

Capital Project Funding Plan for Tarawera Sewerage Scheme, Rotorua

The Tarawera Sewerage Scheme Capital Project Funding Plan in accordance with Section 117B(3) of Local Government (Rating) Act 2002.

Scheme Area

The Tarawera Sewerage Scheme covers those properties located within the lakeside settlement of Tarawera. The scheme area is delineated in Appendix 3.

Scheme Purpose

Most homes in the Tarawera catchment rely on septic tanks, which over time leach into the lake. Wastewater reticulation is therefore crucial to delivering on the National Policy Standard for Freshwater Management and to achieve a measurable difference in arresting the ongoing decline of water quality in Lake Tarawera through addressing the manageable pollution factors. The requirement of the National Objectives Framework in respect of total phosphorus loading is particularly relevant here. The Bay of Plenty Regional Council has set a Trophic Lake Index target for Lake Tarawera, which depends in part on the Rotorua Lakes Council delivering in a timely manner on the proposed sewage reticulation project.

The Rotorua Lakes Council recognises that the removal of any sewage-sourced nutrient load from Lake Tarawera is a helpful step in meeting its obligations under the National Policy Statement, in addition to removing pathogens and emerging organic contaminants that can have a significant health impact on the community. The Council and the local community need some financial support to deliver on this objective.

Acknowledging the Tarawera Property Owners are the single largest financial contributor to this scheme this Capital Project Plan serves as a transparent and comprehensive document outlining commitments for all stakeholders.

Key Dates

The Tarawera Sewerage Scheme Capital Project Funding Plan is being adopted as part of the 2025/2026 Annual Plan.

The Tarawera Sewerage Scheme essential dates are as follows:

Council Presentation/Adoption Dates:

Adoption of Plan into 2021-2031 Long Term Plan	June 2020
Consultation to Rotorua community	March 2025
Preferred rating option adopted	June 2025

Construction Dates:

Tarawera Sewerage Scheme:	May 2023 to June 2027
---------------------------	-----------------------

Payment Dates for Tarawera Ratepayers (see Payment Options below):

Lump Sum contributions can be made at any time	from August 2025.
Targeted rates for stage 1 (all properties) and Stage 2 (connected properties):	from July 2025, as set out below.

Estimated Total Scheme Cost

The total estimated capital cost for the Tarawera Sewerage Scheme is **\$30,640,600 (excl. GST)**.

Cost Breakdown by Project Component

Project Component	Estimated Cost
Stage 1 – Network Infrastructure	\$18,300,600
Stage 2 – On-site Installations	\$12,340,000
Total Estimated Scheme Cost	\$30,640,600

The scheme cost has considered the future development of those areas to be serviced by the mains infrastructure, but it does not incorporate the future value of the on-site pre-treatment units and installation for those properties that are yet to be developed.

Existing properties on non-compliant systems: 408
Growth & future development properties: 142

Once existing OSET system consents expire (36) they will be connected to the network, leaving further targeted growth of 106 (total 550)

Funding Breakdown

The funding for the project is sourced from a mix of central government grants, local council contributions, and Lake Tarawera property owners' capital charges.

Ministry for the Environment

In April 2017 the Tarawera Community Steering Committee proposed and together with Council applied to the Ministry for the Environment for funding support to progress a Tarawera waste water reticulation scheme. The application received \$6,500,000 of funding in July/August 2017. In June 2025, the Ministry For The Environment agreed to fund an additional \$1,000,000 towards the scheme.

District Council

Rotorua District Council is contributing \$2,700 per property from general rates as a subsidy towards the costs of the sewerage scheme in line with the council funding policy. For Tarawera this is based on the total number of properties of 550 (this includes 408 developed connections and 142 growth & yet to be developed). This results in a Rotorua Lakes Council contribution of \$1,485,000.

An additional \$2,684,893 has been agreed to be funded via the Lakes Enhancement rate.

Regional Council

Bay of Plenty Regional Council is contributing \$1,750,000.

Department of Internal Affairs – Better-off-Funding

Rotorua Lakes Council agreed to redirect \$2,050,000 of 'Better-off-Funding' towards the Tarawera Sewerage Scheme in 2024, to assist with the cost impact on property owners.

Confirmed Funding Sources:

Funding Source	Contribution (excl. GST)
Ministry for the Environment	\$7,500,000
Bay of Plenty Regional Council	\$1,750,000
Rotorua Lakes Council (\$2,700 per property subsidy)	\$1,485,000
Department of Internal Affairs – Better Off Funding	\$2,050,000
Rotorua Lakes Council (Lakes Enhancement Rate)	\$2,684,893
Total External and Council Funding	\$15,469,893
Remaining Cost to be Funded by Property Owners	\$15,170,707

Capital Contributions

The type and size of Low-Pressure Grinder Pump (LPGP) required at each site will be determined per connection (based on the volume/flow of wastewater generated by the premises).

