

Rotorua Lakes Council Operations & Management Committee

Operating Financial Performance January YTD 2021

Business Performance

RLC – Summary Operational Result

	Rates	Fees	Subs	Other	Income Total	Op. Costs	Staff	Utils	Deprec'n	Other	Total Costs	Net S/(D)
Actual	60,653	8,158	4,364	428	73,604	33,942	16,422	2,118	18,753	6,701	77,936	(4,332)
Budget	59,632	7,729	2,836	389	70,586	31,527	16,280	2,057	18,732	6,830	75,426	(4,841)
Better / (Worse)	1,021	429	1,528	39	3,018	(2,415)	(142)	(61)	(21)	129	(2,510)	508

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

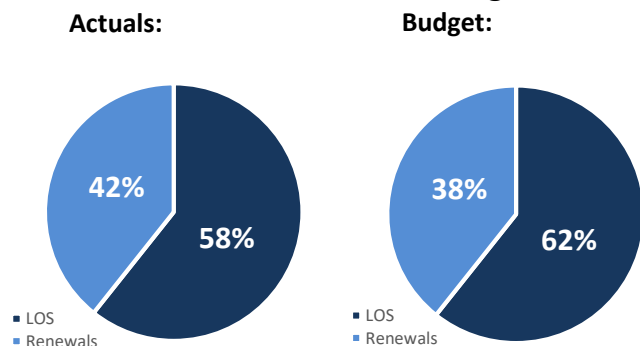
RLC – Net Activity Performance

Activity	YTD Actual	YTD Variance	Material Drivers
Sports, Recreation and Environment	10,373	293	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	8,887	475	Driven by legacy catch up of NZTA funding subsidies
Arts & Culture	7,168	27	
Stormwater and Land Drainage	4,029	(40)	
Planning and Regulatory	1,896	(172)	Parking revenues, additional compliance staffing and inner city security
Waste Management	1,234	(95)	Waste volumes (tonnage) and reduced recyclable revenues
Water Supplies	(353)	318	Unmetered water revenues, reduced electricity consumption and sampling/testing revenues for Laboratory
Sewerage & Sewage	216	(231)	Reduction in trade waste volumes and depreciation impact (revals)
Community Leadership	(29,118)	(67)	Largely Rates (water and remissions)
Operating Variance to Budget	4,332	508	

RLC – Capex 2020/2021 YTD (\$m)

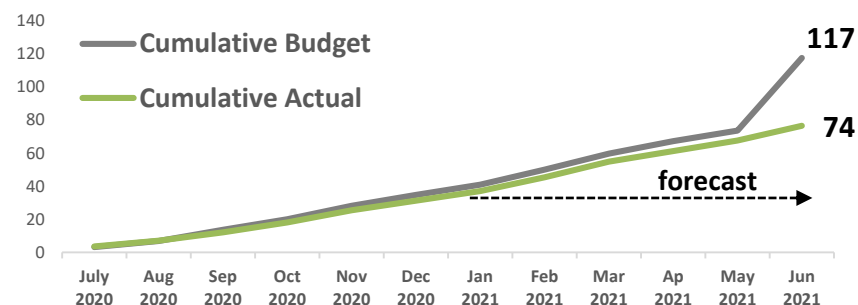
What we did vs planned?

\$15.2m of renewals vs a budget of \$15m
 \$21m of LOS vs \$24.6m difference largely Lakefront
 \$1.3m, SHMPAC 0.9m and Rooding, \$1.5m



Timing of Capex Spend?

~43m deferred (captured in LTP) – 9m of which is for recovery projects but also due to timing for Museum, SHMPAC, Lakefront, Museum and Sewage renewal works

