

Submission of Rotorua Lakes Council on Bay of Plenty Regional Council's Long-Term Plan Amendment and Draft Annual Plan 2026/2027

To: Bay of Plenty Regional Council – Long-Term Plan Amendment & Annual Plan 2026/27 Consultation

From: Rotorua Lakes Council (RLC)

Date: xx March 2026

Rotorua Lakes Council (RLC) welcomes the opportunity to comment on the Bay of Plenty Regional Council's proposed Long-Term Plan 2024–2034 Amendment (Optimising Regional Council Investments, including the future of Quayside Holdings) and the draft Annual Plan 2026–2027. We recognise the significance of these proposals for our region's communities and offer our perspective as a key partner local authority within the Bay of Plenty.

RLC wishes to speak at a hearing regarding this submission

RLC's submission is focused on ensuring that any changes to regional investments, funding structures, and work programmes are in the best interests of all our communities.

We support the Regional Council's overarching goals of prudent financial management, sustainable environmental stewardship, and equitable regional development. At the same time, we urge careful consideration of long-term implications, especially given the current climate of local government reform and the unique needs of the Rotorua district, before making decisions that could have multi-generational impacts.

To provide clarity, we have summarised our key points and positions below, followed by more detailed comments:

Quayside Investment & LTP Amendment:

Pause Major Changes: RLC urges a deferral of any structural changes to Quayside Holdings (e.g. creating new trusts or CCOs) until there is more certainty around the future of local government in the region, in order to avoid irrevocably "locking in" assets and limiting future options. Any reallocation of Quayside investment returns (e.g. the proposed \$20 million for regional projects) must be governed by an equitable, region-wide distribution framework to ensure all communities benefit fairly.

The BOPRC should seek to remove the rates subsidy currently in place over time and reallocate these funds for other projects.

Regional Fund for Infrastructure

Support with Equity: RLC supports establishing a Regional Benefit Fund in 2026/27 to co-fund high-priority infrastructure projects across the Bay of Plenty. We request that clear criteria ensure fair access for all districts based on need and benefit. We also ask that the fund

consider specific Rotorua projects (for example an additional \$2 million to help complete the Rotorua Museum redevelopment) in the 2026/27 year.

Environmental & Biosecurity Funding

Increase Efforts: RLC strongly endorse increased investment in biosecurity and invasive pest control. In particular, RLC urges a focus on stopping the spread of invasive species (e.g. **golden freshwater clams** and **wallabies**) and supports development of a funded plan to control and eradicate invasive lakeweeds in Lake Rotorua, given their threat to both ecology and local economy.

Water Quality

Kererū Land Purchase - Ensure Proper Use: RLC seeks assurance on the Kererū “regional park” land acquisition in Rotorua, namely that the use of dedicated water-quality funds for land purchase results in direct water quality improvements in the Rotorua catchment, aligned with the targets set for Lake Rotorua with transparent short and long term objectives and governance. Any such projects must clearly benefit the stated targets and community purpose for which those funds were intended. RLC has previously submitted that this property should not be developed as a regional park as it undermines Council and Iwi investment in Whakarewarewa forest. The BOPRC should minimise costs to ratepayers by seeking a commercial return while achieving Nitrogen reduction requirements eg. Commercial forestry.

Ōhau Channel wall repairs – urgent action: RLC supports the **urgent need for funding and action to repair the Ōhau Channel wall**, noting its importance in protecting water quality, maintaining channel stability, and preventing further degradation of the Rotorua lakes system.

Flood Mitigation Projects

Urgent Action: RLC requests that the Regional Council **urgently fund and implement the long-delayed flood mitigation measures for the Ngongotahā Stream** to achieve flow capacity levels as recommended by the independent 2019 flood review – moving beyond further investigations to physical works. We also highlight the need for attention to **siltation and flood risk management in the Utuhina Stream and Ohinemutu area** of Lake Rotorua, which affects local homes and cultural sites through high lake levels. Rotorua ratepayers contribute to the potential cost of these works through the Kaituna catchment rate and plan.

