MAHI.

2021-2031 Long-term Plan Consultation

ROTORUA
LAKES COUNCIL
Te Kaunihera o ngā Roto o Rotorua

MAHI.
2021-2031 Long-term Plan Consultation

Rārangi Take He Ihirangi
Content

Mayor and elected member message 2
About this document 4
Homes and thriving communities 6
Aquatic Centre 10
Community Safety 12
Economic Development 16
Climate Action Plan 18
Infrastructure Strategy 20
Funding Delivery and Action 27
Your Rates 35
Auditor's Report 40
What do you think? ..... back cover

mahi tahi
1. (verb)

to work
together,
collaborate, cooperate

E ngā iwi puta noa i tō tatau rohe o Rotorua. Tēnā tatau.

Rotorua is a place where Council, partners and the community work together to achieve our common goals and deliver solutions beneficial for our district. Our place and our people are inspiring, and we have so much to be proud of.

However, you have told us that there are some things that you are not proud of.

You have told us that you need to live in homes that match your needs and that you want to be part of a thriving community. You want and need to feel safe in our CBD and your local neighbourhoods. Our district needs economic recovery and long-term growth and we need resilient infrastructure future proofed against the impacts of climate change. These are the issues that are important to you and there is a lot of hard mahi to be done to address them.

We cannot do all of this work alone. To see progress we need to position ourselves to lead, drive, influence and partner to enable change and address the issues you have identified as being of the upmost importance to our community. We will keep thinking outside the box to find more contemporary and innovative ways to deliver on the commitments we are making to you.

Our plan at Council is to spend the next three years taking leadership of the mahi that needs to be undertaken to address Rotorua's confronting issues.

We will continue our efforts in supporting economic recovery resulting from the Covid-19 pandemic and we will drive and enable long-term economic development critical to creating a long term sustainable district economy.

He Kupu nā te Manukura me ngā Manu Mātārae
Mayor and elected members message

We will unlock land for housing and commercial development and we will invest in core infrastructure. This may mean replacement, upgrades, or finding new ways to maintain what we already have.

Furthermore, our existing Kaupapa continues to unlock Rotorua's potential as a great place to live, work, play and invest. We are dedicated to completing the place shaping projects committed to in the 2018-2028 Long-term Plan. These future focused activities include the development of the Rotorua Lakefront, Te Whare Taonga o Te Arawa - Rotorua Museum, Titokorangi - Long Mile Road and Forest project, and completing work on the Sir Howard Morrison Performing Arts Centre.

As you can see, we have a lot of hard mahi to do.

This Long-term Plan Consultation Document is a call to action to confront our challenges, and to create a district in which we are thriving not just surviving. We ask you to consider what is highlighted in this consultation document and give us your feedback.

Paiheretia ngā muka
o te taura,
kumea rawatia kia rongo
koe i te tangi a te Huia.
Bind the strands of the rope,
pull as hard as you can till you
hear the call of the Huia.

Our proposed delivery is aligned to Vision 2030 and the priorities set by Council following the 2019 elections. Key strategies underpin the delivery outlined, housing and thriving communities, economic development, community safety, climate change and infrastructure.

Will you support us your elected members to act on your behalf to achieve Rotorua's aspirations to be a great place to live, work, play and invest? This is your opportunity to provide feedback and I strongly encourage you to have your say.

Tatau tatau - together we can and do, make a difference.

Hon Steve Chadwick JP
Mayor of Rotorua

Te ngako o te pūrongo nei
About this document

Mahi ngātahi

Visionary leadership and hard mahi is required in order for Rotorua to front the confronting issues. No one agency can achieve the positive outcomes being sought to make Rotorua the place for everyone we aspire to. It will take the combined effort of all, and you the community, in order for Rotorua to succeed and to fulfill the aspirations of Vision 2030.

This plan does not and cannot sit in isolation of our partners and of our key strategies. This plan seeks to support the delivery of the Te Arawa 2050 Vision and is underpinned by the Homes and Thriving Communities Strategic Framework, Economic Development Strategy Framework, Community Safety Plan and the Climate Action Plan.

This Long-term Plan consultation document details the commitment to be made by Council to the vision of Rotorua for the next ten years, 2021-2031. It sets out our action plan.

Implementing the actions of the key strategies will affect everyone in Rotorua so your views matter. Your feedback will help Council in its decision-making.

We need to hear from you!

4:00PM

30
APRIL 2021

Your feedback needs to reach us by 30 April 2021

We have questions to ask you - particularly around the levels of investment. We need you to consider the level of investment proposed for:

1. The Aquatic Centre (fix the issues or upgrade to provide a regional facility to be proud of; p10)
2. A Community Safety Plan (the development of the plan and the level it should be funded; p14)
3. Fees and charges (a proposal to increase fees and charges or increase rates to fund these services; p31)
4. Consideration of the rates affordability. (a proposal to lower the uniform annual general charge; p36).

This is your opportunity to tell us if we have your support for our leadership direction; whether you think what is proposed will support our district to act upon and address our key challenges.

Please read through this document and take the opportunity to share your thoughts with Council. This consultation process will run until 30 April 2021. You can give feedback on any proposal. Details about how to provide feedback is at the back of this document. You can find supporting information through our website or go direct to www.rotorualakescouncil.nz/letstalk to provide your feedback.

Future conversations

Look out for upcoming conversations that are outside this Long-term Plan (LTP) process. The outcomes from these may result in future changes to the LTP.

now

Economic Development Action Plans

NOW – DEC 2021

Following adoption of the Draft Economic Development Strategy, detailed action plans are being created for three priority areas. Rotorua Lakes Council, business leaders and partners, are leading the development of these plans. We expect to finalise these by the end of the year and that implementation will be initiated during the first three years of the Long-term Plan.

Inner City Incentives Policy

NOW – JUN 2021

We are working on an Inner City Incentives Policy to enable and drive development into the CDB. It is anticipated that this could be in the form of a rates remission to incentivise development into certain parts of the CDB. This could mean the creation of zones to specifically encourage development of office space and retail in some parts of the CDB while accommodation and residential living could be in others.

Three Waters Reform

SEP 2021 – DEC 2021

The central Government's Three Waters Reform Programme (2019), signals potential major changes ahead to the way the three waters are managed and delivered across the country. The exact nature of these changes and the precise implications for local government is still a work in progress. We have signed a Memorandum of Understanding (MoU) and are currently actively participating in the exploration of our future three waters management and service delivery options.

Development contributions

AUG 2021 – MAR 2022

Our 2018-2028 LTP signaled the introduction of a Development Contribution Policy. Development, especially new development creates a cost to the district (build and maintain new local roads, footpaths, wastewater, water, stormwater and open space). A development contribution places the cost of providing additional infrastructure capacity onto those creating the demand. We expect to bring a draft policy seeking community feedback in late 2021 and if adopted, it would come into effect in year two of our LTP.

Organic Waste Collection (FOGO)

AUG 2021 – MAR 2022

We are investigating options for additional kerbside collection for food organic and green waste. The objective is to send less household waste to the landfill, which then helps to lower emissions (a priority under the Climate Action Plan). The proposal will seek your views and willingness to increase the level of service for waste management and improve our environmental footprint for an additional fee on the targeted waste collection rate.

Sustainable Forest Approach

EARLY 2022

We have secured a bridging consent allowing for continued discharge of wastewater into the forest in the short to medium term. A new consent application can now be lodged for the upgrade of our city wastewater treatment plant. This will involve the need to reduce the discharge area into the forest as per our agreements made under the Kawenata (MOU) process. The proposal will require community feedback as part of the consent application.

Water Reticulation

MID 2022

Some areas of our District are not served through Council controlled potable water reticulation networks. Under the intent of central Government's three waters reforms and the Office of the Water Regulator, Councils will need to investigate the optimum ways to provide controlled municipal water supplies in these areas.

To understand our communities' willingness to explore such reticulation options, we will be seeking community feedback and the outcomes incorporated into the decisions that will be made under the three waters reforms.

2023

He Papakāinga, He Hāpori Taurikura
Homes and Thriving communities

Council Key Priority 1

Rotorua faces a shortage of houses; we have many barriers to land development and our houses do not meet the needs of our people.

Our proposed LTP actions give affect to the Homes and Thriving Communities Strategic Framework adopted in September 2020.

- Accelerate 2,000 new home builds
- Enable 3000 sections coming to market
- Develop the inner city, including two inner city apartment buildings.
- Establish community service hubs at Eastside, Westside and Ngongotahā, with neighbourhood co-creation and investment programmes at each of these locations.
- Facilitate neighbourhood safety projects.
- Partner with iwi, developers and central Government to help enable and deliver infrastructure and community projects that support the development of thriving communities

Action is focussed in four key locations as per Council's Spatial Plan:

Actions:

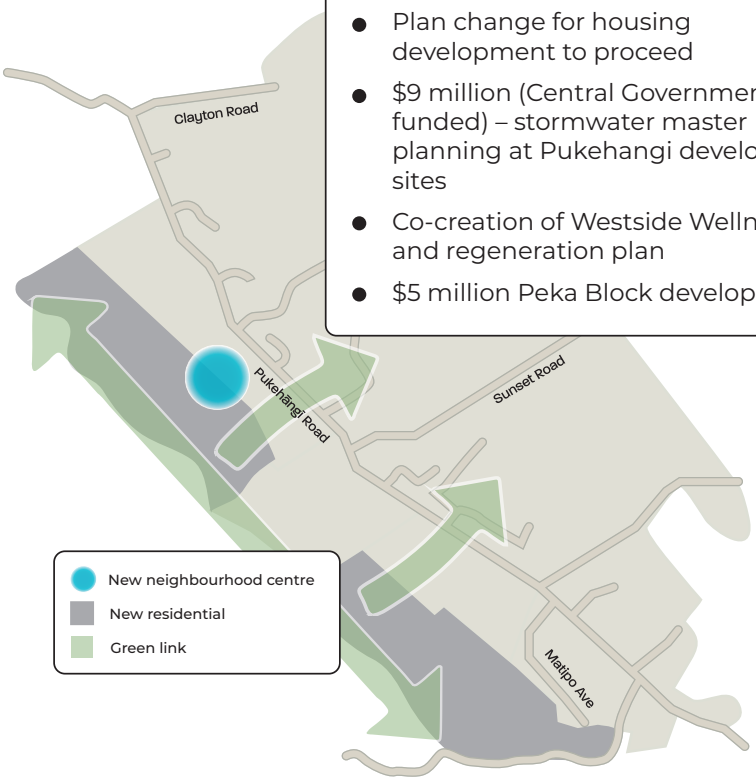
- Implementation of Te Oranga Nui – Rāwhiti Mai: Eastside Community Wellness Plan
- $15 million (Central Government funded) Wharenui stormwater infrastructure
- $5 million Roading and modal shift (Central Government funded) Iles Road and Wharenui Road upgrades.
- $5 million - Owhatiura development
- Structure plan created
- Plan change - Wharenui Road to the Airport
- Business park enablement - Airport

EASTSIDE

WESTSIDE

Actions:

- Plan change for housing development to proceed
- $9 million (Central Government funded) – stormwater master planning at Pukehangi development sites
- Co-creation of Westside Wellness and regeneration plan
- $5 million Peka Block development



