ROTORUA
LAKES COUNCIL
Te Kaunihera o ngā Roto o Rotorua

Kaupapataka

Late Items

NOTICE OF A MEETING

OF

COUNCIL

Date:	**Wednesday 25 June 2025**
Time:	**9:30 am**
Venue:	**Council Chamber**

MEMBERSHIP

Chair	Mayor Tapsell
Members	
Cr Kai Fong (Deputy Chair)	Cr Lee
Cr Barker	Cr Maxwell
Cr Brown	Cr O'Brien
Cr Kereopa	Cr Paterson
Cr Waru	Cr Wang
Quorum	6

Andrew Moraes
Chief Executive

Order of Business

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8 NGĀ WHAKAMŌHIOTANGA MŌTINI – NOTICES OF MOTION

8.2 NOTICE OF MOTION - CR KAI FONG

Doc ID: **21361375**

Attachments: **1. Notice of Motion - Cr Kai Fong**

I, Councillor Sandra Kai Fong, give notice that at the next Ordinary Meeting of Council to be held on 25 June 2025, I intend to move the following motion:

MOTION

1. **The Chief Executive be directed to stop all further work on the Waikawau Hannahs Bay reserve project.**

To the Chief Executive and Her Worship the Mayor

I, Sandra Kai Fong, Deputy Mayor, give notice that I intend to move the following motion at the Council meeting to be held on 11 June 2025:

1. The Chief Executive be directed to stop all further work on the Waikawau Hannahs Bay reserve project.

Sandra Kai Fong

Deputy Mayor

Mover.

5 June 2025

8.2 NOTICE OF MOTION - MAYOR TAPSELL

Doc ID:

Attachments: **1. Notice of Motion - Mayor Tapsell**

I, Mayor Tania Tapsell, give notice that at the next Ordinary Meeting of Council to be held on 25 June 2025, I intend to move the following motion:

MOTION

1. **That Council instructs the Chief Executive to seek further external funding during the financial year commencing 1 July 2025 to alleviate the overall financial cost for Lake Tarawera ratepayers who are required to connect to the Tarawera Sewerage reticulation which should include a request for a grant or more favourable loan conditions to the newly elected Bay of Plenty Regional Council as well as support from Central Government and any other funder.**

5th June 2025

Notice of Motion to Chief Executive

Re: Seeking further funding for Tarawera Sewerage Scheme

Dear Andrew Moraes,

We intend to move the following motion at the Council meeting to be held on 25th of June 2025:

"Council instructs the Chief Executive to seek further external funding during the financial year commencing 1 July 2025 to alleviate the overall financial cost for Lake Tarawera ratepayers who are required to connect to the Tarawera Sewerage reticulation which should include a request for a grant or more favourable loan conditions to the newly elected Bay of Plenty Regional Council as well as support from Central Government and any other funder."

Signed by:

T Tapsell

10 PŪRONGO KAIMAHI – STAFF REPORTS

10.7 OUR PLAN FOR OUR WATER - LOCAL WATER DONE WELL DELIBERATIONS

Doc ID:	**21355990**
Prepared by:	**Russell George, Director, Infrastructure and Environmental Solutions**
Approved by:	**Andrew Moraes, Chief Executive**
Attachments:	**1. Full Submission Catalogue - Redacted - ECM 21297682 (under separate cover)**

1. TE PŪTAKE PURPOSE

The purpose of this report is to consider community feedback on how to deliver drinking water, wastewater and stormwater services and related infrastructure in future and to agree the implementation pathway.

