Kaupapataka

Late Items

NOTICE OF A MEETING

OF

COUNCIL

Date:	**Wednesday 27 August 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

20 PŪRONGO KAIMAHI – STAFF REPORTS

10.6 2024/25 ANNUAL REPORT UPDATE

Doc ID:	**21534851**
Prepared by:	**David Jensen, Chief Financial Officer**
Approved by:	**Andrew Moraes, Chief Executive**
Attachments:	**1. Draft 2024/25 Financial Statements**

1. TE PŪTAKE PURPOSE

The purpose of this report is to provide an update on the 2024/25 Annual Report.

HE TŪTOHUNGA
RECOMMENDATION

1. **That the report '2024/25 Annual Report Update' be received.**

2. TE TĀHUHU BACKGROUND

Under section 98 of the Local Government Act 2002, Council must prepare and adopt an Annual Report within 4 months of the end of the financial year. Council staff have prepared the draft Annual Report and are working alongside Audit New Zealand to ensure that the adoption timeline is met.

There have been a number of significant events during 2024/25 that have altered the operating environment of Council, including the bringing of Infracore back in house and the decision to move the Events & Venues functions to Rotorua NZ. These transactions have changed the revenue and cost structure of Council compared to the original budgets set during the 2024-34 Long Term Plan.

Council decisions regarding the impairment of historic waste water treatment plant work in progress and the treatment of expenses related to the protests at Lake Rotokakaki have meant that Council has recorded a year end deficit in the draft Annual Report. This deficit is attributable to extraordinary transactions rather than the core operations of Council, and Council remains in a sound operation position.

The draft parent Council income statement and balance sheet are attached for information, noting that adjustments may occur through the audit process before the final 2024/25 Annual Report is brought to Council for adoption in late October.

3. TE MATAPAKI ME NGĀ KŌWHIRINGA DISCUSSION AND OPTIONS

Significant aspects of Council's dtaft 2024/25 Annual Report include:

3.1 Revenue

Council's rate revenue was higher than the budget set in the Long Term Plan due to the higher than expected number of ratepayers electing to pay their Rotoiti/Rotoma sewage capital rate as a lump sum. While rate revenue was above budget for 2024/25, Council will need to revise future budgets downwards to reflect this year's additional revenue.

Development and financial contributions were significantly under budget as reported to Council as a result of lower development activity, and the pipeline of work consented prior to the Development Contribution Policy being adopted.

Finance income was higher than budgeted due to the decision to place funds on term deposit under favourable terms to offset borrowing costs. This positive variance offsets the higher than budgeted finance costs.

Other revenue includes the income associated with Infracore, which came in house in October 2024 as the Works Department. This income was not budgeted for in the 2024-34 Long Term Plan.

3.2 Expenses

Personnel costs include the expenses related to the bringing of Infracore staff back in house in October 2024 as the Works Department which was not budgeted for in the Long Term Plan. Excluding this unbudgeted Works Department expenditure, personnel costs were under budget at year end.

Depreciation was higher than budgeted for as a result of revaluations on Council's wastewater and water supply assets.

Finance costs were higher than budgeted for, but are offset by a $2.5 million surplus in finance income as a result of an arbitrage opportunity on a term deposit.

Other expenses include the income associated with Infracore, which came in house in October 2024 as the Works Department. This expenditure was not budgeted for in the 2024-34 Long Term Plan.

3.3 Revaluations

Council must revalue its key asset classes every three years in accordance with its accounting policy. For 2024/25 Council revalued its art collection, landfill assets and land and buildings. This has resulted in a $85 million revaluation gain for the financial year.

3.4 Assets

Council ended the financial year with a higher cash balance than budgeted for in order to meet liquidity covenant requirements. This balance includes funds received towards the museum construction which are on term deposit until February 2026.

Property, Plant and Equipment increased as a result of revaluation gains and capital purchases made through 2024/25.

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3.5 Liabilities

Council's net debt as at 30 June 2025 was $460 million, including $10 million received from the Ministry for the Environment towards the Rotoiti/Rotoma sewage scheme on an interest free basis. Council's net debt was $10.5 million lower than budgeted for in the Long-Term Plan.