Future Governance Changes

Collaborate: In light of the ongoing **Simplifying Local Government reform process** and potential future changes to regional governance structures, RLC asks that the Regional Council commit to working in partnership with territorial authorities in the Bay of Plenty to ensure a smooth transition of regional assets and functions if structural reforms (such as a unitary authority or joint regional bodies) occur. We believe any long-term investment decisions should maintain flexibility to accommodate such changes.

We elaborate on these points below:

1. Long-Term Plan Amendment – Quayside Holdings and Investment Portfolio Restructure

RLC acknowledges the Bay of Plenty Regional Council's prudent stewardship of its \$3 billion investment portfolio and the significant contribution that Quayside Holdings' returns make to regional wellbeing. Quayside's assets, including a 54% stake in the Port of Tauranga valued at approximately \$2.5 billion, provide substantial annual dividends (around \$48 million in 2024/25) that have historically been used to fund environmental initiatives and offset rates for residents (equating to an average \$400 per household reduction in regional rates). We support the Regional Council's goals of maintaining these community benefits and ensuring the long-term prosperity and sustainability of the Bay of Plenty.

However, RLC urges caution regarding the proposed structural changes to Quayside's ownership and the creation of new investment holding entities at this time. The consultation document outlines several options – including a status quo (existing CCO structure), a new CCO trust model, a “hybrid” two-CCO structure separating Port vs. non-Port assets (the Regional Council's preferred option), or partnering with an existing community trust. We understand the intent to explore more optimal arrangements in order to “preserve and protect assets for future generations” and to enable increased funding of regional initiatives. Nevertheless, RLC believes that major decisions on re-structuring these significant regional assets should be deferred until there is more certainty about pending local government reforms and the future form of regional government.

The Government's “Simplifying Local Government” initiative and related proposals, including potential establishment of Combined Territorial Authority Boards or even the reorganisation of regional councils into unitary authorities, mean the structure and governance of regional assets could change in the near future. It would be premature to fundamentally alter Quayside's structure or place its assets into a perpetual trust at this juncture, as doing so could inadvertently constrain options available to adapt or share these assets under a new regional governance model. For example, what would become of a Quayside investment trust if the Bay of Plenty Regional Council is dissolved or its responsibilities are transferred? RLC recommends that the Regional Council explicitly consider and address such scenarios before committing to irreversible structural changes.

One potential approach could be including provisions that any new investment entity (or trust) would allow for proportionate transfer or distribution of assets to successor local authorities, should the Regional Council's functions be redistributed in the future. We also suggest that the “status quo plus” option (retaining Quayside's current company structure with improved governance or minor policy adjustments) be fully evaluated as a viable interim solution during this period of uncertainty.

If, despite our recommendation to pause, the Regional Council proceeds with a LTP amendment to restructure its investment holdings, transparency and inclusiveness in the process are paramount. The consultation materials as drafted are highly technical and contains language and concepts not easily understood by the general public, which may affect engagement received from the wider community, and raise numerous questions that have not yet been answered publicly, such as:

- what the legal form and charitable purpose of a new trust would be?
- how independent trustees would be appointed and held accountable?

- how any new “Future Fund” would operate, including the criteria and mechanisms for distributing funds across the region? and
- whether the proposed Hybrid CCO model (with one or two new entities) could introduce additional administrative complexity and costs without clear benefit?

These details require much broader analysis and community input. RLC is concerned that the consultation question posed to the public, essentially asking “*do you agree we need to restructure our investments to better achieve our objectives?*”, may lead many residents to a default “yes” without a full understanding of the long-term trade-offs involved. We believe the community deserves greater clarity about the risks and consequences of each option. For instance, more explanation is needed on how a permanent trust might limit future Councils’ flexibility, how multiple new entities could still operate “at the same or lower cost” than the single existing CCO, and how regional equity would be ensured in each model. We note that the consultation document references examples like Auckland and New Plymouth, but these involved single-city contexts; our region’s structure is unique in covering multiple cities and districts, which underscores the importance of a fair, region-wide approach if changes are made.

RLC’s position is that the Regional Council should not rush into establishing a new trust, amalgamation or use of an existing trust, or complex hybrid company structure for Quayside at this time. We instead encourage a measured, collaborative approach.

