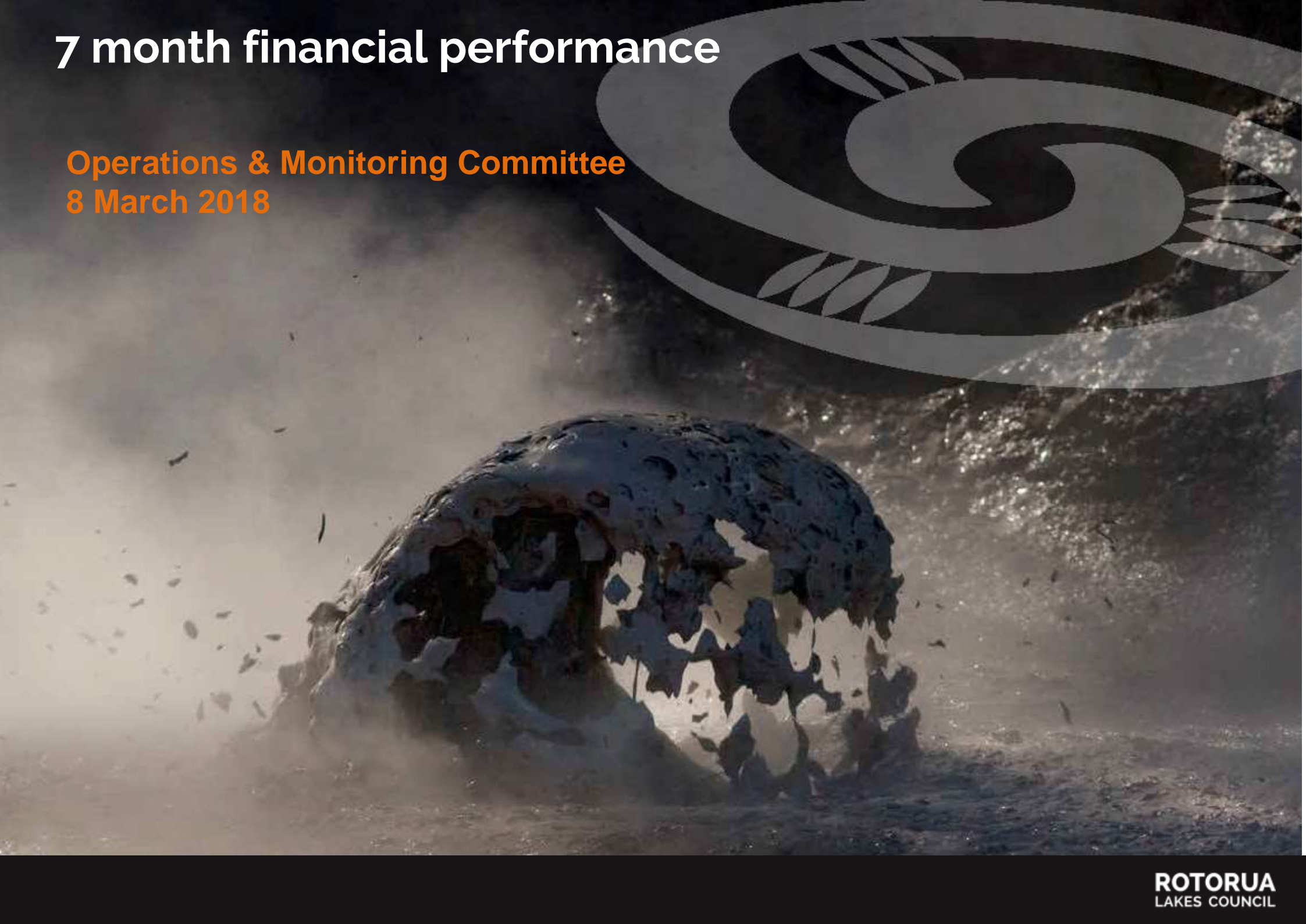


7 month financial performance

Operations & Monitoring Committee
8 March 2018



Update on Credit Rating

◆ Rotorua District Council

Fitch Affirms Rotorua Lakes Council at 'AA-'; Outlook Stable

28 MAR 2018 1:02 AM ET

Link to Fitch Ratings' Report(s): [Rotorua District Council](#)

Fitch Ratings-Sydney/Hong Kong-28 March 2018 Fitch Ratings has affirmed Rotorua District Council's (operating as Rotorua Lakes Council) Long-Term Local-Currency Issuer Default Rating (IDR) of 'AA-' with a Stable Outlook and its Short-Term Local-Currency IDR at F1+.

The ratings reflect New Zealand's strong institutional framework for local and regional councils, a sound socio-economic environment, stable fiscal performance and the council's strong management. Rotorua Lakes Council's debt levels remain weaker than average for 'AA' rated peers, but sufficient financial flexibility will allow the council to cope with a significant capex increase under its long-term plan.

Financial performance to Feb 2018

Income continues to track ahead of budget

Expenditure continues to be unfavourable

Expenditure pressures:

Solid Waste

Staffing

Electricity

Responding to weather events

Partially offset by strong external revenues

Capital expenditure

\$2.4m ahead of YTD budget

Pressure from I-Site and Civic centre refurbishment, weather delays inner city

Forecast to be on budget by year end

Forecast for year end

Operating result to be within 1% of total budget

Capital expenditure to end the year on budget

Borrowing potentially \$1m more than planned