4. TE TINO AROMATAWAI ASSESSMENT OF SIGNIFICANCE

This report is considered to be of low significance in accordance with Council's Significance and Engagement Policy.

5. HE WHAIWHAKAARO CONSIDERATIONS

5.1. Mahere Pūtea Financial/Budget Considerations

This report provides an update of Council's draft financial performance and position as at the end of June 2025.

Statement of Comprehensive Revenue and Expense

For the year ended 30 June 2025

	Note	Council Actual 2025 $'000	Council Budget 2025 $'000	Council Actual 2024 $'000	Group Actual 2025 $'000	Group Actual 2024 $'000
Revenue						
Rates	2a	**146,323**	**143,773**	128,139		128,139
Subsidies and grants	2b	**26,873**	**30,651**	47,055		47,055
Development and financial contributions	2c	**2,928**	**10,056**	1,975		1,975
Finance income	3	**3,050**	**601**	1,544		1,544
Other revenue	2d	**28,754**	**23,656**	18,755		18,755
Total revenue		**207,928**	**208,737**	197,468		197,468
Expenses						
Personnel costs	4	**43,139**	**38,883**	34,866		34,866
Depreciation and amortisation expense	15	**47,454**	**44,702**	45,060		45,060
Finance costs	3	**20,107**	**19,131**	17,236		17,236
Other expenses	5	**104,904**	**84,893**	97,758		97,758
Total expenses		**215,604**	**187,609**	194,920		194,920
Surplus/(deficit) before tax		**(7,676)**	**21,128**	2,548		2,548
Income tax expense	6	**-**	**-**	-		-
Surplus/(deficit) after tax		**(7,676)**	**21,128**	2,548		2,548
Other comprehensive revenue and expense						
Items that could be reclassified to surplus/(deficit)						
Net change in fair value of investment	20	**-**	**-**	2,818		2,818
Items that will not be reclassified to surplus/(deficit):						
Revaluation on property, plant and equipment	20	**85,042**	**-**	156,369		156,369
Revaluation on intangibles	20	**32**	**-**	310		310
Other transfers		**-**	**-**	4,160		4,403
Prior Year Equity Correction		**-**	**-**	-		(783)
Income tax related to gain on Revaluation of Airport Assets		**-**	**-**	-		-
Total other comprehensive income		**85,074**	**-**	163,657		163,117
Total comprehensive income		**77,398**	**21,128**	166,205		165,665

Explanations of major variances against budget are provided in note 27.

The accompanying notes form an integral part of these financial statements.

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Statement of Financial Position
As at 30 June 2025