If the approach by BOPRC is to set up a new entity, this would raise a number of questions namely:

- What will the financial approach and strategy for investment be?
- Will there be diversification of assets and capping annual dividend drawdowns to protect capital in real terms?

Careful consideration is required regarding the investment approach with the main asset being held in one share, namely the port of Tauranga.

We request that BOPRC postpone final decisions on structural changes until after the Government’s future local government direction becomes clearer. This will ensure that any new investment structure can seamlessly align with (or adapt to) whatever regional governance model emerges.

In the interim, RLC asks that the Regional Council involve its territorial authority partners in any further exploration of investment options. We are ready to work together to design solutions that maximise regional benefits while safeguarding the interests of all our communities. Should the Regional Council eventually move forward with a structural change, we would expect robust safeguards for equitable benefit distribution and representation. For example, if a trust model is pursued, its deed should guarantee that all parts of the Bay of Plenty, including Rotorua, can benefit fairly from the fund’s proceeds, with appropriate mechanisms for geographic equity built in. Any new governing bodies (e.g. a board of trustees or a new CCO board) should have representation or input from across the region to reflect our shared ownership of these assets.

In summary, RLC urges a cautious and future-focused approach to the LTP amendment. We appreciate the desire to optimise the use of Quayside’s considerable assets for regional good,

but this must be balanced against the uncertainty of impending local government reforms and the need to maintain flexibility. RLC believes that with careful timing and inclusive planning, the region can achieve the twin goals of enhanced regional investment in our communities and the continued protection of intergenerational assets, without unintended negative consequences.

2. Draft Annual Plan 2026/27 – Regional Funding for Infrastructure and Development

a) Support for a 2026/27 Regional Benefit Fund (Regional Infrastructure Contributions)

RLC strongly supports the proposal to establish a one-off Regional Benefit Fund in 2026/27 to co-fund large-scale infrastructure projects delivering economic, environmental, social, or cultural benefits across the Bay of Plenty. We agree that the Regional Council has a proud history of partnering on such projects, from the Ōpōtiki Harbour development to the Rotorua Museum restoration, and we welcome a structured approach to continue this support in the coming year. Reinstating a dedicated funding mechanism for regional infrastructure is prudent and timely, especially given that new funding requests are emerging even after a pause was placed on these contributions in the LTP 2024–2034.

To ensure the success and fairness of the Regional Benefit Fund, RLC recommends that clear eligibility and allocation criteria be developed in consultation with the territorial authorities and a clear definition of what is considered infrastructure. Funding decisions should be based on regional need and balanced distribution – recognising that the Bay of Plenty encompasses diverse communities, from rapidly growing urban centres to smaller rural districts. All parts of our region should have a fair opportunity to address their local needs and benefit. We suggest that the criteria explicitly consider factors such as geographic spread, relative community need/vulnerability, environmental impact, and co-funding opportunities, rather than simply population size or “first-come” requests. This will help reassure our residents that the fund will be invested in projects that deliver genuine regional balance and “bring benefits for all parts of our region,” as the consultation document itself notes.

RLC also wishes to acknowledge and thank the Regional Council for its past and ongoing support of Rotorua projects that have provided regional benefits. In recent years, co-funding from BOPRC has been instrumental for the Rotorua Museum/Te Whare Taonga o Te Arawa redevelopment (a \$4.1 million contribution in 2019) and the Lake Tarawera Sewerage Scheme (a \$1.75 million contribution that has helped protect a nationally significant lake). These investments recognise Rotorua’s importance to the wider Bay of Plenty – as a cultural and tourism hub and as kaitiaki (guardians) of the lakes which are regional taonga.

Building on that partnership, RLC respectfully requests that the Regional Council give favourable consideration to providing an additional \$2 million from the 2026/27 Regional Benefit Fund toward the completion of the Rotorua Museum project. The museum is scheduled to reopen in 2028 after years of seismic strengthening and restoration work. However, additional funding is needed for the development of new exhibitions and interactive displays to ensure this iconic regional facility can fully reopen to the public as a world-class heritage and cultural experience. We believe this aligns perfectly with the Regional Benefit Fund’s purpose – supporting a project with region-wide cultural and economic benefits. The revitalised museum

will strengthen the Bay of Plenty's cultural heritage offerings and drive increased tourism and educational opportunities across the region. We will formally apply for this support through the appropriate channels, but wished to flag it in this submission as a high priority for the Rotorua community.

