

**Rotorua Lakes Council  
Operations & Management Committee**

**Operating Financial Performance  
February 2021**



# RLC – Summary Operational Result

	Rates	Fees	Subs	Other	Income Total	Op. Costs	Staff	Utils	Deprec'n	Other	Total Costs	Net S/(D)
Actual	69,561	9,191	4,713	476	83,941	38,584	18,666	2,427	21,178	7,858	88,713	(4,772)
Budget	68,313	8,811	3,124	451	80,699	36,036	18,493	2,325	21,408	8,045	86,307	(5,608)
<b>Better / (Worse)</b>	<b>1,248</b>	<b>380</b>	<b>1,589</b>	<b>25</b>	<b>3,242</b>	<b>(2,548)</b>	<b>(172)</b>	<b>(102)</b>	<b>230</b>	<b>186</b>	<b>(2,406)</b>	<b>836</b>

## Income:

- Driven by timing of rates, penalties and water usage combined with strong consenting fees, MBIE subsidies for job support and legacy NZTA funding allowance catch up

## Costs:

- Driven by Infracore spend for job support (MBIE subsidised), economic recovery, locality planning and security costs

*"Other" is comprised of financing, administration, maintenance and internal costs*

# RLC – Net Activity Performance

Activity	YTD Actual	YTD Variance	Material Drivers
Sports, Recreation and Environment	11,895	212	Stadium and Parks fees, MBIE subsidies (responsible camping), use of capital renewals rather than maintenance (opex costs) and timing of staff replacements
Roading and Footpaths	10,075	636	Driven by legacy catch up of NZTA funding subsidies and depreciation timing
Arts & Culture	8,217	93	
Stormwater and Land Drainage	4,481	82	Timing of depreciation
Planning and Regulatory	2,588	(116)	Parking revenues, additional compliance staffing and inner city security
Waste Management	1,405	(44)	Waste volumes (tonnage) and reduced recyclable revenues
Water Supplies	(528)	507	Unmetered water revenues, reduced electricity consumption and timing of depreciation
Sewerage & Sewage	(19)	(286)	Reduction in trade waste volumes and depreciation impact (revals)
Community Leadership	(33,343)	(248)	Largely Rates (water and remissions)
<b>Operating Variance to Budget</b>	<b>4,772</b>	<b>836</b>	

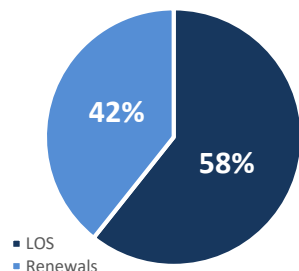


# RLC – Capex 2020/2021 YTD (\$m)

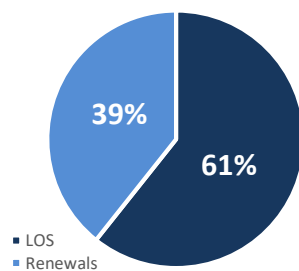
## What we did vs planned?

\$18m of renewals vs a budget of \$19m  
 \$24m of LOS vs \$29m difference largely by Lakefront \$1.5m, SHMPAC \$1.2m, Rotoiti/Rotoma \$1.2m, Cyways \$0.8m and Roothing, \$0.7m

Actuals:

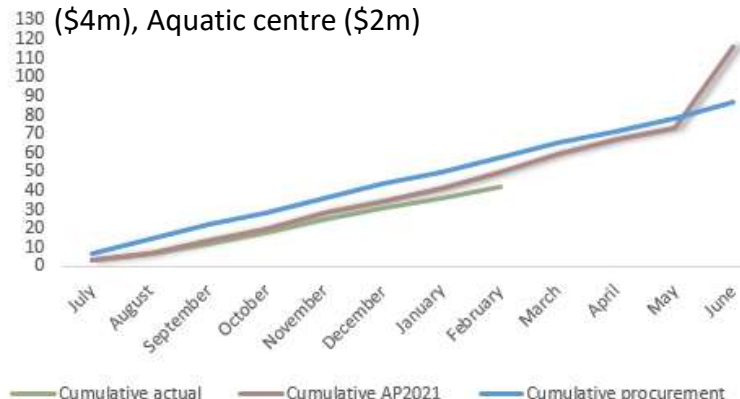


Budget:



## Timing of Capex Spend?

June increase reflects ~\$43m largely across Economic Recovery (\$9m), SHMPAC (\$10m), Museum (\$13m), Whaka (\$4m), Aquatic centre (\$2m)



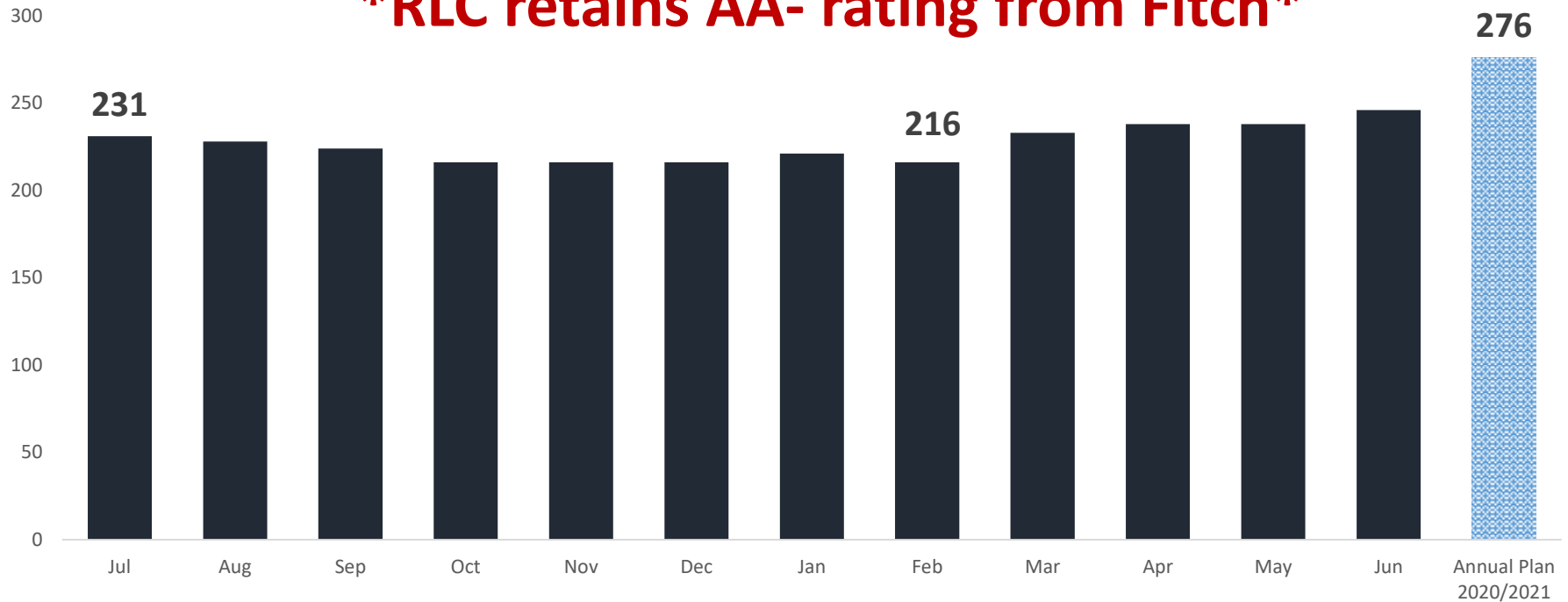
## Capital Expenditure by Activity & Top 10 under spend by Project

