

Rotorua Lakes Council Operations & Monitoring Committee August Results 2020



RLC – Executive Summary

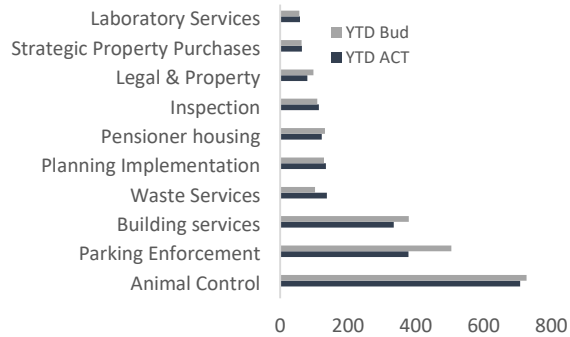
Operational Performance

	Rates	Fees	Subsidies/ Grants	Other	Income Total	Operating Costs	Staffing	Utilities	Depreciation	Other	Total Costs	Net Surplus/Deficit
Actual	17,692	2,381	1,083	108	21,264	8,331	4,556	774	5,470	1,775	20,905	358
Budget	17,265	2,658	809	111	20,843	8,020	4,617	718	5,352	1,767	20,474	369
Favourable / (unfavourable)	426	(276)	275	(3)	421	(311)	61	(56)	(118)	(8)	(432)	(11)

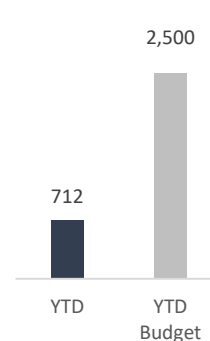
Activity Net Performance

Activity	YTD Act	YTD Var
Sports & Rec	2,909	20
Roading	2,509	9
Arts & Culture	1,903	65
Stormwater	1,068	42
Planning and Reg	69	-247
Waste Management	258	23
Water Supplies	-169	132
Sewerage & Sewage	-113	-193
Community Leadership	-8,793	138
Total Activities	-358	-11

