



# FACT CORRECTION RATES SWAP

Presentation to RLC Workshop  
12 March 2025



# Fact 1

Based on the comprehensive and robust scientific research and advice underpinning our lake water quality work, the Tarawera Sewerage Scheme is **the right thing to do** for protecting water quality and public health at Lake Tarawera in the long term.

For this reason, the Tarawera Sewerage Scheme is a key action in the *Tarawera Lakes Restoration Plan* adopted by the Rotorua Te Arawa Lakes Strategy Group Partnership in 2015.

This Strategy was developed in collaboration with the community and all other actions within it are fully implemented, including farm management across all of the nine contributing catchments.



## Fact 2

The Tarawera Sewerage Scheme is a **community solution** – it does not leave individuals stranded.

Septic Tanks do not meet modern standards of effluent disposal in sensitive lake catchments.

It is estimated that, due to site constraints, there are 169 dwellings at Lake Tarawera that could **not** install onsite treatment and disposal systems (Aerated Wastewater Treatment Systems), to achieve the required modern standards of wastewater treatment and disposal onsite.

We can't release this list of properties publicly as we don't think that is fair to those people, and in our view that would breach their privacy.

# Fact 3

Lake Tarawera Catchments are a priority for the Rotorua Te Arawa Lakes Strategy Group, and they have declared them as so. But that decision does NOT include funding as Strategy Group cannot commit funding on its own.

The **Tarawera Sewerage Scheme has its own Funding Deed** (funding commitment) from the Crown (\$6.5 million). The Tarawera Sewerage Scheme was progressed much later than the 2008 Funding Deed.



# Fact 4

All of the remaining funding in the Rotorua Te Arawa Lakes Funding Deed (signed 2008) is allocated to achieving a sustainable nitrogen load for Lake Rotorua by 2032, i.e. implementation of the Oturoa Agreement and the Integrated Framework for Lake Rotorua.

If funding is transferred to Tarawera Sewerage Scheme from this Deed, work on those projects and associated commitments to those communities will be affected.

# Fact 5

The 2017 letter from MFE to RLC confirming a \$6.5 million subsidy to the Tarawera Scheme is **NOT** the legally binding document (Funding Deed) – BOPRC was not a party to that letter.

Following that letter, the necessary consultative Local Government Act budget setting processes were followed, before the **legally binding (signatories only) Funding Deed was finalised in 2022, confirming a \$750,000 grant to the Tarawera Sewerage Scheme from BOPRC.**

**There is no Government requirement for the Regional Council to provide further funding to the Tarawera Sewerage Scheme.**



# Rates Swap Solution

- BOPRC have committed to reducing their targeted rate to Rotorua residents (replacing with a general rate across the Bay of Plenty) over the next 3 years.
- Rates that Rotorua residents are paying to the Regional Council are reducing with **NO** change in service.
- This creates an opportunity for RLC to increase its Lakes Enhancement Rate (over the same timeframe as the Regional Council rate reduction) to increase the subsidy for the Lake Tarawera Sewerage Scheme **and** to repay the recent \$10 million loan for the Rotoiti Sewerage Scheme, as required by 2032. Limiting the net effect to Rotorua ratepayers.

# Regional Council rates reduce in Rotorua by \$31.78m over 10 years (ex GST) with NO change in service.

Net Saving to Rotorua Distict (\$000)										
	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Annual	58	1,557	2,672	3,908	3,993	4,069	3,758	3,838	3,948	3,983
Cumulative	58	1,615	4,287	8,195	12,188	16,257	20,015	23,853	27,801	31,784
Average per ratepayer (including gst)										
	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Annual	\$ 2.45	\$ 65.67	\$ 112.39	\$ 163.93	\$ 167.05	\$ 169.77	\$ 156.37	\$ 159.27	\$ 163.39	\$ 164.40
Cumulative	\$ 2.45	\$ 68.11	\$ 180.32	\$ 343.76	\$ 509.89	\$ 678.28	\$ 832.83	\$ 989.85	\$ 1,150.58	\$ 1,311.88