INNER CITY

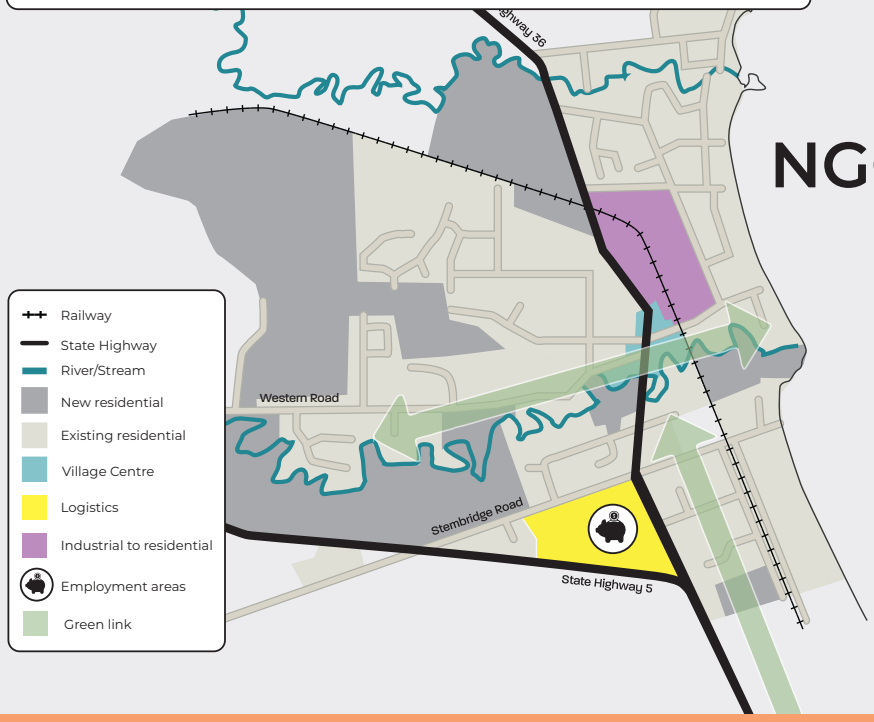
Actions:

- CBD action plan finalised and implementation commenced
- CCTV network expansion
- Crime prevention through environment design initiatives delivered
- Plan change
- Develop incentives policy to support residential development
- Complete Lakefront
- Complete Museum
- Complete Sir Howard Morrison Performing Arts Centre

Actions:

- Traffic improvements Ngongotahā SH5 NZTA funded
- Village traffic improvements
- Main street safety upgrades
- Structure plan
- Plan changes to unlock land for development

NGONGOTAHĀ



MAHI.

2021-2031 Long-term Plan Consultation

Council's role in land development

Council has a role to play in enabling and unlocking land so that homes can be built. However some people may question, how far does that role extend? We believe we need to have the scope to operate across a range of development mechanisms available to us.

Council needs to think outside the square to alleviate market failure created by the lack of land sections for housing options. A mechanism Council may explore is the opportunity to create a property development council controlled organisation. A property company has the ability to borrow against assets it owns, enabling investment into development opportunities and maximizing returns to fund future investment options

We plan to resource ourselves in order that we can navigate easily within a development continuum and address the clear market failures presented through the lack of sections to purchase and build on.

Role of Council	Increasing Role of Council		
Regulatory/Compliance	**Light partnering**	**Joint Venture partnerships**	**Developer**
• Enhance consenting processes to speed up initiation of development • District Plan reviews – infill housing rules • Fast track consenting for initiation of social housing – Kainga ora • Creation of Development Support Manager role to co-ordinate relationships between council and developers • Create an incentives policy to open up opportunities for future development • Support private plan changes • Complete Council plan changes	• Front load construction of infrastructure **within** the development area to accelerate development • Front load construction of infrastructure **outside** the development area to accelerate development	• Joint venture proposals to invest in **residential** and industrial development • Joint venture proposals to invest in **inner city living** apartment complexes	• Council leads development of investment proposals and seeks to partner with investors to bring more residential land and inner city living to market
Projects	**Projects**	**Projects**	**Projects**
Private plan changes Plan change – Owhatiura to Airport	Wharenui development - **$15m** stormwater **$5m** roading **$4m** Airport Business plans	Pukehangi developments - **$9m** stormwater **$10m** Peka Block and Owhatiura	Inner City Apartments

Orange = Government funding **Black** = Council funding

Te Whare Kauhoe
Aquatic Centre – for consultation

The community has told Council that it values the Aquatic Centre as a facility for locals to use and enjoy. Council reflected this feedback in the 2018-2028 Long-term Plan setting aside $7.5 million.

Redevelopment commenced with the undertaking to fix the slumping issues in the 50m outdoor pool. The pool re-opened in March 2021 following an overhaul of the pool tank (liner) to address leaking, extensions to the pool sides to increase the pool depth, a new filtration system, new bulk head (provides for pool to become two 25m pools) and upgraded outdoor changing facilities.

The planning and investigations completed over the past 3 years have shown that the Aquatic Centre needs significant refurbishment and maintenance to address the leaking and deteriorating roof and its structure, the aged ventilation system, the poor state of the changing rooms and accessibility facilities, the inadequate reception area and wind tunnelling issues.

Investment is also required to increase pool space flexibility including developing a dedicated learn to swim pool which will provide a facility that will meet the demands of our community for the next 25 years. Our district is surrounded by lakes and rivers, therefore there should be facilities provided to ensure our tamariki/children have the skills and confidence to be safe in our waters and the Aquatic Centre plays a vital role in providing this.

A decision is now required in terms of further investment in the Aquatic Centre. All options require a level of substantial investment. The options range from doing the bare minimum to repair and replace the worst affected areas, through to investing in our Aquatic Centre to create a facility our community is proud to visit, to learn to swim, to have fun and to enjoy being active.

The Centre

- Caters for local, regional and national aquatic sports.
- Provides recreational, health, fitness and leisure programmes and services.
- Has the only outdoor heated 50m pool in the country (with natural geothermal resources used for heating purposes)
- Attracts more than 350,000 visits per year.
- The 'learn to swim' programme teaches more than 67,000 lessons annually.
- Swimming lessons are taught in English and Te Reo Māori

Redevelopment goals

- Fix leaking 50m outdoor pool (about 40,000 litres per day) and slumping issues – **completed and reopened early 2021**
- Replace roof due to deterioration.
- Replace ventilation system as it's at the end of its life.
- Upgrade out of date changing facilities.
- Increase user experiences through new and separated pool entrance eliminating the wind tunnel experience that currently exists with the predominant cold south westerly winds and creating a vapor barrier between the entry/changing room areas and the pool space.
- Construct a dedicated learn-to-swim pool.
- Lift appearance from a 1986 looking facility to a 2031-41 looking facility.
- Construct value added facilities including a bombing pool, new slides, splash pad and spa facilities.
- Provision for café, retail and gym facilities.

What is being proposed? He aha e marohitia ana?

The 2018-2028 Long-term Plan proposed a three-stage redevelopment. This is still proposed going forward however with greater clarity and focus on what will be delivered, when and how it will be funded. If external investment does not materialise, Council will need to reconsider the level of investment and timing.

Option 1
Repair
Cost = $8 million

This option is the bare minimum to repair the Aquatic Centre, and would not improve its' level of service to our community.

Option 1 includes replacing the pool hall roof, replacing the ventilation and upgrading safety systems and painting the changing rooms. This would be in addition to the recently upgraded 50 m outdoor pool.

What will I contribute?

Supporting this option will increase your rates by **$5.96 a year or $0.11 a week**

Supporting this option Council will need to borrow $8 million, increasing debt per ratepayer by **$276.07**

Option 2
Upgrade
Cost = $17.4 million

This option includes the completion of the pool hall roof replacement and all the associated services. In addition,

Option 2 includes the replacement of the annex roof, building controls, concourse, glazing and landscaping; as well as refurbishing the changing rooms and poolside showers; and, renovating the foyer and vapor control.

While this option would renew the facility it would have no addition to services.

What will I contribute?

Supporting this option will increase your rates by **$7.84 a year or $0.15 a week**

Supporting this option Council will need to borrow $17.4 million, increasing debt per ratepayer by **$598.24**

Option 3
Full master plan
Cost = $28.3 million

This option would upgrade all the existing facilities, as outlined in Option 2, to provide a renewed facility for our community.

Option 3 will include new services including a new learn-to-swim pool; new play lido; new bombing pool; and, new café. This option also includes the upgrading of the spas. Under Option 3, we will be seeking partner-funding to co-fund assets such as a new hydro-slide, splash pad and, new fitness centre.

What will I contribute?

Supporting this option will increase your rates by **$8.09 a year or $0.16 a week**

Supporting this option council will need to borrow **$ 17.9 million** increasing debt per ratepayer **by $616.24.**

The balance of $10.4m will be funded by external investment that is still to be sourced.

Council's Preferred Option - Option 3

Rotorua's strengths, in particular active lifestyle and environment, are directly linked to the provision of a modern aquatic centre that meets the needs and expectations of its users.

Investment into the Aquatic Centre has been delayed for a number of years while Council investigated options for future development.

It is time to undertake this investment and deliver upon the connecting vision to action commitment made in the Long-term Plan 2018-28, of "reviving our facilities".

Our district is surrounded by lakes and rivers, therefore it is important our tamariki/children have the skills and confidence to be safe in our waters and the Aquatic Centre plays a vital role in this.

What do you think? He aha ō whakaaro? Do you agree we should invest in this key community facility? Do you agree with Council's preferred option?

Whakahaumaru Hāpori
Community Safety – for consultation

Council Key Priority 2

Council is concerned about an increase in anti-social and criminal behaviour, affecting residents and visitors' experiences in Rotorua.

There are a number of issues contributing to the increased concern about community safety currently:

Anti-social behaviour is negatively affecting our sense of safety and security in public spaces and our neighbourhoods.

High crime statistics relative to other districts, with a particular impact on the more vulnerable members of the community.

A culture of drinking and violence, and an increased prevalence of methamphetamine in our community.

Clusters of motels being used as emergency and transitional housing, associated with an increase in anti-social behaviour and crime in the surrounding areas.

Gang culture attracting our young people and the associated fighting, intimidation and drugs.

Our proposal to confront these challenges

- Extend and enhance CCTV/ electronic tools and community patrols within the CBD, Fenton Street, known hotspots and community neighbourhoods.
- Increase 'Crime Prevention Through Environmental Design' (CPTED) assessment and treatment of hot-spot public places to make them safer.
- Support the development of Community Centre Hubs that enable community-led delivery of social and other services.
- Prioritise grants to support community group initiatives that increase safety.
- Support a range of programmes that keep people connected through positive activities in our public spaces including parks and reserves, city streets and neighbourhoods.
- Support community resilience and safety programmes that ensure our children and young people have the social and life skills that enable positive participation in school, work and social life.

The role of council in community safety

Council plays an essential role in community safety directly through its responsibility for the design and management of public places and infrastructure (e.g. waste management, roading, street lighting, three waters services, parks, reserves and public facilities), and its planning and regulatory services (e.g. alcohol-free zones, dog control, building consenting). Council provides the City Guardian service patrolling our CBD to enhance safety, and monitors 263 CCTV cameras covering a wide range of public places. These services work in collaboration with the Police to proactively identify and respond to concerns about safety and crime.