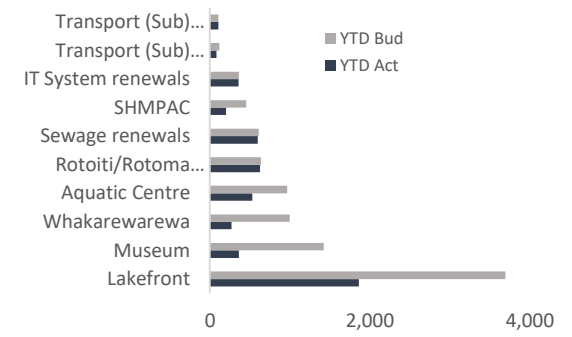
Fees and Charges v Budget



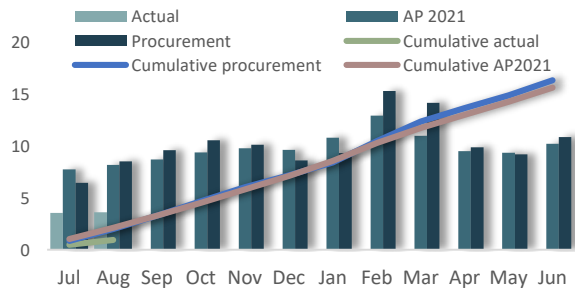
Capital Revenues



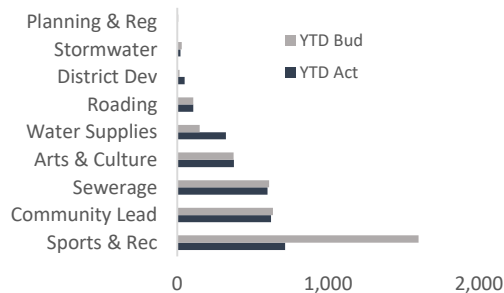
Top 10 Capex by Budget



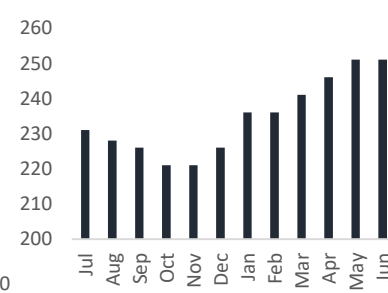
Capital Projection & Procurement



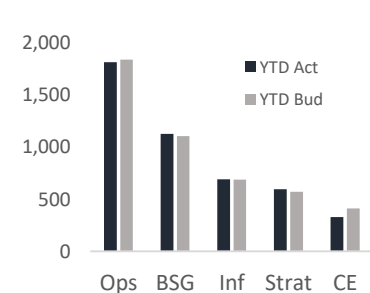
Renewals vs Budget



Debt trend Projection



Group Staff Costs



RLC – Summary Operational Result

Operational Performance

	Rates	Fees	Subsidies /Grants	Other	Income Total	Operating Costs	Staff	Utils	Depre ciation	Other	Total Costs	Net Surplus/ Deficit
Actual	17,692	2,381	1,083	108	21,264	8,331	4,556	774	5,470	1,775	20,905	358
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RLC – Net Activity Performance

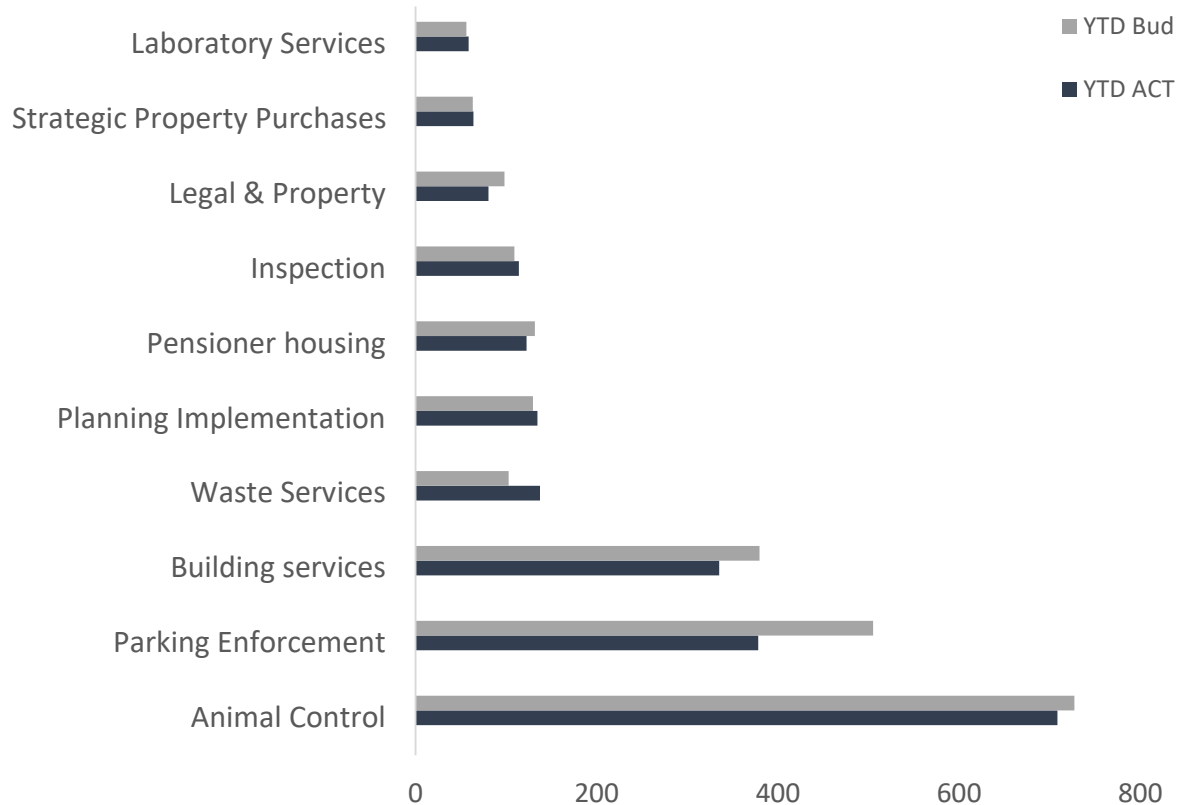
Activity Net Performance

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*Planning and Regulatory – Parking; Consultant support for locality and asset management planning
Sewage and Sewerage – Depreciation (revaluation impact); Electricity & Staffing*

