

Rotorua Lakes Council
Financial Performance update
10 months to 30 April 2020

Rates Deferral

We anticipated and planned for a large scale rates impact:

- We estimated **effect** across **1,000 business** and **8,000 residential** ratepayers (3 April 2020)
- Required a **Scheme** to cushion economic impact
- **Risk** to instalment 4 of approximately **\$10m** (out of **\$23m**)
- Sectors affected (**tourism, retail, hospitality**)

Rates Deferral

What transpired:

Applications	Approved	Declined	Total
Business- Rates Deferral	42	13	55
Residential- Rates Deferral	24	32	56
Total	66	45	111

- Anticipated **large** uptake
- Operationalised the scheme and undertook campaign of mass **information & communication**
- Response & applications **underwhelming**
- 41% **decline rate** on set criteria
- Post close for submissions, RLC applying **targeted** approach
- **Penalty** suppression applications successful, \$766k

Rates Deferral

Installment 4 Insight:

Rates Arrears - Demographic	FY20 -Ins4	FY20- Ins3	FY19 -Ins4
General Rate Residential ☑	\$ 1,607,743	\$ 1,614,866	\$ 1,620,925
General Rate Business	\$ 350,374	\$ 248,727	\$ 260,472
Farming	\$ 176,524	\$ 139,956	\$ 148,631
	\$ 2,134,641	\$ 2,003,550	\$ 2,030,028
