



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

Kaupapataka Agenda

NOTICE OF AN ORDINARY MEETING
OF

INFRASTRUCTURE AND ENVIRONMENT COMMITTEE

Date: Wednesday 2 August 2023

Time: 9.30am

Venue: Council Chamber

MEMBERSHIP

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

NGĀ TUKUNGA HAEPAPA A TE KAUNIHERA COUNCIL DELEGATIONS

Infrastructure and Environment

Type of Committee	Whole of Council Committee
Subordinate to	N/A
Subordinate Committees	N/A
Legislative Basis	Schedule 7, clause 30 (1) (a), Local Government Act 2002.
Purpose	To develop, implement, monitor and review strategies, policies, plans and functions associated with Infrastructure and environment activities.
Reference	01-15-018
Membership	Mayor Deputy Mayor All councillors
Quorum	6
Meeting frequency	Monthly
Delegations	<ul style="list-style-type: none"> • Oversee the management of council's infrastructure assets, utility services and public facilities including: <ul style="list-style-type: none"> • Transportation • Three waters • Land drainage • Laboratory services • Waste collection, landfill, recycling • Sports, Reserves and Recreation • Cemetery • Civil Defence Emergency Management • Accountable for the development and implementation of the Infrastructure Strategy, Asset Management Plan and inputs on infrastructure related projects associated with Development Contributions Policy • Oversight of progress of design and build projects such as, but not limited to: <ul style="list-style-type: none"> ○ Waste water treatment plant ○ Sewerage schemes (Rotoiti/Rotoma/Rotoehu, Tarawera) ○ Development of major facilities for example Museum, Aquatic Centre, Libraries ○ Water storage and drainage for growth ○ Infrastructure provision for growth ○ Major transport projects, cycleways ○ Reticulation of water supplies • Undertake master planning of strategic facilities and spaces

	<ul style="list-style-type: none"> • Encourage engagement with organisations within the sector to consider environmental matters including: <ul style="list-style-type: none"> ○ Climate change response, both mitigation and adaptation ○ Biodiversity ○ Waste Minimisation ○ Environmentally sustainable practices ○ Environmental aspects of energy, transport and water ○ Monitoring and reporting against action within the Climate Action Plan ○ Monitor Council’s contribution to the Te Arawa Vision (specifically in relation to Infrastructure and Environment outcomes) ○ The provision and maintenance of facilities and space for the general use of the public for recreation of all kinds including sporting activities, passive enjoyment, open spaces, play areas, toilets and changing sheds, flower beds, trees and shrubs, and display areas ○ The production of Management Plans and the general management of reserves in compliance with the Reserves Act 1977 and the general administration of the Reserves Act 1977 with the exception of the Hearings of Objections to the Classification of Reserves and Management Plans ○ The leasing of recreational land for commercial recreational purposes ○ The beautification of public gardens and parks ○ Street trees • Council controlled organisations (CCO’s) - advising on the content of the annual Statement of Expectations, agreement on Statement of Intent, monitoring against the Statement of Intent the financial and non-financial performance of CCO’s • Make appointments and authority to remove appointments to Council-Controlled Organisations (CCO’s).
Relevant Statutes	All the duties and responsibilities listed above must be carried out in accordance with the relevant legislation.

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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 Infrastructure and Environment Committee Meeting Minutes (Draft) 5 July.2023

ID 19875019

Minutes (draft)

Infrastructure and Environment Committee Meeting held Wednesday 5 July 2023, 9.30am
Council Chamber, Rotorua Lakes Council

MEMBERS PRESENT:	Cr Barker (Chair) Mayor Tapsell, Cr Wang (Deputy Chair), Cr Kai Fong, Cr Lee, Cr Maxwell, Cr O'Brien, Cr Waru
APOLOGIES:	Cr Kereopa and Cr Paterson
IN ATTENDANCE BY AUDIO VISUAL:	Cr Brown
STAFF PRESENT:	G Williams, Chief Executive; T Collé, Deputy Chief Executive, Organisational Enablement; O Hopkins, Deputy Chief Executive, District Leadership & Democracy; S Michael, Deputy Chief Executive. Infrastructure & Environmental Solutions; A Pewhairangi, Deputy Chief Executive, Community Wellbeing; G Rangi, Deputy Chief Executive, Te Arawa Partnership; E Cawte, Manager Network Infrastructure Performance; R Pitkethley, Manager Active and Engaged Communities; I Tiriana, Manager Communications Advisor; D Cossar; Manager Governance and Democracy; G Kieck, Corporate Planning and Strategy Manager; N Michael, Executive of Communications, Mayor's Office; I Brell, Governance Support Advisor.

The meeting opened at 9.30am.

The Chair, Cr Barker welcomed elected members, media, staff and members of the public.

1 KARAKIA WHAKAPUAKI OPENING KARAKIA

Cr Lee opened the meeting with a Karakia.

2 NGĀ WHAKAPĀHA APOLOGIES

Resolved

That the apologies from Cr Kereopa and Cr Paterson be accepted.

Moved: Cr Maxwell

Seconded: Cr Kai Fong

CARRIED

3 WHAKAPUAKITANGA WHAIPĀNGA DECLARATIONS OF INTEREST

None

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

Urgent item - petition 'Request to close Malfroy Road and Phillip Street Walkway' raised by the Chair.

The reasons for accepting the item:

- The petition had been received after the agenda had been published.
- The item needs to be considered in a timely manner and not deferred to a future meeting.
- A resolution or decision on the item is not required at this meeting.

4.1 PUBLIC PETITIONS – REQUEST TO CLOSE MALFROY ROAD AND PHILLIP STREET WALKWAY

Resolved

That the petition 'Request to close Malfroy Road and Phillip Street Walkway' be received.

Moved: Mayor Tapsell

Seconded: Cr Wang

CARRIED

The Chair welcomed Sandra Bristowe and invited her to speak to the petition.

Action Points:

- Staff to provide information regarding mitigations to improve the safety of the walkway.
- That the walkway be considered in the wider context of the Community Safety Plan.

5 TE WHAKAŪ I NGĀ MENETI CONFIRMATION OF MINUTES

5.1 MINUTES OF INFRASTRUCTURE AND ENVIRONMENT COMMITTEE MEETING HELD 7 JUNE 2023

ID 19864258

Resolved

1. That the minutes of the Infrastructure and Environment Committee meeting held 7 June 2023 be confirmed as a true and correct record.

Moved: Cr Waru

Seconded: Cr Kai Fong

CARRIED

6. PŪRONGO KAIMAHI STAFF REPORTS

6.1 COMMUNITY WELLBEING (ACTIVE AND ENGAGED COMMUNITIES) –PROGRESS REPORT

ID 19387900

Resolved

1. That the report 'Community Wellbeing (Active and Engaged Communities) – Progress Report' be received.

Moved: Cr Kai Fong

Seconded: Cr O'Brien

CARRIED

Anaru Pewhairangi and Rob Pitkethley overviewed the report.

Action Points:

- The relevant iwi groups to be identified in the reports.
- Request for data on the Forest Loop Great Ride app to be provided in the Community Wellbeing progress reports.

6.2 INFRASTRUCTURE AND ENVIRONMENTAL SOLUTIONS - PROGRESS REPORT

ID 19392396

Resolved

1. That the report 'Infrastructure and Environmental Solutions Progress Report' be received.

Moved: Cr Wang

Seconded: Cr Waru

CARRIED

Stavros Michael and Eric Cawte overviewed the report and spoke to a presentation titled 'Water Supplies' (Attachment 1).

Attendance: Cr Brown left the meeting at 11.20am

Mr Michael spoke to a presentation titled 'RRSS Scheme I & E Committee Status Update' (Attachment 2)

6.3 CONFIDENTIAL ITEMS TO BE RELEASED

ID 19866709

Resolved

- 1. That the report 'Confidential items to be released' be received.**

Moved: Cr Waru

Seconded: Cr Wang

CARRIED

8 TE KARAKIA WHAKAMUTUNGA CLOSING KARAKIA

Cr Lee closed the meeting with a Karakia.

The meeting closed at 11.28am

To be confirmed at Infrastructure and Environment Committee meeting on 2 August 2023

.....
Chair

Note 1: Rotorua Lakes Council is the operating name of Rotorua District Council

Note 2: Attachments to these minutes are available on request or on Council's website: [click here](#)

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6. Pūrongo Kaimahi - Staff Reports

ID 19917037

ROTORUA LAKES COUNCIL

Mayor
Chair and Members
INFRASTRUCTURE AND ENVIRONMENT COMMITTEE

6.1 Te Whare Taonga o Te Arawa – Decision-Making (Decision Required)

Report prepared by: Gina Rangī, Manahautū Te Arawa Hourua

Report approved by: Geoff Williams, Chief Executive

1. TE PŪTAKE PURPOSE

The purpose of this report is to present Councillors with the results of the community consultation and to summarise the project information provided across multiple workshops to enable them to decide on whether or not to proceed with the project to restore and strengthen Te Whare Taonga o Te Arawa¹.

2. TE TUHINGA WHAKARĀPOPOTOTANGA EXECUTIVE SUMMARY

Through the 2018-2028 and the 2021-2031 Long-term Plans (LTPs), Council committed to restore and strengthen Te Whare Taonga o Te Arawa. Consequently, external funding agreements were entered into for:

- \$17m Provincial Growth Fund (PGF) (Kānoa)
- \$10m Rotorua Trust
- \$6m Lotteries Grants Board (Significant Projects Fund)
- \$5m Manatū Taonga Ministry Culture and Heritage

With a Council contribution of \$15.5m, the total confirmed funding was \$53.5m. Following comprehensive testing, design and peer reviews, consenting and approaching the market, the total project cost (including costs to date, construction and contingency) is now \$81.4m (a gap of \$27.9m).

The current position is that the project has been underway for five years, is well progressed with complete design and consents, and is ready to move into the construction phase. The decision now before Council is whether to proceed with the project or to cancel the project and begin a new project.

Given the cost increase from 24 May until 21 June, Council consulted the community on whether they wished to:

- A. Continue to fully restore the building and reopen as a Museum (including an additional \$9m of Council funding);

¹ Formerly known as the 'BathHouse'

OR

- B. Stage the project (noting that the Museum would remain closed until the end of Stage 2), or
- C. Find an alternative location for the Museum and its services.

Multiple meetings, site walk-throughs and workshops have been held to provide elected members with the information necessary to understand the project, the feasibility of alternative options and the risks of the viable options. The main points from those meetings and workshops are described in the paper, the key points being:

- a) **Statutory obligations:** Council has a statutory obligation to strengthen and restore the building by 2042 (or 2052 if an extension is granted).
- b) **Construction-ready:** There is no further technical testing, design or exploration work recommended to further de-risk construction. From a construction-readiness perspective, the project is ready to proceed.
- c) **Cost envelope:**
 - The project cost envelope is \$81.4m (including contingency and costs to date), leaving a \$27.9m funding gap (compared to total funding already secured).
 - The project contingency is based on a 95% probability that the project will be completed within the project cost envelope (also known as “P95”), this exceeds the Treasury recommendation of P85.
- d) **Community consultation:** The community consultation resulted in 85% support for Option A (which included a proposed Council contribution of an additional \$9m to help close the funding gap).
- e) **Funding:**
 - Council can provide a further \$10m investment without breaching the debt cap or disrupting Council’s capital works programme. However, staff advice is that Council should not absorb both an additional \$10m contribution and a potential cost exceedance.
 - External funders have stated that a further \$9.35m of Government funding could be confirmed this year.
 - A potential private donation of \$1m has been signalled.
 - An application of \$5m could be sought from Rotorua Trust.
 - Bay of Plenty Regional Council have advised a potential contribution through their Long-term Plan next year.
 - The external funders will only provide that funding after a Council decision to proceed (in other words, external funding to close the gap cannot be confirmed before a Council decision).
- f) **Options:**
 - Option B was supported by 3% of submitters. During consultation, external funders (other than Kānoa) confirmed they would not support this option. The corresponding loss of \$21.35m funding means that this option is no longer viable.
 - Option C (stopping the project) was supported by 12% of submitters. This would require repayment of \$16.5m of already drawn-down funding + \$1m to make the building safe. This would require \$2m of cash on hand and \$15.5m of borrowing. Under this option, construction work and costs would be deferred but are nevertheless still required by 2042/2052. Deferral creates cost risk (ongoing inflation) and construction risk (additional work will be required to address ongoing building deterioration and to address any future changes to the Building Code). Finally, the \$9m work to date would no longer be capitalised and would show as an unbudgeted operational (OPEX) expense.

- Other possibilities have been suggested including:
 - Leave the building as a façade or abandon the building: Unfortunately, neither of these are viable because they breach Council’s legal duties to restore the building.
 - Gift the building: Given the statutory and financial responsibilities of ownership, it is doubtful that a prudent decision-maker could accept the gift without Council funding the restoration.
 - Minimal compliance (34% of the New Building Standard): The expert advice in the workshops was that this would not materially reduce the project cost.
 - Find an alternative use (for example, hotel, office or storage space): This would require Council to strengthen and restore the building with the costs of the fit-out met by another potential user. This is essentially Option B (Stage 1), which would see the withdrawal of \$21.35m in external funding and therefore is non-viable. It is, however, possible for functions/activities that are compatible with the museum use (for example, event space, meetings and conferences etc) to be added into the museum function.

For the above reasons, it is recommended that the project proceed, with appropriate conditions to limit Council’s contribution as follows:

- Limit Council’s contribution to the existing \$15.5m (approved in the 2018 and 2021 LTPs).
- Require full external funding to fill the funding gap.
- Preserve Council’s balance sheet to address any costs over \$81.4m (noting that contingency is at P95 probability).
- Directing staff to finalise and present for committee approval a construction contract that does not exceed actual external funding secured. The construction contract must not over-commit Council funding.

Structuring the decision in this way allows Council to unlock the additional external funding needed. It also ensures that Council can start construction with the ability to release additional scope as full funding is secured. This is the most prudent way to retain current funding, enable Council to secure additional funding, while also ensuring that Council can limit any risk of a funding shortfall.

Finally, delaying a decision has a level of additional risk. External funders have accepted the Council’s decision to consult and the additional delay that this has caused. However, because the project is construction-ready, consultation has been completed, and the amount of information provided through walk-throughs, briefings and workshops, a continued and ongoing delay would concern funders and there would be grounds to cancel funding contracts. Given the election period, further delays may also prevent finalisation of Government funding support.

