



ROTORUA
LAKES COUNCIL

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Financial Update - October 2022

How are we tracking year to date?

INCOME

\$363k

- YTD Council revenue of \$48.4m vs budget of \$48.0
- User fee revenue is lower YTD than budgeted, offset by higher rates, investment income and subsidies.

EXPENDITURE

(\$666k)

- YTD Council expenses of \$36.5m vs budget of \$35.9m
- Operating expenses are higher YTD than budgeted, offset by lower than budgeted staff costs, interest expense, administration and related expenses.

CAPITAL EXPENDITURE

YTD spend

(\$17m)

- YTD Capex of \$26m vs budget of \$43m.

NET DEBT

\$296.3m

- Council has gross borrowing of \$306.6m, and cash on hand of \$10.3m.



Operating Pressures

Strategic Priorities

- Regulatory response to Emergency Housing (\$1.0m)
- Plan change 9 Housing intensification (\$0.5m)
- Increasing community safety patrols and service
- Residential subdivisions trending lower

SUPPLY AND DEMAND CHALLENGES

- Council tenders attracting fewer participants
- Pressure on project cost and delivery timeframes
- Consumer Price Index 7.2% (September 2022 Quarter)
- Key contracts have inflation clauses built in
- 2023 budgets provided for no overall CPI increase

INTEREST RATES

- Official Cash Rate (“OCR”) was 2% when Council’s 2022/23 Budget was adopted.
- OCR now 4.25% and forecast to go to 5.5%
- Reserve Bank forecast to hit 5.5% in 2023.
- Future borrowings will be more expensive than planned

OTHER

- Adverse weather events such as flooding putting pressure on roading budgets
- Visitor sector rebuilding impacting fee revenue
- Economic climate impacting fee revenue
- Timing of revenues tied to capital projects



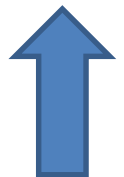
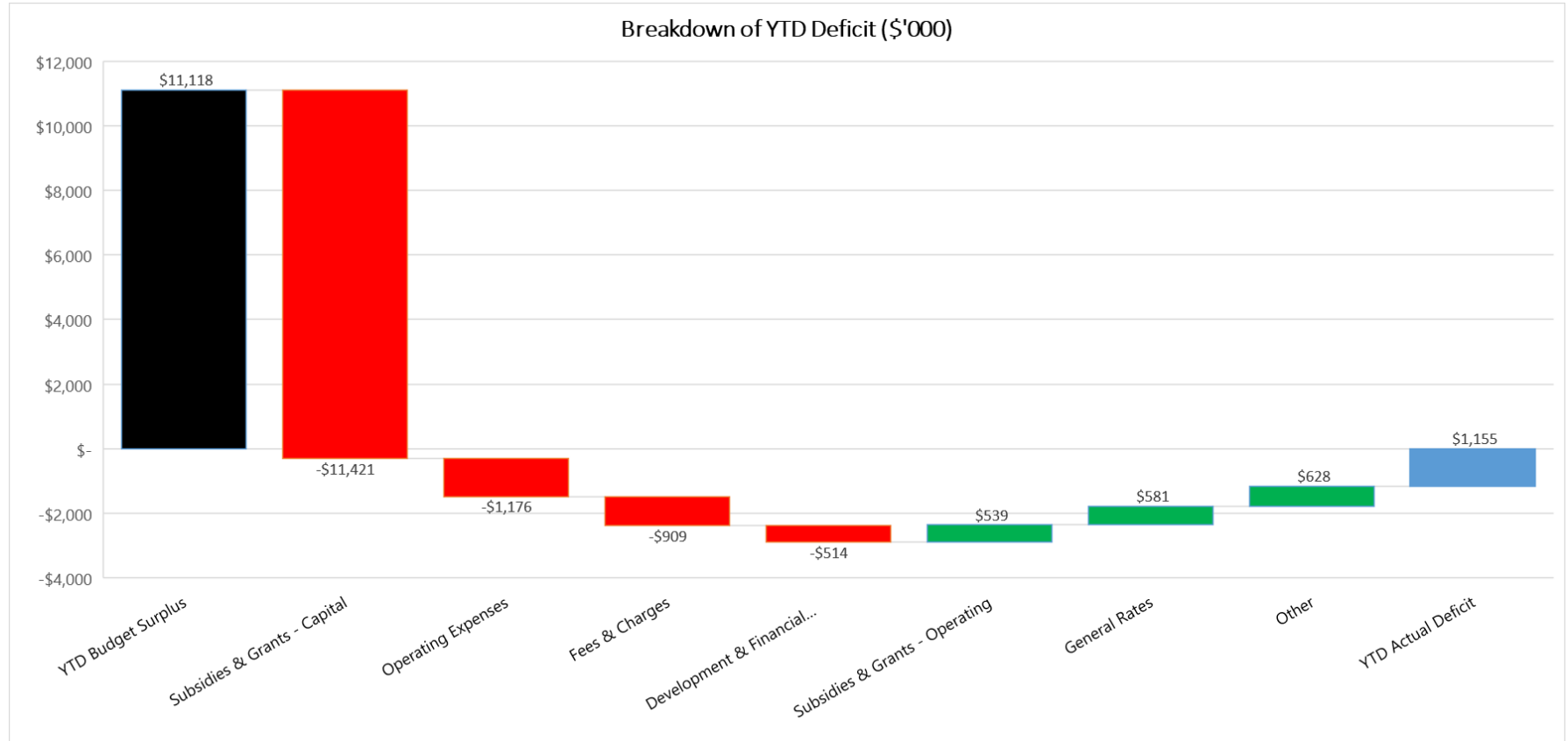
Activity net performance