	Note	Council Actual 2025 $'000	Council Budget 2025 $'000	Council Actual 2024 $'000	Group Actual 2025 $'000	Group Actual 2024 $'000
ASSETS						
Current assets						
Cash and cash equivalents	7	**20,122**	**9,373**	8,990		8,990
Receivables	8	**33,086**	**21,694**	42,768		42,768
Other financial assets	10	**-**	**-**	26,910		26,910
Inventories	11	**658**	**-**	117		117
Current tax receivables	6	**57**	**-**	61		61
Non-current assets held for sale	12	**4,735**	**1,616**	3,098		3,098
Total current assets		**58,658**	**32,683**	81,944		81,944
Non-current assets						
Shares in associates	9	**72**	**-**	109		109
Other financial assets:						
- Investment in CCO's and other similar entities	10	**82,147**	**85,541**	82,667		82,667
- Investment in other entities	10	**12,266**	**7,103**	10,237		10,237
Trade and other receivables	8	**-**	**-**	8		8
Property, plant and equipment	13	**2,003,791**	**2,051,336**	1,917,349		1,917,349
Work in progress	13	**214,472**	**-**	165,065		165,065
Intangible assets	14	**14,350**	**12,223**	15,629		15,629
Total non-current assets		**2,327,098**	**2,156,203**	2,191,064		2,191,064
Total assets		**2,385,756**	**2,188,886**	2,273,008		2,273,008
LIABILITIES						
Current liabilities						
Borrowings	17	**76,000**	**26,000**	27,927		27,927
Employee entitlements	18	**4,936**	**2,975**	3,664		3,664
Provisions	19	**18**	**18**	18		18
Payables and deferred revenue	16	**42,724**	**33,324**	45,587		45,587
Total current liabilities		**123,678**	**62,317**	77,196		77,196
Non-current liabilities						
Borrowings	17	**403,629**	**453,341**	419,000		419,000
Employee entitlements	18	**101**	**130**	113		113
Provisions	19	**2,545**	**1,933**	2,105		2,105
Deferred tax liabilities	6	**-**	**-**	-		-
Trade and other payables		**-**	**-**	875		875
Total non-current liabilities		**406,275**	**455,404**	422,093		422,093
Total liabilities		**529,953**	**517,721**	499,289		499,289
Net assets		**1,855,803**	**1,671,165**	1,773,719		1,773,719
EQUITY						
Accumulated funds	20	**635,757**	**752,451**	647,915		647,915
Reserves	20	**1,220,046**	**918,717**	1,125,804		1,125,804
Total equity attributable to the Entity		**1,855,803**	**1,671,168**	1,773,719		1,773,719
Total equity		**1,855,803**	**1,671,168**	1,773,719		1,773,719

Explanations of major variances against budget are provided in note 27.

10.7 RECOVERED WATER MANAGEMENT SOLUTION WORKING GROUP CONSTRUCT

Doc ID: 21524733

Prepared by: Ian Gray, Programme Manager - Wastewater

Approved by: Andrew Moraes, Chief Executive

Attachments: Nil

1. TE PŪTAKE PURPOSE

The purpose of this report is to confirm the Recovered Water Management Solution Working Group participants and confirm how these participants are to be selected, further to Councils decision to establish that working group.

HE TŪTOHUNGA
RECOMMENDATION

1. **That the report 'Recovered Water Management Solution Working Group Construct' be received.**

2. **That Council approves the proposed members of the Recovered Water Management Solution Working Group.**

3. **That council approve the addition of one additional representative nominated by the Puarenga reference group.**

4. **That Council approves the Chief Executive to complete the Expression of Interest process, seeking community submissions to fill the Community (x2) and a Youth role on the working group.**

5. **That Council approves the Mayor to appoint members from, or as nominated by:**
   - **I. Elected members (up to 3).**
   - **II. Te Tatau o Te Arawa.**
   - **III. Mana Whenua Nominations.**
     - **Tarawhai,**
     - **Tūhourangi,**
     - **Te Arawa Lakes Trust,**
     - **Puarenga Reference group.**
   - **IV. Community representatives (x2).**
   - **V. Youth Representative.**

2. TE TĀHUHU BACKGROUND

The Rotorua Wastewater Treatment Plant serves a population of approximately 60,000 people and treats an average of approximately 20,000 m3 (20,000,000 litres) of wastewater each day, which Rotorua Lakes Council needs to utilise or dispose of. Most of Rotorua's wastewater is generated by domestic use with a small percentage being from industrial use.

The recovered water currently discharges on Central North Island Iwi Collective (CNI) land by way of spray irrigation over approximately 400Ha, in Whakarewarewa Forest, under existing consents and agreements which are due to expire in 2026.

Rotorua Lakes Council, CNI Iwi Holdings and Te Arawa Lakes Trust have agreed to work together towards a new long-term solution for discharge of wai tātari (recovered wastewater), and the agreement - *Kawenata - Puarenga Catchment of Te Rotoruanui-a-Kahumatamomoe* - follows extensive discussion and careful consideration by the parties to find the right outcome for mana whenua and the wider Rotorua community.

The kawaneta has been guided by Te Tūāpapa o ngā Wai o Te Arawa (Te Arawa Cultural Values Framework) and under the agreement, the parties will work to develop a long-term solution.