The comprehensive detail of the risks and the mitigation tools are otherwise set out in the briefings and workshops held to date.

3. NGĀ TŪTOHUNGA RECOMMENDATION

- 1. That the report ‘Te Whare Taonga o Te Arawa – Decision-Making’ be received.**
- 2. That Council confirms its intention to proceed with the strengthening of Te Whare Taonga o Te Arawa and to re-open it as a Museum subject to:**
 - a) Council acknowledges that it would not be prudent for Council to apply additional funding beyond the \$15.5m already committed for the project.**

- b) Council acknowledges that it will be required to meet any escalation in cost beyond the identified contingency. The contingency for the first phase will be sized to ensure there is at least an 85% probability that work can be completed within the funding available.
- c) Council directs that there be a progressive approach to construction taken as funding becomes available. Council understands the first step is to undertake work only to the value of the confirmed funding to provide sufficient scope for the Museum to commence operation.
- d) Existing and additional funding being confirmed.
- e) A future Council approval to enter into the construction contract.

4. TE TĀHUHU BACKGROUND

In 2018, Council resolved to strengthen and restore the building as a museum with a Council contribution of \$15.5m. Following that Council commitment, a further \$38m of external funding was secured:

- \$17m Provincial Growth Fund (PGF) (Kānoa)
- \$10m Rotorua Trust
- \$6m Lotteries Grants Board (Significant Projects Fund)
- \$5m Manatū Taonga Ministry Culture and Heritage

This external funding is underpinned by funding contracts that identify project milestones (ie: the outcomes that Council must deliver and by when) and the funding amounts to be paid. (The detail of these funding contracts was reviewed by the elected members in the workshops described in **Attachment 2**).

Alongside securing funding, significant work to develop a feasible, buildable design solution was carried out from 2018 to the present time including:

- Extensive testing of ground conditions, the existing structural integrity of the building and its components and conditions across the building.
- Geotechnical and structural engineering design, architectural and services (electricity, fire, HVAC design). All of these were progressed through concept, detailed and final design, with peer reviews undertaken at each stage.
- Granting of Heritage NZ consent, resource consent and building consent.
- Procurement process to identify a preferred construction contractor, involve them in early design assessment to reduce buildability risk and confirm construction pricing.

(The detail of the above work was reviewed by the elected members at workshops described in **Attachment 2**).

In April and July 2022, Council agreed to accept 70% of New Building Standard for ground conditions and noted the project cost was expected to increase. Staff were directed to complete design and consenting, finalise project costs, work with external funders and report to the incoming council with options for the project.

The newly elected council received the following briefings on the Whare Taonga project:

- Induction workshop and on-site walk through in November 2022.
- A confidential workshop held in April 2023.
- Briefing paper provided on 17 April.
- Infrastructure and Environment Committee on 10 May to review all project information, and potential options, with a resolution to consult the community on whether to proceed with the project.

In addition, alongside the community consultation, four workshops were held for the elected members to provide the opportunity for a detailed review of the project components and to interrogate the project's technical experts. A summary of each workshop is attached as **Attachment 2**. The first three workshops were held in public and live-streamed, with the presentations and video available online. The final workshop was held in confidential as it addressed information that is commercially sensitive.

5. TE MATAPAKI ME NGĀ KŌWHIRINGA DISCUSSION AND OPTIONS

Community consultation process – 24 May to 21 June 2023

Consultation was open from 24 May until 21 June. The consultation asked the community whether they wished to:

Option 1: Complete the project to restore and strengthen the building and re-open as Te Whare Taonga o Te Arawa, with an additional Council contribution of \$9m.

If option 1 is not preferred, then:

Option 2: Stage the project by utilising existing funding to complete as much as work as possible (stage 1). The balance of the project (stage 2, principally the internal fit-out) would be deferred until full funding is secured. The Whare Taonga would remain closed until stage 2 is completed.

Option 3: Postpone the project to a future date and investigate a new museum site. This would mean cancelling existing funding contracts, making the building safe for passers-by (and to prevent trespass).

The campaign to raise awareness of the consultation included:

- Information stands were set up at Te Aka Mauri and the civic centre for people to collect information and to receive hard copy submissions. 150 hard copies of the consultation documents were taken from these sites.
- An email was sent to 172 community members from the Let's Talk email when consultation opened.
- Advertising via 10 local radio stations, e-newsletter from the Chamber of Commerce to their members, digital via NZME (56,805 impressions and a click rate of 0.26%), three full-page adverts (NZME), social media adverts (1.4k views and 1,497 clicks).

Three community events were held:

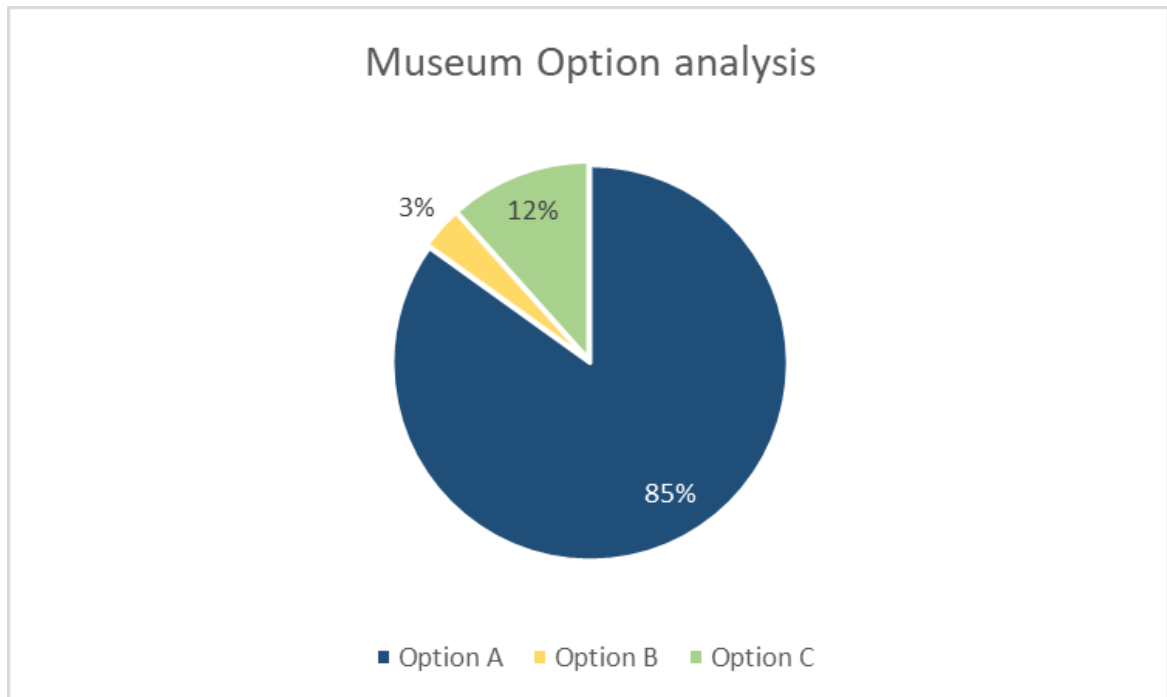
- Community information session - Te Aka Mauri, 31 May (video of the event posted on YouTube, 127 views).
- Community information session – Sir Howard Morrison, 7 June (video of the event live-streamed and posted on social media, 1,800 views).
- Te Arawa hui convened by Te Pukenga Kōeke o Te Arawa – Te Papaiouru Marae, 14 June.

About 100 people attended the community information sessions and 30 people attended the Te Arawa hui (all numbers exclude staff presenting). Engagement events were also held at Toi Ohomai, John Paul College, Rotorua Intermediate and Rotorua Boys High School, with about 100 attendees.

Results of consultation

776 submissions were received. The community engagement compares favourably with the response to the proposed reserve revocation in 2022 (637 submissions), Plan Change 9 (272 submissions), the organic waste management and minimisation plan in June 2023 (371 submissions) and the response to the annual plan (2,090 submissions).

A majority (85%) of submissions supported completing the project. Below is the representation of preferred options from the community:



An analysis of the key themes from consultation is attached as **Attachment 1**.

Assessing the Options

As noted, the current project to strengthen and restore the building and re-open Te Whare Taonga o Te Arawa was approved by the Council in the current LTP and is substantially underway. The project is fully designed, consented and ready for construction to commence. The primary question is whether the project should continue or not, given the revised project cost of \$81.4m.

Notwithstanding the community feedback, elected members must make a prudent decision that appropriately recognises and responds to the themes of consultation and the risks of each option. In that regard, elected members have carried out significant work to understand and assess all of the project components, including multiple briefings, walk-throughs and the more recent workshops with technical experts. The range of potential risks and options have been extensively canvassed in these meetings and briefings.

A summary of the key risks and their proposed mitigations are set out below for the three options. The risk assessment uses the Risk Framework adopted by Council's Project Management Office (refer to **Attachment 3** for detail). The likelihood of each risk occurring, plus how significant the consequence of each risk is without mitigation (also known as raw risk) is shown in column one as follows:

- Red: Extreme Risk
- Orange: High Risk
- Yellow: Medium Risk
- Green: Low Risk

Columns 2-4 show the residual likelihood/consequence of that risk after mitigation:

RAW RISK	RESIDUAL RISK AFTER PROPOSED MITIGATIONS		
	OPTION A: PROCEED	OPTION B: STAGE	OPTION C: POSTPONE
<p>Actual costs exceed budget</p> <p>There is a risk that the final actual cost of the project exceeds the budget of \$81.4m due to:</p> <ul style="list-style-type: none"> - Unforeseen issues with the building/ ground conditions. - In-scope item isn't included in design/ construction contract. - Design doesn't meet consent requirements. - RLC varies its requirements after construction starts - Time delays (time on the job and market escalation). <p><i>(Council has a statutory obligation to strengthen and restore the building by 2042 (or 2052 if an extension is granted). Therefore, the risk of actual costs exceeding the project budget applies across all options)</i></p>	<p>Extensive testing of ground conditions and all components of the existing building.</p> <p>Team of engineers and designers with direct experience of similar complex projects.</p> <p>Early contractor involvement to ensure early notice of buildability concerns.</p> <p>Thorough, detailed scope of work and a design that has building/resource/ heritage consents.</p> <p>Procurement process to confirm construction price based on detailed design and consents.</p> <p>Contingency built into the project budget (Quantitative Risk Analysis of each risk, Monte Carlo simulation of 10,000 scenarios, P95 which is greater than recommendation from Treasury of P85).</p> <p>As far as possible, lump sum fixed pricing of the construction contract.</p> <p>Budget updated following procurement to ensure it reflects real market conditions.</p> <p>Secure sufficient external funding so that Council debt headroom is preserved for potential exceedance above the project budget and contingency.</p>	<p>The most challenging construction occurs at stage 1 (ground conditions, structural work, roof replacement). Therefore, the risks and mitigations identified for Option A also apply to Option B.</p> <p>The additional risks are:</p> <ul style="list-style-type: none"> - During consultation, external funders have advised that they would withdraw \$21.35m (MCH, Lotteries and Rotorua Trust) of funding for stage 1. Council would need to cover this funding, which significantly reduces Council's ability to absorb potential cost escalation beyond the agreed budget. This would be beyond the Council's ability to fund given current debt headroom. - Construction cost for stage 2 works will continue to increase at a conservative rate of 2-5% pa. This will increase the final project cost (and will increase the external fundraising target). 	<p>Construction and budget risks are postponed, but are not avoided by choosing option C. The work must still be completed by 2042 (or 2052 if an extension is granted).</p> <p>Based on a five year process to engage new consultants, review new deterioration in building/ground conditions, update all designs, obtain new consents, and secure new funding, the project must therefore be re-established by 2037 (or 2047 if an extension is granted).</p> <p>External funders have advised that they would withdraw \$38m of external funding, so all funding would need to be re-secured in order to re-start the project before the 2042 deadline.</p> <p>Overall, these risks therefore are the same risks as option A PLUS:</p> <ul style="list-style-type: none"> - Ongoing deterioration may require additional repair works (and cost) to reach NBS. - Potential and unpredictable changes to the Building Code may require additional work and cost. - Ongoing construction inflation at 2-5% pa (20 years at 2.5% would equate to \$52m additional to today's \$81.4m cost).