You should know:

- In four out of six years, including 2020, our victimisation rates per 10,000 of population were the highest in New Zealand.
- As of 30 June 2020, the rate of incidence is 82% higher than the New Zealand national rate.
- There were 4,238 family harm episodes reported to the Police in the 12 months before March 2018, which involved 7,293 adults and 4,200 children.
- Methamphetamine use in Rotorua is 50% higher than the New Zealand national average.
- The inter-related issues contributing to the level of public safety, street disorder and public concern in public places include alcohol and drug misuse, mental health disorders and homelessness.

What is being proposed? He aha e marohitia ana?

The Homes and Thriving Communities Strategic Framework (pg. 21) set out the commitment to develop a Community Safety Plan. To show a dedicated commitment to improving community safety and crime prevention a collaborative partnership between Rotorua Lakes Council, Te Arawa, the Police and key safety stakeholders will be formed.

The vision guiding the development of a Community Safety Plan is based upon Rotorua:

- Being the safest place to live and raise a family.
- Having a positive reputation as a safe destination.
- Having a sense of belonging and connection in our neighbourhoods.
- Children and young people growing up in nurturing families.
- Reducing anti-social behaviour, alcohol and drug abuse.
- Reducing crime statistics and victimization.
- Developing effective collaboration with Police, community groups, business and neighbourhoods

We are proposing to commit an additional $500,000 per year to increase the level of funding towards community safety.

Our options:

Option 1 – Create a Community safety plan for implementation (+$500,000)	Option 2 - Create a Community safety plan and commence delivery of initiatives (+$750,000)	Option 3 - Adopt a community safety plan with no further financial contribution	Council's Preferred Option - Option 1
Increasing the funding by $500,000 per year will commit total funding of $1.13m a year towards investment into a suite of priority interventions to increase community safety in the short and longer term. The set includes urban design tools, electronic monitoring, community patrols, regulatory services, supporting community-led activities, activating our public spaces and supporting community resilience programmes - particularly focused on children, youth and parenting. While some short-term actions can respond to safety and crime challenges, the work on long-term prevention is needed to focus on strengthening our community's protective factors, including the positive development of our children and young people.	We could also commit an additional $750,000 per year towards our planned safety initiatives. This would bring the total funding to $1.380m a year and assist in making further progress in delivering the safety initiatives identified in the safety plan.	Under this option Council will continue to provide the level of service it currently does through its existing CCTV network and city guardians. A community safety plan could be developed, however the initiatives identified would not be implemented until funding is found. The service currently costs around **$630,000** a year to deliver.	Council prefers Option 1. Council, Te Arawa, the Police and key stakeholders are all concerned about an increase in anti-social and criminal behaviour, affecting residents and visitors' experiences in Rotorua. Everyone has agreed to work together to address the issues. Safety initiatives will require an increased level of funding to implement. An additional $500,000 a year throughout the next ten years is believed to be a solid commitment that can aid in delivery and at the same time is considered affordable.
What will I contribute?	**What will I contribute?**	**What will I contribute?**	
Supporting this option will increase your rates by **$17.20 a year or $0.33 a week**	Supporting this option will increase your rates by **$25.80 a year or $0.50 a week**	Supporting this option will not increase your rates	

What do you think?
He aha ō whakaaro?

We want to hear from you, please comment on the above options to help guide the mahi for community safety.

Want to know more?
Have a look at:

- The Homes and Thriving Communities Strategic Framework (pg. 21)
- Draft Community Safety Plan

MAHI.

2021-2031 Long-term Plan Consultation

Whanake Ōhanga
Economic Development

Council Key Priority 3

Immediately after the COVID-19 lock down, Rotorua experienced the third largest economic contraction in gross domestic product (GDP) in the country. Virtually overnight revenue within the tourism sector dropped by 40%, jobs disappeared and small businesses struggled to stay afloat.

This compounded our existing challenges like limited employment choices, multiple employment sectors paying the minimum wage, high unemployment rates, undeveloped land and a lack of appropriate infrastructure needed for commercial/industrial growth.

Our proposal to confront these challenges

- Finalise our Draft Economic Development Strategy and the three priority action plans within
- $29 million (committed $9 million in 2020/21 and $20 million in 2021/22) to support economic recovery and economic development projects
- Partnering with developer/landowners to unlock residential land
- Complete master planning for stormwater and key infrastructure for new residential and industrial development
- Partnering with iwi/landowners to unlock 25ha of greenfield industrial and business park land to support business relocation and expansion
- Create an Inner City Plan to build investor and development confidence in our CBD
- Develop incentives policy to support inner city residential development
- Completion of infrastructure projects that support local business – Lakefront, Titokorangi (Long Mile) Road, Te Whare o Taonga (Museum), Mountain bike trail development, Te Ngae Road and Amohia Street upgrades
- Re-state and strengthen our tourism offerings and position Rotorua as the destination of choice, ready to receive international visitors once international boarders open again
- Implementation of ReoRua – city wide bilingual signage to complement "destination of choice' and our 'first bilingual city' status
- Create Forestry Future plan as identified in the Economic Development Strategy to outline opportunities for growth and development in this sector
- Review the Wood First policy to encourage and or incentivise the utilisation of wood products

These actions will require future conversations with partners, stakeholders and/or the community.

Draft Economic Development Strategy

Council adopted its Draft Economic Strategy (EDS), in December 2020. Developed in partnership with iwi, businesses and industry sector leaders, the draft EDS is a blueprint for economic recovery and longer-term growth in the district. This strategy is intended to support the District's:

- Short-term needs for economic recovery in a world disrupted by the COVID-19 pandemic,
- Long-term economic development vision, which is critical to addressing the systemic challenges faced by our community.

Agreed key priorities

Rotorua is		
#1 a place of choice	#2 the future of forestry	#3 ready for business
Rotorua is a leader in providing authentic experiences; a place that provides the space to connect with friends and family; and has a natural environment to inspire and sustain wellbeing. Success will mean attracting and retaining, talent, students, visitors and investors who contribute to the vibrancy of our bilingual city, engage in regenerative tourism, and sustain year-round productive jobs.	Rotorua led initiatives underpin our status as the Centre of Excellence in forestry and wood processing. Rotorua's "Wood First" policy recognises the economic, environmental, cultural and social significance of wood and has resulted in the increased use of timber solutions and a "Wood First" concept embraced at a National level.	Rotorua is open and ready to support businesses to grow and thrive by providing desirable commercial, industrial and housing solutions. To complement our existing industries, we nurture and attract technology-based and creative industries offering local people the chance to move into higher skilled and higher wages activity. Talent, entrepreneurs and business innovators relocated to Rotorua to live an 'exceptional' lifestyle and create new jobs and vibrancy for our city.

The draft EDS is a work in progress, which will be finalised when detailed action plans are created for each of the three priority areas. Rotorua Lakes Council, business leaders and partners, are leading the development of these plans. We expect to finalise these by the end of the year and that implementation will be initiated during the first three years of the Long-term Plan.

Committed recovery/economic development projects

Council consulted on a $29 million recovery plan in it's 2020/21 Annual Plan. The table shows how that funding has been allocated to date.

Industrial/Business Park initiative	$4,000,000
Rotorua Lakefront commercial and hospitality building	$2,000,000
Unlocking Industrial commercial land	$3,000,000
Residential land development	$10,000,000
CBD residential development partnerships	$5,000,000
Major event support – Crankworx	$200,000
Green house	$1,250,000
Unallocated / projects at business case stage	$3,550,000
Total	**$29,000,000**

Hurihanga Āhuarangi
Climate change

Council Key Priority 4

Our existing infrastructure does not have the strength and resilience to meet the major challenges of climate change for our future communities. Our infrastructure is particularly vulnerable to the anticipated effects of climate change, such as increased rainfall, drought and rising temperature.

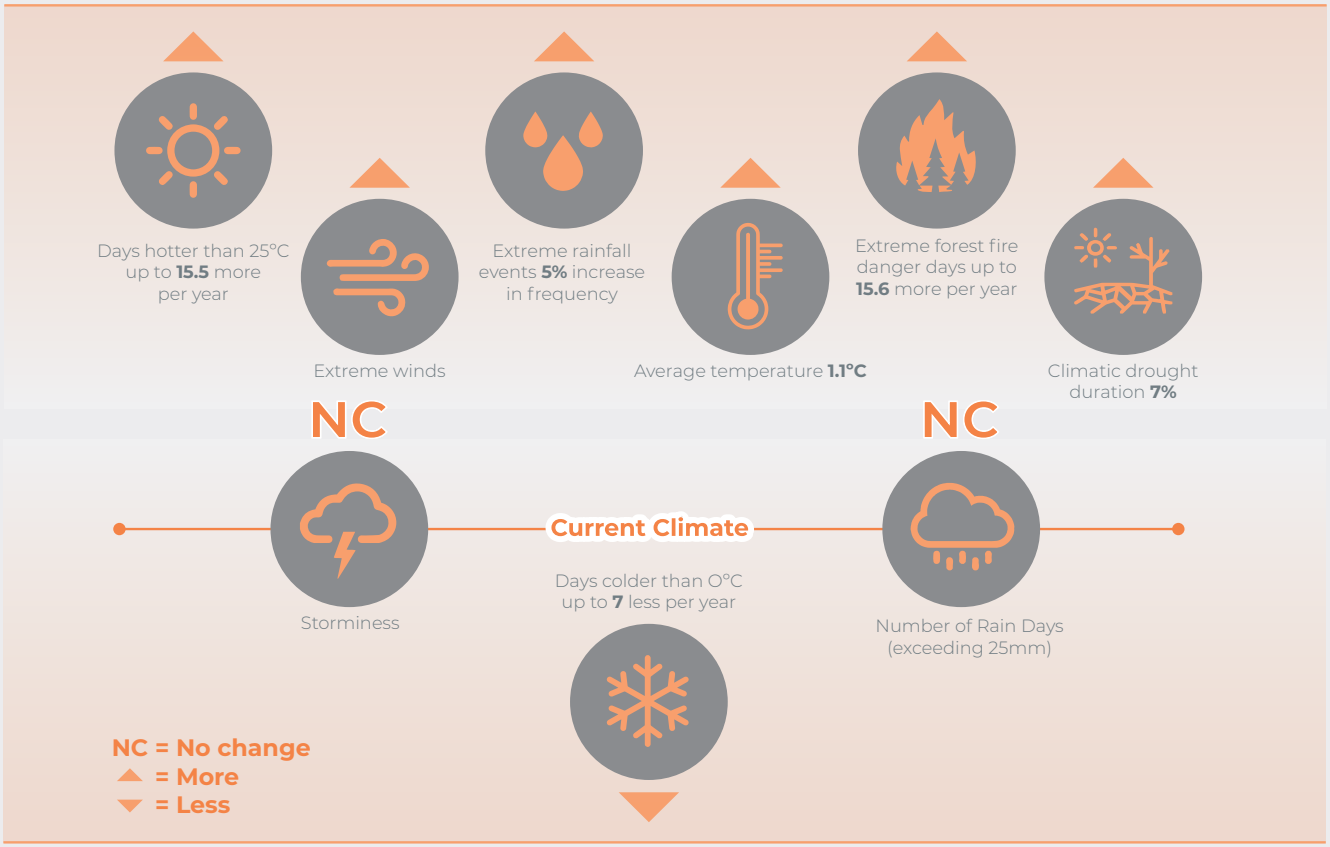
Climate Action Plan 2021

Council adopted its Climate Action Plan, in February 2021. Guided by the Zero Carbon Act, it has been developed in partnership with stakeholders and the wider community. The Climate Action Plan is the blueprint for combating climate change in the District. Many of the actions required are reflected within the Council's 30 year Infrastructure Strategy.