HE TŪTOHUNGA
RECOMMENDATION

1. **That the report 'Our Plan for Our Water - Local Water Done Well Deliberations' be received.**

2. **That the Council resolves that water services be delivered for the duration of the plan via:**

   a. **An inhouse business unit;**
   OR
   b. **An inhouse business unit until 1 July 2028 and then transitioning to a Water Services Council Controlled Organisation (WSCCO).**

3. **Should 2(b) be adopted, the priority structure of the WSCCO be:**

   a. **A Multi-Council WSCCO;**

   OR

   b. **RLC only WSCCO.**

4. **Should 3(a) be adopted, That Council resolves:**

    a. **To set up a working group (Waters Working Group) consisting of appointed elected members of Rotorua Lakes Council to engage with elected members of Kawerau, Whakatane, and Opotiki District Councils over the timeframe from October 2025 to February 2027, with a purpose of evaluating and delivering a working model of a Multi-Council Water Services Council-Controlled Organisation (WSCCO);**

    b. **To welcome Western Bay of Plenty District Council, Taupo District Council, and other interested Councils to also join the discussions;**

    c. **To direct the Chief Executive to provide technical and financial advice to the Waters Working Group, and to report back to Council on a quarterly basis;**

    d. **That upon the conclusion of the Waters Working Group final report in 2027, Council will make a final decision on whether to participate in the multi-Council WSCCO;**

    e. **To note that the public will be progressively informed about the work of the Waters Working Group as they conduct their work over the next triennium.**

5. **That should a future Council decision be to not join the Multi-Council WSCCO:**

    a. **RLC's fall-back option is to set up a Rotorua-only single Council WSCCO;**

    OR

    b. **RLC's fall-back option is an in-house business unit.**

6. **Council notes that the Draft Water Services Delivery Plan will be presented to Council for approval in July prior to submission to the Department of Internal Affairs by 3 September 2025.**

2. TE TĀHUHU BACKGROUND

This report builds on the information contained in the following Council & Committee reports.

- Local Water Done Well (Infrastructure & Environment Committee, 4 September 2024)
- Local Water Done Well – Options for Proposed Water Services Delivery Model Consultation Document (Council, 26 March 2025)
- Adopt Local Water Done Well Consultation Document for Public Consultation (Infrastructure & Environment Committee, 2 April 2025)

While some information from these past reports is repeated in this report, these past reports provide essential background and context for this report.

Due to concerns about water management in New Zealand and the high cost to communities, the current coalition government introduced Local Water Done Well legislation covering service delivery systems, economic regulation and consumer protection for water services and changes to the water quality regulatory framework. Under Local Water Done Well, councils must decide on the delivery model to be implemented.

Under this legislation, Council must:

- Meet new financial and regulatory requirements, ensuring water services are ring-fenced (for example, the financial administration of water services must be kept separate from the rest of council).
- Invest in infrastructure to address long-standing issues and set fair prices that reflect the cost of delivering water services.
- Develop a fit-for-purpose Water Services Delivery Plan by 3 September 2025 outlining how they will meet these requirements. These plans must cover 10 years.

Water Services Delivery Plans are a one-off, transitional requirement that must:

- Identify the current state of its water services.
- Demonstrate publicly a commitment to deliver water services in a way that ensures that it will meet relevant regulatory quality standards for its water services.
- Be financially sustainable for the territorial authority.
- Ensure that it will meet all drinking water quality standards, and
- Support its housing growth and urban development, as specified in its Long-Term Plan.

The Act does not require Council to consult on its draft or final water services delivery plan, but it must undertake consultation on the anticipated or proposed model or arrangement for delivering water services in its water services delivery plan. In March 2025, Council decided on a preferred delivery model to take out to community consultation, which was that water services continue to be delivered in-house until 2028, then delivered by a Water Services CCO (either wholly owned by Rotorua Lakes Council or a multi-council WSCCO) from July 2028 onwards. The alternative option was that water services continue to be delivered by Council in-house and there be no further investigation of CCO models.

Under the Local Government (Water Services Preliminary Arrangements) Act 2024, Council must give effect to the proposals relating to the future delivery of water services that are specified in its water services delivery plan. There are limited circumstances in which Council may amend the model or arrangements for delivering water services in its plan. The amendments must be significant and necessary due to exceptional circumstances.

3. TE MATAPAKI ME NGĀ KŌWHIRINGA DISCUSSION AND OPTIONS

The following table provides an overview of the three service delivery models.