RAW RISK	RESIDUAL RISK AFTER PROPOSED MITIGATIONS		
	OPTION A: PROCEED	OPTION B: STAGE	OPTION C: POSTPONE
	Structure contract so that a portion of scope can be removed within the first nine months (while still doing enough work to re-open as a museum) if necessary.		- Uncertainty as to whether external funding can be secured.
Unexpected defects Risk that unknown and unexpected defects in ground or building conditions are uncovered during construction.	Extensive testing of ground conditions and all components of the existing building. Team of engineers and designers with direct experience of similar complex projects. Early contractor involvement to ensure early notice of buildability concerns. As far as possible, lump sum fixed pricing of the construction contract.	The most challenging construction occurs at stage 1 (ground conditions, structural work, roof replacement). Therefore, Option B risk and mitigations of those risks apply as per Option A.	In the long-term, the work must still be completed by 2042 (or 2052 if an extension is granted). The risks will therefore be the same as Option A PLUS: - Ongoing deterioration may require additional repair works (and cost) to reach NBS.
Loss of existing external funding Risk that the existing external funding is withdrawn.	The existing external funding (\$38m) is underpinned by legally binding contracts. All existing funders support the project continuing, and will not withdraw if Council confirms Option A.	Option B would equate to failure to deliver on existing funding agreements. External funders have advised that they would withdraw \$21.35m of funding if Option B is selected [this is made up of \$5m from MCH, \$10m from RCT and \$6.35m Lotteries]. Council would need to cover this funding.	Option C would mean Council is failing to deliver on contracted outcomes. External funders have advised that they would therefore terminate the existing funding contracts and require repayment (to date \$16.5m has been drawn down). A further \$1m in costs would also be required at this time to make the building safe against trespassers and for passers-by. These costs would be funded in the current financial year as follows: - Cash on hand (\$2m), increasing Council borrowing (\$15.5m). It is also relevant to note that: - No longer receiving the \$21.5m balance of

RAW RISK	RESIDUAL RISK AFTER PROPOSED MITIGATIONS		
	OPTION A: PROCEED	OPTION B: STAGE	OPTION C: POSTPONE
			<p>expected external funding will reduce Council's debt ceiling by 2.5 times (\$53.75m).</p> <ul style="list-style-type: none"> - Stopping the project means that the work to date (\$9m) can no longer be classed as capital works, and will need to be expensed. This will show as a \$9m un-budgeted expense in this financial year.
<p>Inability to raise sufficient new funding</p> <p>The existing project has \$53.5m of funding secured already (including \$15.5m from Council). With the revised budget of \$81.4m, there is a funding gap of \$27.9m.</p>	<p>Retain existing funding (as above).</p> <p>Secure new external funding to "fill the funding gap". External funders have advised:</p> <ul style="list-style-type: none"> - Lotteries (Environment and Heritage) have already confirmed \$350,000 additional funding. - MCH will commit an additional \$4m, subject to Council confirming the project. - Kanoa officials will support a \$5m increase, subject to Council confirming the project. The Minister can approve \$3m, over \$3m would require Cabinet approval. - Rotorua Trust are open to receiving a funding application, and Council staff propose a \$5m application. - An application will be made to NZ Community Trust in July 2023 for \$600k. - The Bay of Plenty Regional Council intends to introduce a Regional Infrastructure Fund, and has advised that the Whare Taonga 	<p>With the exception of Kanoa, all other external funders have confirmed that they would withdraw \$21.35m funding for this Option.</p>	<p>External funders have confirmed that they would withdraw \$38.35m funding for this Option.</p>

RAW RISK	RESIDUAL RISK AFTER PROPOSED MITIGATIONS		
	OPTION A: PROCEED	OPTION B: STAGE	OPTION C: POSTPONE
	<p>project could be eligible.</p> <p>Only enter into construction contracts that align with external funding (don't over-commit).</p>		
<p>Impact on future funding</p> <p>The cancelling of funding contracts (Options B and C) could create a negative perception that affects Council's ability to apply for other funding in the future.</p>	<p>Funders have been briefed to ensure they understand the importance of community consultation and the financial risk to Council (this has helped maintain our reputation with funders during the consultation period).</p>	<p>Cancelling the current contracts may affect Council's reputation with funders. This could affect future Council funding applications for this and other projects.</p>	<p>Cancelling the current contracts may affect Council's reputation with funders. This could affect future Council funding applications for this and other projects.</p>

The key issue is that Council has a statutory obligation to complete the project by 2042 (a single ten-year extension to 2052 might be granted). For that reason, it is important to recognise that the significant construction risk and funding burden apply across all options.

Option A

There was 85% support for Option A (proceed including with a \$9m Council contribution). There are two main components of residual risk for Option A:

- **Construction and design:** As far as possible, the construction risk for Option A has been mitigated. Significantly more investigation, design work and peer review has been undertaken on the project compared to other major Council projects or to other comparable heritage buildings nationally. There is no further work recommended by the technical team in this regard.
- **Financial:** The consultation proposed a further Council contribution of \$9m. While there was significant support for the project, there was also a concern that Council should seek to minimise its costs. There was also feedback from external funders that they would support Option A, including providing additional funding support (subject to Council confirming commitment for the project). In addition, during consultation a community member committed to auction a significant artwork to support the project, and the Bay of Plenty Regional Council advised that it intends to consult on a Regional Infrastructure Fund in its LTP and that the museum had been identified as a potential eligible project.

Noting the above feedback, staff now propose conditions that seek to respond to the new information and mitigate financial risk as follows:

- The recommendation is that Council commit to the project (which ensures existing funding is retained and new funding is unlocked);
- Applications for the additional funding will be made and secured as quickly as possible;

- Following negotiation, a construction contract would be recommended to the committee in due course. Any recommended contract would need to align with the Council's available funding (ie: do not over commit). This can be achieved by identifying a scope that can be removed if necessary but still enable the museum to be opened and preserving external funding. This identified scope would form a separable portion in the contract, which can be removed before July 2024 if required.

Initial work has been done to identify scope for this separable portion. It is important to note a full ground floor museum experience and upstairs galleries of the southern wing would still open (ie: this is not Option B, which provided that the museum would not open until stage 2 was complete). The separable portion could include finishing and fit-out for the basement, café and kitchen, lift area and central mezzanine floor areas (education space, conference space, storage and roof access). Note: all structural work, roof work, compliance work and fit-out of opened museum spaces would still occur. This requires further work to finalise but is provided to give a sense of the options.

Option B

Option B was to strengthen the building (stage 1) using existing funding, and to defer the internal fit-out (stage 2) to the future. The museum would stay closed until stage 2 was complete. This option was intended to make the most of the existing funding, with the advantage of postponing some of the work and costs (which was intended to mitigate a potential funding shortfall).

Unfortunately, during the consultation all external funders (except Kānoa) advised that they would withdraw funding for this option (a loss of \$21.35m). Consequently, this option is non-viable for Council to continue.

Option C

Option C is to postpone the project to a future date (before 2042/2052) and to explore a new museum in a new site. This option was intended to reduce further cost to Council (or at least limit to the cost to closing out the project and making the building safe against trespass/passers-by, estimated at \$1.5m). However, the risks of that option were:

- The project cost will remain a liability until 2042/2052 (\$81.4m plus inflation over 20 years). At 2.5% this would equate to \$52m additional cost.
- Postponing adds risk that the building continues to deteriorate (requiring more work and cost to restore it) and Building Code standards may become more onerous.
- As discussed previously, the costs to date are approximately \$9m. By stopping the project, this expenditure can no longer be capitalised, and would need to be written-off as an expense. For completeness, we note that this would show as unbudgeted expenditure. There would need to be discussion with the auditor about whether this would all be recorded in the current financial year, or potentially spread over say 3 to 5 years.
- The repayment of \$16.5m drawn down loans + \$1m to make the building safe would be funded through \$15.5m of debt and \$2m cash on hand.
- Cancelling the funding contracts (revenue) would reduce Council's debt ceiling by \$53.75m (\$21.5m x 2.5).

Ultimately, Option C is not recommended because of the low public support coupled with the financial consequences.

The detail of the risks and the mitigation tools are otherwise set out in the briefings and workshops held to date.

Other possibilities

Other suggestions on a way forward have been proposed. Generally, these centre on building a new Museum in another location and either maintaining the building as a façade or finding an alternative use for the building. Pursuing any of these alternatives would necessitate Council fully funding the work to achieve compliance of the Whare Taonga building and being at least a part funder in any new build.

For the sake of completeness, the possibilities are discussed here:

- **Leave the building as a façade or abandon the building:** These options are not feasible because they do not meet the statutory obligation to meet 34% of the new building standard by 2042. Refusing to comply with the law is not tenable.
- **Gift the building to a third party:** Because of the statutory responsibility (and financial liability) for ownership, it is unlikely that a third party could accept the building as a gift in the absence of a significant funding contribution from Council.
- **Minimum compliance (34% of the new building standard):** In the workshops, the technical experts advised that this would not achieve significant savings using the current strengthening methodology (there would be some reduction in materials cost but labour, temporary works, demolition and installation costs would remain the same).
- **Apply for an exemption to the Building Code:** Council would need to demonstrate that the building does not pose an unacceptable risk to the public (including passers-by) in the event of a moderate earthquake. MBIE guidance on exemptions is that a building a number of people walk close to and often is not likely to be considered either nil to low, or low to moderate intensity use. For example, a small building on a winery estate off a major bike trail that is used as a shelter and as a tourist spot (for bike parking and taking photos) would be too intense and frequent to satisfy the regulatory requirements. The height and width of the Whare Taonga, the roading on all sides and the location of the sportsdrome would all be relevant factors that are incompatible with an exemption.
- **Alternative use for the building:** For example, a hotel, conference facility, office space or commercial storage. These options would require Council to strengthen the building, with a third party funding the internal fit-out. Unfortunately, this would see the loss of at least \$21.35m external funding (ie: this is a variation on Option B), making the project non-viable. It is, however, possible for functions/activities that are compatible with the museum use to be added (for example, event space, meetings and conferences etc).

6. TE TINO AROMATAWAI ASSESSMENT OF SIGNIFICANCE

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

In that regard, Council has carried out extensive testing, design and peer review work to inform its decision-making, considered a range of potential options, and consulted on the options.

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

Councillors have received all of the submissions. The detail of the community engagement process and feedback is set out in the background section and **Attachment 1**.

In respect of impact for Te Arawa, Te Pukenga Koeke mo Te Whare Taonga o Te Arawa has written to Council to express unanimous support for Option A, and also convened a hui to encourage broad Te Arawa input.

Other important community stakeholders include:

- Funders have been notified of the reasons for consultation, and their views sought.
- The Centennial Trust have written to Council to express strong support for Option A, and have noted their long-standing commitment to the Whare Taonga including fundraising and donating for both the building and the collection.
- The Friends of the Museum have written to support Option A.

8. HE WHAIWHAKAARO CONSIDERATIONS

8.1 Mahere Pūtea Financial/budget considerations

The recommendation is that Council approve Option A:

- Secure external funds of \$27.9m to fill the funding gap, and
- Limit Council exposure to underwriting any residual risk of a potential project increase over \$81.4m (which includes a contingency sum at P95, which is greater than the Treasury recommended contingency of P85).

Council's existing budgeted contribution of \$15.5m would be retained in the project. The funding gap could be addressed via:

- Lotteries Environment and Heritage \$350,000 (already contracted).
- MCH additional \$4m (already approved and subject to Council commitment).
- Kanoa \$5m (noting the responsible Minister can approve up to \$3m and a further \$2m with Cabinet approval).
- Rotorua Trust \$5m.
- Private art donation potential \$1m.
- Bay of Plenty Regional Infrastructure Fund (proposed new LTP fund).

The construction contract would only be awarded in a manner that aligns with Council's confirmed funding, with the ability to reduce scope if necessary. This mitigates Council's exposure to funding risk.

By comparison, Option B would see the withdrawal of \$21.35m of external funding. This would require Council to incur an additional \$21.35m of debt to deliver only stage 1 of the project. The most challenging parts of the build are in stage 1, meaning that Council would also have the same construction risk and residual financial risk as Option A (plus inflation for stage 2 costs). There is also no revenue until stage 2 is complete.

Option C would see the withdrawal of \$38.35m of external funding. \$16.5m would need to be re-paid (made up of \$14.5m debt and \$2m held in term deposit). The reduction of \$21.5m funding (revenue)

would reduce the debt ceiling by 2.5 times that amount (spread over planned years received). Another \$1m would need to be spent to make the building safe for passers-by. \$9m of Council work to date is currently recognised in our accounts as capital work in progress. If the project ends, this would have to be written off (because no asset is created). This would be recognised as an unbudgeted expense. In addition, Council is still liable for all of the construction risk and financial risk of Option A (to be resolved by 2042), with the additional risk of future changes to the Building Code and construction inflation of 2%-5% over 20 years, estimated at an additional \$52m cost.

8.2 Kaupapa Here me ngā Hiraunga Whakariterite Policy and planning implications

The decision before Council is whether to continue with a project that is substantially underway and approved in the current LTP. This decision is deemed significant as, if not Option A, it overturns an approved Council direction, it has a high level of public interest, and the \$81.4m represents a significant variation from total budget. Public consultation was therefore undertaken resulting in a high number of responses and an observed 85% level of support for Option A.

If Council chooses to proceed, the project (and Council's contribution of \$15.5m) is already provided for in the LTP. With the conditions as recommended, there are no additional policy and planning implications at this stage.

If Council chooses to stop the project, Council will need to commence a new work programme in the future to achieve compliance with the building code before 2042/52. A strong rationale would need to be provided to explain the decision.

8.3 Tūraru Risks

Refer to table in decision section above.

8.4 Te Whaimana Authority

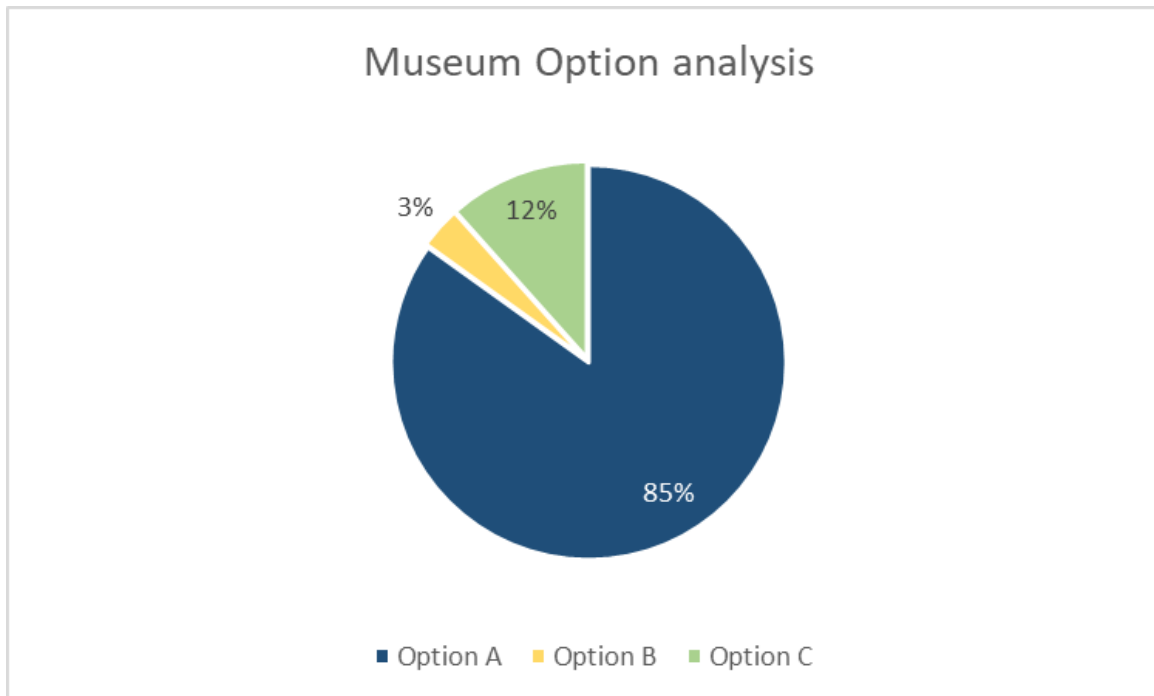
The committee has the authority to make this decision whether to proceed with the project, or to stop the project.