Our goal is to position Rotorua in a low carbon economy and to ensure we work towards establishing ourselves as a resilient community that can adapt to the changes in climate.

In addition to reducing the impacts of climate change, there are other benefits associated with mitigation. Examples include health and wellbeing gains from warmer homes, walking and cycling; cost savings to households and businesses through energy efficiency, affordable public transport services, and opportunities to grow the resilience of the Rotorua economy through high-value, low-emissions products and services.

How could climate change affect us in Rotorua?



Our proposal to confront these challenges

Mitigation: Promote and support a shift to more sustainable transport modes; improve building and infrastructure efficiency, use of renewable energy.

Transportation and Urban Form

- Promoting walking and cycling and developing facilities to support active transport.
- Expanding and maintaining bike and walking paths
- Investing in risk mitigation on vulnerable sections of the transport network
- Promote public transport
- Promote working from home
- Facilitate higher-density urban development through CBD Locality Planning

Buildings and Energy Systems

- Adopt low-carbon urban design policy
- Converting public lighting and streetlights to LED

Consumption and Waste

- Investigate kerbside organic waste collection
- Upgrading our city wastewater treatment plant, including increasing holding capacity to better manage inflows during storm events
- A demand management programme has been developed, which involves water-loss reduction measures and a small reduction in the per capita domestic water use over time

Leadership, Advocacy and Economic Opportunity

- Delivering education and communicating clearly with our communities

Natural Environment and Rural Economy

- Reserves
- Open spaces planting

Adaptation: This will include testing our infrastructure resilience regularly as it is exposed to a variety of natural hazards including earthquake, landslides, flooding, volcanic eruption and storms. These natural disasters can cause considerable damage to infrastructure assets and affect delivery of our services.

Infrastructure

- Identify and plan for infrastructure adaptation
- Monitor population growth
- Plan to meet future potable water needs
- Continue to update storm water design standards
- Design storm water systems for increased rainfall
- Renew critical assets as the priority in renewal programmes
- Preventive road drainage maintenance in place to lessen impacts of flooding in urban areas

People and Communities

- Local education and training incorporates planning for future needs
- Emergency planning in place to react when needed
- Investigate capital options to strengthen lakeside community resilience

Natural Environment

- Governance, Leadership and Advocacy
- Partners across the civil defence community
- Work to identify areas at increased risk
- Develop prevention, alert and response plans for community safety

Economy

- Business support
- Identify opportunities for new low-carbon local businesses

Want to know more? Have a look at:

Rotorua Climate Action Plan; Rotorua Draft 30 Year Infrastructure Strategy

Rautaki Hangaroto
Infrastructure Strategy

Council Key Priority 5

Council leads and is responsible for the provision of key services that support the daily life of the people of Rotorua. Our infrastructure must be safe, reliable and in a stable condition to meet current and future demand, whilst meeting the expectations of our district.

To do this, we need to understand, and plan for how infrastructure will need to change over time, so it can remain fit for purpose. Change can be required to adjust to new technologies, environmental considerations (such as carbon neutrality), new regulatory standards or changing community expectations and emerging patterns of use.

We need to consider how our population is growing and changing and what impact this may have on demand for our infrastructure. Where do we need to provide new capacity? Where and how might we redevelop underused capacity or transform our infrastructure networks?

We also need to consider how the national, regional and local economies are changing with the impact of the global pandemic. History reminds us that in times of global financial and other crises it is not wise to underfund the needs of our core infrastructure.

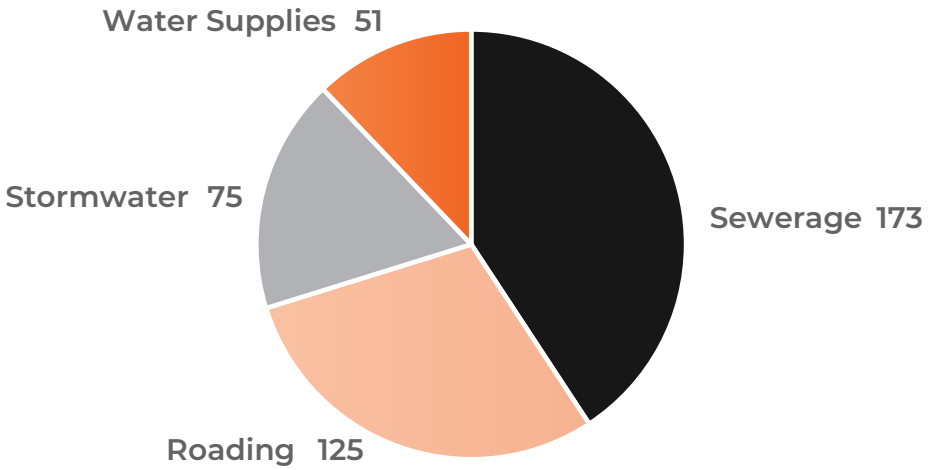
Our 30 year Infrastructure Strategy outlines the investment programmes required to ensure we are meeting all our communities' wellbeing obligations in a planned and affordable way. This investment will also help to stimulate our local economy as part of Council's Rotorua Economic Recovery Plan: Build Back Better.

We have identified seven strategic district infrastructure challenges that need to be at the forefront of long term infrastructure planning and decision making.

They are:

1. Maintaining assets in a stable, reliable, and safe condition
2. Meeting future demands on infrastructure services
3. Managing the impacts of increased performance standards arising from legislative and policy change
4. Embedding cultural values and responses into the way we manage our infrastructure
5. Climate change effects and the need to ensure environmental sustainability
6. Resilience of critical infrastructure to withstand and recover from emergencies
7. Maintaining institutional knowledge, skills and capability (i.e. our people resilience).

10 year Capital Infrastructure Investment



not inflated

*Across 2021-2031 we will invest $424 million into core infrastructure to renew and upgrade our assets to meet current demand and future growth expectations.

2021-2031 10 Year Plan ($'000)			
Activity by Group	**Levels of Service**	**Growth**	**Renewals**
Sewerage	111,670	5,720	55,498
StormWater	5,000	40,000	30,000
Roading	43,106	7,300	74,570
Water	13,940	7,010	30,500

not inflated

Proposed 3 Waters reform

The central Government's Three Waters Reform Programme, initiated in 2019, is in response to identified national challenges and signals potential major changes ahead to the way the three waters are managed and delivered across the country. The exact nature of these changes and the precise implications for local government is still work in progress and will take some time before they are fully crystallised.

3 Waters Challenges nationally

- historical underfunding of the operations and of asset renewals
- new and higher national drinking water quality standards,
- stronger environmental performance objectives
- statutory need to meaningfully consider and incorporate Te Ao Māori principles in the management of 3 waters.

To do this correctly, we need to work with Central Government. We have signed a Memorandum of Understanding (MoU) and are currently actively participating in the exploration of our future 3 waters management and service delivery options. Under the MoU, central and local government have agreed to work together to identify possible approaches to reform that may be more viable for the future. These options currently explore features such as;

- The delivery of drinking water and wastewater services as a priority (the approach to stormwater is still being determined).
- New water management entities would be publicly owned, with a preference for collective council ownership, and incorporating protections against privatisation.
- Communities' input in relation to the goals and performance objectives of such new entities.

Government is expecting to make policy decisions relating to the reforms in May 2021, to enable legislation to be prepared for introduction later in the 2021 year.

There will continue to be a voluntary, partnership-based approach to reform and Parliament will consider legislation to remove obstacles to us making a decision on our three water services; as well as making it possible to consult our communities in the correct way. We need to remember that our communities need three waters services whether the council delivers them or not and it is vital that we consider three water reforms based on complete and accurate information of the medium-term and long-term cost and the well-being impacts this may have on our people downstream. If any legislation is to take effect, it is unlikely to do so before the 2023/24 financial year.

10 defined supply areas including **THREE** urban areas

11 water sources

9 water supply treatment plants

Approximately **768km** of pipelines

15 water pump stations

* We own and manage $1.446 billion (replacement value as at June 2020).

Water supply

Public water supply is provided to domestic, commercial, industrial, and rural communities to ensure public health. Our commercial and industrial water users are metered as well as the rural users. The three urban schemes (Central, Eastern and Ngongotahā) supply a total of 78% of all current water demand. The Central scheme accounts for 58% of all District water supply.

Challenges

Renewing infrastructure: We have a relatively reliable network, however we will be proactive in identifying and preparing asset renewal programmes based on evidence from condition surveys with our priorities centered on the critical assets.

Providing for growth: Central and eastern parts of Rotorua is where most of the development and growth is forecasted to occur. These two areas are projected to have 3,201 and 4,150 additional household units by 2051 respectively based on the latest growth projections (as at March 2020). The two springs (Waipa and Hemo) that supply the Eastern area have sufficient capacity to accommodate this additional demand. However we need to ensure that our network can transport water safely where it is needed.

Managing risk, strengthening resilience: We have investigated improvements to strengthen the resilience of our water network particularly between the Central and Eastern supply areas. This includes providing an alternative supply line from the main spring to the Eastern area and installing a second storage tank. It also includes better interconnection of the Eastern and Central supply areas, and the provision of a pipeline link between the Ngongotahā and Central supply areas. These initiatives allow more flexibility in the event of a failure and will better protect the reliability of water service. Seismic resistant materials are now considered and used when we replace critical assets.

Improving environmental outcomes: Sustainable management is required so water wastage is minimised. A demand management programme been developed which involves water loss reduction measures and a gradual reduction of per capita domestic water use. At this point in time, universal metering (i.e. metering all water connections) has not been adopted. It may be considered in future as part of national practice if strong environmental benefits can be achieved, and if supported by strong business case.

3 waters strategy

Council has committed to the formation of an overarching 3 waters strategy for the Rotorua district. The 3 waters Strategy sets the direction on critical three waters issues and will recognise unique cultural considerations into the design, construction, operations and management of all three waters services through a partnership approach with mana whenua.

The broad direction of the strategy is consistent with the government's objectives and no matter what the delivery outcome of the 3 waters reform programme is, we do not anticipate this strategy to become redundant. In fact we expect that whatever the outcomes of the reform programme might be, this strategy will inform and guide our expectations as a community and will set the objectives of any agreements we may enter into as a Local Authority.

Guiding principles of the strategy

Public Health – ensuring the protection and improvement of public health and providing appropriate drinking water and sanitary services to our communities

Iwi partnership – ensure that Iwi and hapu are involved in all phases of the management of the three waters.

Future Proofing – Meeting future growth demands

Environmental sustainability – planning for and adapting to climate change, the minimisation of the adverse effects of waste water through progressing waste water reticulation schemes (Rotoma/Rotoiti/Rotoehu/Tarawera/ and others) and upgrade of the Rotorua waste water treatment plant

Best practice management and service procurement – management decisions are underpinned by good best practice research and information and the risks associated with ageing infrastructure are addressed through appropriate network renewals with cost predictability through performance specified contracts.

Interconnection between stormwater, growth and the environment – up to date modelling to guide future stormwater management planning that enables housing development, mitigates flooding risk and helps to improve the stormwater generated pollution levels of our lakes.

Access to drinking water – through a meaningful partnership with Iwi and Hapu to secure on-going availability and access to drinking water sources as our district continues to grow.