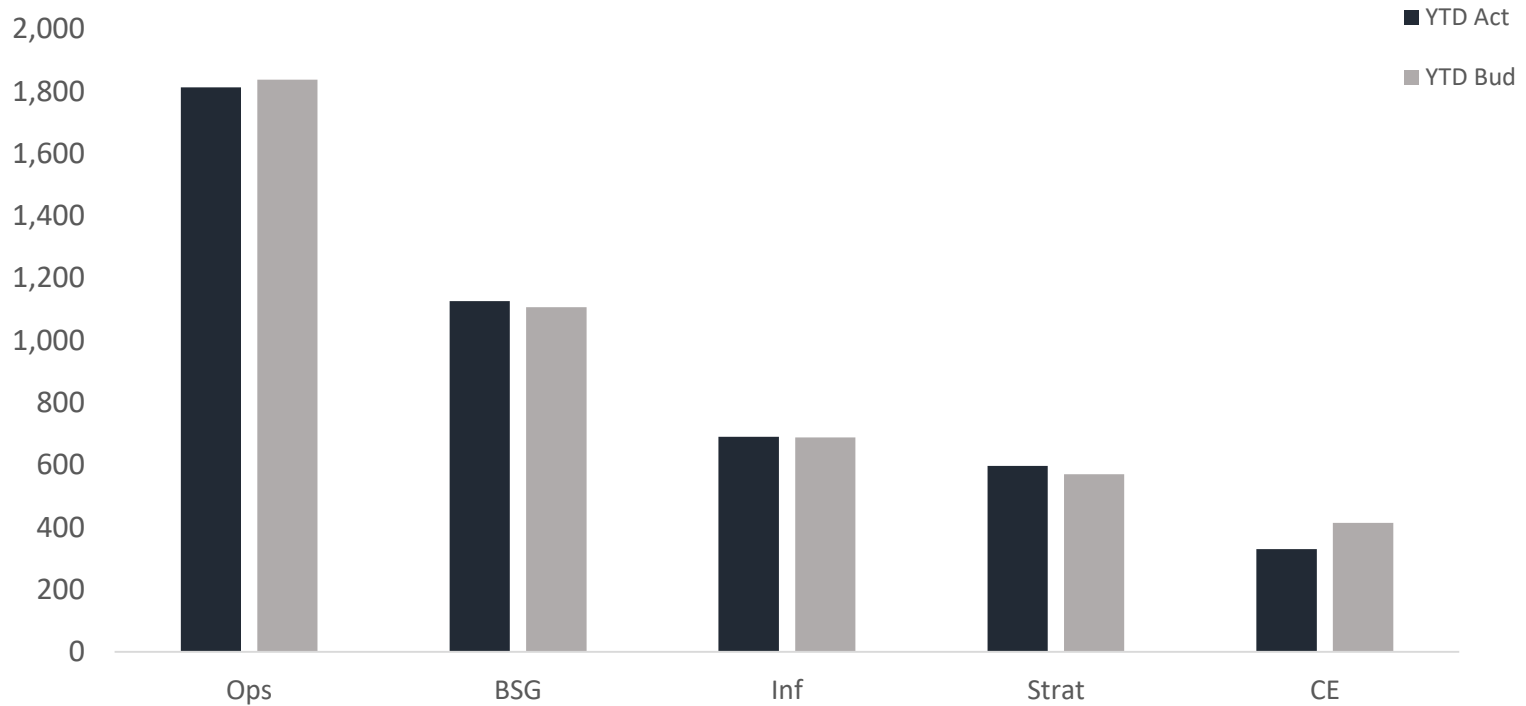
RLC – Fees & Charges Summary

Fees and Charges v Budget



RLC – Staff Costs Summary

Group Staff Costs



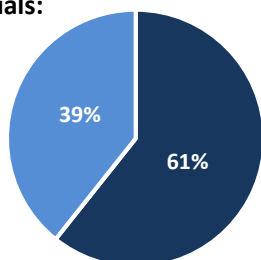
RLC – Capex 2020/2021 YTD (\$m)

What we did vs planned?