9. NGĀ ĀPITI HANGA ATTACHMENTS

Attachment 1: Analysis of Submissions.
Attachment 2: Summary of Workshops
Attachment 3: PMO Risk Framework

ATTACHMENT 1: ANALYSIS OF SUBMISSIONS

776 submissions have been received from the community. The majority of the feedback received supported option A (85%). Below is the representation of preferred options from the community:



Themes identified from the feedback received:

Option A: Follow the 2018-2028 Long-term Plan decision: Continue to fully restore the building and reopen as a Museum?

- The Museum is an iconic building and heritage site with significant historical and cultural significance
 - This is a category 1 heritage building
 - It stands on the sacred lands of Ngāti Whakaue
 - We need to preserve our history, heritage, artefacts and taonga
 - The museum is fundamental to Rotorua and New Zealand’s culture and heritage
 - Iconic piece of history
 - It symbolises the historical collision between two cultures
 - It is a physical and spiritual manifestation of our past, present and future
 - It is keeping the knowledge of the past alive
 - Explains the history of our place
 - Location – the museum needs to stay where it is as it is an important cultural site and it tells a story about place
 - It houses our taonga
- The Museum is a symbol of wellbeing
 - It is ‘the heart’ of Rotorua
 - *“The building and its continued use as a place of history, of stories and reconciliation is a symbol of well-being for our people, culture and place” (submission #459)*
- The building brings economic benefit to the community
 - One of the most photographed buildings in New Zealand
 - Attracts a large amounts of tourists that spend in the District

- Rotorua needs the Museum for tourism – key to restoring tourism numbers in Rotorua
 - It is a commercial enterprise that benefits Rotorua Lakes Council
 - Revenue from the Museum when it reopens will pay itself back

“From a business perspective, the more activities available in the town the better. Not everyone goes mountain biking, and those visitors need something to do in their down time. An iconic sight of the Bath House and museum visit is ideal for that” (Submitter #666)
- The building carries significance and adds value for the community (viewed as a key part of a ‘thriving community’ in Rotorua)
 - Offers services to the local community such as education (especially is a key resource for our local schools and children)
 - The building is a landmark for the community
 - The building is a part of our towns history
 - The building is a local treasure
 - The building cannot be replaced
- The building is a Rotorua, national and international icon
 - Our Whare Taonga is a central part of our city and our community

“This building is a really important treasure to our community, the country and indeed the world. It’s a building that weaves together genealogy of the arrival of the settlers to Rotorua, in the years when people were happy, absolutely, a building that cares for treasures and narratives of ancient times” (Submitter #115)
- The building needs to be preserved for future generations
- Rotorua Lakes Council is responsible for the museums management, protection and leadership

“Do not cost cut the vision, the value and intent behind this project. Finish the project to the fullness of its original intent. I implore the Council to be part of that enduring history for the good” (submission #459)
- This is the cheapest option that opens the museum the fastest
 - Other options still require detailed work and will take time
 - Delays through alternative options will only cost more
 - Delaying the decision will cost more money
 - Option A is the most cost effective and the risk with this option is best understood
 - It will never be cheaper than it is today to restore
- Cost is not perceived as a barrier
 - Submitters considered that the community do not mind additional costs associated with this project – this is seen as a priority activity for Council to be allocating funds to
- Just get on with it – there is a clear demand to get the museum restoration completed as soon as possible
 - Funding has already been secured
 - Want the building open as soon as possible
 - Already been deprived of the museum for 6 ½ years
 - People are frustrated that other projects have been put ahead of the museum (there would likely be outrage if the Museum was not reopened after the lakefront, SHMPAC etc. have been completed and seen to be a priority, which does not align with the communities priority – the Museum)
- Keep sourcing alternative funding

Option B: Stage project. Stage One: Fully strengthen the building, Stage two: Complete restoration and fit-out to reopen the building as a Museum

- Needs to be repaired to safe standards
 - Safety hazards being addressed is a must
- Use the Museum better than before (when it is fit-out make it more interactive)
- Focus on practicality
 - It needs to be repaired and finished in the most practical way which probably means stages but as soon as possible
- Ensure the buildings preservation – protect and restore the building
 - It needs to be strong, resilient and at the same time keep its originality
- Cost burden on ratepayers – a lot to take on all at once
 - A staged process makes the cost more palatable

Option C: Find Alternative. Find an Alternative location for the Museum and its services

- Modern facilities would be an asset to the community
- Would not have to do it now but when the city can afford it
- Finishing the project has too much unqualified financial risk
 - Not affordable and a cost burden for future ratepayers
 - Cost to restore the building far exceed any economic benefit
 - Rotorua cannot afford to fund the project
- Not sustainable as it currently is
- Not good trying to build on top of geothermal activity
 - The maintenance of the building has been a challenge since the outset
“The ground on which the existing Museum stands will always be problematic and it is highly likely there will always be ongoing issues and expense”
 - Build it in a safer and nicer location
 - Build a new one somewhere larger
 - Build a new building rather than remodelling
 - Cost burden
 - Cost to restore should lie on historic trusts not ratepayers
 - In current economy is not affordable
 - Not a priority in current economic time
 - Money better spent elsewhere (such as on roading)
 - Find a quicker solution

ATTACHMENT 2: SUMMARY OF ELECTED MEMBER WORKSHOPS

5 July, Construction feasibility workshop

This workshop unpacked the design work and peer reviews carried out and went through each of the key components of the design. Elected members were able to ask questions about the integrity and challenges of the existing building and ground conditions. They also asked questions about the design, methodology, how robust the data, analysis and peer review processes had been, and feasibility of construction.

The **geotechnical** engineer (Mike Jacka QSM, civil engineer from Tonkin + Taylor):

- Described the geotechnical investigative work and analysis completed for the museum project, including multiple investigations over 15 years both inside and outside the building. Those investigations have built up a robust picture of the ground conditions.
- Noted that the technical experts understand the range of potential outcomes and have designed the project to respond to those possibilities. The specifics will emerge as the project is carried out, we will take them as they occur. He summarised that “you will never get no surprises but you plan to deal with them”. He considered the planning is robust.
- Noted that conventional ground testing methodology yielded results indicating significant groundworks would be required. He commended Council for undertaking the recommended additional specialist testing (with support of the University of Canterbury and University of Auckland) – that additional testing better addresses the ground type (pumice soils) under the museum. This testing confirmed a higher ground strength and ability to withstand liquefaction to a 70% NBS standard.
- Council and funders accepted the 70% NBS level for ground which meant this research saved an estimated \$15-20m and considerable project time and risk. He noted that he uses this project as a success story in the industry where a client had foresight to invest several hundreds of thousands to save tens of millions.

The **architects** (Brent Withers and Matt Davey, both from DPA Architects):

- Described the computer model of the building developed using 20 scan packages (involving 1,417 individual scan setups and 407 GB of scanning data). The model has been used to support detailed 3D architectural and structural design.
- Described the historic site information reviewed including the original plans, the recorded works that have occurred annually since 1962, conservation plans developed in 1995, historic photographs of the original groundworks and construction.
- Summarised the deconstruction and stripping back of the building that has occurred (including all walls and two separate roof investigations).
- The architectural design has also had the benefit of workshops with structural, geotech, mechanical, electrical, hydraulic, fire and kitchen designers.
- Outlined their experience designing other complex projects that have been successfully delivered.

The **structural engineers** (Dmytro Dizhur, Brandon Fowlie and Devina Shedde, all structural engineers from Dizhur Consulting):

- Described their analysis philosophy (extensive structural investigations including crack monitoring, on-site inspections, structural monitoring network and building analysis model) and their strengthening philosophy (rigorous onsite proof testing, tailoring the design to the specific strength and measurements of the existing structure, buildability and early contractor involvement).
- Demonstrated how they used the computer model (built with data from real-world investigations) to design each aspect of the structural element with exact dimensions.
- By spending the time to understand the existing structure, their design has reduced the project cost and reduced buildability risk.
- Discussed whether cost savings could be made by reducing the structural design to achieve 34% of the New Building Standard (ie minimal compliance) rather than the current 80% NBS. Their opinion was that this would not achieve significant savings (there would be some reduction in materials cost but labour, temporary works, demolition and installation costs would remain the same) (this view was supported by DPA Architects).

The overarching message from this workshop was that exhaustive investigation, analysis and modelling has provided a design solution that:

- is able to be built
- accurately addresses strengthening requirements
- is not unnecessarily intrusive
- is maximally cost effective
- ensures the solution will work
- and eliminates assumptions which could drive additional cost.

It was also noted that there was no further work to be done to further refine and de-risk the design and that this building had been more thoroughly investigated and tested than most.

12 July, Council funding and debt workshop

Thomas Colle provided an overview of Council's current debt limits, the effect on Council debt of continuing with the project, and what contribution Council could make to enable the project to be completed. His presentation included:

- A discussion of the difference between:
 - Personal debt: backed by personal income, usually secured against assets, for a term generally aligned with the individual's working life),
 - Business debt: borrowings for investment to enable future economic return), and
 - Public debt: borrowings to fund long-term infrastructure over a multi-generational period. Local government must use debt to ensure all generations pay their fair share (i.e. not underinvesting such that future ratepayers inherit run-down assets and infrastructure deficit).
- **Debt to assets ratio:** He outlined Council's total assets v actual debt and forecast debt for the period 2021 – 2031. To illustrate debt to asset ratios, he contrasted a home-owner's mortgage (debt to asset ratio of 80%) with Council borrowings (debt to asset ratio of 21%).
- **Debt ceiling:** Council has a debt ceiling policy of 250% (i.e. maintaining debt at no more than 2.5 x revenue). This is a policy rather than a statutory requirement. It is below Council's debt covenants with

our lender (the Local Government Funding Agency) which are 290% for 2023/23 reducing to 280% for 2025/26 onwards.

- He modelled Council's actual/forecast debt against the debt ceiling (250% of revenue). He also noted the effect of the Affordable Waters reforms (if those reforms proceed) as well as other capex risks (Rotoiti/Rotomā wastewater scheme, Tarawera scheme, IAF stormwater, inflation and the future strengthening of the Blue Baths).
- **Overall position:** He summarised that Council has approximately \$10m headroom to provide support for the project and still remain within Council's existing debt cap policy (250%). However, he advised that Council could not accommodate *both* an additional \$10m investment as well as absorbing the residual risk of costs going over \$81.4 million, without needing to review future spending and making decisions to defer or stop other investment. He recommended Council carry only the risk of escalation beyond the \$81.4m and look for further external funding to bridge the funding gap.

12 July, External funding workshop

This workshop provide detailed information on the process to apply for funding and the existing funding contracts. Portia McKenzie from Kanoa spoke about the current funding environment, changes to funding policy over the past 3 years, and the availability of further Government funding.

- **Application process:** Staff described the process to apply for funding, showing the extensive documentation needed to support applications, as well as timing differences across funds with some open monthly and others every other year.
- **Funding contracts:** Funding contracts tag the funding to specific contracted outcomes that align with each funder's priorities and criteria. All of the existing funding contracts require that the building be strengthened and restored, and that it re-open as Te Whare Taonga o Te Arawa. Council cannot use that funding for any other purpose.
- **Government funding:** Portia McKenzie spoke about the current funding environment, noting that Government funding priorities have changed since the original applications were approved. This means that although funding support could be increased for an existing funding agreement, unfortunately there are no funds now open for a new museum project. She also confirmed that:
 - Existing (contracted) central Government funding is as follows:

▪ Ministry for Culture and Heritage	\$5m
▪ Kanoa	\$17m
▪ Lotteries (Significant Projects)	\$6m
 - Subject to Council confirming the project will continue:
 - The Minister for Culture and Heritage has already approved an additional \$4m.
 - Kanoa officials would support an additional \$5m to complete the project (the Minister has delegated authority for up to \$3m, Cabinet decision is required for a grant of between \$3m and \$5m)
 - Lotteries (Environment and Heritage) has already approved an additional \$350,000.
 - If the project does not continue, funding contracts would be terminated and repayment is required as follows:

▪ Ministry for Culture and Heritage	\$2.5m already received.
▪ Kanoa	at least \$7m of the \$10m already received.
▪ Lotteries	\$2m already received
- **Non-government funding**

- Rotorua Trust have already contracted with Council to provide \$10m. Rotorua Trust is open to further application of up to \$5m, subject to Council confirming it will continue with the project. If the project does not continue, Rotorua Trust would likely require termination of the contract and repayment of \$2m already received.
 - New Zealand Community Trust will open its next funding round in July 2023. An application for \$600,000 would be made.
 - A generous community member has publicly announced her intention to auction a rare C F Goldie artwork, with all proceeds to be donated if Council commits to the project. Recent auctions for this artist have achieved over \$1m
- **Summary:**
 - When consultation opened, existing funding came to \$53.5 million, with a total budget of \$81.4m and a funding gap of \$27.9m. With the above external contributions, the funding gap would reduce to \$11.95m.
 - Following the advice of the CFO this funding gap is recommended to be filled by further external funding, with RLC taking only the risk of project escalation. One pathway to fill the funding gap is via a potential new fund being considered by the Bay of Plenty Regional Council. The Bay of Plenty Regional Council has notified its intention to propose and consult on a regional infrastructure fund, and the recognised regional importance of Te Whare Taonga as a potential eligible project. This would need to be negotiated and consulted on as part of BOPRC's Long Term Plan process from now through to mid-2024.

18 July, Risk mitigation workshop

This final workshop was held in confidential as it address commercially sensitive information. The topics covered in this workshop were:

1. Project Financial Risk
 - a. Project financial risks
 - b. Quantification of risk
 - c. Current estimate allowances
 - d. Tools for managing risk over and above contingency
2. Commercial considerations
 - a. Fixed versus unfixed
 - b. Procurement alternatives
 - c. Mitigations
3. Managing risk through decision making.