Beyond the museum, RLC is actively identifying other initiatives that meet the Regional Council's criteria of broad community benefit. For example, flood protection works, wastewater and stormwater improvements, and environmental remediation projects in our district often have regional impact (protecting downstream communities, safeguarding shared water bodies, etc.). We note that the proposed Long-Term Plan amendment aims to make more funding available for regional infrastructure from 2027/28 onwards by allocating a portion of investment returns to such projects. RLC supports this direction in principle, and the 2026/27 interim fund is a constructive step to begin addressing urgent needs now. We also encourage consideration of how successful pilot projects funded in 2026/27 could transition into the longer-term framework (i.e. the "Future Fund" concept).

In summary, RLC fully supports the establishment of the Regional Benefit Fund for 2026/27 and recommends robust, transparent criteria to guide it. We are grateful for past regional contributions to Rotorua projects and look forward to continuing this partnership by jointly delivering infrastructure and community outcomes that matter to the people of the Bay of Plenty.

b) Environmental Management and Biodiversity/security

Protecting and enhancing the natural environment is a top priority for Rotorua Lakes Council, and we commend the Regional Council's inclusion of biodiversity and biosecurity funding as a focus in the Annual Plan consultation. RLC strongly agrees that additional resources should be directed to the prevention and control of invasive species and pests that threaten our region's ecology, biosecurity, and primary industries. Such investment would reduce future reactive costs.

In particular, we urge the Regional Council to prioritise funding and action on the following emerging issues:

- **Golden freshwater clams (gold clams)** – This recently discovered invasive species poses a severe risk to freshwater ecosystems and infrastructure. While (to our knowledge) it has been found in the Waikato River so far, its potential spread to Bay of Plenty water bodies (including the Kaituna and our lakes) is a real concern. Early investment in monitoring, containment, and public awareness is critical to prevent the establishment of golden clams in our region. We support allocating resources in 2026/27 for a proactive inter-agency response to this threat.
- **Wallabies** – RLC supports the continuation and expansion of the Regional Council's wallaby control programme. Infestations of brushtail and dama wallabies in the Rotorua lakes area and broader Bay of Plenty are an ongoing challenge to indigenous forests and farmland. We encourage an increase in funding for wallaby eradication and control efforts, working closely with us and central government's initiatives, to stop the spread of these pests in the coming year.

- **Aquatic Weeds (Lake Weed in Rotorua)** – We echo the need for a comprehensive lake weed management and eradication plan for Lake Rotorua and other affected water bodies. Invasive weeds such as hornwort and lagarosiphon are proliferating in our lakes, impacting water quality, recreational use, and aquatic habitats. RLC has been examining the economic impacts of aquatic weed infestation on Lake Rotorua (e.g. on tourism and amenity values) and the findings underscore the importance of decisive action. We ask that BOPRC allocate funding in 2026/27 to develop and implement a lake weed control strategy – in collaboration with RLC, Te Arawa Lakes Trust, and relevant agencies – to protect our lakes for future generations.

In all these areas, RLC is committed to partnering with the Regional Council. We bring local expertise and commitment to these environmental challenges, and we can assist with community engagement and on-the-ground implementation. By increasing investment in biosecurity and biodiversity initiatives as part of this Annual Plan, the Regional Council will help all of us in the Bay of Plenty meet obligations to our natural environment and tackle threats before they escalate. This aligns with our shared goal of enhancing the environmental well-being of our region, as well as supporting our economic future (since many of our industries – from forestry to tourism – rely on a healthy environment).

c) Water Quality Improvement Projects:

Kererū Land (“Regional Park”) Development

Rotorua Lakes Council wishes to comment on the Kererū land acquisition and wetland development project referenced in recent Regional Council discussions. We understand that Bay of Plenty Regional Council has purchased land in the Rotorua catchment (the “Kererū” site) with the intention of creating a wetland or regional park to help attenuate nitrogen and improve water quality in Lake Rotorua along the targets set by the Strategy Group. This aligns, in principle, with our mutual goal of protecting lake water quality. We also note that this land purchase was supported through funding from the Te Arawa Lakes water quality improvement programme (Deed of Funding).