\$2.8m of renewals vs a budget of \$3.5m (~\$900k down in Sport and Rec)

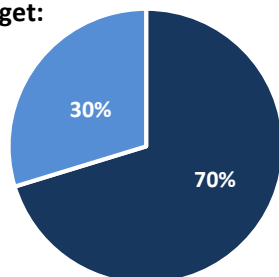
\$4.3m of LOS vs \$8.3m (\$2.9m down in Sports and \$1.3m Arts & Culture) – Museum, Lakefront and SHMPAC timing

Actuals:

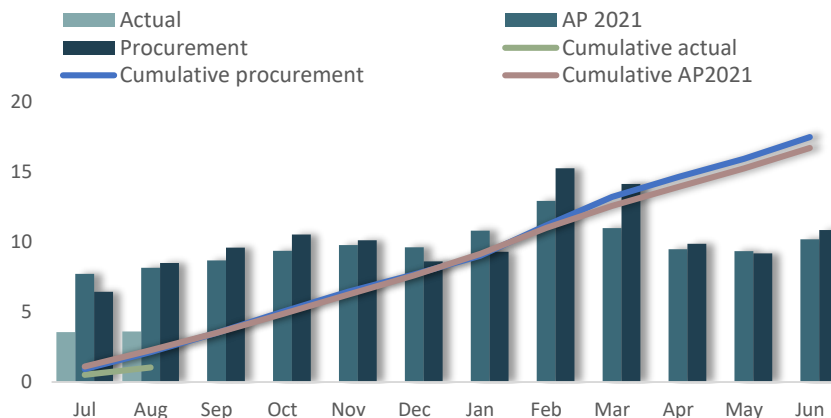


■ LOS
■ Renewals

Budget:



Timing of Capex Spend?