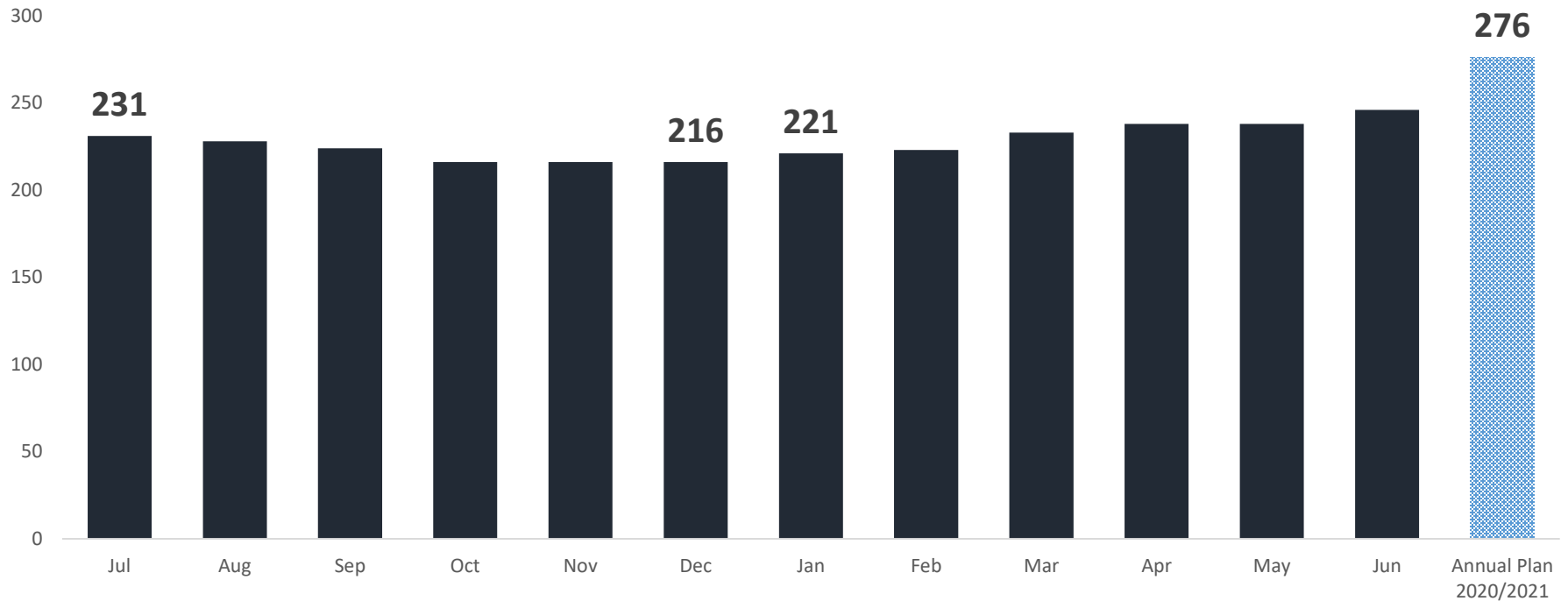


Capital Expenditure by Activity & Top 10 under spend by Project

Activity Category	YTD Actual	YTD Budget	Capex Project	Underspend	Capex Project	Overspend
Sports, Recreation & Environment	12.6	14.3	Sewage renewal programme	(1.7)	Property Renewals	0.1
Arts & Culture	6.9	7.1	Transport (Sub) Improvements	(1.5)	Roads Land Acquisition	0.1
Rooding & Footpaths	5.0	5.0	Lakefront Revitalisation	(1.3)	Sewage Improvements	0.2
Sewerage & Sewage	4.7	6.6	District Water Supply Expansion	(1.2)	Civic Centre	0.2
Community Leadership	2.6	2.5	SHMPAC Enhancements	(0.9)	Rotorua Museum	0.2
Stormwater & Land Drainage	2.4	2.5	Rotoiti/Rotoma sewage system	(0.8)	Wastewater treatment and disposal	0.4
Water Supplies	2.2	2.7	Cyways Enhancements	(0.4)	Rotorua Museum Enhancements	0.5
Planning and Regulatory	0.1	0.1	Whakarewarewa Forest	(0.3)	Water supply renewal programme	0.6
(Intentionally blank)	0.0	0.0	Stormwater Renewal Programme	(0.1)	Transport CIP Funded Projects	0.7
(Intentionally blank)	0.0	0.0	Parks and reserves development	(0.1)	Transport (Sub) Renewal Programme	1.0
Total YTD	36.6	40.8	Total top 10 Underspend vs YTD Bud	(8.3)	Total top 10 overspend	4.0




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 – 7 Month Summary

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

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

Macro & National Economic Updates

RLC – Global Soundbites

- ❑ Global economy still expected to grow above 5% - fastest recorded rate in 21st century (dependent on stimulus and vaccine effectiveness)
- ❑ Recovery will be uneven as China expected to see its economy grow relative to pre pandemic size whilst the like of UK, France, Germany and Japan are not expected to recover to their pre-crisis levels
- ❑ Governments focus globally will need to shift from fighting the virus to grappling with unemployment and the need to upskill and retrain staff in emerging labour intensive sectors

RLC – NZ Market Observations

- ❑ NZ has received 000's of doses of the Pfizer/BioNTech vaccine. By the end of March, about 450,000 doses will be here, enough for 225,000 people with a two-dose course
- ❑ NZD reached a 34 month high as S&P upgrade means NZ is first country with investment grade debt to be upgraded since COVID-19 began (AA to AA+). NZ last had this rating in 2010
- ❑ Implementation of LVR expected to lower house inflation by 4% points (i.e. 20% to 16%) and reduce bank lending by 40%
- ❑ Uncertainty due to possible future lockdown restrictions expected to constrain business investment and household spending