However, non-sensitive information can be confirmed as follows:

- Project financial risks have been identified by the full project team and include risks in the four categories of: the nature of the project; design; procurement; and construction.
- Workshop 1 addressed the risks associated with nature of the project and design.
- Elected members have expressed concerned about the potential for cost escalations. One tool to mitigate this is **contingency**:
 - There are three methods available to estimate contingencies. This project has used the most robust method known as "Quantitative Risk Analysis"
 - This method is recommended by Treasury for Government projects and uses mathematical modelling of the risks assessed by the project team to give the required contingency for differing levels of confidence. Treasury recommends a level of confidence of P85 is used. P85 means there is an 85% probability of completing the project within the estimates plus that contingency

- The \$81.4m project envelope includes contingency at P95. Using P95 means that there is only a 5% chance (based on the risks inputted by the full technical expert team) of the project exceeding \$81.4m.
- There are many other tools to manage cost escalation risk in addition to contingency. These were also discussed in the workshop.
- In addition to the cost-risk there is also funder-risk. Funders are concerned that Council may not be committed to moving forward with the project. There is a real risk that existing funding may be lost if Council does not make this commitment.
- A way to mitigate this risk is to make a commitment, start the project and to ring fence some scope within the contract that can be removed after 12 months if the final additional funding is not secured. This enables the building to open as a museum but may result in some missing features such as a café until sometime in the future.
- It was also noted that not proceeding with the project will require repayment of \$16.5m of external funding already drawn down (noting that Council holds \$2m of this funding on account, and the balance has been used to re-pay other Council borrowing). Consequently, cancelling the contract

	2023 & Prior Actual	2024 Forecast	Total	
External Grant Revenue Received				
Utilised in Working Capital	\$ 14,500,000	\$ -		
Held in Cash	\$ 2,000,000	\$ -	\$ 16,500,000	<i>This represents all external funding received to date</i>
Less:				
Council Capital Expenditure				
Funded through Debt	-\$ 9,000,000	-\$ 6,000,000	-\$ 15,000,000	<i>This represents Council's \$15m capital contribution</i>

Should Council decide not to proceed with the Museum, the impact on Council's debt would be:	
Repayment of Grants Utilised in Working Capital	\$ 14,500,000
Less: Future Capital Expenditure No Longer Required	-\$ 6,000,000
	\$ 8,500,000

ATTACHMENT 3: PMO RISK FRAMEWORK

Appendices **Appendix 1 - Consequence Table**

CONSEQUENCE TABLE										
RISKS	COST	TIME / SCHEDULE	SCOPE	QUALITY	SERVICE DELIVERY	HEALTH AND SAFETY	ENVIRONMENT	REPUTATION	LEGAL	SCORE
SEVERE	>\$1M	Overall project schedule slips > 20%	Project item is effectively useless	Project and item is effectively unusable	Failure to deliver service No systems, training, processes, or procedural implementations in place	Loss of life, multiple serious harms: permanent severe disability	Damage or degradation: serious, large or significant – irreversible	Loss of community confidence, extremely poor perception of Council and sustained negative international media coverage	Significant prosecution and fines	100
MAJOR	\$300K to \$7M	Overall project schedule slips 10 - 20%	Scope reduction unacceptable	Quality reduction unacceptable	Significant impact on the ability to deliver services Minimal systems, training, process or procedural implementation in place	Serious harm (e.g. broken bones, hospitalisation)	Damage or degradation: serious, large or significant area – long term	Sustained negative national media coverage and loss in confidence by community that will take significant time to remedy	Major breach or regulation	70
MODERATE	\$100K to \$300K	Overall project schedule slips 5 - 10%	Major areas of scope are affected	Quality reduction requires client approval	Some difficulty in achieving objectives Moderate systems, training, process or procedural implementation in place	Medical treatment required	Damage or degradation: serious, large or significant area – recoverable	Negative media coverage for days and adverse political comment	Serious breach of regulation with investigation or report to authority with prosecution powers. Moderate fine possible	40
MINOR	\$25K to \$100K	Schedule slippage <5%	Minor areas of scope are affected	Only very demanding applications are affected	Minor difficulty in meeting objectives Significant systems, training, process or procedural implementation in place	First aid or minor treatment	Damage or degradation - serious, limited area – recoverable	Loss of confidence amongst sections of community and one weak local adverse political comment	Minor legal issues, non-compliance and breaches of regulation	10
INSIGNIFICANT	<\$25K	Insignificant schedule slippage	Scope decrease barely noticeable	Quality degradation barely noticeable	Isolated difficulty in meeting service objectives Quality systems training, process or procedural implementation in place	Minor injury, first aid not required	Damage or degradation: slight, minor or short term	Negative feedback from individuals or small group with one day local adverse political comment		1

8

Appendix 2 - Likelihood Table

LIKELIHOOD TABLE				
	CONSEQUENCE DESCRIPTION	PROBABILITY OF OCCURRENCE	DESCRIPTION	RATING
THREAT	ALMOST CERTAIN	80 - 100%	The threat can be expected to occur	5
	LIKELY	50 - 80%	The threat will quite commonly occur	4
	POSSIBLE	30 - 50%	The threat may occur occasionally	3
	UNLIKELY	5 - 30%	The threat could infrequently occur	2
	RARE	0 - 5%	The threat may occur in exceptional circumstances	1

ROTORUA LAKES COUNCIL

Mayor
Chair and Members
INFRASTRUCTURE & ENVIRONMENT COMMITTEE

6.2 Water Supplies Fluoridation Programme - Decision Making (Decision Required)

Report prepared by: Eric Cawte, Infrastructure Networks Performance Manager

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

Report approved by: Geoff Williams, Chief Executive

1. TE PŪTAKE PURPOSE

To update members on the programme to comply with the Director General of Health (DGH) direction to install fluoridation equipment in the Rotorua Central and Rotorua Eastern water supplies in order to commence fluoridating by 30 April 2024, and to provide and update on the DGH's proposal to consider issuing a direction to commence fluoridation of the remainder of Councils public water supplies by a date yet to be confirmed.

2. TE TUHINGA WHAKARĀPOPOTOTANGA EXECUTIVE SUMMARY

The Health (Fluoridation of Water Supplies) Amendment Act 2021 came into force in December 2021. This new legislation amends the Health Act 1956 to give the Director General of Health the power to issue a direction to local authority drinking water suppliers to fluoridate a public water supply. The changes do not apply to private water supplies.

Council officers have been in communication with the office of the Director General of Health in terms of giving effect to this statutory requirement, as complying with the Act will derive capital and operational costs liabilities for Council. Capital funding assistance has been offered in regard to RLC's two main water supply zones (Central and Eastern) subject to meeting funding conditions. The potential and quantum of such assistance for the other supply zones as well as compliance timing is still unclear.

The Health Act 1956 was amended in 2021 to allow the Director-General of Health to direct a local authority to add fluoride to drinking water: s 116E. When a local authority receives a direction under s 116E, it must comply with it: s 116I. Non-compliance is an offence carrying a maximum penalty of \$200,000 and up to \$10,000 per day for continuing offences.

Officers have undertaken due diligence through inquiries to competent legal and health agencies to ensure the Council and elected members have access to appropriate advice on potential legal liabilities and health effects. These inquiries, outlined in this report, conclude that Council will be acting within its legal responsibilities in adopting the implementation of the fluoridation direction.

3. NGĀ TŪTOHUNGA RECOMMENDATION

1. That the report “Water Supplies Fluoridation Programme” be received.
2. That the Committee note the Director of General Health Directive of 27 July 2022.
3. That the Committee note legal advice on liabilities and the Ministry of Health further advice on potential health risk effects.
4. That the Committee note the capital and operational costs of implementing the directive for the Central and Eastern water supply zones.
5. The Committee agrees and instructs officers to commence the implementation of the Directive to fluoridate the water supplies of Central and Eastern zones in compliance with directions given by the Ministry of Health.

4. TE TĀHUHU BACKGROUND

On 27 July 2022, the Director General of Health wrote to Rotorua Lakes Council directing that we fluoridate the Rotorua Central and Rotorua East water supplies by 30 April 2024. At that stage, there was still no indication of the level of government funding assistance proposed to be provided for this.

In August 2022, the MOH published a further document outlining the process required to be followed to apply for such funding. One of the requirements in that process was that Council had to submit a concept design for each of the two fluoridation plants required. These concept designs were submitted as part of our funding request, along with other required pertinent information including updated capital cost estimates which totalled \$1,610,000 for these two main water supplies.

In November 2022, the new Director General wrote again advising that she was considering issuing further directions to fluoridate the remainder of Councils water supplies (Ngongotaha, Hamurana/Kaharoa, Reporoa, Mamaku, Rotoiti and Rotomā), and requesting further written comment on the estimated costs of that additional project, and a date by which Council would be able to comply with a final direction. This information was provided as required in March 2023.

On 18 May 2023, Council was advised that the fluoridation capital works funding support was approved in principle for the Rotorua Central and Rotorua Eastern supplies based on the concept designs and the concept design estimates provided. The draft funding agreement that had been provided by the Ministry stated that the funding payable is equal to 100% of the estimated capital cost “as described in the concept design report”.

In preparation for concluding a final funding agreement, officers are now proceeding with the detailed design of the two fluoridation plants to specifications which will comply with both the direction given, and the indicated funding agreement provisions. A procurement plan has been also approved which will result in a tender process for the supply and installation of the two fluoridation plants. Following the tenders evaluation process, a tender recommendation will be brought to Council for consideration and approval for the work to proceed (provided that the recommendations of this report are adopted by the Committee).

Following the approval of the detailed design by the MoH, we will be expected to enter into a formal funding agreement with them.

At this stage, the projected timeline for the undertaking indicates that it should be possible to meet the 30 April 2024 deadline for the systems to be operating, but this could be affected by supply chain issues and approval timelines. We have committed to keeping the MoH updated of any changes to the programme if it proceeds as recommended.

At the time of writing this report, the Director General has not issued directions to fluoridate the remaining six water supplies.

5. TE MATAPAKI ME NGĀ KŌWHIRINGA DISCUSSION AND OPTIONS

The direction to fluoridate the Rotorua Central and Rotorua Eastern water supplies is issued pursuant to the Health (Fluoridation of Water Supplies) Amendment Act 2021. Council is legally obliged to comply with this direction.

Legal advice sought and received by officers' highlights;

"The Health Act 1956 was amended in 2021 to allow the Director-General of Health to direct a local authority to add fluoride to drinking water: s 116E. When a local authority receives a direction under s 116E it must comply with it: s 116I. Non-compliance is an offence carrying a maximum penalty of \$200,000 and up to \$10,000 per day for continuing offences.

On 27 July 2022, the Director-General of Health directed Council to fluoridate the Rotorua Central and Rotorua East drinking water supplies. Council is required to comply by 30 April 2024.

The Supreme Court has held that fluoridation of drinking water does not breach an individual's right to refuse to undergo medical treatment: New Health New Zealand Incorporated v South Taranaki District Council [2018] NZSC 60.

In terms of health and safety legislation, Council has duties as a PCBU to ensure that the fluoridation process does not, as far as is reasonably practical, put at risk the safety of persons from the work carried out. 'The work' would be the fluoridation process.

The duty in this context would mean ensuring there is no risk around the actual process of fluoridation. Practical examples would be the handling of chemicals and, as regards the public, ensuring the correct dosages."

The design and procurement of these installations is being carried out by qualified and experienced professionals, and is subject to independent peer reviews which will confirm to the MoH that the construction and operation will be in accordance with the recently adopted Water New Zealand Code of Practice for Fluoridation of Water Supplies. The level of quality control over this process will be comparable to that which is employed on all of our existing water treatment processes which are in full compliance with legislation and best industry practice.

Further advice sought from the MoH on potential health effects on the community:

Officers have also written to the Ministry of Health as below;

“Rotorua Lakes Council staff received concern from members of our community and elected members over recent overseas research reports on potential health risks associated with the consumption of Fluoride in water supplies. We note that the reporting is relatively recent, coming after the date that we were directed to fluoridate and we are enquiring if the Ministry of Health is aware of the reports, and we are also requesting commentary that we can share with our Council. Our request is aimed at seeking reassurance and comfort for our community about the potential safety of additional fluoride in our drinking water.

There is a recent Systemic Review of the state of the scientific research on Fluoridation carried out by the National Toxicology Program (NTP), and the Public Health Service U.S. Department of Health and Human Services ISSN: 2378-5144. This review highlights some concerns around the safety of fluoride in water supplies, and was released in May 2022. A further, updated version of this review was finalised in September 2022 and released in March 2023. This information does not appear to have been included in the Ministry of Health scientific background available to the public, and was not available when they made their directive to Councils to fluoridate community water supplies. The Systemic Review by the NTP shows strong links in the research around exposure to fluoride and neurodevelopmental and cognitive health effects.

We are raising these concerns because elected members, as governors and decision-makers, are responsible for managing risk in activities we carry out as an organisation, and this recent information indicates that there may be potential risk to the health and safety of some of our community members. The Council is a PCBU (Person Conducting a Business or Undertaking), and although the Ministry of Health is making this directive under the "Health (Fluoridation of Drinking Water) Amendment Bill", the question is, do we still have a responsibility for any adverse effects under the "Health & Safety at Work Act 2015", or will this culpability rest with the government?"

In addition, officers sought a response to whether the fluoride substance falls under sections 4-7 of the Hazardous Substances and New Organisms Act 2003? Particularly section 7.

The Ministry's response to these inquiries (**Attachment 2**) indicates;

“The Evidence Update considered the major scientific developments from 2014 to June 2021. You sought reference to the draft National Toxicology Programme Monograph on the State of the Science Concerning Fluoride Exposure and Neurodevelopmental and Cognitive Health Effects: A Systematic Review (the draft State of the Science review). An earlier version of the draft State of the Science review (draft circulated 16 September 2020) was considered in the Evidence Update. Please refer to page 25 of the pdf version of the Evidence Update for commentary on the draft State of the Science review, which you can find here: www.pmcsa.ac.nz/topics/fluoridation-anupdate-on-evidence

The Evidence Update has confirmed the findings of the 2014 report by the Royal Society Te Apārangi and the OPMCSA and concluded that “while there is some evidence that high fluoride concentrations may have an adverse effect on developing brains, there is no convincing evidence of neurological effects at fluoride concentrations achieved by fluoridation of water supplies in Aotearoa New Zealand”.

The 2014 report by the Royal Society Te Apārangi and the OPMCSA recommended that a review be repeated or updated every 10 years, or earlier if a large well-designed study appears likely to have shifted the balance of health benefit versus health risk. Manatū Hauora keeps a watching brief on the national and international evidence base.

You also ask about the impact of the Hazardous Substances and New Organisms Act 2003 (HSNO) in relation to the directions to fluoridate issued under Health Act 1956. A range of legislation, including the HSNO, should be considered when designing and implementing a fluoridation system. In addition,

local authorities must comply with the drinking water standards for New Zealand, including not exceeding the maximum acceptable value for fluoride.”

The central government funding will be made available subject to Council signing and adhering to the funding agreement, which does not contain any requirements of significant concern.