Sewerage and the treatment and disposal of sewage (wastewater)

405km

of gravity pipelines and **150km** rising mains

Services **3** urban areas of Rotorua (Ngongotahā, city and eastern suburbs) and some rural lakeside communities

2 wastewater treatment plants

81 wastewater pump stations

We are responsible for the collection, treatment and disposal of wastewater from Rotorua City, Ngongotahā and eastern suburbs, as well as some rural lakeside communities. The public wastewater network protects the community's public health and the receiving environments from the adverse effects of wastewater and by-products. Two wastewater treatment plants service properties currently through approximately 22,696 connections.

Challenges

Renewing infrastructure – Our wastewater network and supporting facilities are well past their midway lifecycle. To manage the risk of an ageing network we have utilised a performance specified maintenance and operations contract that provides better cost predictability and we are focusing attention, through systematic asset condition assessment, of our wastewater critical assets. This assessment drives focused renewal programmes and significantly reduces the risk of major services failure.

Providing for growth and improving environmental outcomes – we are working together with Te Arawa Lakes Trust and CNI holdings towards a new long-term solution for discharge of wai tātari (recovered wastewater) from the Rotorua Wastewater Treatment Plant. The parties have agreed to a sustainable forest approach that will include the upgrading of the Council's wastewater treatment plant, and the short to medium-term continuation of discharging treated wastewater in Whakarewarewa Forest. In the longer term we will have investigated options for an alternative use and disposal system to make every effort to meet cultural objectives to remove the adverse effects of household wastewater from our lakes.

The communities of Lake Tarawera, Lake Rotoehu (Kennedy Bay and Otautu Bay), Ngamotu and Mamaku are currently serviced by private wastewater systems. They are at risk of polluting our lakes. At a minimum, we are required to put in additional wastewater reticulation and treatment infrastructure to further improve the water quality. A solution for Tarawera is to be constructed in year X- year, while solutions for other communities will be investigated in the first 3-5 years of this 10-year plan before any construction options will be available.

Going forward, to protect lakes' water quality, we will need to ensure that the total load of nutrients reaching the lakes from all sources does not increase. We are investigating charging an environmental fee (or a transfer of nitrogen in lieu of payment) that will be used to offset the increasing load of nitrogen in the treatment plant discharge as the population and community grow. The proposed environmental fee is still under discussion.

Stormwater drainage (stormwater)

Stormwater is the runoff of rainwater which requires management and safe disposal using various drainage systems. The stormwater activity protects people and property from flood damage. It also minimises the adverse effects of stormwater discharges into the lakes and waterways of the district.

284km
urban reticulated pipelines

153km
of open drains

Service
3 urban
areas of Rotorua
(Ngongotahā, city and eastern suburbs)

Reporoa
land drainage scheme

Challenges

Providing for climate change effects and growth – stormwater management demand is linked to the effects of climate change and indirectly to population growth with the creation of more impervious surfaces. The existing stormwater systems at the bottom of catchments cannot fully cope with the effects of more intensive rainfall and growth in urban areas (brownfield and greenfield development). The current piped stormwater assets, built over the years, are undersized for the new demands increasing the risk of localised flooding. We need to invest more in stormwater infrastructure, storage and conveyance, to enable land development and to address the growing impacts of climate change.

Roads and footpaths (land transport)

1,008 km of roads

886 km sealed and 122 km unsealed

82 road bridges

26 major culverts

385 km of footpaths

43 km of shared paths,

4.8km of cycle lanes + 1.3km of cycle paths

146 bus shelters

Rotorua is in the heart of the North Island and its transport system plays a key role in connecting the central and upper North Island.

Challenges

Renewing infrastructure - Our roads have suffered the effects of accumulative industry cost escalations with investment not keeping pace at the same rate. In addition heavy loading demand due to increased forestry production imposed rapid deterioration. Many roading assets are approaching the later years of their useful life and those in poor condition pose high safety risks. If we keep the roading budget at the same level it is now, the levels of service to our roads will deteriorate. We are at the tipping point where we need to invest at a sustainable level and we cannot compensate for increased industry costs and higher loading demand through efficiencies alone. Less than appropriate funding levels will result in higher long-term costs and lower levels of service. We need to adjust our approach to managing our roading network and provide an appropriate level of prudent investment for maintenance and renewals, to provide the right level of service at a cost the community can afford.

Providing for growth – There is strong demand for providing transport infrastructure for multi transport modes especially cycling facilities, mobility access, pedestrians and public transport. Passenger transport services provide a key transport option for both students and the general public. Users are put off buses as they are perceived to be unreliable and journey times take longer than private vehicles. This adds to the traffic congestion and road vehicle demand in our city.

Our financial strategy

Our Long-term Plan is supported by a Financial Strategy with the following objectives:

- Achieving Vision 2030 in a financially prudent and sustainable way;
- Maintaining existing infrastructure so it is fit-for-purpose now and into the future
- Providing infrastructure to accommodate a growing district;
- Investing in the future of the district;
- Keeping rates affordable and managing debt.

The financial strategy is a cornerstone of the Council achieving the goal of living within its means, and ensuring sufficient funding is available for key projects over the coming ten years. It outlines key financial parameters and limits which the Council will operate within, provides insight into Council's current financial health and provides clarity on how this will be managed over the next 10 years. The next few pages include highlights from our Draft Financial Strategy 2021-2031.

What are we planning to invest?

The investment required is significant, but we believe it is needed to make the level of change required to take our district from surviving to thriving. Council expenditure is generally split in two types – operating and capital expenditure.

1. Operating expenditure is used to deliver on set strategy and community priorities including the delivery of all the services council provides in running a district
2. Capital expenditure is project based investment to replace and renew the assets (eg reseal roads, replace/upgrade water and stormwater pipes) or invest into transformational place shaping projects. (eg Lakefront, Museum and Forest).

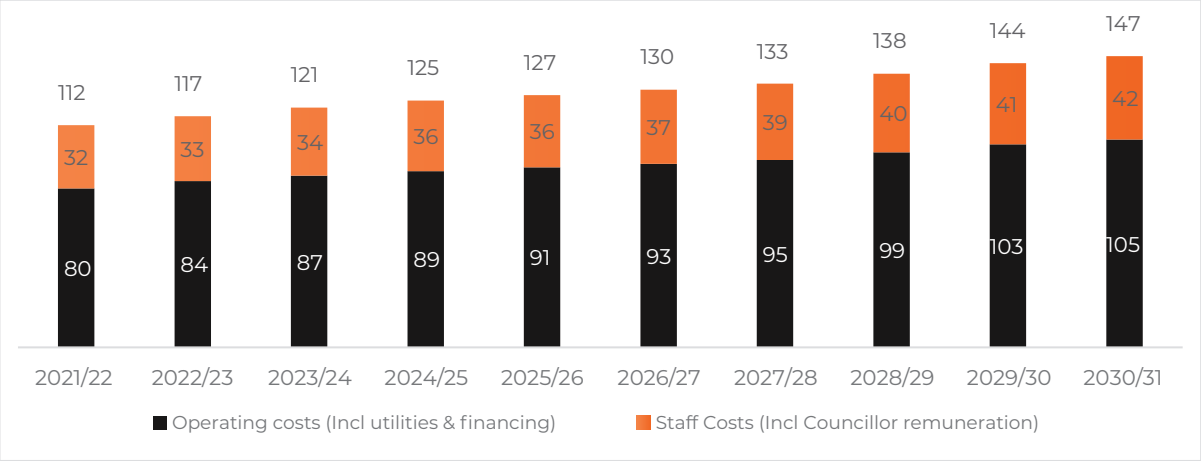
There are **only two** rules for being successful.

1: figure out exactly what you want to do, and

2: do it

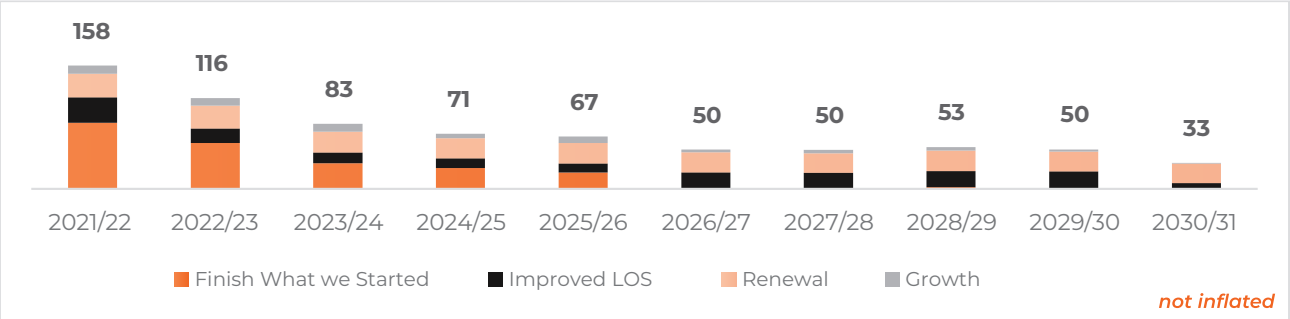
- Mario Cuomo

Operating expenditure Y1-Y10



* Operating expenditure - $1.295 billion over 10years

Capital expenditure Y1-Y10



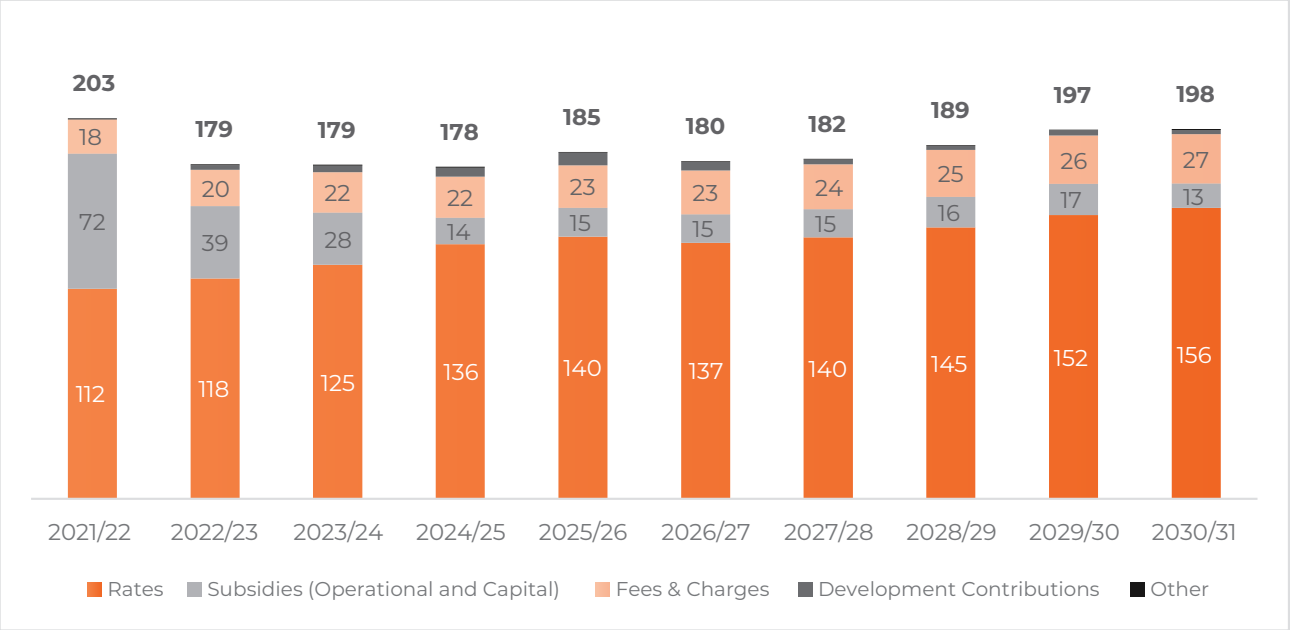
** Capital expenditure $732 million over 10 years