	FY20 -Ins4	FY20- Ins3	FY19 -Ins4
General Rate Residential ☑	75%	81%	80%
General Rate Business	16%	12%	13%
Farming	8%	7%	7%
	100%	100%	100%

- Recovery rate **above** expectation
- **Consideration** for August instalment, assess economic impact mid July
- Targeted **communication** campaign around **available** support & payment arrangements

Operating performance

Operating performance

- **Rates** revenues and April **lockdown** mitigate expense pressures
- Expenses impacted by **electricity, aging** infrastructure & **staffing** pressures
- Expense is over by less than **2%** of budget

Operating performance

➤ Revenues - \$731,000 favourable

- Level 4 **lockdown** impact to parking and event revenues
- **Waste** management revenues declined
- Improvement to **rates** and bad **debt collection**

Operating performance

➤ Expenditure - \$1,200,000 unfavourable

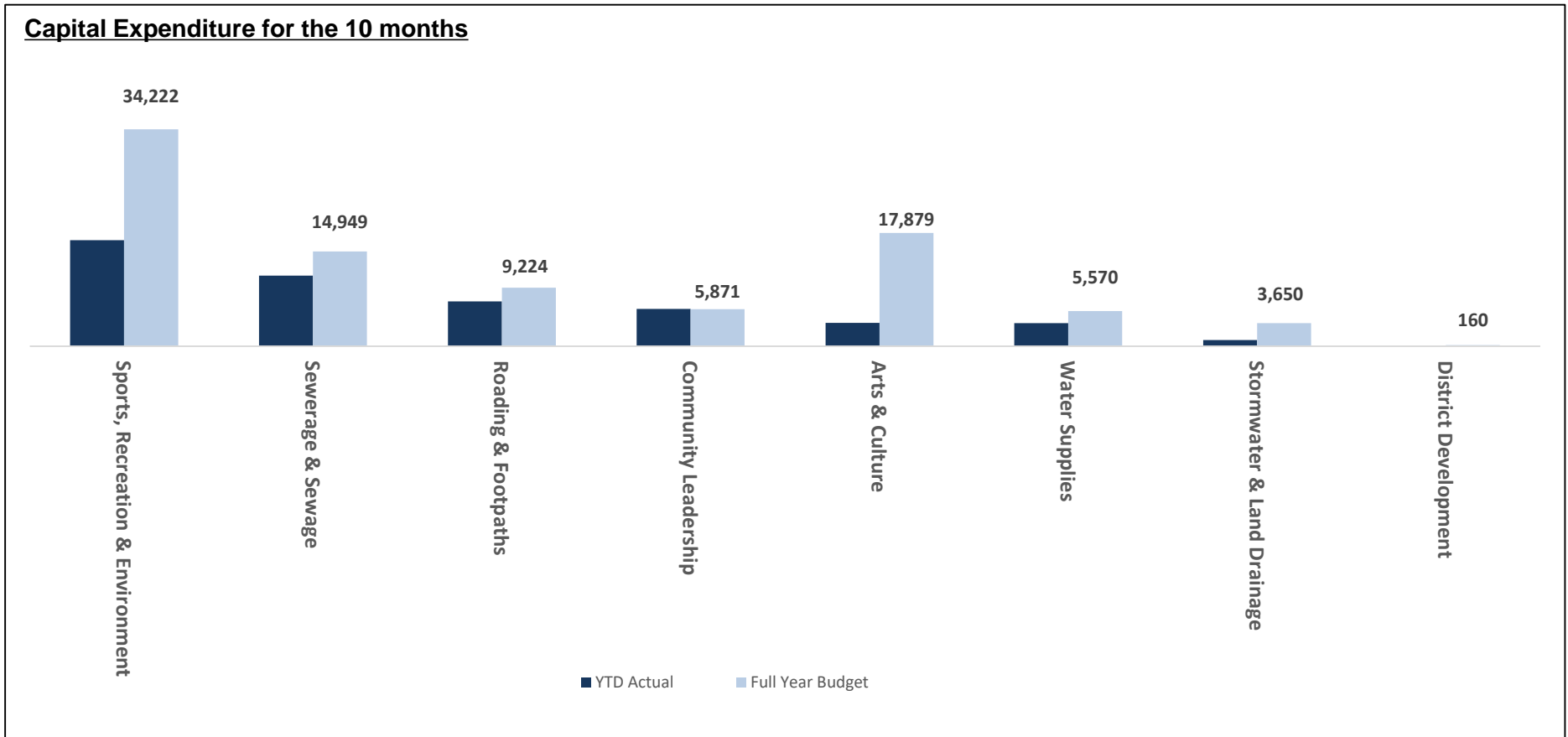
- Additional **compliance** costs Rotoiti Rotoma
- **Electricity** - legacy budget pressure (fixed price contract from Dec 2019)
- Staffing – demands in **regulatory and compliance**, recruitment costs
- Security - additional **inner city** security requirements
- One off items expected to be offset over the coming months