	In house Council waters division	**Council owned water organisation**	**A multi-council owned water organisation**
Ownership	Wholly council owned as a waters division	Wholly council-owned separate water organisation	Ownership is shared across member Councils
Governance	Council direct operational and governance oversight	Appointed Board comprised of independent, professional directors accountable to elected members	Appointed Board comprised of independent, professional directors accountable to owner Councils elected members
Strategy	Council will need to prepare a water services strategy that meets all legal requirements and consult with their communities before adoption and implementation.	Council issues a statement of expectations to the WSCCO. Water organisation Board will prepare a water services strategy and consult only with Council before adoption and implementation.	Shareholding Councils agree the process for issuing a combined statement of expectations to the WSCCO. The Board will prepare a water services strategy and consult with shareholding Councils before adoption and implementation.
Accountability	Water Division will report to Council as per established internal and open to public processes.	Water organisation board directly manages operations and is accountable to the council shareholder and will report regularly on performance (shareholder is accountable to community that elects them).	Water organisation board directly manages operations and is accountable to council shareholders and will report regularly on performance (shareholders Councils are accountable to their communities).
	Water service delivery will be monitored by the public through established Council processes and subject to usual local democracy processes and performance accountability	The Water organisation will be required to give effect to an agreed statement of expectations and to meet relevant statutory requirements.	Water organisation will be required to give effect to and agreed statement of expectations of all shareholder Councils and meet relevant statutory requirements.

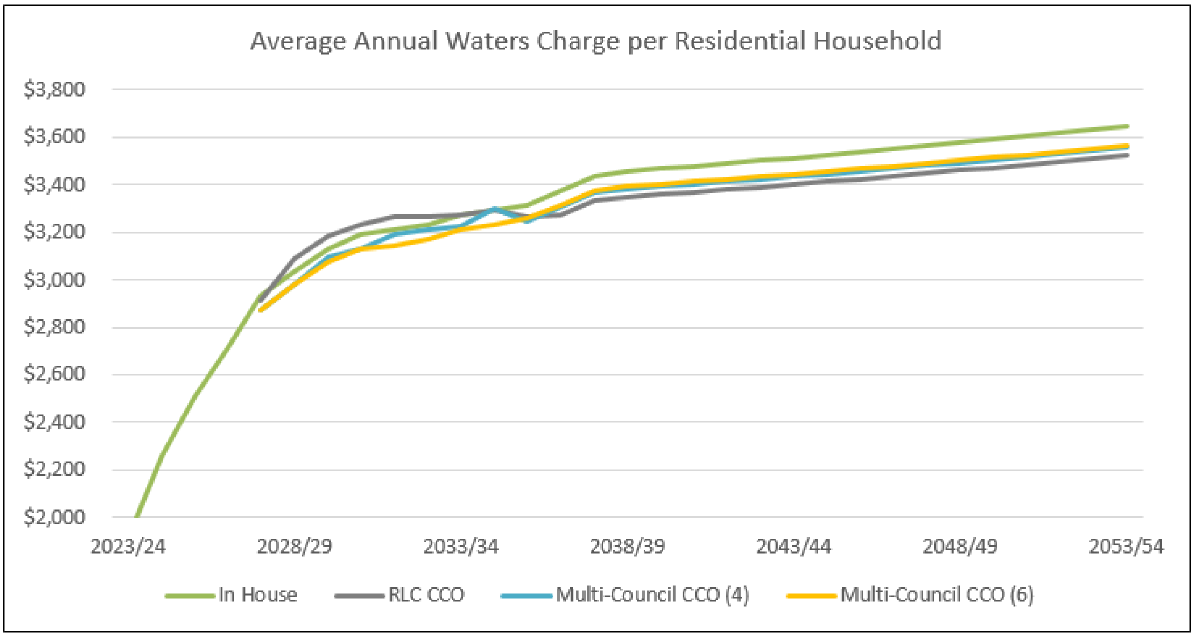
	In house Council waters division	Council owned water organisation	A multi-council owned water organisation
	expectations established through the adopted Long-Term Plans.	Council retains the ability to dismiss or replace the Board of Directors for unsatisfactory performance.	Shareholder Councils retain the ability to dismiss or replace the Board of Directors for unsatisfactory performance subject to collective agreement to take such action.
	Through a water services annual report – including new financial statements on water supply, wastewater, and stormwater. These will continue to evolve and be adjusted as required to enhance and or improve currently known requirements.	Through a water organisation annual report, including financial statements, and information on performance against the agreed statement of expectations and any other matters outlined in the adopted water services strategy.	Through a water organisation annual report, including financial statements, and information on performance against the agreed statement of expectations and any other matters outlined in the adopted water services strategy.
Borrowing	Borrowing undertaken by council and with the water activity group meeting their true share of financing costs (on internal and any external borrowing) Borrowing levels affect the whole of Council debt capacity. Currently 250% Debt to Revenue	Borrowing via Council or from Local Government Funding Agency directly but supported by a council guarantee or uncalled capital. Higher borrowing levels and the impacts of financing costs will be reflected in the water services charges/rates.	Borrowing arrangements and credit rating implications dependant on whether shareholding councils provide direct or guarantee financial support. Higher borrowing levels and the impacts of financing costs will be reflected in the water services charges/rates.

