

East Rotoiti/Rotomā sewerage scheme - new rate

Council committed to a reticulated sewerage scheme for East Rotoiti/Rotomā in 2017/18. The project is part of Rotorua's contribution to the Rotorua Te Arawa Lakes Programme which aims to improve lakes water quality, protect public health and respects the traditional cultural values and broader community expectations.

The scheme has a capital cost of \$56,214,000 (ex GST). In line with all the other district sewerage schemes (14 individual schemes to date), households within the reticulation scheme are responsible for paying the balance of the scheme, less any subsidises from the government and council.

Funding for the scheme

\$11,500,000

Ministry for the
Environment

\$4,460,000

Ministry of
Health

\$8,619,000

Bay of Plenty
Regional Council

\$1,155,000

Rotorua Lakes
Council

The remaining \$30,480,000 (ex GST) needs to be funded by the residents through a capital rate over a period of 25 years. There will be the option to pay in one lump sum, quarterly or annually.

From 1 July 2024 all connected properties will be charged a new rate for repayment of the scheme. The table below shows the repayment amount based on a ratepayers' preferred repayment period.

	Payment Frequency	Payment (GST excluded)	Payment (GST included)
Lump sum	One-off	\$39,584.42	\$ 45,521.91
Payment Plan	Annual	\$3,067.00	\$ 3,527.00
Payment Plan	Quarterly	\$766.77	\$881.79

Additional funding option: Increase the Rotorua Lakes Council Contribution

Council has consistently had a policy of funding \$1,500.00 per household towards the capital contribution of sewerage schemes. For the East Rotoiti/Rotomā scheme this is \$1,155,000. Council borrows to fund this and recovers the cost through the Lakes Enhancement targeted rate. The Lakes Enhancement rate is charged to all ratepayers within the Rotorua District (excluding Waikato Regional Council area). This amount has not changed for at least the past 15 years.

Council has made no change to the current funding in the Draft Long-term Plan. Adjusting for inflation, Council could increase the level of funding to \$2,700.00 per household and subsequently increase the Lakes Enhancement target rate to repay this.

Current	Funding option East Rotoiti/Rotomā households	Impact to RLC	Impact to Rotorua ratepayers
RLC contribution \$1,500.00/property	RLC contribution \$2,700.00/property	Increase in debt \$924,000	Increase in Lakes Enhancement rate \$34.00
700 properties	700 properties		
Total \$1,155,000	Total \$2,079,000		
Cost of scheme \$30,480,000	Cost of scheme \$29,556,000		
	Saving \$1,109.93		

Seeking additional funding

Council is working with the Ministry for the Environment to secure an additional \$10.0m loan (from the Ministry).

If achieved, it would bring the cost of the scheme down to \$20,479,889

A resident would then pay \$26,597 excl GST; or \$30,587 incl GST

Council will be required to repay the \$10m. This could be done through the Lakes Enhancement Rate, which is charged to all ratepayers within the Rotorua District (excluding Waikato Regional Council area).

By increasing the Lakes Enhancement Rate the Council could repay this \$10m in a period of 10 to 33 years.

Number of Ratepayers

Lakes Enhancement Rate per Ratepayer

Current amount collected

Additional amount collected – repayment of MfE loan

Repayment period

Total amount collected

Should a loan from Ministry for the Environment become a reality, Council will consult on the repayment amount and period.



He aha ō whakaaro? What do you think?

Should Council increase its funding contribution to \$2,700 per household towards the final costs of the East Rotoiti/Rotomā sewerage scheme and in turn increase the Lakes Enhancement rate by \$34.00 per Rotorua district ratepayer to repay the borrowing?

	Current	Repayment Scenario 1	Repayment Scenario 2	Repayment Scenario 3
	27,012	27,012	27,012	27,012
	\$20.22	\$31.33	\$38.73	\$57.24
	\$546,180.00	\$546,180.00	\$546,180.00	\$546,180.00
	\$-	\$300,000.00	\$500,000.00	\$1,000,000.00
		33	20	10
	\$546,180.00	\$846,180.00	\$1,046,180.00	\$1,546,180.00