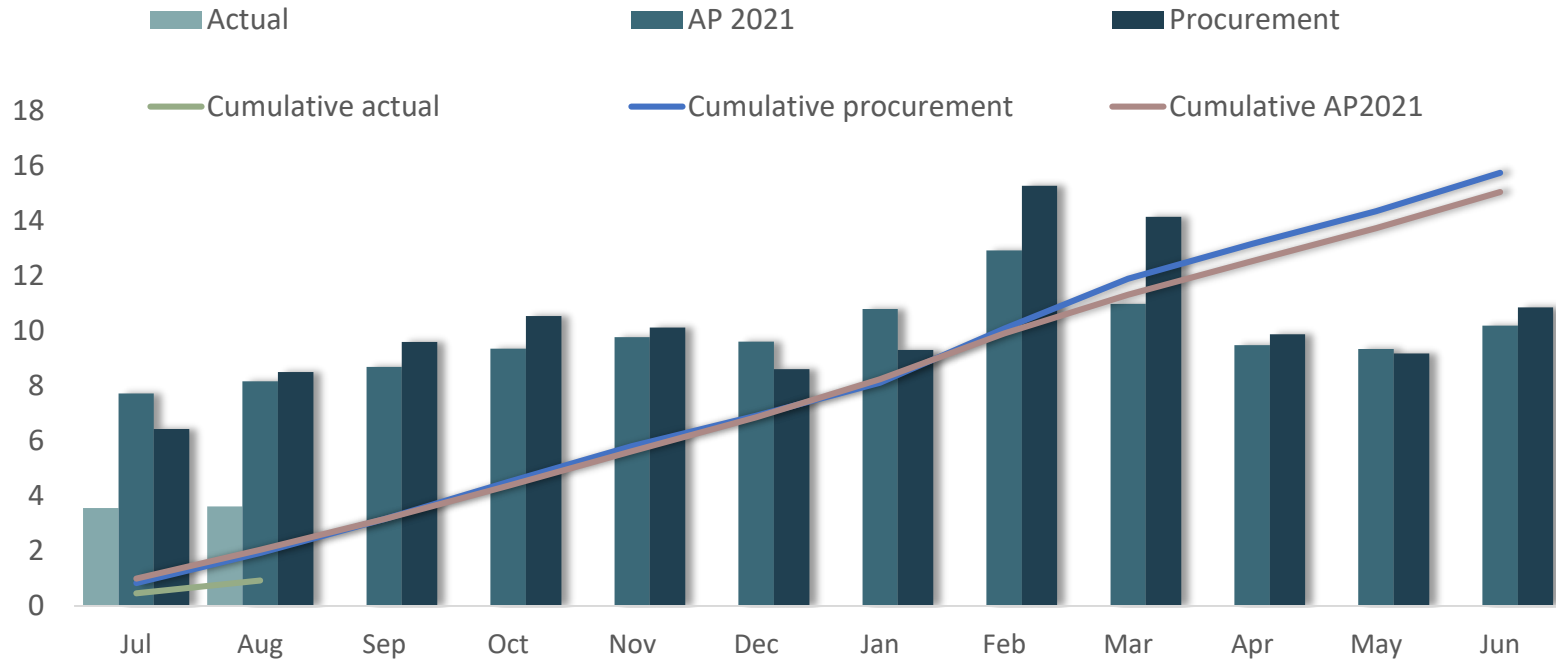


Capital Expenditure by Activity & Top 10 under spend by Project

Activity Category	YTD Actual	YTD Budget	Capex Project	Underspend
Sports, Recreation & Environment	3.0	6.8	Lakefront	-1.8
Sewerage & Sewage	1.4	1.4	Museum	-1.1
Arts & Culture	1.0	2.3	Whakarewarewa Forest	-0.7
Community Leadership	0.6	0.6	Aquatic Centre	-0.4
Stormwater & Land Drainage	0.4	0.3	Parks and reserves renewals	-0.3
Water Supplies	0.4	0.3	SHMPAC Enhancements	-0.3
Roading & Footpaths	0.3	0.2	Lakes Infrastructure Enhancements	-0.2
District Development	0.0	0.0	District Water Supply Expansion	-0.2
(Intentionally blank)	0.0	0.0	Public Toilet Renewals	-0.1
(Intentionally blank)	0.0	0.0	Events & Community Programme	-0.1
Total YTD	7.2	12.0	Total top 10 Underspend vs YTD Bud	-5.1