Outcome of financial modelling

The modelling of the three service delivery models shows that all three are sustainably viable models for this Council.

The key difference between the in-house division model and the WSCCO models is the different borrowing limits that apply and the practical impact those differences have on household charges. There is a 2.0% difference in forecast average household charges between the three options by 2033/34, increasing to 3.4% in 2053/54. This is primarily driven by financing efficiencies. The difference in average annual water charges between a RLC WSCCO and a BOP WSCCO relates solely to financing efficiencies of a regional water WSCCO.

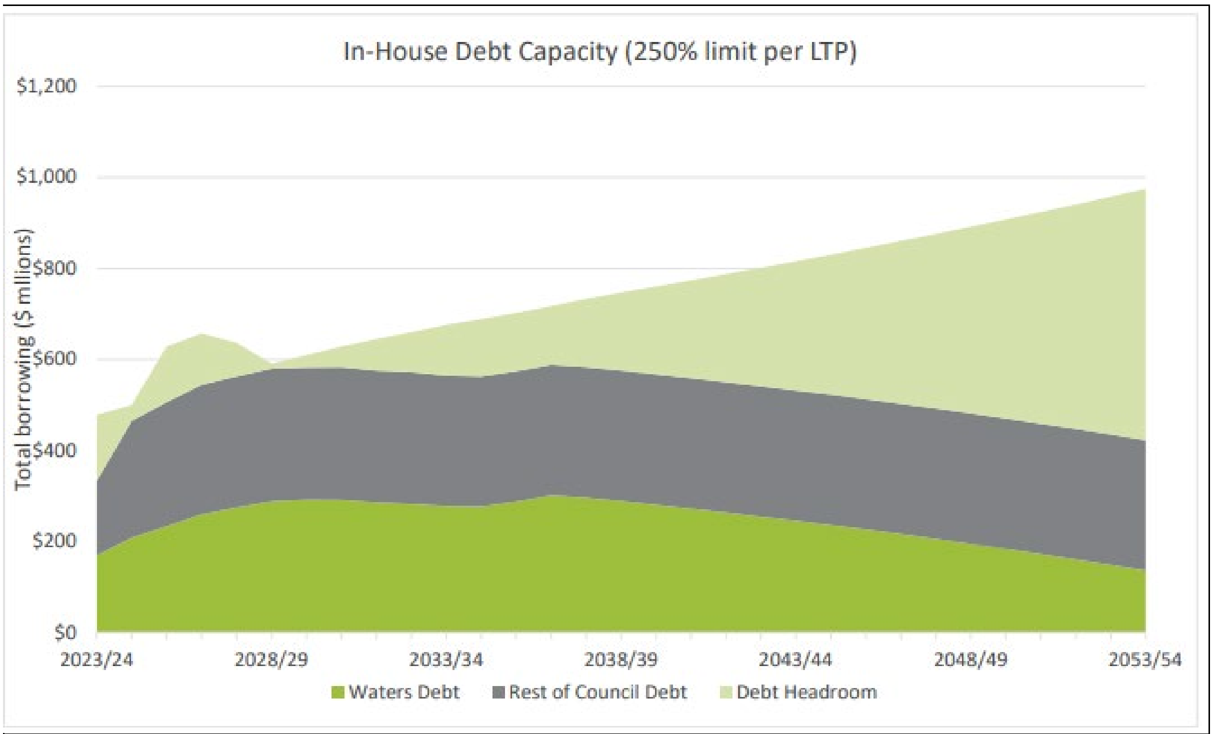
The following chart compares forecast average residential household waters charges for RLC as an in-house division, as a single council WSCCO and as a multi-Council WSCCO.