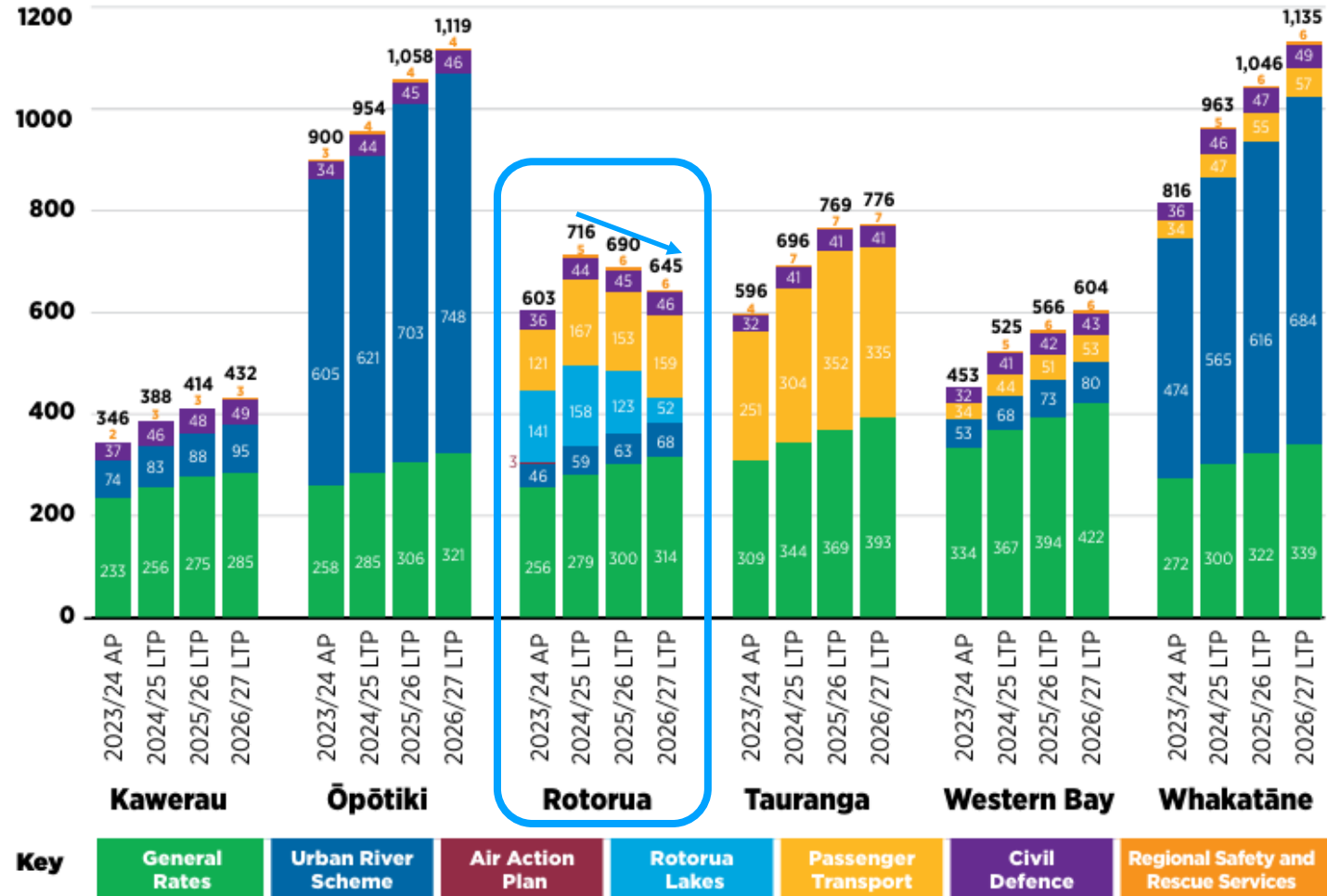
**IMPORTANT:** AVERAGE per ratepayer has substantial variation depending on size of property – more detailed data can be provided here.





# Regional Council Rates for Rotorua

**Annual total rates by territorial authority - median properties 1000m<sup>2</sup> GST inclusive**



# Further Potential Solution

- Potential for interest free loan agreement with Regional Council.
- Requires approval by Regional Council.
- Would require negotiation of a suitable agreement.
- Finalise by May 2025 to ensure provided for in Regional Council's Annual Plan 2025-2026.