RLC – Capital Summary

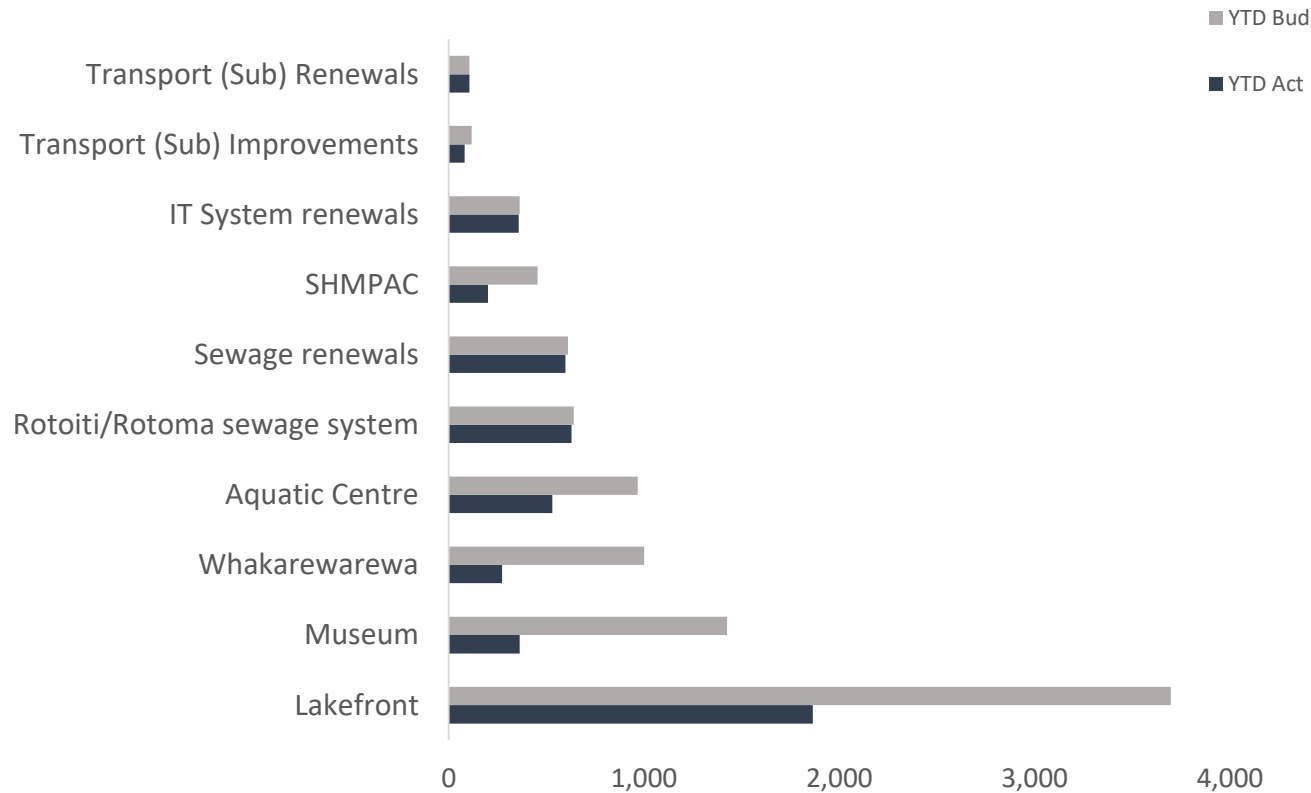
Capital Projection & Procurement



Big projects remain on track however cashflow impacted by COVID lockdown and timing of planning requirements