Given margins of error for efficiencies and transition costs, a decision on the options should not be based on numbers alone. The financial results of the modelling need to be balanced against the non-financial advantages and disadvantages of each option.

Three Waters Debt

Under the in-house model, debt continues to be measured at a total council level and is limited to 250% of operating revenue under Council's financial strategy, and 280% of operating revenue under LGFA covenants.



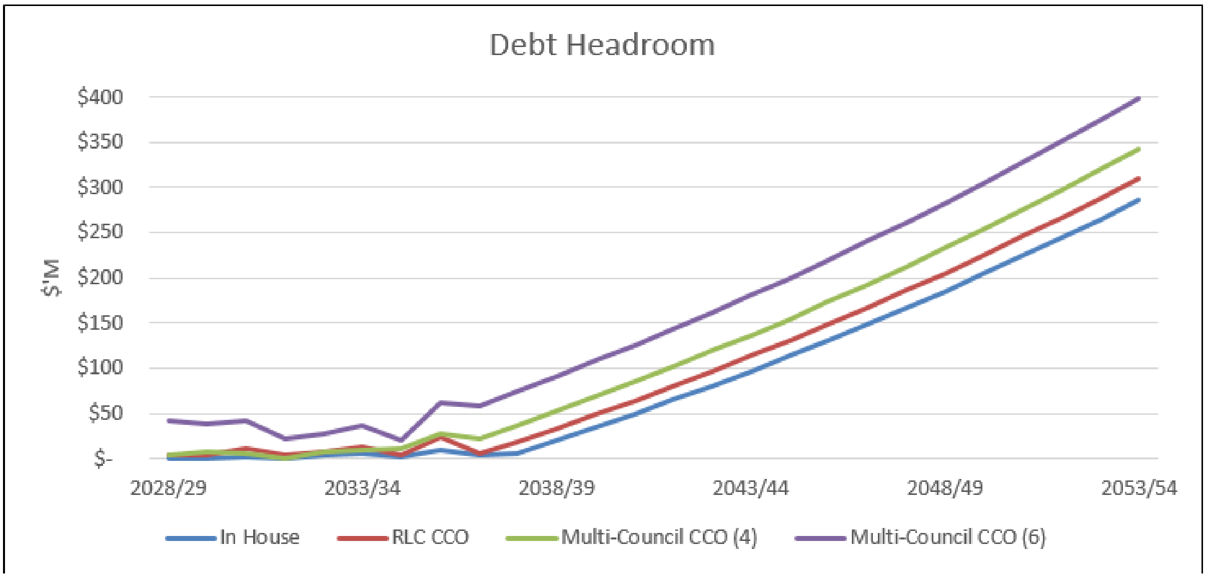
WSCCO's will be able to access LGFA financing up to the equivalent of 500% of operating revenues with the provision of Council support through a guarantee or uncalled capital.

Council's current three waters debt is equal to 395% of the three waters revenue. This is higher than council's total debt to revenue ratio, as three waters activities are more highly leveraged than other activities in Council. RLC also carries significant non-three waters debt compared to many other councils, and as a result it is constrained in its ability to borrow to fund any investment outside of projects already funded in its Long-Term Plan.

The high proportion of non-three waters debt means that:

- A wholly owned WSCCO will have a reasonable amount of borrowing capacity to fund future investment without the need to increase revenue significantly.
- Given three waters debt is over-leveraged (i.e. the debt to revenue ratio for three waters is higher than it is at an RLC level), transfer to a wholly owned WSCCO will create capacity in Council's own balance sheet for any other non-water investments Council may wish to make.