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

This is a legislative requirement and does not trigger the Council’s significant policy requirements.

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

There has been no specific community engagement regarding the direction to fluoridate these supplies. It is a legislative direction and seeking inputs from the community would be meaningless.

**8. HE WHAIWHAKAARO
CONSIDERATIONS**

Council is required to comply with the directive and make provisions for its capital application and its on-going management and maintenance.

**8.1 Mahere Pūtea
Financial/budget considerations**

If the final cost is within the capital estimates provided with the preliminary design, there should be no net capital cost to Council. The estimates that were supplied did contain allowance for reasonable inflation and contingencies as best as officers could forecast.

There will be ongoing operational costs for fluoridating these supplies, currently estimated as \$160,000 p.a.

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

There are no policy implications as this is a legislative directive.

The sites where the fluoridation plant will be installed and operated are already designated in the District Plan for water supply and treatment purposes.

**8.3 Tūraru
Risks**

Historically there has been public debate surrounding proposals to introduce fluoride to drinking water in addition to naturally occurring levels. The Ministry’s reasons for doing so are primarily to achieve community oral health benefits by reducing the susceptibility of teeth to decay. However, there are

diverging and at times opposing views, citing potential adverse health effects of fluoride ingestion, and the concept of “mass-medication”.

The central government direction has reduced the community debates around the issue, but there will still be those in the community who are strongly opposed to the additional fluoride.

In the letter of direction dated 27 July 2022 (Attachment 2 ECM ID-2087080), The Director-General states;

“In reaching my decision, I considered the scientific evidence on the effectiveness of adding fluoride to drinking water in reducing the prevalence and severity of dental decay. I am satisfied that community water fluoridation is a safe and effective public health measure that significantly reduces the prevalence and severity of dental decay”.

Appendix 1 of the letter also contains further analysis of the evidence and decision-making process leading to the decision to issue the direction.

The draft funding agreement that has been supplied requires that all of the conditions required in the letter of direction be met in order for funding to be released. This includes the deadline for completion. The potential loss of funding will be managed by constant communication and reporting of progress, and early notification of any potential roadblocks that may affect completion date.

8.4 Te Whaimana Authority

Council has the authority to comply with legislative direction.

9. TE WHAKAKAPINGA CONCLUSION

The Health Act 1956 was amended in 2021 to allow the Director-General of Health to direct a local authority to add fluoride to drinking water: s 116E. When a local authority receives a direction under s 116E it must comply with it: s 116I. Non-compliance is an offence carrying a maximum penalty of \$200,000 and up to \$10,000 per day for continuing offences.

Officers have undertaken due diligence through inquiries to competent legal and health agencies to ensure the Council and elected members have access to appropriate advice on potential legal liabilities and health effects. These inquiries, outlined in this report, conclude that Council will be acting within its legal responsibilities in adopting the implementation of the fluoridation directive.

10. NGĀ ĀPITI HANGA ATTACHMENTS

Attachment 1: Letter of Direction from the Director General of Health 27 July 2022

Attachment 2: Response from the MoH on potential health effects inquiries 18 July 2023

I ,

Attachment 1:

27 July 2022

Geoff Williams Chief Executive
Rotorua Lakes Council geoff.williams@rotorualc.nz

Tena koe Mr Williams

Decision in relation to fluoridation direction

Thank you for responding to my letter of 3 May 2022. I have considered the information you have provided, alongside further information I am required to consider under section 116E of the Health Act 1956 (the Act). I have also received and considered advice from the Director of Public Health.

Informed by the matters I am required to consider, I have decided to exercise my statutory powers under section 116E of the Act to direct you to fluoridate the Rotorua Central and Rotorua East drinking water supplies in your region.

In accordance with section 1161 of the Act, you are required to ensure that by 30 April 2024 you are fluoridating at the optimal levels (between 0.7ppm to 1ppm, parts per million) at the Rotorua Central and Rotorua East supplies. Contravening these requirements, or permitting these requirements to be contravened, constitutes an offence under section 116J of the Act.

Fluoridation of the Rotorua Central and Rotorua East drinking water supplies is an important step in improving the oral health of your communities, and it is my intention that Manatū Hauora (the Ministry of Health) will work constructively with you to implement these important changes.

In reaching my decision to issue this direction to you, I considered the scientific evidence on the effectiveness of adding fluoride to drinking water in reducing the prevalence and severity of dental decay. I am satisfied that community water fluoridation is a safe and effective public health measure that significantly reduces the prevalence and severity of dental decay. In reaching this conclusion, I considered: *Water fluoridation to prevent tooth decay* (Cochrane Collaboration 2015), *Health effects of water fluoridation: A review of the scientific evidence* (PMCSA and Royal Society Te Aparangi 2014) and *Fluoridation: An update on evidence* (PMCSA 2021).

In reaching my decision, I also considered whether the benefits of adding fluoride to the drinking water outweigh the financial costs, taking into account: the state or likely state of the oral health of your communities served by the Rotorua Central and Rotorua East supplies; the number of people who are reasonably likely to receive drinking water from these supplies; and the likely financial cost and savings of adding fluoride to the drinking

water of the supplies, including any additional financial costs of ongoing management and monitoring.

I am satisfied that the benefits of introducing community water fluoridation across both the Rotorua Central and Rotorua East drinking water supplies outweigh the financial costs of doing so. In reaching this conclusion, I gave weight to the following:

- The Rotorua Central and Rotorua East communities would each receive significant benefit, through improvement to the state of its oral health, because fluoridation of the water supply would significantly reduce the prevalence and severity of dental decay in its community
- Approximately 42,500 and 10,330 people are reasonably likely to receive drinking water from the Rotorua Central and Rotorua East supplies, respectively
- the likely financial cost and savings of adding fluoride to drinking water for the Rotorua Central and Rotorua East supplies including any additional financial costs of ongoing management and monitoring.

My decision-making process included inviting written comment from Rotorua Lakes Council and having regard to the comments I received. Below I summarise and respond to the comments I received:

- the estimated capital cost of introducing fluoridation for the Rotorua Central supply is \$722,000. The estimated ongoing management and monitoring costs are \$47,000 per annum
- the estimated capital cost of introducing fluoridation for the Rotorua East supply is \$618,000. The estimated ongoing management and monitoring costs are \$25,000 per annum
- the timeframe by which Rotorua Lakes Council would be able to comply with a direction is 12-18 months for both the Rotorua Central and Rotorua East drinking water supplies.

As part of considering whether to issue a direction to fluoridate, I considered the cost estimates you provided for each supply. I also accept the timeframe you specified by which you could comply with a direction for the Rotorua Central and Rotorua East drinking water supplies. This is reflected in the compliance date stated earlier in this letter.

Appendix 1 presents a more extensive summary of the information that informed my decision-making, including the advice I received and considered from the Director of Public Health.

Funding

Manato Hauora is making capital works funding available for local authorities that have been issued a direction to fluoridate, and that begin work to fluoridate drinking water supplies by the end of 2022. It will shortly provide detailed information about the application process for this funding to cover fluoridation-related capital costs.

Communicating this 'direction to fluoridate' decision

Manatō Hauora is responsible for communicating this decision at a national level. Please note too, that as required under section 116E(5) of the Act, all direction letters will be published on the Manatō Hauora website in due course.

Next steps

An official from Manatō Hauora will contact your team in the coming weeks to discuss any needs you might have for further clarity or additional information. Manatō Hauora recognises that this is a busy time for local authorities and wishes to work with you to make the process as straightforward as possible for your team.

Nako noa, na

A handwritten signature in black ink, appearing to read 'A. Bloomfield', written in a cursive style.

Dr Ashley Bloomfield
Te Tumu Whakarae mote Hauora Director-General of Health

Appendix 1:

Rotorua Lakes Council: Rotorua Central and Rotorua East water supplies

Analysis	
Criterion	1. Scientific evidence on the effectiveness of adding fluoride to drinking water in reducing the prevalence and severity of dental decay
Evidence	<p>The Ministry has considered the following information:</p> <ul style="list-style-type: none"> • Fluoridation: an evidence UQdate Office of the Prime Minister's Chief Science Advisor {June 2021} • Health effects of water fluoridation: A review of the scientific evidence (August 2014) Office of the Prime Minister's Chief Science Advisor and <u>Royal Society of New Zealand Te Aqarangī</u> • Water fluoridation to prevent tooth decay] Cochrane Collaboration (June 2015) <p>Fluoridation: An update on evidence (PMCSA 2021) examines new evidence on water fluoridation published since the Royal Society Te Aparangi report in 2014. The Cochrane Collaboration's water fluoridation to prevent tooth decay (2015) is a high-quality scientific meta-analysis of a large number of high-quality research studies conducted over a long period worldwide.</p>
Analysis	<p>The sources of evidence referred to above are reviews that examine substantial bodies of research generated over periods of time on the safety of community water fluoridation (CWF) and its effectiveness at reducing dental decay. Considered together, these reports provide an up-to-date and high-quality scientific assessment of the state of the scientific evidence on the health effects of CWF. They find that the provision of CWF at a level of 0.7-1 mg/L is safe and significantly reduces the prevalence and severity of dental decay.</p> <p>The summary analysis of evidence stated above justifies the conclusion that provision of CWF at a level of 0.7-1 mg/L in the Rotorua Central and Rotorua East water supplies would be safe and effective at significantly reducing the prevalence and severity of dental decay in the populations serviced by each of these water supplies.</p>
Director of Public Health advice	Informed by the findings of the reviews noted in 'Criterion 1 Evidence' above on CWF, my assessment is that there is strong evidence that CWF is a safe and effective way to improve oral health outcomes, by reducing and preventing dental decay. I also consider that this strong evidence applies to the communities served by the Rotorua Central and Rotorua East water supplies.
Criterion	2. whether the benefits of adding fluoride to drinking water outweigh the financial costs, taking into account:
Criterion	2a. the state or likely state of the oral health of a population group or community where the local authority supply is situated

Evidence	<p>The Ministry has considered the following information:</p> <ul style="list-style-type: none"> • data on Age 5 and Year 8 oral health outcomes from the Community Oral Health Service (Ministry of Health) • data from the New Zealand Health Survey: Oral Health (New Zealand Health Survey Ministry of Health NZ) • Oral Health Survey Report (Our Oral Health: Key findings of the 2009 New Zealand Oral Health Survey Ministry of Health NZ) • 2013 New Zealand Index of Deprivation (NZDep) (Socioeconomic deprivation profile ehinz) <p>This is the most relevant up-to-date data available. It should be noted that oral health outcome data can take a long time to change substantially.</p>
Analysis	<p>Rotorua East and Rotorua Central water supplies are situated within the previous Lakes District Health Board area.</p> <p>2020 data for children aged 0-12 in Lakes District Health Board shows:</p> <ul style="list-style-type: none"> - overall, 53 percent of children had experienced tooth decay at age five - on average, children at age five have 2.53 decayed, missing or filled primary teeth, and at school year 8 have on average 2.46 decayed, missing or filled adult teeth - Maori and Pacific children have significantly worse outcomes than other children within Lakes District Health Board. For example, 65 percent of Maori children had experienced decay at age five compared to 37 percent for all other (non-Maori and non-Pacific) children. <p>The 2017-2020 New Zealand Health Survey results for Rotorua Lakes Council show:</p> <ul style="list-style-type: none"> 51.3 percent of adults (15+) had one or more teeth removed in their lifetime due to decay, an abscess, infection or gum disease 9.5 percent of adults (15+) had one or more teeth removed in the past 12 months due to decay, an abscess, infection or gum disease <p>From the data summarised above, it is reasonable to conclude that there are significant levels of dental decay in the communities serviced by the Rotorua Central and Rotorua East water supplies. There is strong evidence by CWF reduces dental decay. There are therefore also significant opportunities for oral health improvement for the communities served by the Rotorua Central and Rotorua East water supplies. The evidence indicates that fluoridation of the Rotorua Central and Rotorua East water supplies would make significant improvements to oral health outcomes for the communities it serves.</p>

	Within the Rotorua area, there are significant levels of deprivation. In the 10-level score in which decile 1 has the least deprivation, there are areas in Rotorua that are in deciles 8 - 10. There is a significant body of evidence that levels of tooth decay are highest among the most deprived socioeconomic groups.	
Director of Public Health advice	Informed by the evidence and data sources listed above at 'Criterion 1 Evidence' and 'Criterion 2a Evidence', I have reviewed the state of oral health of the populations served by the Rotorua Central and Rotorua East water supplies. In summary, my assessment is as follows. The Rotorua Central and Rotorua East populations each presently have significant levels of preventable dental decay. The evidence that CWF improves oral health outcomes by reducing dental decay is applicable to each of these two populations. So too is the evidence that these benefits tend to be greater for populations that experience higher levels of tooth decay, such as Maori and Pacific communities. Fluoridation of the water supply that serves each of these communities would consequently improve oral health outcomes for each and is likely also to reduce health inequities.	
Criterion	2b. the number of people who are reasonably likely to receive drinking water from the local authority supply	
Evidence	The Ministry has considered the following information: <ul style="list-style-type: none"> • the Public Register of Drinking Water Suppliers 	
Analysis		
	Water supply	Population size
	Rotorua East	10,330
	Rotorua Central	42,500
Criterion	2c. the likely financial cost and savings of adding fluoride to the drinking water, including any additional financial costs of ongoing management and monitoring	
Evidence	The Ministry has considered the following information: <ul style="list-style-type: none"> • Review of the Benefits and Costs of Water Fluoridation in New Zealand. Sapere Research Group. May 2015. • Water Fluoridation Engineering Costs. August 2015. • Rotorua Lakes Council's estimated costs, including ongoing management and monitoring costs (for more detail on Rotorua Lakes Council's comments see table below). 	
Analysis	The 2015 Sapere Report estimated that adding fluoride to New Zealand's water treatment plants classified as medium sized and above (ie, those supplying populations of over 5000) is cost-saving, and for smaller supplies (ie, those supplying populations of over 500) is likely to be cost-saving. The Sapere report also noted: <ul style="list-style-type: none"> - an estimated total net discounted saving over 20 years for smaller supplies and above to be \$1,401 million, made up of a cost of fluoridation of \$177 million and cost offsets of \$1,578 million from reduced dental decay 	

"We estimate the 20-year discounted net saving of water fluoridation to be \$334 per person, made up of \$42 for the cost of fluoridation and \$376 savings in reduced dental care"

The Rotorua Central and Rotorua East supplies each fit into the category of supplies servicing over 5000 people (see further detail in Criterion 2b).