The Capital cost per connection consists of two components, and is applicable to both developed and undeveloped sites:

- \$15,392 (excl. GST) for the stage 1 contribution to the network
- \$16,434 (excl. GST) for the stage 2 installation of the onsite system (this is based on a single SUIP, and will increase depending on the development on the site – see below)
 - **Property owners with developed sites with one [HUE][SUIP]**, will pay the total of \$31,826 (excl. GST) or \$36,600 (incl. GST). For sites with more than one [HUE][SUIP], see below.
 - **Property owners with undeveloped sites**, will pay \$15,392 (excl. GST) for their stage 1 contribution to the network.

The lump sum charge for the stage 1 contribution is a fixed charge per rateable property. However, if a ratepayer does not elect to make a lump sum payment and does not connect to the system, then the basis for assessing the Stage 1 targeted rate will be on the number of separately used or inhabited parts of the rating unit. If a property owner has more than one SUIP, this will result in a higher charge overall.

Due to sewerage discharge volumes some installations will require different sized grinder pumps. Accordingly, the Stage 2 lump sum payment and targeted rate will be calculated on a per SUIP basis. See also appendix 1 & 2.

Both the indicative lump sum contribution and targeted rate for each connection over a 25-year payment term and based on a 6% cost of capital charge are as follows:

Single HUE (Simplex)	Payment Frequency	Amount (incl. GST)
Targeted Rate stage 1	Quarterly (25yrs)	\$343
	Yearly (25yrs)	\$1,371
Targeted Rate stage 2	Quarterly (25yrs)	\$366
	Yearly (25yrs)	\$1,465
Lump Sum Stage 1	One off	\$17,701
Lump Sum Stage 2	One off	\$18,899

Double HUE (Duplex)	Payment Frequency	Amount (incl. GST)
Targeted Rate stage 1	Quarterly (25yrs)	\$343
	Yearly (25yrs)	\$1,371
Targeted Rate stage 2	Quarterly (25yrs)	\$732
	Yearly (25yrs)	\$2,929
Lump Sum Stage 1	One off	\$17,701
Lump Sum Stage 2	One off	\$37,798

Quad HUE (Quadplex)	Payment Frequency	Amount (incl. GST)
Targeted Rate stage 1	Quarterly (25yrs)	\$343
	Yearly (25yrs)	\$1,371
Targeted Rate stage 2	Quarterly (25yrs)	\$1,465
	Yearly (25yrs)	\$5,857
Lump Sum Stage 1	One off	\$17,701
Lump Sum Stage 2	One off	\$75,597

Payment Options

Property owners are given a choice of either paying the targeted rate over the payment period of 25 years or opting for a lump sum payment.

Three options are to be offered to the property owners.

1. Lump sum - Pay the full amount by end August 2025.
2. 25-year targeted rate – Spread payments over 25 years.
3. Targeted rate Payments transitioning to lump sum – Begin with payments of the targeted rate(s) from 1 July 2025 and switch to a lump sum upon connection or any subsequent time elected by individual property owners.

All stakeholders recognize the timely completion of the scheme is essential and that the signing of locality plans is a prerequisite to progress consents. All Tarawera property owners will receive a letter from Council sharing the Capital Funding Plan and inviting them to make a lump sum payment. Property owners will then have one month to advise their preferred option which will acknowledge their agreement to sign their agreed locality plans as an official step in the process.

Lump Sum Payment and Credit Adjustments

Under option 3 above, when and if property owners opt for the lump sum payment a credit will be applied for all capital payments previously made, as calculated by Council. The Council will calculate this credit upon request. In the first rateable year (1 July 2025 – 30 June 2026), all prior payments will be credited without interest deductions, and in any subsequent years a funding fee will be deducted equal to Council's funding and administrative costs.

Targeted Rates

Council will set two targeted rates in respect of the Tarawera Sewerage Scheme:

- A Stage 1 Tarawera Sewerage Scheme Targeted Rate; and
- A Stage 2 Tarawera Sewerage Scheme Targeted Rate.

The targeted rates will be assessed on all rating units in the Tarawera area (see Appendix 3). If you elect to make a lump sum contribution, then any rates you have paid will be remitted (see Payment Options above).

For the Stage 2 Tarawera Sewerage Scheme Targeted Rate, this will be assessed whether or not you have connected to the scheme and is calculated on a per SUIP basis.

The estimated number of rating units liable for the rates is 550, less those that make lump sum contribution(s).

Liability for the rates will be as follows:

- For the Stage 1 Tarawera Sewerage Scheme Targeted Rate, a charge based on the number of SUIPs in the rating unit; and
- for the Stage 2 Tarawera Sewerage Scheme Targeted Rate, a rate based on the number of SUIPs.

It is not expected that there will be any circumstances under which the categories of rating unit or calculation of the targeted rate(s) will change.

The estimated amount of the targeted rates that a rating unit would be liable for are set out in the tables above under "Capital Contributions." These rates would be collected over 25 years.

Subdivision and Development

The scheme area has approximately 142 growth properties. All new subdivisions and developments will be required to connect to the network and install the appropriate on-site system. The capital costs for sewerage infrastructure and onsite system associated with any subdivision and/or development will be calculated as follows:

Contribution to the capital costs of 1) the network costs of \$15,392 (excl. GST) per property owner plus, 2) the market price for the purchase and installation of the onsite system as outlined in the capital contributions section previously.

