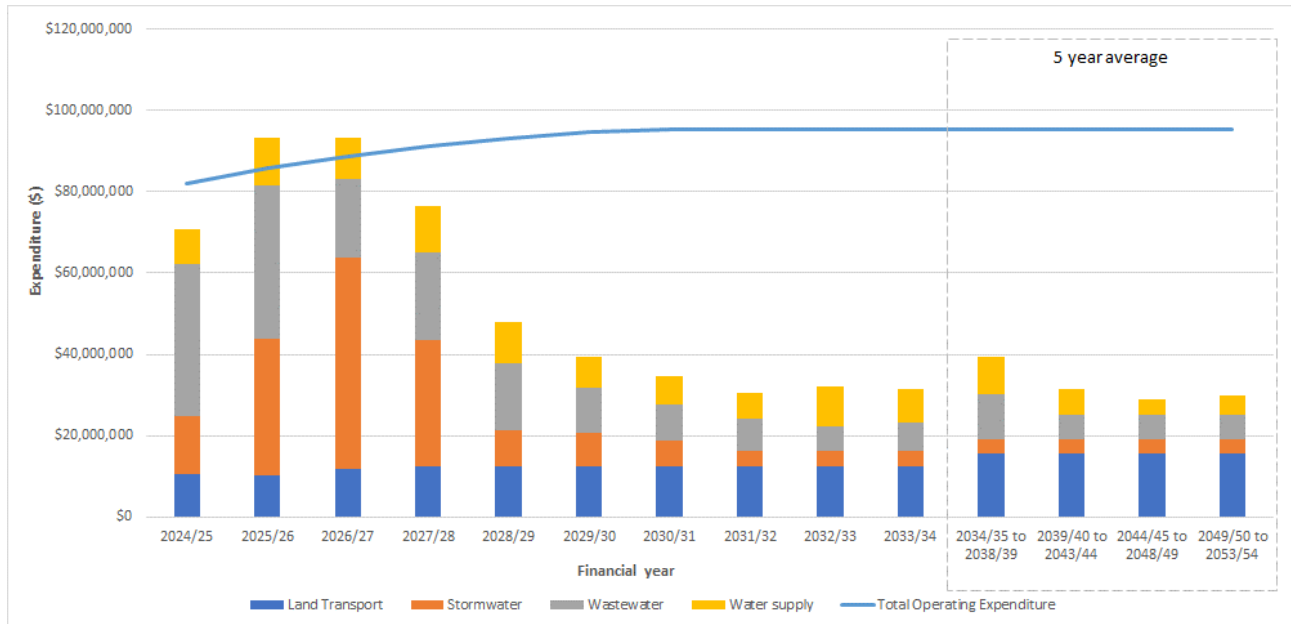
3.5 Overall Investment Strategy

The following table shows the total expected capital and operational expenditure (inflated) for each infrastructure over the 30-year period 2024 to 2054. This proposed infrastructure investment aligns with the proposed Council Draft Financial Strategy.

Activity	Capital Expenditure			Operational Expenditure
	Renewals	Growth	Levels of Service	Operating
Water Supply	\$119,965,000	\$61,686,000	\$30,834,400	\$385,444,603
Wastewater	\$180,000,000	\$88,735,000	\$43,794,000	\$747,219,454
Stormwater	\$90,000,000	\$127,870,958	\$18,200,000	\$166,526,891
Land Transport	\$299,512,515	\$24,900,000	\$108,087,000	\$519,395,134
Sub Totals	\$689,477,515	\$303,191,958	\$200,915,400	\$1,818,586,082
	\$1,193,584,873			
Total	\$3,012,170,955			

Expected total operating and capital expenditure (uninflated)

The following figure shows the combined infrastructure operational and capital forecast (uninflated) 2024-2054



In terms of our total proposed infrastructure investment, over the next 30 years, it is expected that:

- Planned expenditure on renewals across all infrastructure activities is generally constant.
- Significant capital expenditure to enable growth in the first four years, particularly stormwater (with external Government funding).
- The Rotorua Wastewater Treatment Plant Upgrade in the first two years takes a large portion of the capital expenditure programme (growth).
- Transport capital expenditure to enable growth increases from 2027/28.
- Resealing about 7% of our roads each year for the next 30 years to ensure assets renewed sustainably.

**4. TE TINO AROMATAWAI
ASSESSMENT OF SIGNIFICANCE**

The decisions or matters of this report are considered significant in accordance with the Council’s Significance and Engagement Policy.

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

The decisions or matters of this report will be included in the 2024 Long Term Plan engagement process.