Our concern is to ensure that this project remains faithful to its environmental purpose and respects the partnership under the Deed. Specifically, since public funds earmarked for lake water quality were used to acquire the Kererū land, the use of that land should be tightly focused on water quality and ecological gains for the Rotorua Lakes. RLC seeks clarification on how the Regional Council plans to utilise and manage the Kererū site:

- **Project Scope and Intent:** What are the planned outcomes for the “Kererū” development? For example, is it primarily a nutrient reduction wetland to filter inflows to Lake Rotorua (thus directly reducing nitrogen and improving water quality), or is it envisioned as a multi-purpose regional park with recreational elements? RLC would be concerned if the latter is the case, as it could represent a departure from the intended use of the funding. Any recreational or alternative uses should not compromise the primary goal of water quality improvement.
- **Governance and Partnership:** Given that this project falls under the Rotorua Te Arawa Lakes Programme (a partnership between Te Arawa Lakes Trust, RLC, BOPRC, and

Central Government), how will these partners be involved in decisions about the land's development and use? We request that a clear governance and consultation framework be established so that RLC and Te Arawa (mana whenua and Te Arawa Lakes Trust) have a strong voice in shaping the project.

- **Future Ownership and Benefits:** RLC notes that this land has been acquired by BOPRC and will remain a Regional Council asset. We request assurance that the benefits derived from the Kererū project will flow to the communities and outcomes (e.g. lake water quality improvements) that justified the use of the funds, with appropriate reporting on water-quality metrics. If the land's value is enhanced through public investment, any future changes (such as disposition or repurposing of the land) should be done only with agreement of the funding partners and in line with the Deed purpose.

We raise these points to ensure transparency and trust with our communities. The purchase of the Kererū land using targeted environmental funds is a significant decision, and it is crucial that the community understands how this will help restore water quality. RLC is ready to collaborate on this initiative to ensure it succeeds in delivering measurable improvements to Lake Rotorua, and we will look for more detail on this in the appropriate forums. We ask that the Annual Plan include a clear explanation of the project's next steps and how its success will be measured.

Ōhau Channel Wall Repairs

RLC strongly supports urgent investment in the repair of the Ōhau Channel wall, which is a critical piece of infrastructure for protecting water quality within the Rotorua lakes catchment. The channel plays a key role in managing flows between Lake Rotorua and Lake Rotoiti and in supporting long-standing water quality objectives for the wider lakes system.

The condition of the channel wall has deteriorated to a point where there is an increased risk of structural failure. Any further degradation could result in adverse water quality outcomes, including increased sediment and nutrient mobilisation, reduced effectiveness of flow control, and potential reversal of gains made through decades of collaborative lake restoration efforts.

Given the regional significance of the Rotorua lakes and the shared benefits of maintaining water quality outcomes, the Council considers that urgent funding and timely action are required. Delaying repairs is likely to increase costs over time and heighten environmental risk. The submission therefore seeks that the Regional Council prioritise funding, delivery planning, and implementation of the Ōhau Channel wall repairs as a matter of urgency within its Annual Plan and broader investment decisions.

d) Flood Management and Climate Resilience in Rotorua

One of RLC's highest priorities is safeguarding our communities from flooding risk and climate-related impacts. As such, we draw attention to critical flood mitigation projects in the Rotorua area that require funding and action by the Regional Council in 2026/27:

- Ngongotahā Stream Flood Mitigation:** In 2018, severe floods in Ngongotahā caused significant damage to homes and infrastructure in our community. An independent review was completed with clear recommendations to prevent a repeat of this disaster. RLC is deeply concerned that nearly five years later, the most important element of these recommendations has not been fully implemented – and, according to the draft Annual Plan, no new funding is allocated in 2026/27 for construction of the required flow capacity mitigation works. While we acknowledge the work done to study and design solutions, the time has come for tangible action on the ground. We strongly urge the Regional Council to prioritise and fund the construction of the agreed flood mitigation measures in Ngongotahā without further delay. The safety of residents and the resilience of infrastructure in the face of extreme weather events depend on it. This is a matter of urgency for our community’s wellbeing and we request that the final Annual Plan explicitly include a commitment (and budget allocation) to advance these works in the 2026/27 year.
- Urban Stream Maintenance (Utuhina Stream and Ohinemutu Area):** RLC also asks the Regional Council to address ongoing siltation and aquatic weed overgrowth issues in the Utuhina Stream and the Ohinemutu foreshore area of Lake Rotorua. These issues not only degrade water quality and lake health but also exacerbate flooding risk for nearby residents and important cultural sites. We recommend that the Regional Council allocate resources in the coming year to assess and undertake necessary interventions in the stream channels, weed control, and bank stabilisation in these areas as part of its core flood management and environmental restoration work. This will complement RLC’s local efforts on its urban stormwater system and honour the commitments to our communities and iwi to improve waterway outcomes.

Effective flood management and climate adaptation require an on-going effort based on a partnership approach. RLC is committed to doing our part – through land-use planning, urban stormwater infrastructure upgrades, and local response readiness – and we depend on BOPRC’s leadership in river, lakes and catchment management. By investing in these Rotorua-area projects, the Regional Council will help protect not just local residents and assets, but also downstream communities and regional infrastructure.

3. Other Matters and Future Collaboration

Affordability and Rates: RLC notes and appreciates the Regional Council’s efforts to find savings and reduce the general rates increase for 2026/27 to 4%, down from the 8.2% originally signalled for Year 3 of the LTP. We share the view that affordability is crucial for our communities, especially in the current economic climate of rising costs of living. The approach of critically reviewing budgets to preserve essential services while minimising rate impacts is commendable. Rotorua ratepayers will directly benefit from this lower regional rate increase, and we support the Regional Council in maintaining fiscal discipline.

Future Governance Changes: As mentioned earlier, the landscape of local government is likely to evolve over the next few years. The Bay of Plenty region’s local government structures may be reformed as part of the national review and proposed legislative changes. Rotorua Lakes Council is actively engaging in these discussions, including exploring the concept of a Unitary Authority for our district, with the sole objective of securing the best outcomes for our

community's future. In this context, RLC respectfully requests that the Regional Council remain open-minded and collaborative regarding potential changes. In practical terms, this means ensuring that decisions made now (such as how assets are structured or funds allocated) do not unintentionally constrain future arrangements. It also means continuing the strong partnership between our councils: for example, should a transition toward a new regional governance model occur, RLC seeks BOPRC's support in working together to smoothly transfer or share responsibilities and assets in a way that maintains service delivery and financial benefits for our residents. We note that the draft LTP Amendment explicitly cites uncertainty about "the future shape and structure of local government in the region" as a reason for the current proposals; this is wise. Likewise, our Council's feedback is intended to ensure that uncertainty is managed by avoiding irreversible steps and committing to cooperative planning for various possible futures.

Conclusion: In closing, Rotorua Lakes Council wishes to thank the Bay of Plenty Regional Council for the opportunity to comment on these important proposals. We strongly support the overarching aims of prudent financial management, environmental protection, and regional investment reflected in the Long-Term Plan Amendment and Annual Plan. Our submission highlights the areas where we see a need for caution or additional emphasis namely, **timing structural changes appropriately, ensuring fairness in regional funding, and addressing critical environmental and resilience issues in our district.** We believe that by incorporating these considerations, the Regional Council's final plans will better serve the collective interests of all communities in the Bay of Plenty.

RLC values the positive working relationship with Bay of Plenty Regional Council and remains committed to collaboration. We look forward to continuing our partnership through the Long-term Plan and Annual Plan process, and to working together on the implementation of these initiatives in the years ahead.

Ngā mihi nui ki a koutou katoa. Thank you for considering our submission.

Tania Tapsell
Her Worship, the Mayor of Rotorua