How we plan to fund our plan

Most of the funds to help us operate on a daily basis come from

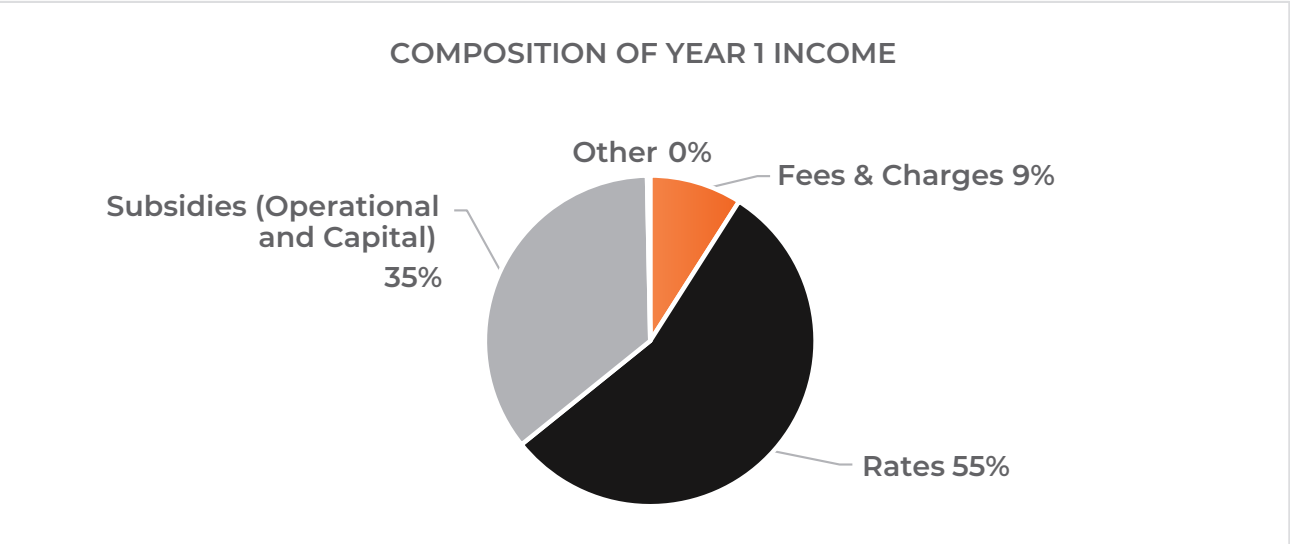
- Rates (general and target rates)
- Fees and charges
- Subsidies & grants
- Development Contributions (if we adopt a policy in the near future)

Funding sources



The graph above shows how much revenue is needed to deliver our services over the coming 10 years, based on the draft budgets – which will be finalised following this consultation process. It also shows where the revenue will come from.

2022 Forecasted income split



Revenue continues to be under pressure to keep pace with the increased cost of maintaining assets, (buildings, the library, parks, sportsgrounds and open areas) or infrastructure (roads, footpaths, cycleways, wastewater and stormwater systems) to modern standards, to meet central government regulation and to meet cultural & community expectations.

In 2018 we set out a plan to, where possible, fund new projects or levels of service from new sources. That plan set out to partner with external agencies and/or to introduce a development contribution policy (to fund growth).

Over the course of the ten years a total of $39.14 million needs to be secured and received from external sources for the Aquatic Centre ($10.43 million), Museum ($16.04 million) and Westbrook ($12.67 million). If this funding can't be secured Council will need to consider and make decisions to either scale back the project, delay the project or commit to increasing its funding commitments.

We will continue to seek external funding going forward and we also intend to have a detailed conversation later in the year on the introduction of a development contributions policy.

What is a development contribution?

New development and more of it is desperately needed in Rotorua to relieve our housing issues. Development especially new development in turn creates a cost to the district (build and maintain new local roads, footpaths, wastewater, water, stormwater and open space). A development contribution places the cost of providing the additional infrastructure capacity needed to accommodate the demand arising from development to those directly benefitting. Our initial thoughts on a framework include:

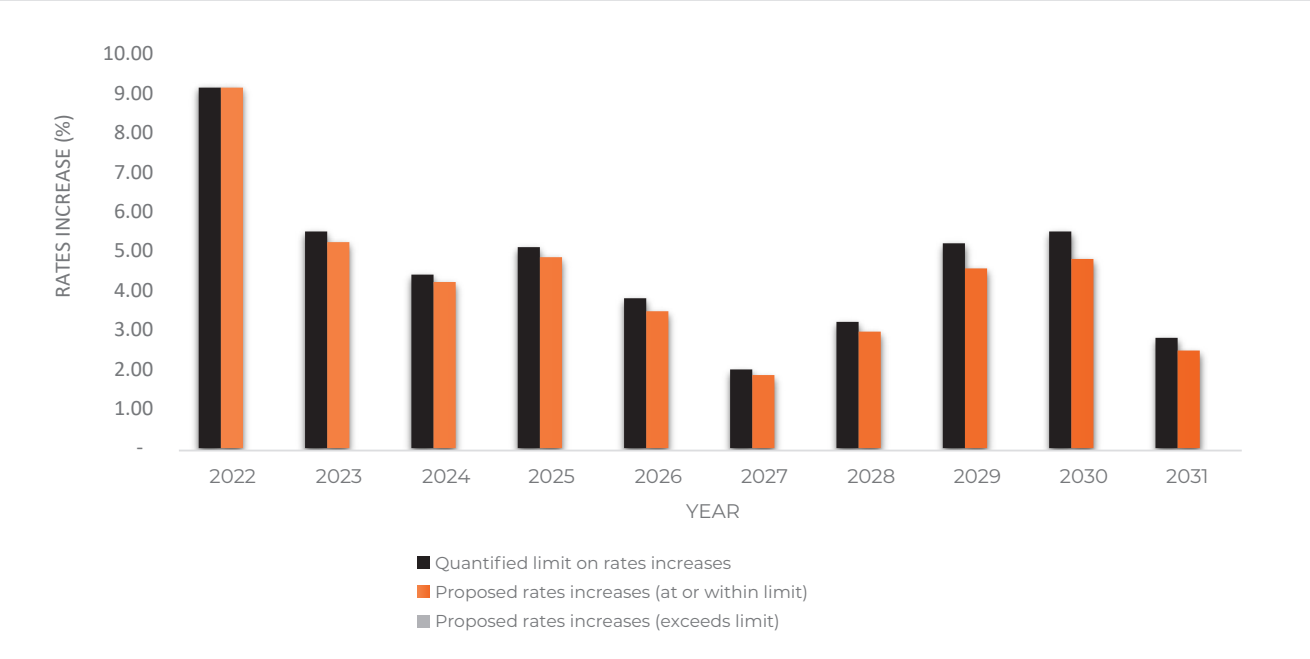
- Policy to apply only to projects where growth requires expansion of water supplies, wastewater systems and stormwater
- Policy to apply only to new developments (for example for new subdivisions) and exclude subdividing an existing property as capacity exists for some infill.
- Detail at what stage the contribution is charged. Is it charged at the time of subdivision consent is granted or at the time a building is completed? (Developer pays or the owner of a new house within a subdivision pays?)
- The contribution currently modelled could be approximately $7,500 per property, however, this will vary depending on the level that Council contributes and could be similar to development charges seen across other districts
- There is the possibility this could be extended to recreational works in the future.

If we decide to go further with this proposal we will come back to talk to you about how this may work.

Rates

To provide certainty to ratepayers regarding their rates, increases will be at a rate that matches the increase to Council's cost base. Changes to Council's cost base are mainly driven by the expectations to deliver on solutions to the district's confronting challenges, increases in compliance and regulation, inflation and depreciation related to capital expenditure in the 10 year plan.

Proposed rates increases and limits



Rates limits/increases are an average across existing ratepayers. Increases to individual ratepayers may be impacted by future changes to property valuations and the introduction of any new-targeted rates such as those for new sewerage schemes.

**Proposed rates increases have been developed in line with a predicted increase of an average of 390 new households per year resulting from growth. These additions to the ratepayer base provide a mechanism to spread rates increases over a growing population to ensure rates affordability.

Fees and charges - for consultation

Revenue from fees and charges comes from things such as admission to and hiring rates for venues and facilities, liquor licenses, dog registration, building and resource consents and parking management etc.

In 2018, Council made the decision to look at all and potential funding sources. The aim being, to shift the reliance of rates funding towards a greater emphasis on user charges. However, due to closures of the Sir Howard Morrison Performing Arts Centre and Rotorua Museum the full impact of this was not able to be achieved.

During the last three years the costs for services have continued to increase and the associated fees have not kept pace with this. As this occurs the revenue gap must be found and the only other source is rates. This also means that in some instances the funding policy is not being met.

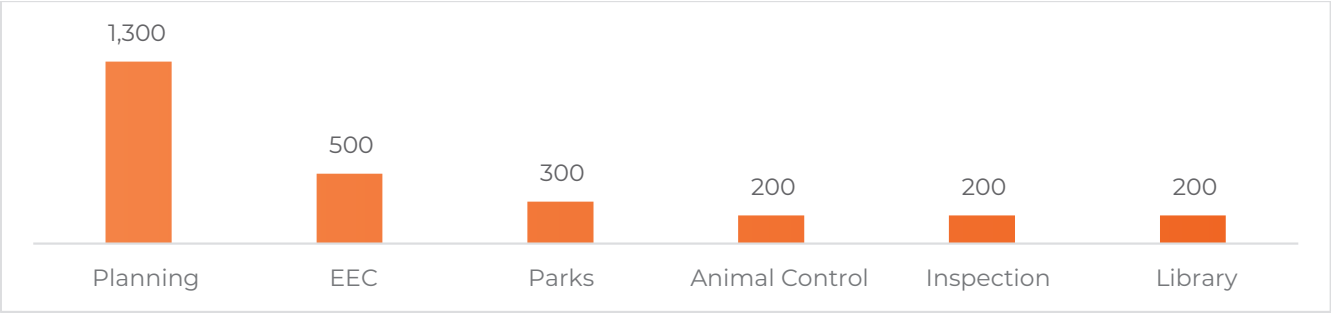
Driving costs up?

Many factors influence and create pressure on Council services in turn leading to increase costs.

- Compliance and regulatory costs
- Inflation
- Devolved Central Government services picked up by local government and not funded
- Growth – requiring more resources
- Levels of service expectations – requiring more resources

We are proposing to increase fees and charges in a number of council services to move the burden away from the general rate payer towards the individual directly receiving the service. If this revenue can't be collected for any reason (eg pandemic lockdown) Council will need to consider cost savings to offset lost revenue.

