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## **Lake Tarawera Ratepayers Association (LTRA) submission on Rotorua Lakes Council Long-Term Plan 2024-2034**

### **Introduction:**

LTRA represents the majority of those most affected by funding decisions in relation to the Lake Tarawera reticulated wastewater scheme. Currently, with the existing funding in place, the 446 existing property owners will fund 67% of the scheme. Each property owner would need to contribute \$50,000 including GST.

Local councils and central government have rightly seen fit to subsidise the reticulation scheme given the wide benefits of improving water quality at Lake Tarawera. However, these subsidies were struck many years ago and their value in real terms has eroded significantly since then.

The proportion of the total cost to be borne by property owners, initially envisaged at around 50%, has steadily increased as successive iterations of the scheme reflect continuing cost escalation in the goods and services relevant to the scheme's construction. It is totally unreasonable that the eroded real value of the frozen subsidies should be 'made whole' by property owners.

LTRA submits that the total value of the subsidies from both local councils and central government should be adjusted to re-establish the property owners share at 50%. This share is also consistent with the property owner contributions applied to the Deed Lakes.

This more equitable sharing of the cost of the scheme is further supported when all who gain from improved lake water quality are considered. The scheme provides benefits to a wide variety of beneficiaries throughout New Zealand and beyond the Tarawera settlement, including the mauri of the lake and the mountain. If we all look after the mountain and the lake they will look after us.

### **Lake Water Quality.**

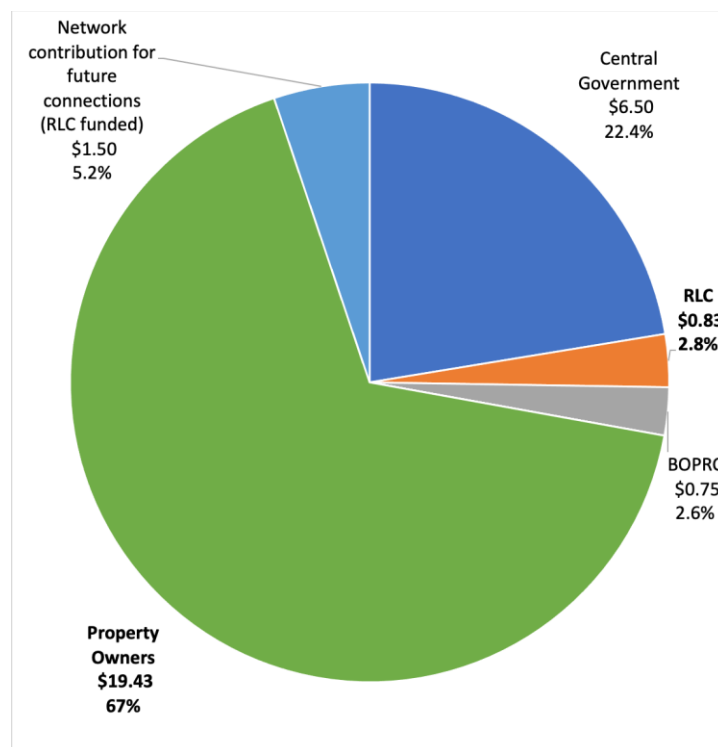
The Lake Tarawera reticulated wastewater scheme is now fully committed with RLC contracts in place for overall completion of the project works in 2025. The scheme delivers wastewater discharge outcomes for Lake Tarawera which significantly exceed the measures the Regional Council has mandated. In fact, the scheme delivers the best lake water quality outcome with

respect to the settlement's wastewater that is possible, an achievement everyone involved can be proud of.

The community's request for significant additional funding for this important project is not a hollow request. The Tarawera community has championed the lake water quality cause for many years. It advocated wastewater reticulation at Tarawera from the time that option was developed for other lakes in the region and fully participated in the steering group which recommended the reticulation option. The community also provides for improved understanding of lake water science and has a dedicated fund for this effort. Inflow sampling and analysis of up to 36 different sites by volunteers four times a year (commencing in 2006) has led to a long-term record, which is unprecedented on lakes in New Zealand. LTRA has a long association with the University of Waikato and has assisted with funding the monitoring buoy in the centre of the lake; a land-based climate station and the cost of analysing the quarterly surface water samples for many years. Collaboration with the University of Waikato is providing the growing body of knowledge required to better inform lake water quality decisions. Ongoing research includes a ground water monitoring project to assess the scheme's impact.

#### **Current Scheme Funding by RLC and Property Owners.**

The projected cost of the scheme is \$29 million. The envisaged allocation of funding for the scheme is shown below; costs are in \$ millions.



The historical RLC contribution of \$825,000 is unchanged in the draft 2024-2034 LTP. The LTP consultation document states that *Council has consistently had a policy of funding \$1,500 per household towards the capital contribution of sewerage schemes*. Though consistent and very simple, that policy has no inherent adjustment for the escalation of construction costs.

Rather, it enables the value of the RLC contribution to steadily reduce in real terms due to inflation.

In contrast to a diminishing RLC contribution, the central project funding assumption is that property owners bear 100% of the cost risk. This has been challenged by the community at every step, without any tangible response from either of the councils or central government. (Perversely, the previous government even saw fit to threaten existing funding).