With Council having approved the Multi Criteria analysis framework (stipulating how the working group will assess potential solutions via a two-step filtering process and provide recommendations back to Council for approval), as well as the Terms of Reference for the working group, the project team are now working towards appointing all roles to enable the first meeting of that working group on the 18th September 2025.

The current approved terms of reference include nominated members from the following groups:
- Elected members (up to 3).
- Te Tatau o Te Arawa, in recognition of our current partnership agreement.
- Mana Whenua Nominations (x3)
- Community representatives (x2) – via a public EOI process.
- Youth Representative – via a public EOI process
- Project Sponsor.

<u>Purpose</u>

This paper seeks to add a member to the working group as nominated by the Puarenga Reference group. This additional member will:
- Align with our obligations under the existing Kawenata,
- Streamline and strengthen our collective position as we seek agreement to a revision to the current Kawenata,
- Further strengthen the breadth of engagement across our community.

We recommend that the Mana Whenua membership now comprise four members nominated by:
- Tarawhai
- Tūhourangi
- Te Arawa Lakes Trust
- Puarenga Reference group

Community membership

The expression of interest (EOI) for the Community and youth roles will be publicly advertised by the week ending 22nd of August 2025. The running of that process and the filtering of potential candidates is recommended to be completed by the Chief Executive and the Mayor.

The appointment of all of the roles on the working group is recommended to be completed by the Mayor, via recommendations from the Chief Executive.

The recommendation for the Chief Executive to run the EOI process, as well as the approval of the Mayor to appoint all of the roles on the working group, will enable the project team to keep moving forwards as we enter the election period.

3. TE TINO AROMATAWAI ASSESSMENT OF SIGNIFICANCE

The content of this report and impact of the decision is deemed significant when assessed against Council's Significance and Engagement Policy 8.4 Significance and Engagement Policy.

Specific levels of significance are deemed to be:
- Importance to the Rotorua District – High
- Importance to Mana Whenua and Taura Here – High
- Consistency with Existing Policies and Strategies – Medium
- Community Interest – High
- Impact of Council's Capacity and Capability – High.

4. HE WHAIWHAKAARO CONSIDERATIONS

4.1 Mahere Pūtea Financial/Budget Considerations

There are no direct financial impacts of the decisions made in this paper. The potential financial impacts of the overall recovered water solution project will be based on subsequent decisions of council as outlined in this report.

4.2 Kaupapa Here Me Ngā Hiraunga Whakariterite Policy and Planning Implications

Continuing to progress the Recovered Water Management Solution is consistent with Council's current strategic direction, plans, and policies.

4.3 Te Aromatawai Whakapātanga Ki Te Tāngata Whenua Tāngata Whenua Impact Assessment

Council recognises the importance of Mana Whenua being part of the process throughout the investigation and decision-making phases, and acknowledges that implementing a new disposal solution will be significant. We remain committed to our legislative responsibilities and to strengthening our relationships with Mana Whenua.

The review and modification of the working group's membership aims to ensure recognition of the existing kawenata with the Puarenga reference group, and ensures alignment with the new solution process.

Council will work with Mana Whenua to establish an engagement process within the working group, guided by the Terms of Reference, to ensure iwi aspirations are fully reflected in decision-making.

More broadly, Council's communications and engagement staff will work proactively to keep all communities, including Mana Whenua, engaged and informed throughout the process.

4.4 Tūraru
Risks

The project itself has a risk register and risk management processes. Key current project risks are:

- Not engaging with Mana Whenua in a way that is acceptable to them
- RLC develop a solution that is NOT supported by Mana Whenua and the Community
- Our relationships with Mana Whenua becoming strained
- Not showing CNI that we are proceeding in a manner acceptable to them to ensure we exit the current discharge site at the earliest practical opportunity
- Compliance and regulatory effects
- Programme promulgation
- Staffing
- Not meeting community expectations
- Scope management
- Availability of a suitable solution within the set MCA framework

4.5 Te Whaimana
Authority

The Council has the authority to receive this report and accept the approvals process for how the members of the working group will be filled.