Operating result by Activity

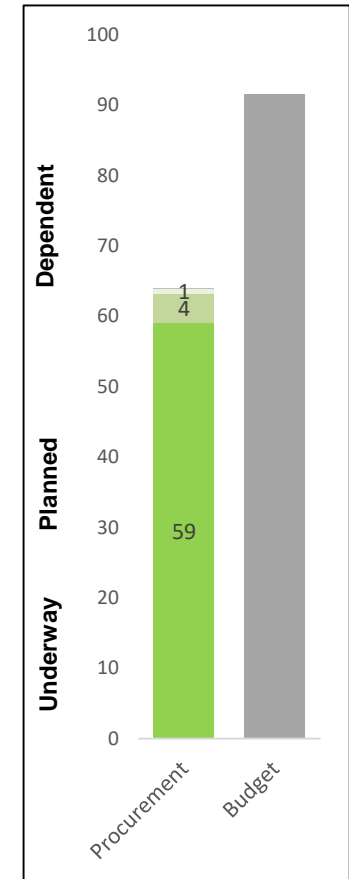
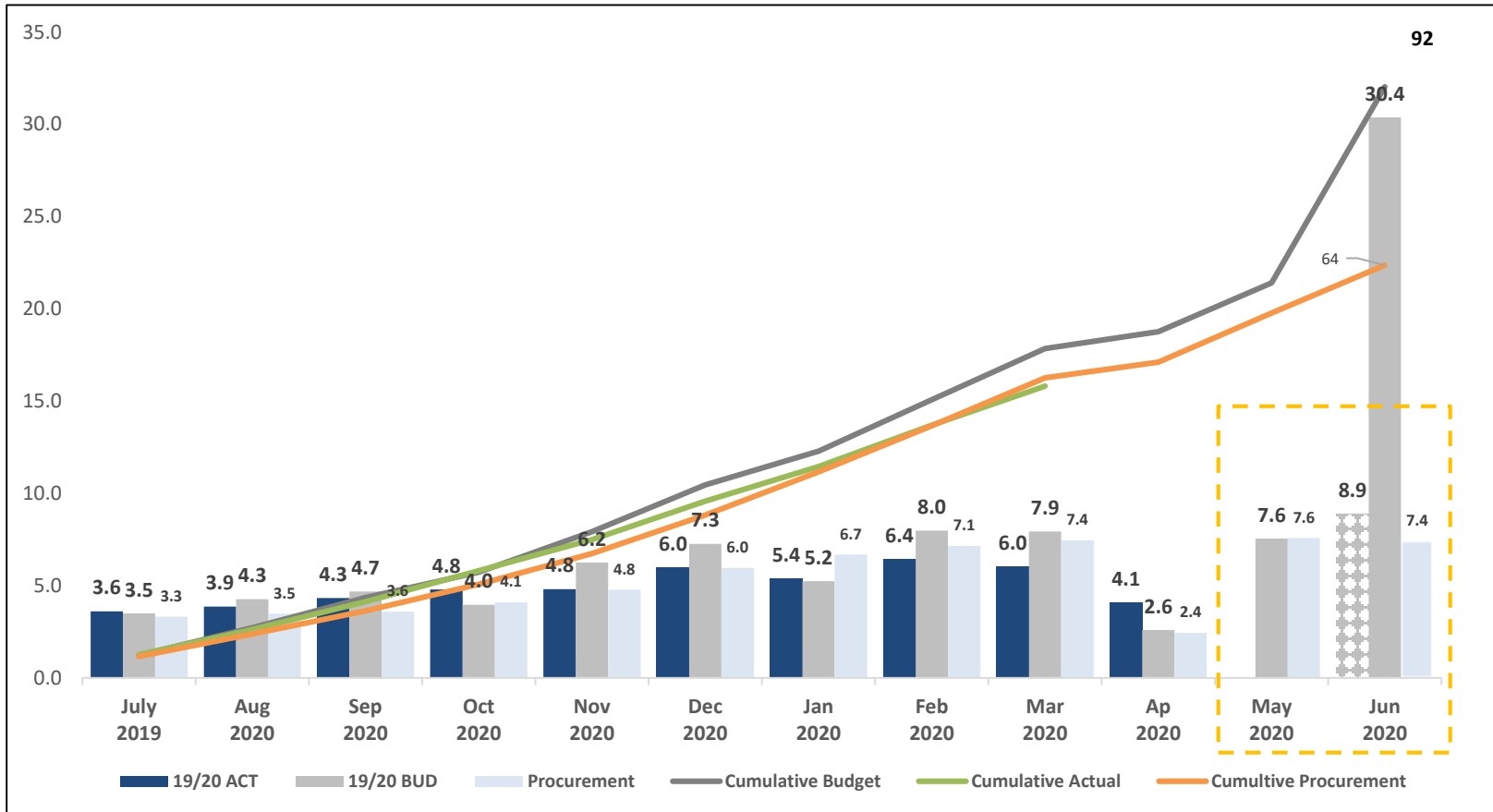
Activity	Variance	Impacted By
Sports, Recreation and Environment	1,530	Predominately interest expense due to lower OCR rates
Roading and Footpaths	527	Delay in expected timing of roading maintenance and drainage programs in support of parks
Arts & Culture	22	
Stormwater and Land Drainage	69	
Planning and Regulatory	(1,315)	Parking revenues, additional compliance staffing and inner city security
Waste Management	(366)	Landfill legal fees, higher tonnage costs and professional advice for remedial stormwater works
Water Supplies	(199)	Electricity, Infracore costs, master water planning and water strategy preliminary costs
Sewerage & Sewage	(1,172)	Electricity, Land (Manawahe Rd), WWTP staffing secondments, maintenance on grinder pumps etc and health & safety cost requirements
Community Leadership	466	Higher rates run rate and April YTD true up in IS salary recovery costs
Operating variance to Budget	(439)	