2021/22 Proposed total collection of additional funding from direct user charges



Our options:

Option 1 - Recover costs by increasing rates	Option 2 - Adjust/increase fees and charges	Council's Preferred Option - Option 2
In this option current fees and charges would stay as they currently are, many of which have had no increase in the last 2-3 years. This option would result in Council not meeting its funding policy. A review to amend the funding policy will then be required to determine what should be set as the new funding splits for each of the services (ie: %rates vs %user charges). Under this option it will mean the cost of the service that is currently seen to have an element of personal/individual benefit would be shifted to all ratepayers and thus rates will increase overall by 2.8%. Overall this would see a total average rates increase of approximately 12%.	In this option, the setting of pricing for direct benefit services is amended to propose increasing fees and charges across a number of service delivery areas. The basis for price setting has been developed on, increasing fees where there has been no increase in over 2 years and where the current funding for the overall service does not meet the funding policy. This will require $2.7m to be collected from across the services where fees and charges are collected.	Option 2 is Council's preferred option. An in-depth review of the services and who benefits was undertaken in 2018. The basis of assumptions for the creation of the funding splits (funding policy) are still considered relevant today. The issue is that Council have been trying to absorb the rising costs and to keep fees and charges static. This is not sustainable going forward. An additional 2.8% rates increase to hold fees and charges at current levels is not perceived to be fair nor in alignment with the Council's rating principles. For 2021/22 we are therefore proposing increases to a number of Council services. For example dog registration fees are proposed to increase from $92.00 to $102.00. A full list of the proposed new fees and charges can be viewed on Council's website.
What will I contribute?	**What will I contribute?**	
Supporting this option will increase your rates by **$94.80 a year or $1.80 a week**	Supporting this option will not increase your rates	

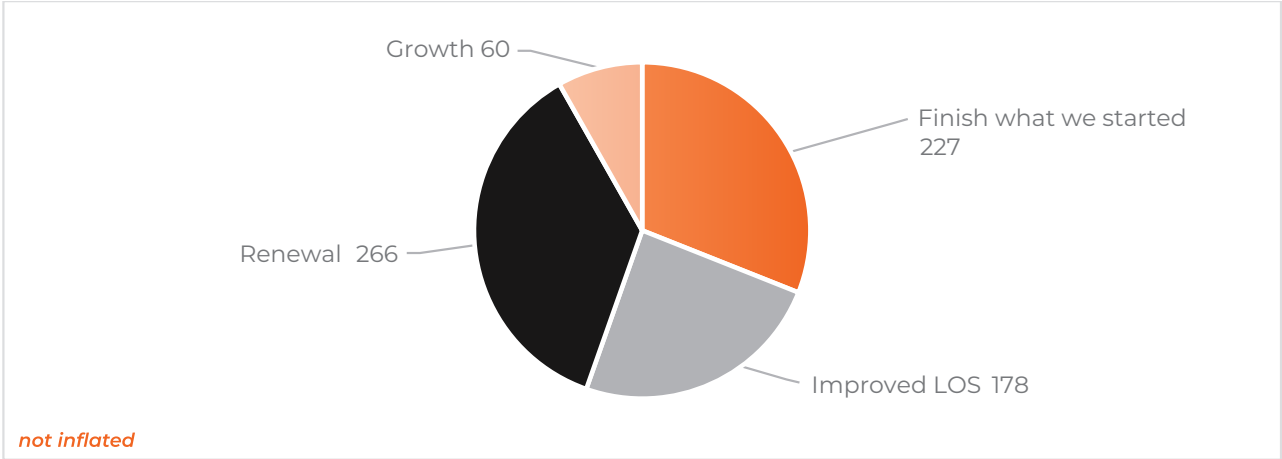
Revenue and Financing Policy

The funding policy sits within the Revenue and Financing Policy. The funding policy is consistent with 2018, however some minor amendments have been updated within the whole policy.

Capital spend

In our 10 year budgets we are proposing to invest $732 million to support the completion of place shaping projects, improve services, renew exiting assets, support growth and deliver our efforts to build back better following the COVID-19 pandemic.

Total Capex spend – 2021-31



Visit Councils website for a full list of the capital projects proposed for the 10 years.

Key place making projects continue

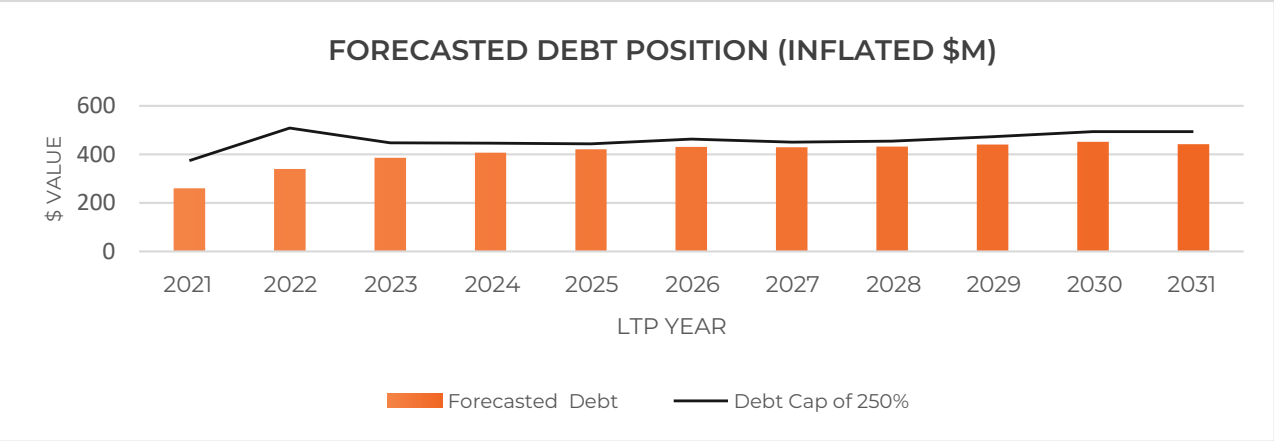
We will complete key place making/place shaping projects as committed in the Long-term Plan 2018. For further information of the projects go to www.visiontoaction.nz

Key project spend $M (2021-2031)	2021/22	2022/23	2023/24	2024/25	2025/26
Museum	55				
SHMPAC	11				
Forest	3				
Lakefront	9	7	2		
WWTP	2	18	18	12	10
Tarawera			3	10	10
Aquatic Centre		11	9	9	

Borrowing to aid future investment in our district

We only borrow money from lending agencies (LGFA – Local Government Funding Agencies and banks) to grow and improve on existing facilities and infrastructure. Council does not borrow to renew existing facilities and infrastructure.

Unlike residential and business borrowing, which is secured against assets, Council's borrowings are secured against its revenue, in particular its ability to rate. Over the course of the ten years our debt will increase by $181 million. Across the same period debt will not exceed our limit of 250%.



This remains within our debt limits

- Net debt to Total Revenue 238% against a limit of 250%
- Net interest to total revenue 8.9% against a limit of 20%
- Net interest to Annual Rates Income 11.50% against a limit of 25%

Council's debt level is determined by deciding on a prudent level of borrowing that can be serviced without putting pressure on Council's finances. Council has determined a prudent level based on a multiplier of not more than 2.5x (250%) revenue. Council's debt forecast to revenue ratio as at 30 June 2021 is approximately 174% and whilst this will rise to around 238% through years 2025-2028 is forecast to be 224%, in 10 years' time.

Other key proposals being consulted on alongside LTP

Significance and Engagement Policy

The Significance and Engagement Policy provides guidance around when the Council will undertake to engage with the community and how far this engagement will go before making its final decisions.

To do this Council has to consider how important the matter is (the significance) and how much community engagement is needed to make a good decision.

The proposed amendment aims to more clearly define and reduce uncertainty around the financial criteria for assessing the degree of significance.

Want to know more?

Go to www.letstalk.co.nz

Treasury Policy

The Treasury Policy outlines approved policies and procedures in respect of all treasury activity to be undertaken by Council. It:

- enables treasury risks to be prudently managed
- establishes borrowing limits to ensure prudent management of anticipated debt borrowings over time
- sets interest rate risk management limits to ensure prudent management of interest rate risks,
- ensures investment returns are maximised within an acceptable risk management framework, to ensure capital preservation, for the benefit of current and future ratepayers.

The policy has been amended to reflect changes to treasury functions that have occurred, particularly since the COVID-19 pandemic.

So what does all this mean for your rates?

To deliver the proposals set out in this consultation document, Council is considering a 9.2% average rates increase next year. An average annual rates increase of 3.8% is forecast for the following nine years.

The rates increases, particularly during the first five years, are being driven by Council's ongoing commitment to delivering Vision 2030 projects and Council's key priority areas (housing and thriving communities, safety, economic development, climate change and infrastructure).

On average we estimate each residential household will pay $7.61 per day, or around $2,778* per year to deliver the proposals set out in this consultation document (this excludes GST and is the Rotorua Lakes Council portion only).

*Rates for individual properties vary depending on a range of factors including:

- changes to the value of your property (including improvements or changes you've made to your property);
- the services your property is rated for
- whether the property is used for business, residential or farming purposes; and,
- changes to the amount we charge for those rate

Rates are a combination of a tax, (the general rate and uniform annual general charge) and a charge for services (targeted rate). A target rate, while not being a true charge for service, is a proxy for a user fee in that the charge is made to people who directly receive the service or benefit from it. Water, sewage and refuse targeted rates fit this proxy user charge. General rates, are a combination of uniform annual general charge and capital value component, are a tax on property.

Property Revaluations – 2020

In 2020, property revaluations were completed for all properties in the region. The revaluations take into account market trends in property sales and are completed every three years.

Overall property value in the district has increased $5 billion since 2017 ($17 billion, 2017 to $22 billion in 2020).

The District has seen considerable property value increases across almost all properties but particularly across those properties that were previously valued at $500,000 or less.

2020 Capital value change compared with 2017

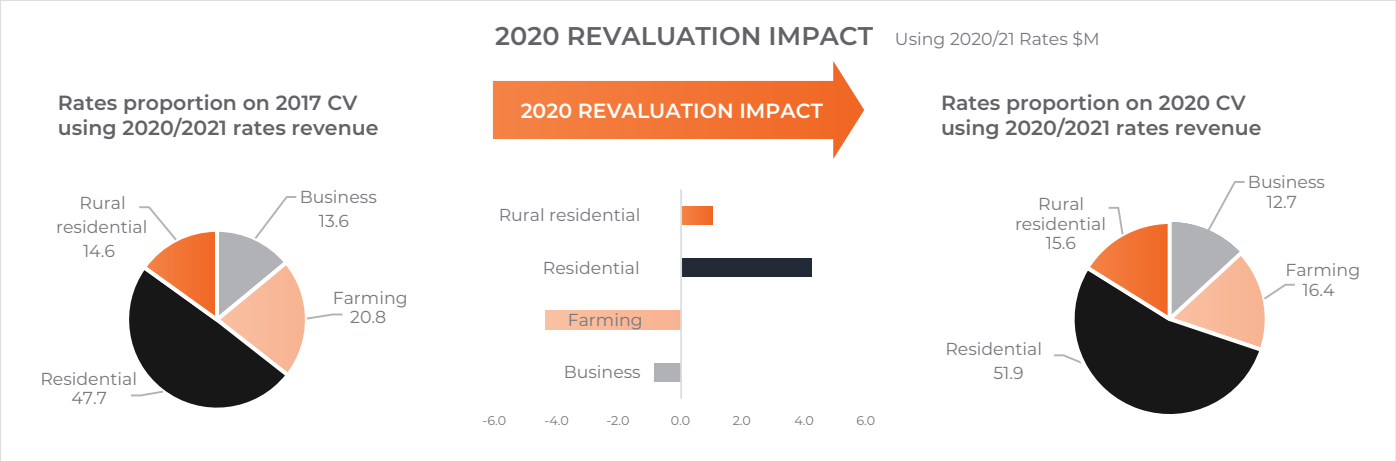
Business: **20%**

Residential: **41%**

Farming: **2%**

Rural residential:

40%



**As a result of capital value changes the categories where rates are collected from has changed. Less rates will be generated from the business and farming sector pushing this towards rural residential and residential.