**6. NGĀ ĀPITIHANGA
ATTACHMENTS**

Attachment 1: Rotorua Lakes Council 30 Year Infrastructure Strategy 2024-2054 - Draft Version 1 (ID 20146469)

Attachment distributed separately.

ROTORUA LAKES COUNCIL

Mayor
Members
COUNCIL

6.3 Long-Term Plan 2024 – Supporting Information: Part 4 - Draft Financial Strategy

Report prepared by: Greg Kieck, Manager – Corporate Planning and Strategy

Report reviewed by: Thomas Collé, Chief Financial Officer

Report approved by: Oonagh Hopkins, Executive Director – Corporate Planning and Governance

1. TE PŪTAKE PURPOSE

The purpose of this report is to provide elected members with the third set of supporting information documentation underpinning the Long-term Plan 2024-2034 development.

This paper covers the Draft Financial Strategy.

2. HE TŪTOHUNGA RECOMMENDATION

1. That the report “Long-term Plan 2024 – Supporting Information Part 4 - Draft Financial Strategy” be received.
2. That Council approve the Long-term Plan 2024-2034 draft Financial Strategy.

3. TE TĀHUUHU BACKGROUND

The Long Term Plan 2024-34 will set out what Rotorua Lakes Council proposes to deliver during the ten years covered by the plan and how it will be funded. The plan is reviewed every three years to ensure it remains relevant and reflects the direction of Council and of the Rotorua District.

As part of the long-term plan process, a number of workshops have been held which have set the overall direction for the 2024-2034 LTP. Elected members have had the opportunity to attend twelve workshops between September – December 2023.

In alignment with the development of an LTP, a number of strategies and policies are a statutory requirement to develop. All of these then guide and become inputs into the final LTP in June. The following attachments present the next suite of LTP documentation that is required to be approved by Council before Council adopts its consultation document and commences community consultation. To date Council have been presented and approved:

The Significant Forecasting Assumptions
Significance and Engagement Policy
Asset Management Policy

Environmental Strategy
Revenue and Financing Policy (this meeting)
Treasury Policy (this meeting)
Rates Remissions Policy (this meeting)
30 Year Infrastructure Strategy (this meeting).

Once approved the draft Financial Strategy and financial statements will be released as supporting documentation for the Long-term Plan 2024-2034 public consultation.

4. TE MATAPAKI ME NGĀ KŌWHIRINGA DISCUSSION AND OPTIONS

4.1 Financial Strategy

The purpose of the financial strategy is to facilitate:

- a) prudent financial management by providing a guide for local authorities to consider proposals for funding and expenditure.
- b) consultation on the proposals for funding and expenditure by making transparent the overall effects of those proposals on the Council's services, rates, debt and investments.

A good financial strategy draws together all the issues with financial consequences, presents these issues and Council's response, in such a way that the public can readily identify what the key financial issues are, what the main drivers of Council's expenditure will be and how these all relate to the sharp end of the strategy.

The financial strategy is a cornerstone of the council achieving the goal of living within its means, and ensuring sufficient funding is available for key projects over the coming ten years.

The financial strategy outlines key financial parameters and limits which the council will operate within. It provides insight into Council's current financial health and provides clarity on how this will be managed over the next ten years.

Council's financial strategy aims to deliver the following:

- Maintaining existing infrastructure so it is fit for purpose now and into the future
- Providing infrastructure to accommodate a growing district
- Investing in the future of the district to deliver community outcomes
- Being good stewards of our assets
- Balancing delivery with affordability
- Prudent use of debt to support infrastructure and growth
- Maintaining appropriate debt headroom to respond to future opportunities or challenges

The financial strategy and other financial statements presented are underpinned by the following key elements:

- Maintain affordable rates levels
- Utilise debt to fund key projects that improve the District
- Maintain debt below 250% of revenue

See Attachment 1 – Draft Financial Strategy

4.2 Financial Statements

The financial statements include Council's:

- Prospective Statement of Comprehensive Revenue and Expense: this statement discloses the net surplus or deficit and their components, arising from activities or events during the year that are significant for assessing past and future financial performance.
- Prospective Statement of Financial Position: information about economic resources controlled by Council and its capacity to modify those resources is useful in assessing Council's ability to generate cash and/or provide services in the future. Information about the financing structure is useful in assessing future borrowing needs, and how future surpluses and cash flows may be distributed. The information is also useful in assessing how successful the Council is likely to be in raising further finance.
- Prospective Statement of Cash Flow: This statement reflects Council's prospective cash receipts and cash payments during the year and provides useful information about Council's activities in generating cash through operations to:
 - repay debt; or,
 - reinvest to maintain or expand operating capacity.
- Overall Funding Impact Statement: the Funding Impact Statement details the Rating Policy and the rates funding requirements. It is required to include the information set out in clause 10 of Part 1 of Schedule 10 of the Local Government Act 2002 and sections 13 to 19 of the Local Government Rating Act.