	YTD Act	YTD Bud	Variance \$
Community Wellbeing	(12,410)	(2,853)	(9,557)
Roading and Footpaths	(2,119)	(4,110)	1,991
Community Leadership	20,180	20,071	109
Stormwater and Land Drainage	(2,116)	(119)	(1,997)
District Development and Regulatory	(3,155)	(1,996)	(1,159)
Waste Management	(812)	(704)	(108)
Water Supplies	(132)	(368)	236
Sewerage and Sewage	(591)	1,197	(1,787)
All of RLC surplus / (Deficit)	(1,155)	11,118	(12,273)

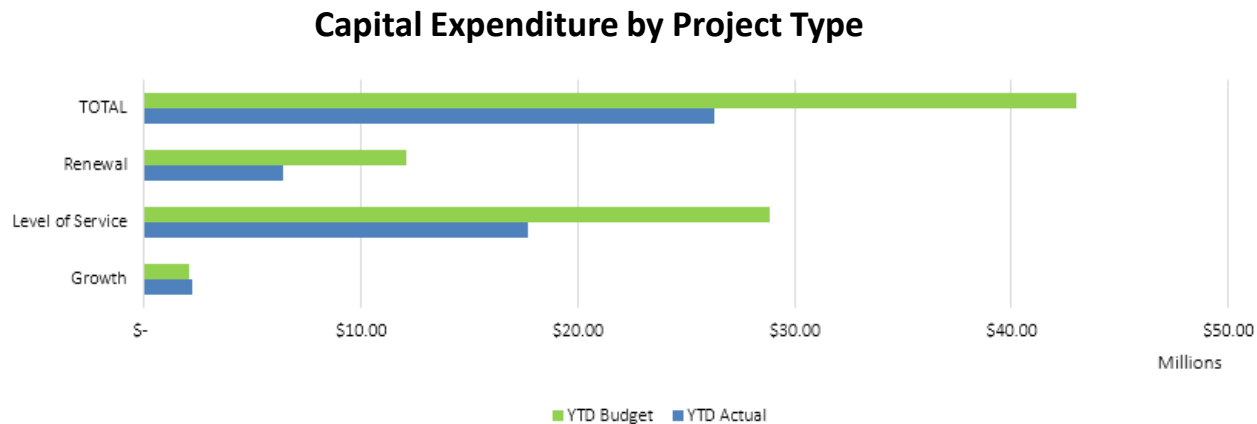
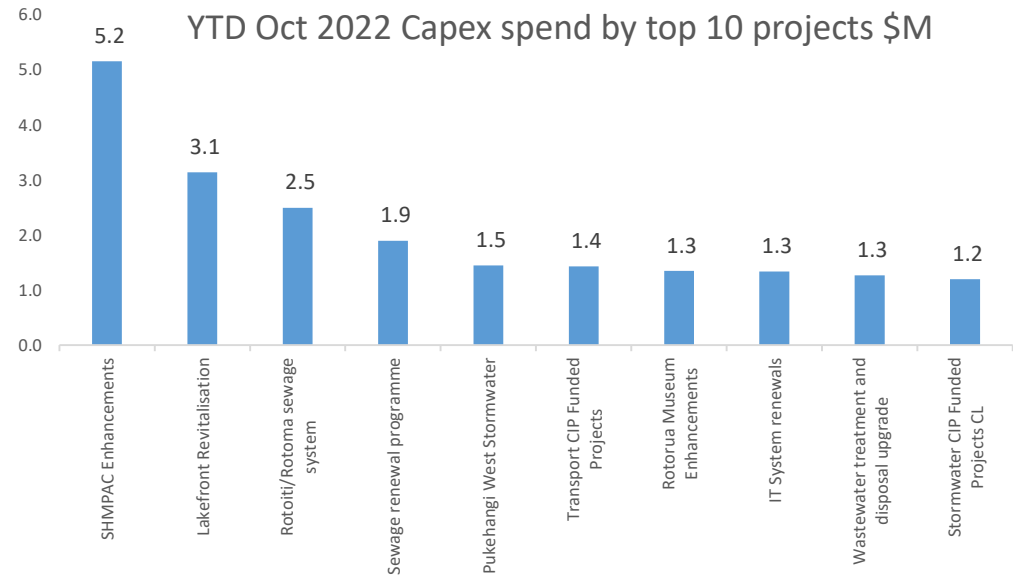
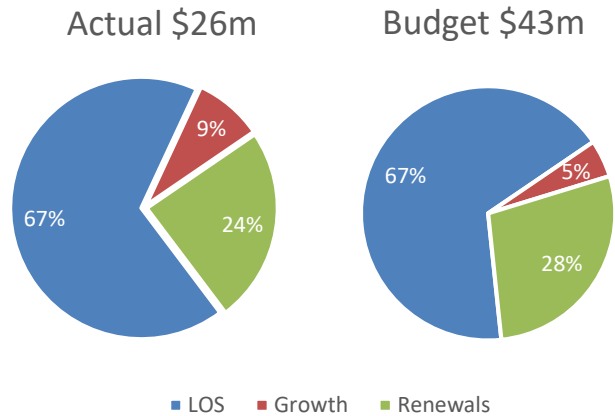
All amounts are in \$'000



RLC – Operational net performance \$'000



October 2022 YTD Capital Expenses



Questions?