The estimated costs provided by Rotorua Lakes Council are presented in the table below. These estimates vary from the cost estimates Sapere 2015 used in reaching its conclusion that fluoridation is cost-saving for supplies servicing over 5000 people. For water supplies servicing over 10,000 people, Sapere 2015 estimated \$347,004 for capital costs, and \$8742 per annum for management and monitoring costs; while for the Rotorua East supply servicing 10,330 people, Rotorua Lakes Council estimated \$618,000 for capital costs, and \$25,000 per annum for management and monitoring costs. For the Rotorua Central supply servicing 42,500 people, Rotorua Lakes Council estimated \$722,000 for capital costs, and \$47,000 per annum for management and monitoring costs.

Water Supply	Population size	Rotorua Lakes Council estimate of capital cost	Rotorua lakes Council estimate of management and monitoring costs (per annum)
Rotorua East	10,330	\$618,000	\$25,000
Rotorua Central	42,500	\$722,000	\$47,000
Total	52,830	\$1,340,000	\$72,000

Summary of the information received from Rotorua Lakes Council

As required by section 116G, Rotorua Lakes Council was invited to give written comments on the estimated financial costs of adding fluoride to the drinking water, including any additional costs of ongoing management and monitoring; and the date by which each local authority would be able to comply with a direction. Rotorua Lakes Council responded within the required timeframe. A copy of Rotorua Lakes Council's formal response is attached to this Report as Appendix One.

For Rotorua Lakes Council's estimated financial costs of adding fluoride to the drinking water, including any additional costs of ongoing management and monitoring please see Criterion 2c above.

Rotorua East and Rotorua Central Water Supply

Rotorua Lakes Council stated that the timeframe by which it would be able to comply with a direction for the Rotorua East and Rotorua Central supply is 12



Attachment 2:

133 Molesworth Street
PO Box 5013
Wellington 6140
New Zealand
T+64 4 496 2000

18 July 2023

Stavros Michael
Deputy Chief Executive - Infrastructure & Environment Rotorua Lakes Council

Tēnā koe Stavros

Thank you for your email messages of 21 June 2023 and 6 July 2023 regarding community water fluoridation.

As you are aware, in July 2022 the Director-General of Health issued a direction to Rotorua Lakes Council to fluoridate the Rotorua Central and Rotorua East drinking water supplies. I would like to thank Council officers for their work with Manatū Hauora to progress implementation to the point where approval in principle has been given for funding from Manatū Hauora for the cost of the capital works to fluoridate the two water supplies.

You have asked for comment from Manatū Hauora in relation to concerns raised by Rotorua Lakes councillors about the safety of community water fluoridation.

Extensive research carried out around the world, including in Aotearoa New Zealand, supports the conclusion that community water fluoridation is safe and effective at the levels used in Aotearoa New Zealand. Community water fluoridation is endorsed by the World Health Organization and a range of other international health authorities as a safe and effective measure to reduce dental decay. This conclusion is consistent with the findings of the comprehensive review published in 2014 by the Royal Society Te Apārangi and Office of the Prime Minister's Chief Science Advisor (OPMCSA), and with the OPMCSA's 2021 Fluoridation: an update on evidence (Evidence Update).

The Evidence Update considered the major scientific developments from 2014 to June 2021. You refer in your email to the draft *National Toxicology Programme Monograph on the State of the Science Concerning Fluoride Exposure and Neurodevelopmental and Cognitive Health Effects: A Systematic Review* (the draft State of the Science review). An earlier version of the draft State of the Science review (draft circulated 16 September 2020) was considered in the Evidence Update. Please refer to page 25 of the pdf version of the Evidence Update for commentary on the draft State of the Science review, which you can find here: www.pmcsa.ac.nz/topics/fluoridation-anupdate-on-evidence/

The Evidence Update has confirmed the findings of the 2014 report by the Royal Society Te Apārangi and the OPMCSA and concluded that "while there is some evidence that high fluoride concentrations may have an adverse effect on developing brains, there is no convincing evidence of neurological effects at fluoride concentrations achieved by fluoridation of water supplies in Aotearoa New Zealand".

The 2014 report by the Royal Society Te Apārangi and the OPMCSA recommended that a review be repeated or updated every 10 years, or earlier if a large well-designed study appears likely to have shifted the balance of health benefit versus health risk. Manatū Hauora keeps a watching brief on the national and international evidence base.

In your email you also express concern about Rotorua Lakes Council's potential liability under the Health and Safety at Work Act 2015. I understand that you have subsequently sought and received your own legal advice on this matter.

In your further email of 6 July 2023, you ask about the impact of the Hazardous Substances and New Organisms Act 2003 (HSNO) in relation to the directions to fluoridate issued under Health Act 1956. A range of legislation, including the HSNO, should be considered when designing and implementing a fluoridation system. In addition, local authorities must comply with the drinking water standards for New Zealand, including not exceeding the maximum acceptable value for fluoride.

For further guidance you may wish to refer to Water New Zealand's Good Practice Guide for Fluoridation of Water Supplies in New Zealand. This guide has been developed to assist water suppliers in the design and operation of water fluoridation plants to enable effective addition of fluoride to water supplies in a manner which protects public health, and also the operators who maintain the plants.

www.waternz.org.nz/Article?Action=View&Article_id=2424

www.waternz.org.nz/Article?Action=View&Article_id=2388

My team looks forward to continuing to support your council to introduce fluoridation in Rotorua. If you would like any further information please contact Barbara Burt, Manager, Policy and Regulation, Public Health Agency | Te Pou Hauora at Barbara.burt@health.govt.nz.

Nāku noa, nā



Ross Bell
Acting Deputy Director-General
Public Health Agency | Te Pou Hauora Tūmatanui

ROTORUA LAKES COUNCIL

Mayor
Chair and Members
INFRASTRUCTURE AND ENVIRONMENT COMMITTEE

6.3 Community Wellbeing (Active and Engaged Communities) – Progress Report

Report prepared by: Anaru Pewhairangi – Deputy Chief Executive, Community Wellbeing / Manahautū Hapori Oranga

Report approved by: Geoff Williams, Chief Executive

KĀHUI HAPORI ORANGA

Community Wellbeing Group

GROUP MISSION STATEMENT: Creating Connected, Thriving Communities That Promote Wellbeing and Inclusion

Reporting to the DCE Community Wellbeing Group, we are:



Stats and Facts

JUNE 2023

RLC currently hosts 8 community gardens



During the 2022/23 year 15,500 people participated in events in Whakarewarewa Forest



RLC has asset records for 17,886 city trees and more are being added each year

Approximately 500 cremations and 200 burials occur each year in Rotorua



OHU: HE HAPORI KAIKAHA – ACTIVE AND ENGAGED COMMUNITIES

Small Project Updates – Open Space & Recreation

Westbrook Field Lights

Eight lights erected at Westbrook Park to provide training lights for two fields for winter sports. These are now being used. Rugby league and football clubs are using the area for training during the week and the fields are used for rugby union games during weekends. This has provided another 6 to 9 hours per field of available training time each week and we will continue to work with winter clubs and codes to optimise field accessibility across the whole sports field network.



Above: Sports field lights installed for Westbrook 1 and 2 fields

City to Forest Great Ride link

As part of the PGF supported Whakarewarewa Forest developments a “City to Forest” Great Ride link was to be upgraded to create a better cycling link from the lakefront to the forest. This runs from the eastern end

of the Lakefront to Motutara Point, then south along Hatupatu Drive and through Sanatorium Reserve to connect with the forest via the Redwoods in Titokorangi Drive or via the Puarenga Stream and Hemo Gorge to Waipa. Sections of these upgrades along Hatupatu Drive and through Sanatorium Reserve have been completed and work will soon get underway on improvements to the connections to Motutara Point and along the Puarenga Stream. The Lakefront to Motutara Point connection is going to require the removal of the older lake edge boardwalk that was severely damaged by high lake levels during Cyclone Gabrielle and the creation of a new path along the northern edge of the old Motutara Point golf course. This pathway route and build has been approved by Heritage NZ and the Ngati Whakaue Gifted Reserves Protocol Committee. Procurement is also underway to replace bridges along the Puarenga Stream which will complete the last major pieces of work for the City to Forest Great Ride link.

Playground Renewals

The contract for renewal work at Scott Ave playground has been let and work is due to start just before the playground equipment arrives in early August. This renewal will include a tower structure and new basketball/netball area and have improved accessibility and upgraded landscaped safety fall area. The work is expected to be completed by the end of September.

We are also renewing the Haumingi Playground at Lake Rotoiti after the old playground was removed last year as part of wastewater upgrades. The new playground will be better located and will include a tower and climbing area and natural play features, as well as an accessibility path through the various structures. This work is out for tender and is planned to be completed in October.

Community engagement for a full renewal and relocation of the playground at Karenga Park has been completed and the layout and landscape are being finalised before equipment is ordered. The old playground was in very poor condition, was closed in May and has now been removed. The new playground will include some unique natural play areas and cultural elements from NZMACI at Te Puia and is scheduled for construction during the coming summer.

Updates

Kuirau Park Trial Road Closure

The section of roadway through Kuirau Park from the northern end of Tarewa Rd to the central roundabout has been closed with gates at each end from January to June. This was a trial to try to reduce the antisocial behaviour in this part of the park and improve community safety, as well as reduce the need for frequent repairs due to vehicle damage on the grass areas.

Consultation on the trial road closure resulted in 36 responses with overwhelming support for the gates to remain in place. 72% respondents supported the continuation of the day and night closure of this section of road and 17% supported night time only closure with 11% opposed to any closure. Representatives from Taharangi Marae, Rotorua Aquatic Centre, Rotorua Neighbourhood Support and the Ngati Whakaue Gifted Reserves Protocol Committee have also been very supportive of retaining restrictions to vehicle access through this section of road.

There has been only one incident of damage in the area this year, compared to nine for the same period last year when the road was open. Given the reduced damage and public feedback, the gates will remain closed across the road and we will look to modify the northern end to create a vehicle turning area. This has been communicated to respondents and the public.

Open Space Maintenance Audits

Audits of open space maintenance are carried out during the year by visiting randomly selected parks and gardens and scoring the condition of the space against the maintenance specifications within our contract with InfraCore. During the mid-period of the 2022/23 year we detected a drop in maintenance quality against

specifications and this aligned with a period of staff shortages at InfraCore and the very wet summer weather making open space maintenance difficult due to wet ground conditions. Audits have continued and have detected an uplift in the quality of work against specifications with 15 audits during June showing an average of 91% of specifications being met, compared with 67% in March.

Community Gardens

There are currently eight community-managed māra kai (food gardens) located in council parks and reserves around Rotorua. These have been established to provide opportunities for local community groups to grow kai for their neighbourhoods and these groups have land use agreements with Council for their activities. The gardens are strong neighbourhood connecting areas and have positive outcomes for community wellbeing. The Aspen Place Community Garden will be showcased in this year's Rotorua Festival of Gardens in November and the Hillcrest Community Gardens recently received support from Bunnings with donated fruit trees, seed raising mix and fertilisers and will be celebrating its 10th anniversary in spring. Owhata School has recently taken over the Scott Ave Reserve Community Garden and this has become an outdoor classroom two days a week when students tend to the garden and expand their curricular activities.



Māra Kai Community Gardens in Rotorua parks and reserves.

ROTORUA LAKES COUNCIL

Mayor
Chair and Members
INFRASTRUCTURE AND ENVIRONMENT COMMITTEE

6.4 Infrastructure and Environmental Solutions – Progress Report

Report prepared by: Stavros Michael, DCE – Infrastructure and Environmental Solutions /
Manahautū Tūānuku Tūārangī

Report approved by: Geoff Williams, Chief Executive

KĀHUI TŪĀNUKU TŪĀRANGI

Infrastructure and Environment Solutions Group

GROUP MISSION STATEMENT:

We plan and implement Infrastructure solutions that promote growth, service resilience and enhance the health of our environment. We create strong and positive partnerships with sister agencies, authorities and communities to build capacity for sustainable growth. We engineer Infrastructure resilience and ensure readiness for and effective responsiveness to address emergencies.



Stats, Facts and FAQs

JUNE

2023

**10 BIOLYTIX SYSTEMS
INSTALLED AND
COMMISSIONED IN JUNE**



**Current water level at
Rotomā wastewater
treatment plant**



**Rotoiti Sewerage Scheme - tank
install on Wharetoroa Dr**



**Rotoiti Sewerage Scheme -
typical trench shield and
dewatering system in place**



Taniwha Springs pump removal

**Number of connection applications
in June:**

Water	12
Stormwater	3
Wastewater	4



Biolytix system being installed

OHU: WAKA – NETWORK PERFORMANCE – TRANSPORT

Transport Capital Projects

PROGRAMME	PROJECTS	PROGRESS
Subsidised renewals	Resurfacing	Completed for 2023
Subsidised renewals	Pavement rehabilitation	Hamurana Rd x2, Waikite Valley Rd, Whirinaki Valley Rd completed; King St deferred to 2024
Subsidised renewals	Footpaths	Completed for 2023
Subsidised Minor Improvements (LOS)	Cycleways	Clayton Rd (Mountain to Thomas) completed. No more projects for 2023.
Subsidised Minor Improvements (LOS)	Local Road Improvements and Road to Zero projects	Traffic calming completed Edmund Rd, Devon St West, Otonga Rd. 2024 projects (Fenton/Whakaue, Fenton/Pukaki intersection) designs completed.
Subsidised Emergency Works	Valley Rd/Galatos Rd	Design modifications required due to worsening ground conditions. Projects expected to continue through to October to enable sealing.
Unsubsidised Renewals	Parks road renewals	Completed for 2023
Unsubsidised Street Improvements (LOS)	Improvements Umuroa and King streets, Kokako St carpark	Umuroa St and King St designs completed, construction in 2024. Kokako St carpark design completed.
Unsubsidised Rural Seal Extension (LOS)	Maleme Rd, Sharp Rd	Maleme Rd seal extension completed. Sharp Rd design nearing completion, construction planned for 2024.
Unsubsidised Growth (LOS)	Geddes Rd extension, Wharenui Rd upgrade and airport intersection,	Wharenui Rd upgrade under construction, Geddes Rd and Airport intersection in design.
CIP-funded	Eastside cycleways	Vaughan Rd (RFH to Owhata Rd), Warwick Dr to Tarawera completed; Morey St under construction. Vaughan (Te Ngae Rd to RFH) planned for Oct/Nov. Porikapa Rd in design.
CERF-funded Transport Choices	Shared paths and zebra crossing upgrades (various)	Old Quarry, Malfroy, Pukehangi in design.