The following table illustrates the increased debt headroom for RLC that a WSCCO will enable.



The increased debt headroom afforded by a WSCCO needs to be balanced with how higher debt would be serviced and its impact on rates and prices for water users.

Impact on Council Organisation

Water services represent a significant part of the Council's operations. Currently, Three Waters assets account for 34% of the Council's total assets, while day-to-day water-related expenses make up approximately 26% of operating costs.

Around 15% of Council staff are directly involved in delivering Three Waters services. These services are also supported by teams across community engagement, finance, capital delivery, governance, strategy and compliance, information solutions, and marketing and communications.
In the current financial year, overheads allocated to Three Waters activities total $6.4 million—29% of the Council's total overheads of $22.4 million.

Transferring the delivery of these services to a Council-Controlled Organisation (CCO) would significantly impact the size and structure of the Council. This impact will be thoroughly assessed as part of the detailed options analysis required for a Council decision in 2027.

Government Direction

Communication from the government has been very clear that their expectation is that Councils would pursue multi-Council WSCCOs. Council's decision on this issue may impact on the relationship that this Council wants to have with the government on a range of other issues.

Options Consulted On

In order to align elected member direction and central government expectations, the Consultation Document included the following options:

1. Water services delivered in-house until 2028 then delivered by a WSCCO from July 2028 onwards (the Preferred Option)
   Water services would be delivered by an in-house Council waters division until July 2028. During the 2025-2028 triennium, Council would undertake a detailed study of a multi-Council water organisation WSCCO. In late 2026/early 2027, Council would decide whether it wants to join the multi-council WSCCO or, if not, to transfer water assets and operations to a Rotorua Lakes Council WSCCO. This is to enable a higher borrowing limit for water services and free balance sheet capacity for the Council's other services.

2. In-house Council Waters Division
   Water services would continue to be delivered by Council in-house and no further effort will go into investigating a WSCCO.

Option 1 was proposed as the preferred option for the following reasons:

- It enables Rotorua Lakes Council to conduct a detailed assessment of the advantages of a multi-council grouping and the particular grouping.
- It allows elected members (in the next triennium) to have input into developing a model that works for our community, and if not, fall back to our backstop option of continuing with an in-house waters division.
- It allows certainty for our customers for the next 3 years as we evaluate a multi-council grouping.
- It allows Rotorua Lakes Council to learn from other Councils that do set up WSCCO's on a more advanced timeframe.

4. TE TINO AROMATAWAI ASSESSMENT OF SIGNIFICANCE

The decisions or matters of this report are part of a process to arrive at a decision that will be 'significant' in accordance with Council's Significance Policy. This states that a matter shall be determined to be significant if/when it involves a proposal or decision to transfer ownership or control, or abandonment, of a strategic asset to or from Council.

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

Engagement Summary

Rotorua Lakes Council objectives for the consultation period were to:

- Create awareness of the Local Water Done Well consultation amongst Rotorua residents.
- Drive people to 'Participate' for more information and to read/download documents about the proposal.
- Encourage residents to make a submission and
- To meet people where they are (in their time /at their meeting place)

During the consultation period there were display information stands at key community locations:

- Council Customer centre
- The Rotorua Library Te Aka Mauri

In addition to this the consultation was promoted across a number of media channels including:

- Outdoor/public spaces: bus back, Adshel bus shelter
- Print: Rotorua Daily Post, community newsletter, Flyer advertisement on RLC rates invoice, flyer available at public events.
- Digital and social media: Digital campaign (Google Ads), digital radio, social media campaign on Facebook and TikTok, launch of new online engagement platform Participate, RLC website.
- Radio: 15 second spots across main radio stations
- Hard copy information: available to collect at both the library and customer centre.
- E-Pānui: headline for two editions to subscribers
- RLC digital screens in Customer Centre, Aquatic Centre, Library and Community Safety Hub
- Submission mailboxes: to drop submissions in

Online engagement platform 'Participate':

- There were 366 downloads of the consultation document via Participate.
- 13 people opted in to follow the project to receive regular updates.

The in-person engagement events were a mix of council organised community drop-in sessions and councillors and staff attending already organised community events.