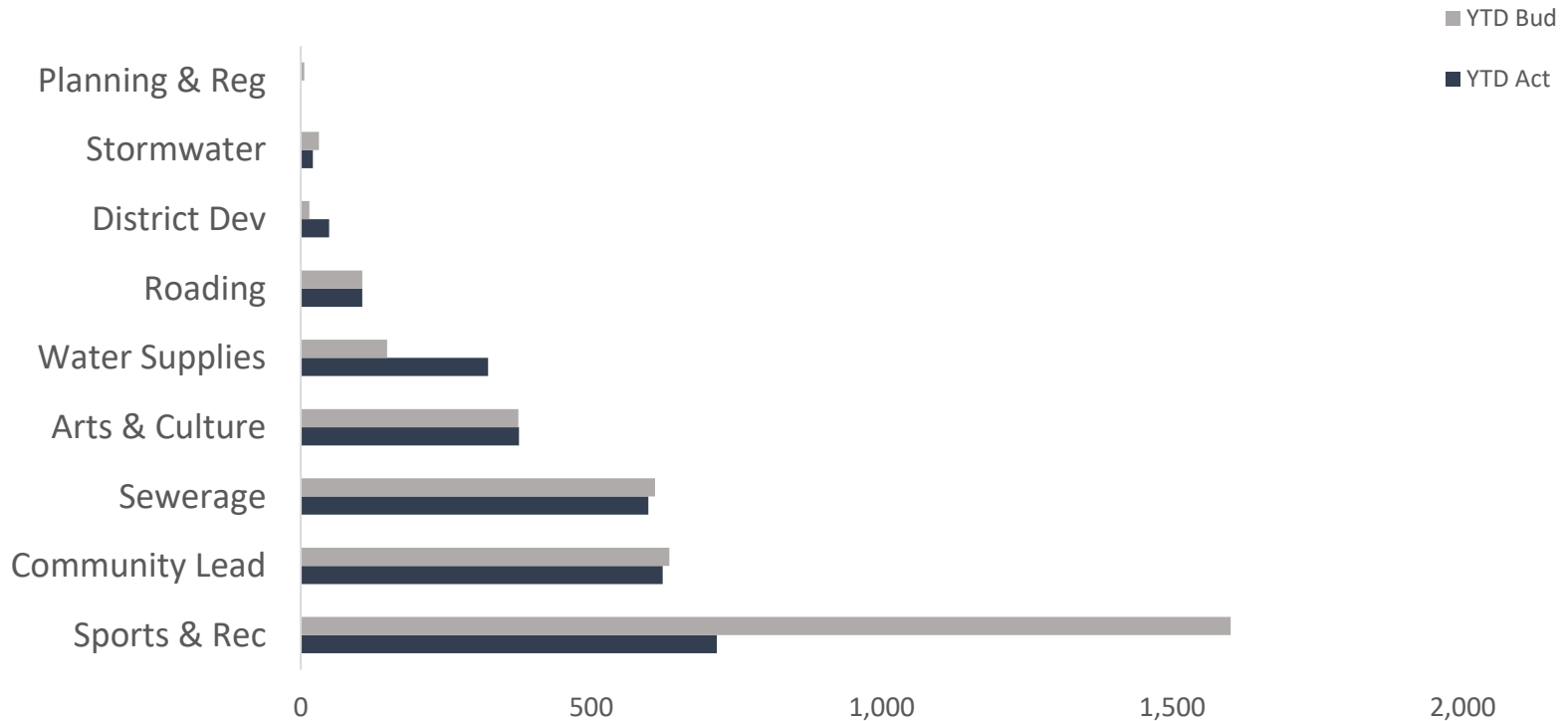
RLC – Top 10 Capex Summary

Top 10 Capex by Budget



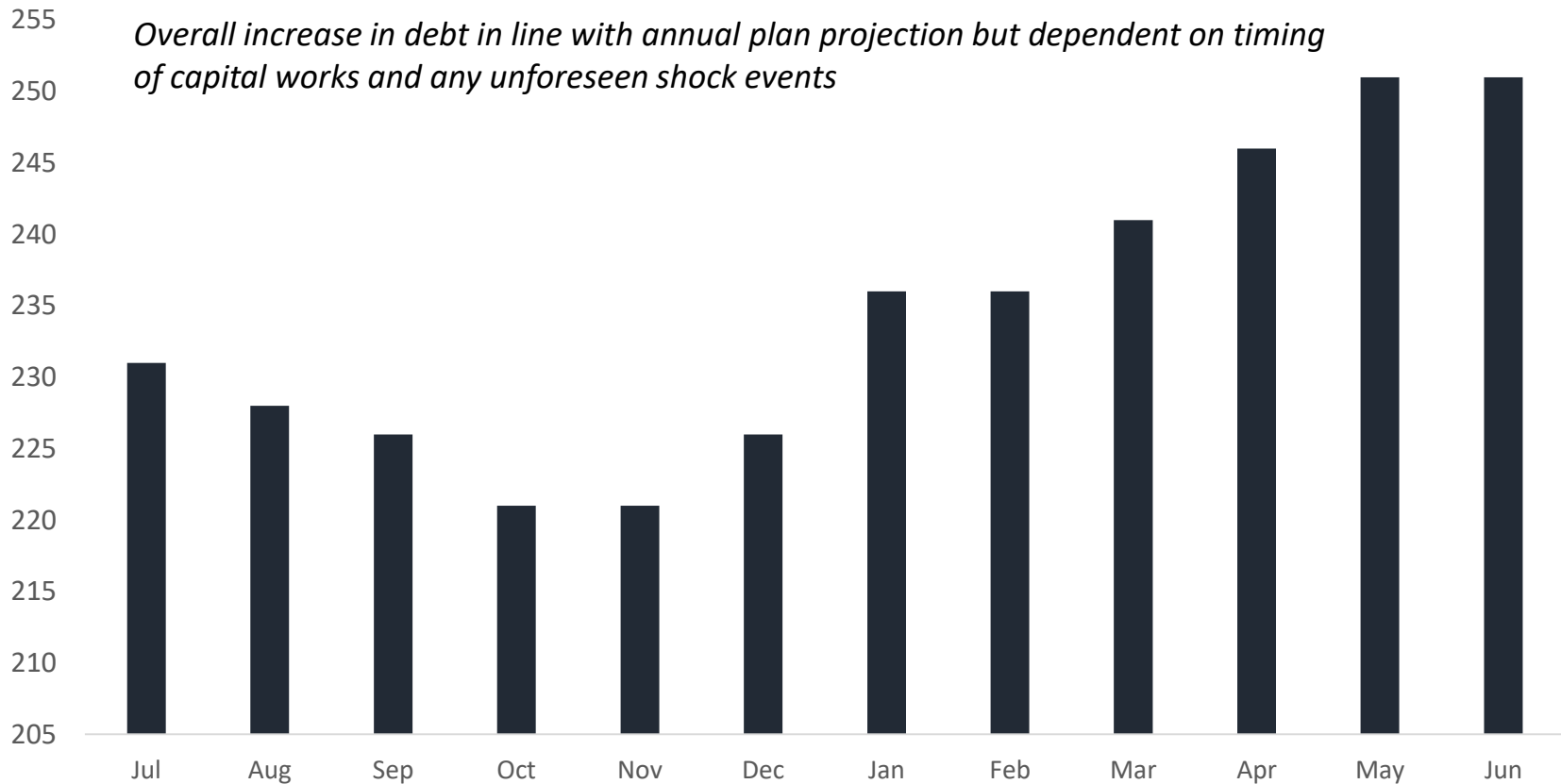
RLC – Renewals Summary

Renewals vs Budget



RLC – Debt Trend Summary (2020/2021)

Debt trend Projection



Macro & National Economic Updates

RLC – Global Themes

Markets:

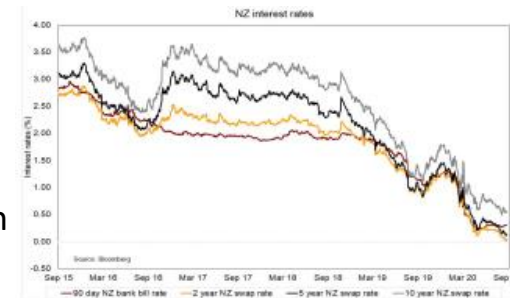
As at 17th September, New Zealand officially entered technical **recession** territory

What does this mean:

- QoQ growth declined 12.2% - actually in line with market expectations but **better** than Treasury forecast
- This decline was worse than Australia, 7% QoQ
- We can expect impact of closed border and broader global recession to ensure **negative shocks** to NZ economy for some time

Interest rates:

- The beginning of September saw the first **negative yield trade** completed in NZ for both a 3 year and 2 year government bond and swap rate respectively
- In the US the FOMC stated it wasn't expecting to raise interest rates until at least end of 2023 signaling similar approach likely in NZ
- Drop in demand for longer term government bonds has seen the curve steepen (decrease) – likely as investors expect **interest rates to fall further**



Future Trends:

Themes from large investment banks are indicating the future is likely to change materially across the following areas driven by digital enablement:

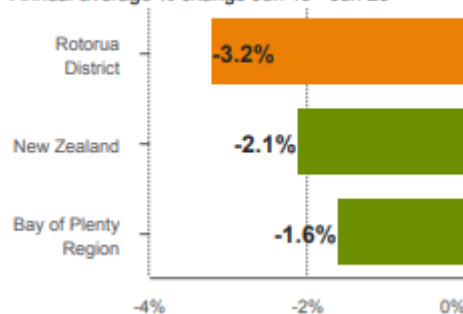
- Delivery of education
- Health care technology
- Pursuits of happiness

Correlates to areas RLC could drive change for Rotorua

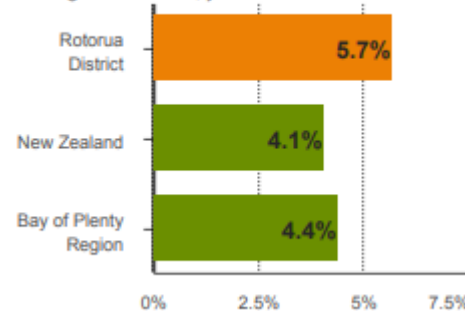
RLC – Infometrics Quarterly Update (June)

Indicator	Rotorua District	Bay of Plenty Region	New Zealand
<i>Annual average % change</i>			
Gross domestic product	↓ -3.2%	↓ -1.6%	↓ -2.1%
Traffic flow	↓ -9.9%	↓ -8.8%	↓ -9.4%
Health Enrolments	↑ 0.6%	↑ 2.5%	↑ 2.5%
Consumer spending	↓ -4.4%	↓ -1.4%	↓ -2.8%
Residential consents	↑ 5.7%	↓ -1.4%	↑ 8.1%
Non-residential consents	↓ -4.0%	↓ -29.1%	↓ -8.8%
House prices*	↑ 9.1%	↑ 7.4%	↑ 7.5%
House sales	↓ -13.1%	↓ -5.7%	↓ -6.0%
Tourism expenditure	↓ -16.0%	↓ -10.8%	↓ -12.3%
Car registrations	↓ -9.3%	↓ -12.3%	↓ -19.3%
Commercial vehicle registrations	↓ -26.9%	↓ -22.4%	↓ -24.6%
Jobseeker Support recipients	↑ 19.8%	↑ 22.6%	↑ 19.0%

Gross domestic product growth (provisional)
Annual average % change Jun 19 - Jun 20



Unemployment rate
Average annual rate, year to June 2020



- Rotorua one of the **hardest** hit when compared to national and regional averages
- **Tourism** spending down 16% YoY (to June) hitting businesses and employment
- Aligned to elements of the **housing** strategy, housing prices had risen 9% YoY
 - *In the June 2020 quarter 36 new residential building consents were issued vs 57 the prior year*
- Critical to the success of the region will be momentum on creation of **affordable** housing
- *The impact of these economic indicators will need to be managed through the LTP for revenue and cost changes*