Transport operations

- Programmed seal maintenance completed.
- Unsealed road metalling completed for 2023.
- Storm damage (emergency works): clean-up and reinstatement from cyclones 95% complete (excludes Valley Rd and Galatos Rd sites). Some repairs delayed until after fish spawning.
- May storm damage (new sites): clean-up completed, some sites requiring specific design solutions.
- Environmental maintenance: mowing completed with last of berm spraying nearing completion.
- Traffic services maintenance: annual re-marking complete, streetlight maintenance ongoing.
- Network and Asset Management: annual condition surveys and forward work planning complete.

WAKA KOTAHI STATE HIGHWAYS

- **SH30 Eastern Corridor Stage 2:** Multiple active work sites between Iles Rd and Ōwhata Rd with traffic management including lane shifts, shoulder closures, temporary pedestrian crossings, temporary signalised crossings, footpath closures, and/or reduced speed limits.
- **SH30/SH33 Te Ngae Junction:** Construction continues on the new roundabout.
- **SH33 Te Ngae Junction to Paengaroa:** Work on the SH33 safety improvements project resumed between the Sun Valley Curves and Okere Falls.
- **SH30 Lake Rotoiti:** Ongoing monitoring of lake level impacts and selective armouring of some culverts in preparation for any increased lake levels.
- **SH30 Rotomā:** Two slips between Matahi Rd and SH34 Kawerau Rd. Heavy commercial vehicles may travel eastbound through site but westbound must detour via SH34 Military Rd, SH2 and SH33 back to SH30. Manawahe Rd closed due to flooding from 18km mark to intersection with Matahi Rd.
- **SH30 Ātiamuri:** Taahunataara Stream Bridge between Nicholson Rd and Upper Ātiamuri School was closed in June to repair subsidence at western end of bridge.


PLANNING ACTIVITIES WITH WAKA KOTAHI

- Ongoing work with Waka Kotahi on lodging Strategic Investment cases for SH5 (safety improvements including through Ngongatahā Village) and intersection improvements at Waipa/SH30 and Peka block.

OHU: WAI – NETWORK PERFORMANCE – WATERS

Water Capital Projects

PROGRAMME	BACKGROUND	PROGRESS
Taniwha Springs Pump Station	Taniwha Springs (specifically Te Waro Uri Spring) supplies water to Ngongotaha and in emergencies also to Koutu. Mana whenua engaged re consent renewal and conditions required removal of existing pump station sited over the spring and construction of new pump station.	Commissioning of new pump station has been completed. Removal of the old pumps and building has occurred. This was marked by Ngāti Rangiwewehi (on 2 June) celebration day.
Tarawera Reservoir Construction	New 1500m3 reservoir beside top reservoir, Tarawera Road, will ensure water supply sustainability and resilience and provide for growth.	Local firm Concrete Structures awarded project. Construction is underway, scheduled for completion before peak summer water demand.
Water Main Renewals/Upgrades	Renewal and upgrade of water mains is essential for ensuring sustainability and resilience of the water supply network.	<ul style="list-style-type: none"> • Diamond St and Matipo Ave now completed. • Old Quarry to Clayton completed. • Handcock to Reporoa Rd SH5 underway, scheduled for August 2023 completion. • Te Ngae managed by Waka Kotahi as part of road upgrades. • Renewals started on Aquarius Dr and Kawaha Point Rd. • Old Taupo Rd (Devon to Malfroy) scheduled for 2023/24 year.

<p>Morey Street Stormwater Detention Dams. Funded by Crown Infrastructure Partners (CIP) Shovel Ready fund.</p>	<p>Two detention dams to reduce potential occurrence/impacts of flooding in lower catchment and provide for growth.</p>	<p>Construction is underway and to continue until March 2024.</p>
<p>Linton Park Dam</p>	<p>Existing detention dam below current safety standards and at risk of failure. Project will enhance capacity in line with western stormwater management plan and mitigate against flooding in Mangakakahi/Utuhina catchments.</p>	<p>Construction progressing and due to be completed by December 2023. This will ensure that some 400,000m³ of stormwater can be attenuated, reducing downstream flood risk in heavy weather events.</p>
<p>Victoria Street – Wastewater treatment plant (WWTP) sewer main upgrade</p>	<p>Trunk sewer main between Victoria Street and WWTP conveys sewage from western areas. Capacity under-sized for increased demand, resulting in overflows in rain events. Duplicate main will increase capacity and allow rehabilitation of existing main.</p>	<p>Project is in design phase with contract to be recommended early in the 2023/24 financial year.</p>
<p>East Rotoiti/Rotomā Sewerage Scheme</p>	<p>Scheme continues to progress, to remove adverse environmental effects of property septic tanks. Biolytix pre-treatment units being installed on properties, connecting to underground network leading to Rotoiti Wastewater Treatment Plant (WWTP).</p> 	<p>100% of Rotomā and more than 60% of the East Rotoiti units are installed and now operating.</p> <p>WWTP is operating in compliance with resource consent conditions.</p> <p>Significant impacts on project costs from high lake levels. At least 40-60% of all installations now require dewatering and sheet pile protection vs earlier estimate of 10%.</p> <p>Mana whenua and Marae installations are slow as legal agreements and consents to install require trustee consensus and Māori Land Court decisions.</p> <p>Design for Marae installations to progress at slow pace to ensure optimum capacity for current and future demand is catered for at a reasonable cost and in compliance with consent conditions.</p> <p>Final capital funding plan to be considered as part of Long-term Plan following Minister's decision to withhold previously approved \$10m Deed Funds.</p>

Wastewater Treatment Plant (WWTP) Upgrade	Upgrade will greatly enhance treatment capacity and quality to meet new consent requirements and projected future growth demand. Upgrade comprises membrane bioreactor technology with full UV disinfection. Completion in 3-4 years will reduce need for forest irrigation.	Construction contract awarded and preloading underway with design implementation in progress. In parallel, work continues with mana whenua to identify discharge point for reduced forest footprint. A new discharge system design will then be finalised and consented.
Water Planning Projects		
PROGRAMME	BACKGROUND	PROGRESS
Resource consent renewal of four water supply takes	Resource consents for the major urban supplies expire by 2026: Karamū Tākina (Central), Waipā and Hemo (Eastern), Rewarewa (Hamurana). Require technical assessments as well as iwi/hapu engagement needed to support applications and enable cultural impact assessments.	<p>Technical assessments underway with some already completed.</p> <p>Iwi/hapu engagement is underway through working groups and appropriate frameworks for Cultural Values and Cultural Impacts assessments being worked through to support consent applications. The application for the Waipā/Hemo water take consents renewal application has been submitted.</p> <p>Karamū/Tākina water take consent application scheduled for submission June 2024. This is the main water source for the central zone.</p>
Rotorua Urban Area – Comprehensive Stormwater Resource Consents	BoPRC requires RLC to consolidate its 39 stormwater discharge resource consents for urban Rotorua and applies for a single comprehensive consent for whole urban catchment. Will be managed through comprehensive catchment management plan for streamlined, consistent management of stormwater discharge and associated works. Iwi/hapu engagement necessary for cultural impact assessment.	<p>Updated Assessment of Effects to the Environment (AEE) and all required supporting information has been submitted to BoPRC. The application must consider climate change effects, lower-than-stated capacity of the receiving streams and high lake water levels. This information will become the basis of the public notification.</p> <p>Application expected to be publicly notified by BoPRC July/August 2023</p> <p>Iwi/hapu engagement underway with Te Arawa Lakes Trust commissioned to facilitate.</p>
Climate Change and High Lakes Levels	Emerging weather patterns with high rainfall (three times the annual average) together with limited streams and lakes discharge capacity are currently causing severe impacts on infrastructure and properties.	Joint report presented to Rotorua Te Arawa Lakes Strategy Group (RTALSG) by RLC and BoPRC on 23 June, recommending setting up a working group to consider current effects and identify long-term viable

		<p>options for mitigating and adapting to these impacts as well as improving community resilience.</p> <p>All recommendations were adopted and the working group, with members from the partner organisations, is being set up.</p>
Tarawera Sewerage Scheme	<p>Approved implementation: Stage 1 - street mains construction, trunk mains, pump station, including connection to Okareka scheme. Stage 1 is programmed to align with \$6.5m MfE Deed of Funding commitments. Stage 2 will be construction of individual LPGP units to connect properties to the reticulation system.</p>	<p>Stage 1 construction well underway and tenders for Stage 2 works are being evaluated. An options report will be presented to the Committee for consideration in September.</p> <p>The local community continues to seek further cost support for the scheme with some exploring legal avenues to that effect.</p>

Water Operations

Stormwater

- Large number of drains identified in last level of service review as needing shrubs and small trees cleared. InfraCore has focussed on this extra work during recent months and are very near completion.
- Our large drains maintenance contractor has completed a two week clean-up effort in the Reporoa rural drainage network and these drains are up to a high standard.
- Minor upgrade works to alleviate surface flooding completed in Jervis St (raising of some berms and kerbs), and at upper end of Clayton Rd where two new drain inlets were installed at the roadside.

Water Supplies

- The level of Lake Rotomā remains high and we continue to operate two sump pumps 24/7 to keep the internal water level below our critical main pump motors.
- Unison is planning an eight-hour power shutdown of our main central supply pump and treatment plants at Karamū-Tākina Springs mid-July. We will manage power requirements with a mobile standby generator, but look forward to installation of the permanent emergency generator being completed.

Wastewater

A further issue related to the level of Lake Rotomā is potential inundation of on-property wastewater STEP (Septic Tank Effluent Pumping) systems and the private wastewater drains on each property leading to these. Our contractor has carried out a survey of potentially affected properties and there are six systems that are likely to be flooded including two public toilets. Three of these have been switched off and we are monitoring the others. We are seeing a definite increase in flows coming into the Rotoiti/East Rotomā wastewater treatment plant due to infiltration, but flows are still well within plant capacity.

OHU: TAI AO – ENVIRONMENTAL PERFORMANCE

Safe & Sustainable Journeys

- Work underway to a) undertake Bikes in Schools at Rotorua Intermediate School; b) improve Rotorua Intermediate bike shed; c) build a bike/scooter storage facility at the Malfroy/Ranolf Kāinga Ora development intersection (funded by the Transport Choices Package).
- Work underway to develop or update bus stops and shelters to support BoPRC's public transport network refresh. Promotion and activation activities will also be delivered, these are currently being planned in partnership with the regional council (funded by the Transport Choices Package).
- Programme delivery with Police and other partners has included: Road safety education delivered to 18 recidivist or high-risk drivers and Car Seat Clinic funding for delivery of clinics and checks.
- At time of reporting, preparations were underway for consultation on the draft Speed Management Plan, scheduled to run for 4 weeks from 17 July.

Waste Management

Landfill

Recent heavy rain events resulted in some silting of stormwater pond A and minor scouring of Dog Pound Stream diversion channel. There is no significant risk to the integrity of the stormwater infrastructure on site. Maintenance of both pond and channel being completed in the first two weeks of July.

Refuse Collection

Refuse collections are operating well with approximately 8,000 collections per day.

Recycling

Recycling collections are operating well but contamination remains an issue. Efforts continue to seek the community's assistance to reduce these levels.

Procurement planning for the organic waste services project has begun. Public education about how to get the best out of recycling and FOGO collections to reduce contamination will be included in the overall costings for this project.

Water Quality

A draft Rotorua urban water quality monitoring programme is proposed to support the Comprehensive Urban Stormwater Consent (CSC). Proposed monitoring has started. This will inform freshwater quality management, identify stream contaminants and inform and ensure appropriate mitigation.

The planned wetland creation and restoration at Waikawau (Hannahs Bay) is well underway. Most of the water that was flowing directly down the stormwater channel (the outlet from the current wetland) is now flowing slowly through the main restored wetland area. Remaining work includes restoration of adjacent smaller areas, planting, finalising track formation and wooden bridge. Infrastructure has worked collaboratively with Open Spaces and in consultation with tangata whenua to deliver this project, which is an offset requirement for the airport runway extension. We are informed there are fish in the wetland!

Revised trade waste consent and audits over the past two years have worked well to protect the wastewater network and we see a reduction in fats and oils in the WWTP influent.

Climate Change

Climate change effects manifest themselves in high and persistent rainfalls with significant cumulative impacts on infrastructure and core services. While undertaking various climate mitigation actions such as active modes of transport and waste reduction, the focus of current efforts is predicting impacts and

designing improvements to networks that would, as far as possible, help to reduce risk to properties and our receiving environment.

EMERGENCY MANAGEMENT

Rising lake levels – Lake Rotomā/Lake Rotoehu

A focus remains on the impact on the lake communities due to rising lake water levels.

The Rotorua Lakes Council Incident Management Team (IMT) continues to co-ordinate requests for information and support on behalf of the collaborative wider agency group (BoPRC, Waka Kotahi, TALT, Lakes Community Board) which was developed to ensure the needs of the community are being met, and the communications being shared are consistent.

Communications team is working alongside the IMT to develop an information page on the RLC website for easy access to updates and information for lake residents, as it is expected that over the winter months increased rainfall will further increase lake levels and impact road access, buildings and property and the wellbeing of those affected.

So far, RLC has received 15 requests from Rotomā/Rotoehu residents for urgent support. Requests are mainly for sandbags and regarding road access. RLC has delivered 2 tonnes of sand and over 400 sandbags for use by residents. Some households have had deliveries trucked to their property and businesses.

In many instances sandbags would be ineffective in preventing issues. An infrastructure team engineer has been assigned to visit those requesting sandbags to determine if this is indeed the best solution, or if there are better ways to support or prevent impact of water inundation.

A small number of requests (5) have related to rates relief and these are being dealt with by RLC's finance team on a case-by-case basis.

Emergency kai was provided to two elderly women who for a short time were unable to travel to a supermarket due to normal care arrangements being unavailable. These services have now been reinstated. Their households are unaffected but grounds have springs occurring all around and underneath their houses causing access issues and hazards due to slipping water moisture seeping into buildings etc.



One of the residents supported with care package and delivery of firewood

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