Consequently, the protracted development period has seen the following funding allocation changes with each successive scheme cost estimate:

			<b>RLC Contribution</b>	<b>Property Owner Contribution</b>
2014	\$13.8m	Feasibility		
2018	\$15m - \$19m	Funding established	5.5% - 4.3%	42% - 52%
2021	\$22.5m	Proposal to Owners	3.7%	57%
2024	\$29m	Committed contracts	2.8%	67%

The LTP consultation document introduces the option to lift the RLC contribution from \$1500 to \$2700 per household to reflect inflation over the last 15 years, funded by an increase in the Lakes Enhancement Rate. While LTRA acknowledges and supports this option, we note that this would reduce the property owner contribution only slightly from 67% to 65%.

The LTRA submits that the RLC funding policy *alone* is not a principled approach to the funding of the scheme considering Council's fundamental role in promoting the social, economic, environmental, and cultural well-being of communities in the present and for the future (section 10 of the LGA 2002). The decision-making requirements on Council and the specific requirement that when making any decision (including any decisions on the draft LTP), it must take account of the likely impact of any decision on each aspect of well-being referred to in section 10, being the well-beings listed above (section 14(1)(c) of the LGA 2002).

### **Benefits of improved water quality to be taken into account by RLC.**

The additional funding for the Lake Tarawera reticulated wastewater scheme is one of the few activities in the district that would actually have a positive impact on all four well-beings. The Lake Tarawera community believes that the reticulation scheme is essential to protect the environmental, economic, social, and cultural health of the Rotorua Lakes area. The leaching of nutrients from septic tanks, or indeed any OSET system, into Lake Tarawera causes a deterioration in water quality. The reticulation scheme is necessary to prevent further deterioration and preserve this resource for future generations.

The improvement of water quality of Lake Tarawera as a result of the scheme will provide wide long-term benefit:

- Social, economic, environmental, and cultural - the Rotorua Lakes area is vital for tourism in Aotearoa New Zealand and the Region. Lake Tarawera is a destination for hiking, boating, and fishing. These activities are all enhanced and enabled by improved water quality and it will ensure that future generations are able to enjoy the same

activities. There is no doubt the Lake is iconic and a gateway to NZ tourism and cultural tourism.

- Environmental and cultural - Lake Tarawera, like all Rotorua Lakes, is a taonga to people of Te Arawa. Lake Tarawera also provides the habitat for numerous taonga and mahinga kai species. Declining water quality threatens the health of these taonga.
- Social, economic, and environmental – the reticulation scheme provides a superior lake water quality outcome than under the Regional Council's plan change requiring onsite effluent treatment systems on each property because once completed it *completely eliminates wastewater discharge to the lake in perpetuity*. Furthermore, reticulation protects those property owners from having uninhabitable homes under the Regional Council's plan change requiring onsite effluent treatment systems on each property. Without reticulation, there would be approximately 169 properties not able to be occupied, because physical constraints mean that they are unable to accommodate the specified OSET system.
- Social, economic, and environmental – Reduction of the risks to human health from drinking or swimming in water that is affected by septic tank effluent.
- Social, economic, and environmental - improved resilience for this community. Any OSET system is vulnerable to damage in the event of a natural disaster, which would pose a serious health hazard. The implementation of reticulation makes the Lake Tarawera ecosystem and community more resilient to natural disasters.
- Social and economic - the implementation of a wastewater reticulation system will align the infrastructure of Lake Tarawera with the rest of the Rotorua Lakes region.

It can be seen from the above that the beneficiaries are a very wide range of people in the community - locally, regionally, nationally, and internationally. The current apportioning of funding for the scheme largely and increasingly to property owners does not reflect the range of beneficiaries. That funding imbalance must be addressed by RLC within the LTP.

### **Funding Required**

To recap, the default funding situation is:

- The cost of the project is \$29m including a contingency allowance.
- Existing funding from BOPRC, RLC and the Fresh water fund (Government) total \$8.1m.
- The 446 property owners would fund \$19.5 m or 67% of the project cost.
- That equates to about \$50,000 per property (including GST).

As set out earlier the expectation that property owners provide this level of funding is flawed. The simple reality is that additional sources of one-off lump sum funding are required to address the funding imbalance that has been allowed to evolve, as follows:

- **New funding of \$6.1m is required.**
- The 446 property owners would then fund 50% of the project cost.
- That equates to about \$37,000 per property (including GST).

To achieve this a change in mindset is required. The key first step is RLC endorsement in the current LTP of an equitable 50-50 approach to project funding under which the two local

councils and central government would jointly undertake to secure additional funding that restores the property owner contribution to the scheme to no more than 50% of the scheme cost.

### **LTRA request to Council**

We request that the Rotorua Lakes Council endorses that a reasonable contribution from property owners is 50% of the project cost and that Council both provides additional funding to the scheme and collaborates with Regional Council and central government to reduce the cost share to owners.

### **Options raised in the LTP Consultation Document**

We disagree with all three of the canvassed options relating to funding of the Aquatic Centre Revitalisation. Each option involves a further allocation of \$2.5m of 'Better Off' funding. LTRA submits that infrastructure development is the appropriate use by Council of this one-off funding opportunity. LTRA requests that this funding be allocated to the Tarawera sewage scheme, consistent with Council's obligations to the scheme set out in our submission.

We support the option to lift the RLC contribution to the scheme from \$1500 to \$2700 per household under the existing capital contribution funding policy for sewerage schemes, funded by an increase in the Lakes Enhancement Rate.

We support the option for an extended payment period for the capital rate beyond 10 years, potentially out to 25 years, noting that property owners' preference for extended payment options can only be addressed once the capital rate itself is finalised.

The LTRA requests to be heard in support of this submission during the LTP hearings.

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