Determining who will pay what?

Determining the share of rates to be paid by each household and business property can be a complex process.

The share paid is largely based on a property's value – the higher the property value (relative to others), the higher the rates. The 2020 revaluations have had an impact on how rates will be shared across ratepayers. The greatest impact being in residential properties. On average, residential suburbs have had an increase of 41%. However within the category some neighbourhoods have seen increases of over 75%, whilst others were more modest at around 20%.

The other two elements that help determine the rates each property owner will pay are:

- A fixed charge called the Uniform Annual General Charge (UAGC)
- The proportion business properties contribute in rates compared to residential properties.

Movement in the valuation of household property values does not mean Council will collect more, or that your rates will go up by the same percentage. Council must only collect the total revenue needed to fund its activities (it can't collect revenue to create a surplus). What is likely to happen as a result of a revaluation is that the proportion of rates gathered from the different rating sectors may change. Council assesses this to ensure that overall there is still a balance across all rating categories and that the rates per property are affordable.

A change to the UAGC – for consultation

The uniform annual general charge (UAGC) is the fixed portion of rates that every ratepayer pays regardless of property value. A fixed charge ensures every ratepayer pays the same minimum contribution for Council services. The amount of rates collected via the UAGC and fixed charges (excluding sewage and water) cannot exceed 30% of total rates income.

The level at which the UAGC is set can affect the distribution of rates collected. A high UAGC has the effect of shifting more general rates towards low to middle value properties in comparison to the value of these properties. On the other hand, a lower UAGC would see general rates being higher across those properties with higher capital values.

What is being proposed? He aha e marohitia ana?

The 2020 property revaluation has created a distortion in the overall proportion of capital value across the rating categories resulting in the general rate being skewed towards residential and rural residential and away from farming.

Council is considering reducing the UAGC from $475 to $425. This is to assist with the affordability of rates and to ensure ratepayers are paying a fair share of the general rates. A UAGC of $425 has been included in the budget modelling. This change would see a greater proportion of general rates charged on capital value instead of as a fixed charge.

Option 1 - Reduce the UAGC from $475.00 to $425.00 (decrease of $50.00)	Option 2 - Reduce to $400 (decrease of $75.00)	Option 3 - Status Quo	Council's Preferred Option - Option 1
Rotorua has a high proportion of residential properties which means a high UAGC has the effect of shifting more general rates to residential properties, in particular towards low to middle value properties. On the other hand, a lower UAGC would see general rates shift back to the proportions of our district's capital value. This would see the general rate for residential ratepayers shift to rural ratepayers, as well as seeing a shift from low value to high value properties.	Council could reduce the UAGC even further and push more of the general rates on to the capital value component of the rates. In this option the impact would see a $75.00 reduction in the UAGC per property and a corresponding increase of $9.00 per $100,000 of capital value.	rRetain UAGC at $475.00	The level at which the UAGC is set can affect the proportion of rates collected. Because of Rotorua's high proportion of residential properties, the current UAGC has the effect of the majority of the general rates being applied to residential properties, in particular properties valued at $500,000 and below. In reducing the UAGC we would see general rates shift back to the proportion of our district's capital value. This would see the general rate for residential ratepayers shift to rural ratepayers, as well as seeing a shift from low value to high value properties.
The impact of this is a reduction from the fixed charge of $50.00 per property to an increase of **$6.00 per $100,000 of capital value**	The impact of this is a reduction from the fixed charge of $75.00 per property to an increase of **$9.00 per $100,000 of capital value**		

Average Rates Impact 2021/22 (UAGC at $425)

Business:
8.10%

Residential:
11.44%

Farming:
-4.66%

Rural residential:
15.75%

What do you think?
He aha ō whakaaro?

We want to hear from you, please comment on the above proposals to help guide out decision making on setting the rates.

To provide feedback please refer to the back cover.

Want to know more?
Have a look at:

- Financial Strategy
- Revenue and Financing Policy

MAHI.
2021-2031 Long-term Plan Consultation

Proposed Rates for 2021/22

Sample of average residential properties in urban areas, farming and commercial/industrial

Category	Capital Value 2017	Capital Value 2020	Capital Value % change	Sector % average change	Total Rates 2020/21	Proposed Rates 2021/22	Rates increase/ (decrease) $	% Increase/ (decrease)	Sector Ave % (UAGC 475)	Sector Ave % (UAGC 425)	Sector Ave % (UAGC 400)
Business				21%					7.18%	8.10%	8.57%
Lower CV	323,000	391,000	21.1%		3,720	3,970	250	6.7%			
Medium CV	540,000	615,000	13.9%		5,451	5,732	280	5.1%			
Upper CV	2,430,000	2,850,000	17.3%		19,993	21,340	1,347	6.7%			
Upper CV	4,940,000	5,660,000	14.6%		45,798	48,610	2,811	6.1%			
Farming				2%					-6.00%	-4.66%	-3.99%
Lower CV	515,000	720,000	39.8%		1,900	2,245	344	18.1%			
Medium CV	895,000	790,000	-11.7%		2,917	2,470	-447	-15.3%			
Upper CV	3,980,000	3,670,000	-7.8%		11,566	10,002	-1,564	-13.5%			
Upper CV	7,190,000	6,400,000	-11.0%		20,532	17,197	-3,334	-16.2%			
Rural Residential				38%					15.74%	15.75%	15.75%
Lower CV	293,000	410,000	39.9%		1,420	1,645	225	15.9%			
Medium CV	570,000	785,000	37.7%		2,118	2,495	377	17.8%			
Upper CV	1,875,000	2,360,000	25.9%		5,408	6,064	657	12.1%			
Urban Residential				41%					12.10%	11.44%	11.11%
Lower CV	288,000	440,000	52.8%		2,239	2,558	319	14.2%			
Lower CV	325,000	500,000	53.8%		2,332	2,694	362	15.5%			
Medium CV	447,000	620,000	38.7%		2,640	2,966	326	12.4%			
Upper CV	685,000	885,000	29.2%		3,240	3,566	327	10.1%			
Upper CV	750,000	905,000	20.7%		3,404	3,612	208	6.1%			
Upper CV	1,000,000	1,130,000	13.0%		4,034	4,122	88	2.2%			

Pūrongo ā te Kaiarotake
Auditor's Report

To the reader:

Independent auditor's report on Rotorua Lakes Council's consultation document for its proposed 2021-2031 long-term plan

I am the Auditor-General's appointed auditor for Rotorua Lakes Council (the Council). The Local Government Act 2002 (the Act) requires the Council to prepare a consultation document when developing its long-term plan. Section 93C of the Act sets out the content requirements of the consultation document and requires an audit report on the consultation document. I have done the work for this report using the staff and resources of Audit New Zealand. We completed our report on 25 March 2021.

Opinion

In our opinion:

- the consultation document provides an effective basis for public participation in the Council's decisions about the proposed content of its 2021-31 long-term plan, because it:
  - fairly represents the matters proposed for inclusion in the long-term plan; and
  - identifies and explains the main issues and choices facing the Council and district, and the consequences of those choices; and
- the information and assumptions underlying the information in the consultation document are reasonable.

Emphasis of matters

Without modifying our opinion, we draw attention to the following disclosures.

Uncertainty over three waters reforms

Pages 5 and 23 outline the Government's intention to make three waters reform decisions during 2021. The effect that the reforms may have on three waters services provided is currently uncertain because no decisions have been made. The consultation document was prepared as if these services will continue to be provided by the Council, but future decisions may result in significant changes, which would affect the information on which the consultation document has been based.

Uncertainty over external funding of capital projects

Pages 11 and 29 outline the Council's assumption that external funding contributions will be obtained for redeveloping the Aquatic Centre, refurbishing the Museum and upgrading the Westbrook Sports Precinct. The Council requires $37.5 million in external funding for these projects, which is currently uncertain because funding has not yet been sought. If the level of external funding is not achieved the Council will consider whether to scale back on the projects, delay them or increase its funding commitments.

Basis of opinion

We carried out our work in accordance with the International Standard on Assurance Engagements (New Zealand) 3000 (Revised): Assurance Engagements Other Than Audits or Reviews of Historical Financial Information. In meeting the requirements of this standard, we took into account particular elements of the Auditor-General's Auditing Standards and the International Standard on Assurance Engagements 3400: The Examination of Prospective Financial Information that were consistent with those requirements.

We assessed the evidence the Council has to support the information and disclosures in the consultation document. To select appropriate procedures, we assessed the risk of material misstatement and the Council's systems and processes applying to the preparation of the consultation document.

We did not evaluate the security and controls over the publication of the consultation document.

Responsibilities of the Council and auditor

The Council is responsible for:

- meeting all legal requirements relating to its procedures, decisions, consultation, disclosures, and other actions associated with preparing and publishing the consultation document and long-term plan, whether in printed or electronic form;
- having systems and processes in place to provide the supporting information and analysis the Council needs to be able to prepare a consultation document and long-term plan that meet the purposes set out in the Act; and
- ensuring that any forecast financial information being presented has been prepared in accordance with generally accepted accounting practice in New Zealand.

We are responsible for reporting on the consultation document, as required by section 93C of the Act. We do not express an opinion on the merits of any policy content of the consultation document.

Independence and quality control

We have complied with the Auditor-General's:

- independence and other ethical requirements, which incorporate the independence and ethical requirements of Professional and Ethical Standard 1 issued by the New Zealand Auditing and Assurance Standards Board; and
- quality control requirements, which incorporate the quality control requirements of Professional and Ethical Standard 3 (Amended) issued by the New Zealand Auditing and Assurance Standards Board.

In addition to this audit and our report on the Council's annual report, we have carried out engagements in the areas of debenture trust deed assurance engagement and 2018-2028 long term plan amendment audit, which are compatible with those independence requirements. Other than these engagements we have no relationship with or interests in the Council.

Leon Pieterse
Audit New Zealand
On behalf of the Auditor-General, Tauranga, New Zealand

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

He aha ō whakaaro?
What do you think?

It's easy to have your say

We encourage you to

Option 1: Go online to rotorualakescouncil.nz/letstalk Council's feedback portal where you will find an online feedback form and places to leave comments; OR

Option 2: Fill out a feedback form and return to council by 30 April 2021; OR

Option 3: Post comments and suggestions on Council's Facebook page; OR *Comments and suggestions will be considered, discussed and form part of decision making. Receipt of feedback provided via social media cannot be acknowledged.*

Option 4: Face-to-face – check out the calendar of engagement opportunities at rotorualakescouncil.nz/letstalk. Council will be out and about in your community and at events across the district during the feedback period.

Your feedback needs to reach Council by:

4:00PM

30 APRIL 2021

All feedback will be considered by Council and used to finalise the Long-term Plan

Adoption of the Long-term Plan will occur by 30 June 2021

MAHI.

2021-2031 Long-term Plan Consultation

ROTORUA LAKES COUNCIL
Te Kaunihera o ngā Roto o Rotorua