Funding Plan Expiry Date

This funding plan will expire on 30 June 2050, except for the Operation, Maintenance, Repairs and Renewal section in Appendix 2, which remains in perpetuity.

Consultation Process

Below is an overview of the consultation process to date.

The consultation process for the Lake Tarawera wastewater scheme involved extensive engagement with various stakeholders over the past decade. Initial consultations began with the establishment of the Lake Tarawera Sewerage Steering Committee in 2015, which included representatives from local iwi, Māori landowners, and community groups. This committee explored viable wastewater management options and conducted Cultural Impact Assessments to understand the potential effects on the community and environment.

From 2019 to 2021, the council held multiple meetings with the Tuhourangi Protocol Committee and other stakeholders to discuss the scheme's viability and cultural considerations. Community feedback was actively sought through letters and consultations, leading to the formation of a funding sub-committee to address concerns about payment options.

In 2022, a significant consultation with Tarawera property owners showed strong support for the proposed two-stage approach to the scheme. Ongoing communications with the Lake Rotokākahi Board of Control aimed to agree on cultural and risk site monitoring, ensuring that the project respected local cultural values.

Throughout 2023 and 2024, the project faced challenges due to protests and the need for further engagement with iwi and mana whenua. Large hui and discussions with iwi leadership were held to address concerns and find a common position to protect Lake Tarawera.

By January 2025, the consultation process had led to the agreement on mitigation measures for Stage 1 works, including the appointment of a cultural monitor and technical adjustments to the pipeline.

Appendix 1: Financial Breakdown

Cost	Stage1	Stage2	Total
Contract Cost	16,740,600	11,000,000	27,740,600
Planning, Design & General	1,560,000	1,340,000	2,900,000
Total Cost	18,300,600	12,340,000	30,640,600
Funding			
Ministry for Environment	6,500,000	1,000,000	7,500,000
Better-of-Funding	-	2,050,000	2,050,000
BOPRC	750,000	1,000,000	1,750,000
RLC - Lakes Enhancement	1,100,000	1,584,893	2,684,893
RLC - General Subsidy	1,485,000	-	1,485,000
Total Funding	9,835,000	5,634,893	15,469,893
Resident Funding	8,465,600	6,705,107	15,170,707
Property Split	550	408	
Resident Funding per property (excl GST)	15,392	16,434	31,826
Resident Funding per property (incl GST)	17,701	18,899	36,600
% Resident Funded	46%	54%	50%

	Simplex	Duplex	Quadplex
Payment Frequency Incl GST	25 yrs	25 yrs	25 yrs
One-off	36,600	55,499	93,298
Annual	2,836	4,300	7,229
Quarterly	709	1,075	1,807

Stage 1 is split between 550 properties (408 existing, 142 growth)

Stage 2 is split between 408 properties (408 existing)

Appendix 2: Operation, Maintenance, Repairs and Renewal:

Upon completion, the Tarawera Sewerage Scheme will become part of the Rotorua district's wastewater network. The ongoing costs for operation, maintenance, repairs, upgrades, and renewal will be managed and funded by the Council in perpetuity through an Annual Sewerage Operational Rate, payable by all connected district ratepayers. This rate is part of the general wastewater rates and is not an additional or special charge for the Tarawera properties. The rate will be adopted by the Council for all district-connected properties and will be charged on a quarterly basis from the following financial year in which each individual property is connected to the scheme.

The Council will be responsible for all infrastructure and connections from the Low-Pressure Grinder Pump (LPGP) system to the boundary connection and alarm switchboard of the district's sewerage network.

Property owners are responsible for ensuring a safe and adequate switchboard and electrical supply.

Adjustments:

Costs:

It is expected some properties may have an inadequate or unsafe electrical supply to run their installed LPGP. In this case, and if required, the applicable remedial costs will be identified against each site installation and charged separately, at cost, to the ratepayer.

LPGP Cost Differentiation:

Due to sewerage discharge volumes some installations will require different sized grinder pumps, and each property owner will fund the cost of their specific pump. The cost of these differs and a differentiation will be applied.

Differential applies to only stage 2 onsite connections:

Differential Categories	Stage 1	Stage 2	Rate per Rating Unit (incl. GST)
	Relative Differentials	Relative Differentials	
Simplex	1	1	\$36,600
Duplex	1	2	\$55,499
Quadplex	1	4	\$93,298

\$2.05m Better Off Funding:

Council has agreed to use these funds as an incentive to sign locality plans. Each property will receive a \$5,025 contribution towards the cost of their property connection (stage 2) unless that ratepayer opts out of the Tarawera Sewerage Scheme.

Exemptions & OSET Rules:

OSET systems are permitted under BOPRC regulations but must have a current and valid consent.

All Properties:

- If a septic tank is in use, the ratepayer must connect to the scheme.
- If a consented OSET system is in use, connection will be subject to negotiation with the owners and depending on the position of the BoPRC to permit the on-going use of an OSET system.

All exemptions from connection will be recorded by the Rotorua Lakes Council (RLC) on the respective LIM / property records along with relevant terms and conditions and advised in writing to the property owners.

Appendix 3: Tarawera Service Area Map