Capital Spend

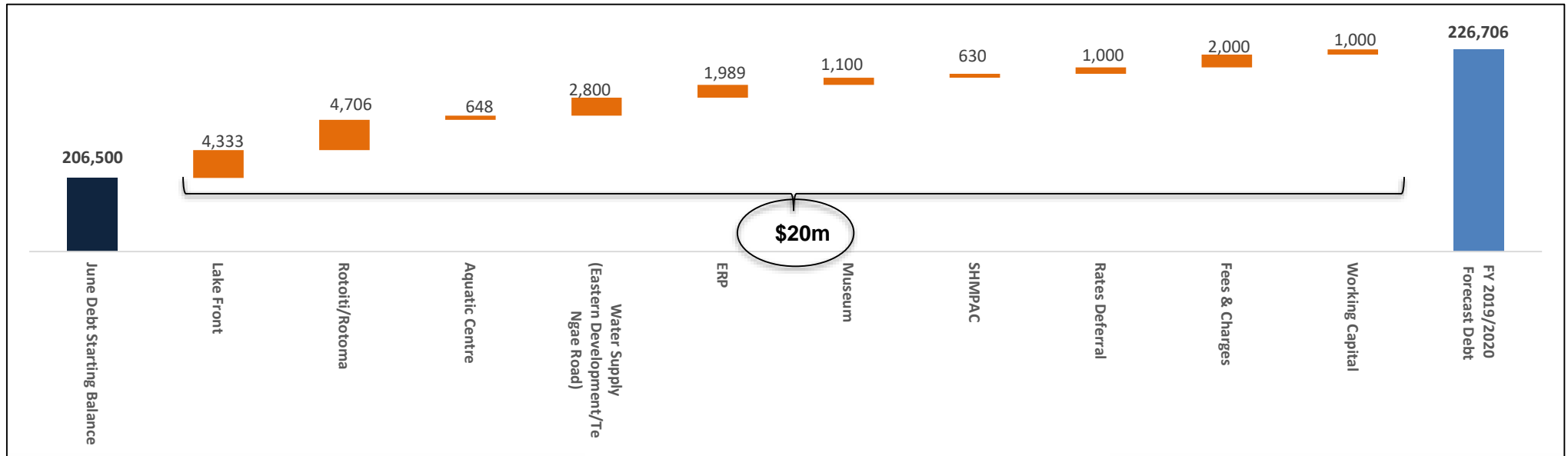
\$49.2m (\$91m Budget)



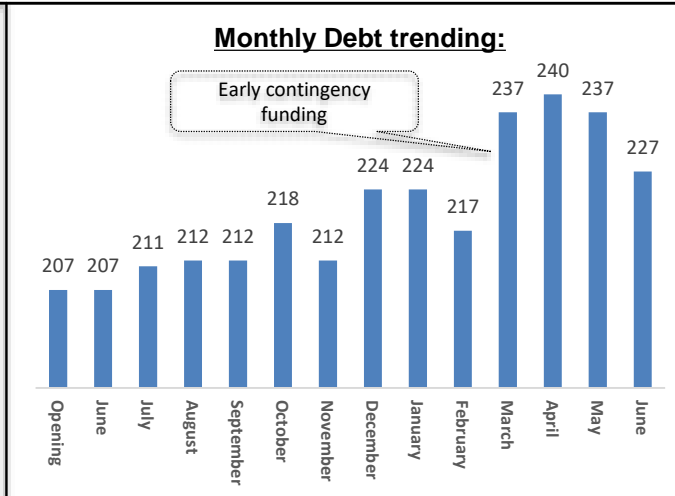
2020 Capital Programme



Debt & Cash



	Planned Debt Annual Plan	FY Cost Estimate	Debt Required	RLC Debt Funding
Lake Front	15,828	8,666	4,333	50%
Waste Water	5,741	9,050	4,706	52%
Aquatic Centre	2,513	648	648	100%
Water Supply	2,278	2,800	2,800	100%
ERP	2,350	1,989	1,989	100%
Museum	4,138	2,200	1,100	50%
SHMPAC	1,719	2,100	630	30%
Other Capital Works	34,565	27,453	16,206	
Rates deferral	1,666		1000	
Fees and Charges			2000	
Working Capital			1000	
Total Debt	36,231		20,206	



Comments:

- Expected uplift in debt of \$20m vs \$36m
- \$16m increase in debt for **capital** programme
- 1m for **rates** deferral
- 2m for shortfall **Fees and Charges**, largely Parking and EEC
- Debt drawn early to cover **contingency** cashflow needs during lock down
- Cash on hand anticipated to be ~\$10m at year end (starting cash position was ~\$6.7m)
- Working Capital BNZ Facilities increased by \$15m

Forecast for year end

➤ Operating result ~2m over budget

- Fees and Charges impact, electricity, staffing, aging infrastructure and land purchase

➤ Capex ~\$60m **approx \$30m** less than planned

- (Timing and April lockdown impact to SHMPAC, Museum, Lakefront, Aquatic centre and Rotoiti Rotoma Scheme)

➤ **Borrowings** ~\$226m - up \$20m from FY 2018/2019

➤ **Cash** ~\$5m

➤ **Net borrowings** ~\$15m for the year

Questions