See Attachment 2 – Draft Financial Statements

4.3 Financial Prudence Graphs

This statement discloses the Council's planned financial performance against several benchmarks to determine whether the Council's financial planning is prudently managed. The Council is required to include this statement in its drafting of the Long-Term Plan in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations).

- Rates affordability benchmark: the Council meets the rates affordability benchmark if its planned rates increases equal or are less than each quantified limit on rates increases.
- Debt affordability benchmark: the Council meets the debt affordability benchmark if its planned borrowing is within each quantified limit on borrowing. The quantified limit on borrowing has been set at 250% of the net debt to revenue ratio for the ten year period of the 2024-2034 Long-term Plan.
- Balanced budget benchmark: this graph displays the Council's planned revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, and equipment) as a proportion of planned operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant, and equipment). The Council meets the balanced budget benchmark if its planned revenue equals or is greater than its planned operating expenses, including depreciation.
- Essential services benchmark: this graph displays the Council's planned capital expenditure on network services as a proportion of expected depreciation on network services. The Council meets the essential services benchmark if its planned capital expenditure on network services equals or is greater than expected depreciation on network services.
- Debt servicing benchmark: this graph displays the Council's planned borrowing costs as a proportion of planned revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, and equipment).

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See Attachment 3 – Draft Financial Prudence Graphs

4.4 Ten-Year Capital Expenditure Programme

The ten-year capital expenditure programme includes any expenditure for replacing existing assets and creating or acquiring new physical assets.

The draft Long-term Plan provides for \$787 million (uninflated value) of funding for the replacement of existing assets that are near the end of their economic lives, new assets required to improve existing levels of service and assets required to cater for growth.

See Attachment 4 – Draft Ten-Year Capital Expenditure Programme

5. TE TINO AROMATAWAI ASSESSMENT OF SIGNIFICANCE

The Long-term Plan is required to be prepared and adopted using the special consultative procedure through the mechanism of a consultation document which itself must be adopted. Before a consultation document is finalised and adopted Council must prepare and adopt the underlying information that the consultation document relies on, including the financial strategy and other financial statements included in the financial workbook.

Council must make this underlying information available to the public separate to the consultation document.

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

The financial workbook will be made available to the public as supporting information to inform LTP consultation discussions and the LTP proper.

7. HE WHAIWHAKAARO CONSIDERATIONS

7.1 Mahere Pūtea Financial/budget considerations

There are financial implications should Council agree not to adopt the draft financial statements. The impact of not proceeding would require a complete remodelling of the financials and a rewrite of the consultation document. This would come at a cost to Council and would put us at significant risk of failing to adopt the Long-term Plan by the 30 June 2024.

7.2 Kaupapa Here me ngā Hiraunga Whakariterite Policy and planning implications

There are policy or planning implications related to this decision, which could result in a review of the consultation document and the assumptions on which the Long-term Plan development has been based.

7.3 Tūraru Risks

There is a risk to the timing of the Long-term Plan and its adoption if a decision is made to alter or to undertake further review of any part of the financial workbook.

There are financial implications to be considered in adopting the financial workbook and going out for public consultation with the Long Term Plan consultation document. The community will respond with requests for alternative projects and support or not for projects outlined in the plan that may have an impact of the ability for Council to get within its financial framework. Trade-offs would need to be considered.

7.4 Te Whaimana Authority

Full Council must adopt the Draft Financial Strategy and draft Financial statements before the LTP consultation document can be adopted.

8. NGĀ ĀPITI HANGA ATTACHMENTS

Attachment 1: Draft Financial Strategy

Attachment 2: Draft Financial Statements (ID 20146645)

Attachment 3: Draft Financial Prudence Graphs (ID 20146486)

Attachment 4: Draft Ten-Year Capital Expenditure Programme (ID 20146477)

Attachments are distributed separately.

7. Te Karakia Whakamutunga - Closing Karakia

Kia whakairia te tapu
Kia wātea ai te ara
Kia turuki whakataha ai
Kia turuki whakataha ai
Hāumi e. Hui e. Tāiki e!

Restrictions are moved aside
So the pathway is clear
To return to every day activities
To return to every day activities
Allied, enriched, unified, and blessed