Activity Category	YTD Actual	YTD Budget	Capex Project	Underspend	Capex Project	Overspend
Sports, Recreation & Environment	14.3	16.8	Transport (Sub) Improvements	(1.7)	Transport CIP Funded Projects	1.0
Arts & Culture	10.4	10.2	Sewage renewal programme	(1.6)	Water supply renewal programme	0.8
Roothing & Footpaths	6.5	8.4	Lakefront Revitalisation	(1.5)	Wastewater treatment upgrade	0.5
Water Supplies	3.3	6.3	District Water Supply Expansion	(1.4)	Civic Centre Refurbishment	0.4
Community Leadership	3.2	2.7	SHMPAC Enhancements	(1.2)	Stormwater improvements	0.3
Stormwater & Land Drainage	2.8	2.4	Rotoiti/Rotoma sewage system	(1.2)	Rotorua Museum Enhancements	0.3
Sewerage & Sewage	1.8	2.5	Cyways Enhancements	(0.8)	Rotorua Museum	0.3
District Development	0.1	0.1	Whakarewarewa Forest	(0.7)	Sewage Improvements	0.2
Planning and Regulatory	0.0	0.0	Rural seal extensions	(0.3)	Property Renewals	0.1
(Intentionally blank)	0.0	0.0	Aquatic Centre	(0.3)	Roads Land Acquisition	0.1
<b>Total YTD</b>	<b>42.5</b>	<b>49.4</b>	<b>Total top 10 Underspend vs YTD Bud</b>	<b>(10.8)</b>	<b>Total top 10 overspend</b>	<b>4.0</b>

# RLC – Debt Trend Summary (2020/2021)

*Overall increase in debt projected to land below annual plan estimate of year end position but remains dependent on timing of capital works and any unforeseen shock events*




**\*RLC retains AA- rating from Fitch\***



# RLC – 8 Month Summary

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**Overall operational performance remains on track with known challenges and consideration for future risk**

	<b>Year to Date vs Budget</b>	<b>Full Year vs Budget</b>
<b><i>Opex</i></b>		
<b><i>Capex</i></b>	Broadly in Line	Under Spend / Deferred
<b><i>Debt</i></b>		Less than planned

# National Economic Updates

# RLC – NZ Market Observations

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- ❑ By mid 2021, Two million Nzer's expected to be vaccinated. 27,000 partially vaccinated to date
- ❑ Unsurprisingly, New Zealand GDP declined 2.9% over 2020, which is New Zealand's largest annual fall on record
- ❑ Government signals plans to charge overseas tourists and visitors to natural hotspots more, but won't dish out more money to keep struggling tourism businesses afloat. Of note to Rotorua is the sentiment that *“Regions overly-reliant on tourism need to diversify”*
- ❑ Expectation that “Shovel-ready” Government financed infrastructure construction projects would replace the loss of economic activity in the tourism sector - this has not happened to date and does not look like happening anytime soon driven by shortages of equipment and qualified labour



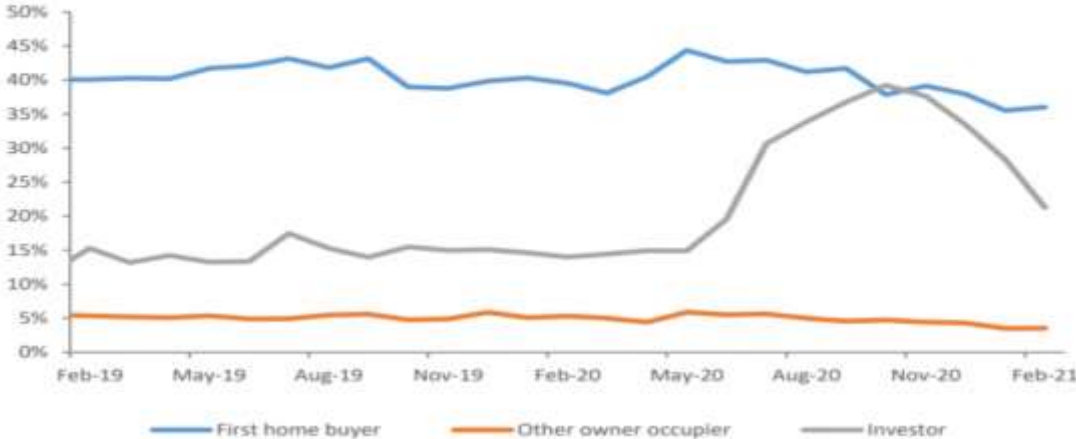
Annual growth in new commitments to investors (%)



Annual growth in new commitments to first home buyers (%)



New mortgage commitments with high LVR by borrower type (%)



Source: Reserve Bank of NZ , Interest.co.nz