The range of engagement events included:

- Attending Kuirau Park Saturday Markets x2
- Attending Eastside Taihokohoko community markets
- Attending the Rotorua Night market
- Information drop-in sessions at Te Aka Mauri Rotorua Library x2

Submissions

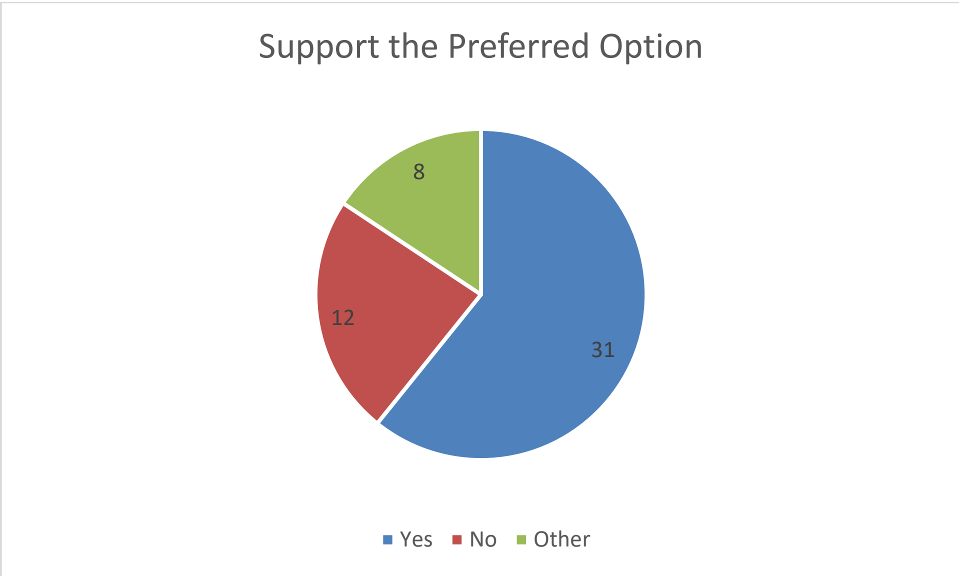
55 submissions were received (46 via Participate and 9 via email). The water and wastewater networks have approximately 24,000 property connections.

6 submitters indicated that they wished to speak to their submission at the hearing.

31 submitters (61%) support the preferred option, 12 (23%) do not support the preferred option and 8 (16%) did not indicate whether or not they supported the preferred option.

One submission that supported the alternative option was in favour of having the option to keep water service delivery in-house post 2028.

9 submitters requested the completion of the lake Rotoehu/Kennedy Bay Sewerage Scheme



The following were the themes from those that do support the proposal:

- It allows time to make a fully informed decision (8 submitters)
- Support keeping water services delivery local (6 submitters)
- Support keeping water services delivery in-house (4 submitters)

4 submitters, while supporting the preferred option, favoured local ownership and management i.e. a RLC WSCCO rather than a multi-Council WSCCO.

The following were the themes from those that do not support the proposal:

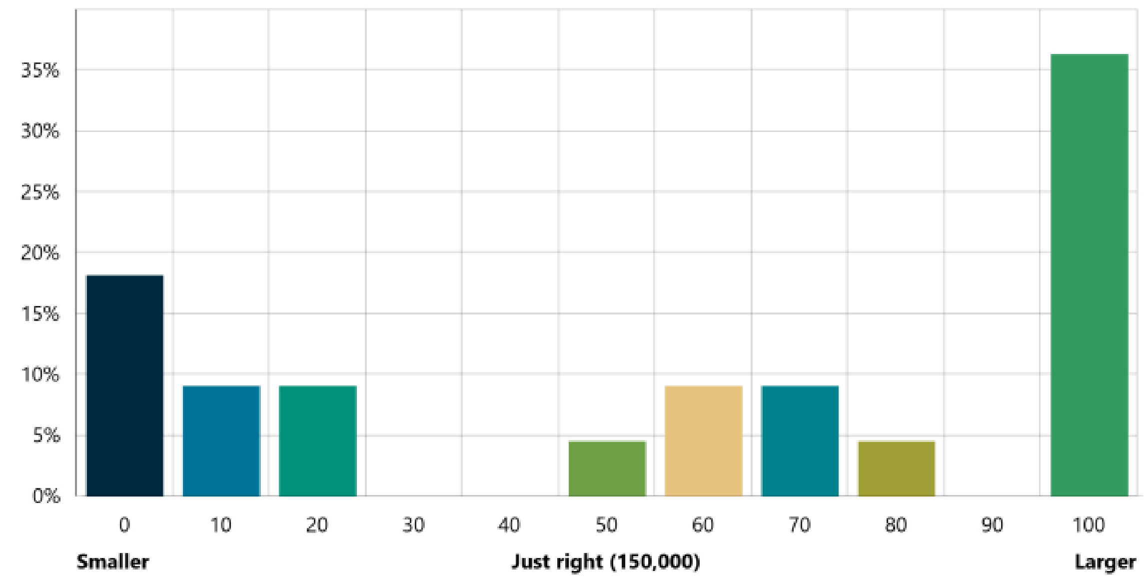
- Believe that the move to a CCO should be earlier (5 submitters)
- Support keeping water services delivery in-house (5 submitters)

Of those that do not support the preferred option, 6 support the alternative option. Comments from those 8 submitters that did not support the preferred option, or the alternative option were:

- The multi council model should be pursued with haste.
- By delaying the decision to merge, council risks losing valuable bargaining power that could help secure the best outcomes for our community's assets.
- A CCO Board will deliver greater benefits and tangata whenua reps have more say.
- Leave the water the way it is.
- Keep it in-house.

Feedback was also sought from the community on the appropriate size of potential future multi-council WSCCO's. Submitters were asked whether a multi-Council WSCCO comprising Rotorua and the Eastern Bay of Plenty councils (Whakatāne, Ōpōtiki and Kawerau) with a total population of about 150,000 people is just right, or too big or too small.

22 submitters responded to this question with 59% (12) of those preferring a larger grouping and 36% (8) preferring a smaller grouping.



Count	Average	Median	Min	Max
22	56.82	65.00	0	100

0	10	20	30	40	50	60	70	80	90	100
18.18% 4	9.09% 2	9.09% 2	0% 0	0% 0	4.55% 1	9.09% 2	9.09% 2	4.55% 1	0% 0	36.36% 8

Other neighbouring Councils have expressed interest in participating in a working group with a purpose of developing a working model of a multi-Council WSCCO.

6. HE WHAIWHAKAARO
CONSIDERATIONS

6.1. Mahere Pūtea
Financial/Budget Considerations

Costs incurred in the development of the Water Services Delivery Plan are being met from existing budgets. The impacts of moving to a water services CCO will be explored further in preparation for a Council decision in 2027 on whether it wants to join the multi-council WSCCO or, if not, to transfer water assets and operations to a Rotorua Lakes Council WSCC.

6.2. Kaupapa Here Me Ngā Hiraunga Whakariterite
Policy and Planning Implications

Council's 2024-2034 Long-Term Plan is based on water services being delivered by an in-house Council waters division. The recommendation to develop the Water Services Delivery Plan based on water services being delivered in-house until 2028 then delivered by a WSCCO from July 2028 onwards, allows the outcome of a decision being made in 2027 to be incorporated into the 2027-2037 Long-Term Plan.

6.3. Te Aromatawai Whakapātanga Ki Te Tāngata Whenua
Tāngata Whenua Impact Assessment

Water services are highly impactful to mana whenua because of their relationship to water and te taiao. There have been two engagement forums in March 2025 to engage with our Te Tiriti partners (iwi) and a series of follow up forums will be planned to ensure we reach all our partners.

6.4. Tūraru
Risks

Council is required under the Local Government (Water Services Preliminary Arrangements) Act 2024 to submit its Water Services Delivery Plan by 3 September 2025. If this deadline is not met, the Minister of Local Government may choose to appoint a Crown facilitator.

6.5. Te Whaimana
Authority

Council has the authority to decide on this matter.