

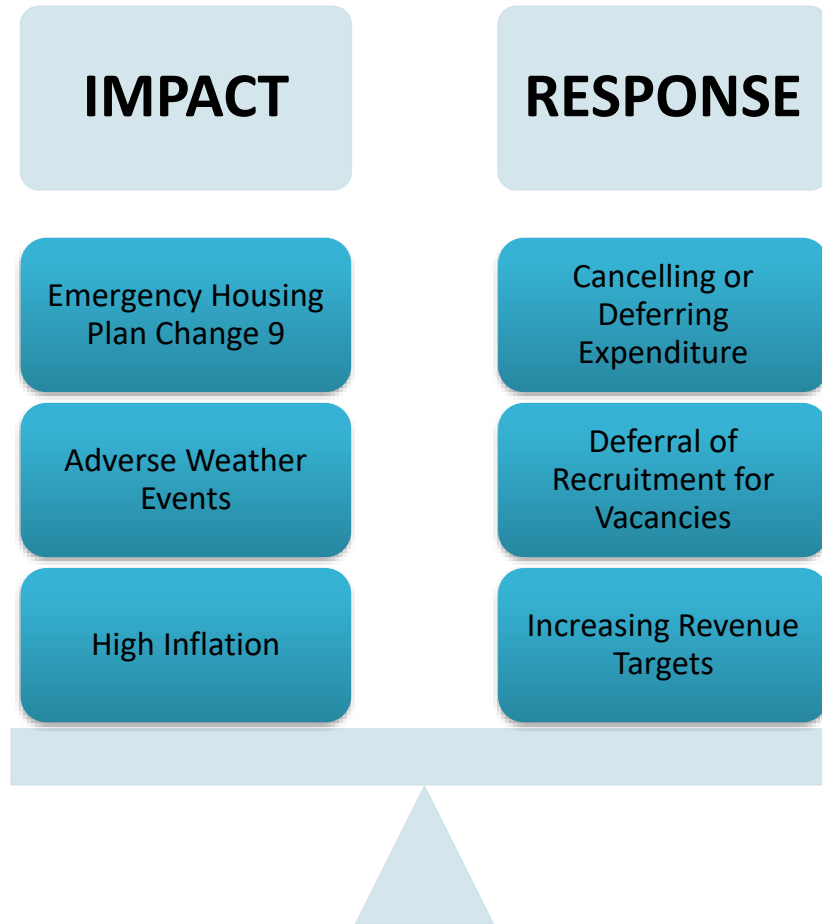


**ROTORUA
LAKES COUNCIL**

ROTORUA LAKES COUNCIL

Financial Update - February 2023

Operating Pressures



Council's Operating Environment

How are we tracking year to date? **\$0.3M Surplus**

INCOME

(\$21.6m)

- YTD Council revenue of \$122.2m vs budget of \$143.8m
- Capital subsidies \$24.1m behind budget due to delivery of capex programme.
- User fee revenue is lower YTD than budgeted, offset by higher rates, investment income and operational subsidies.

EXPENDITURE

(\$4.2m)

- YTD Council expenses of \$121.9m vs budget of \$117.7m
- Operating expenses are higher YTD than budgeted, offset by lower than budgeted staff costs, interest expense, administration and related expenses.

CAPITAL EXPENDITURE

YTD spend

(\$35.6m)

- YTD Capex of \$66.6m vs budget of \$102.2m.

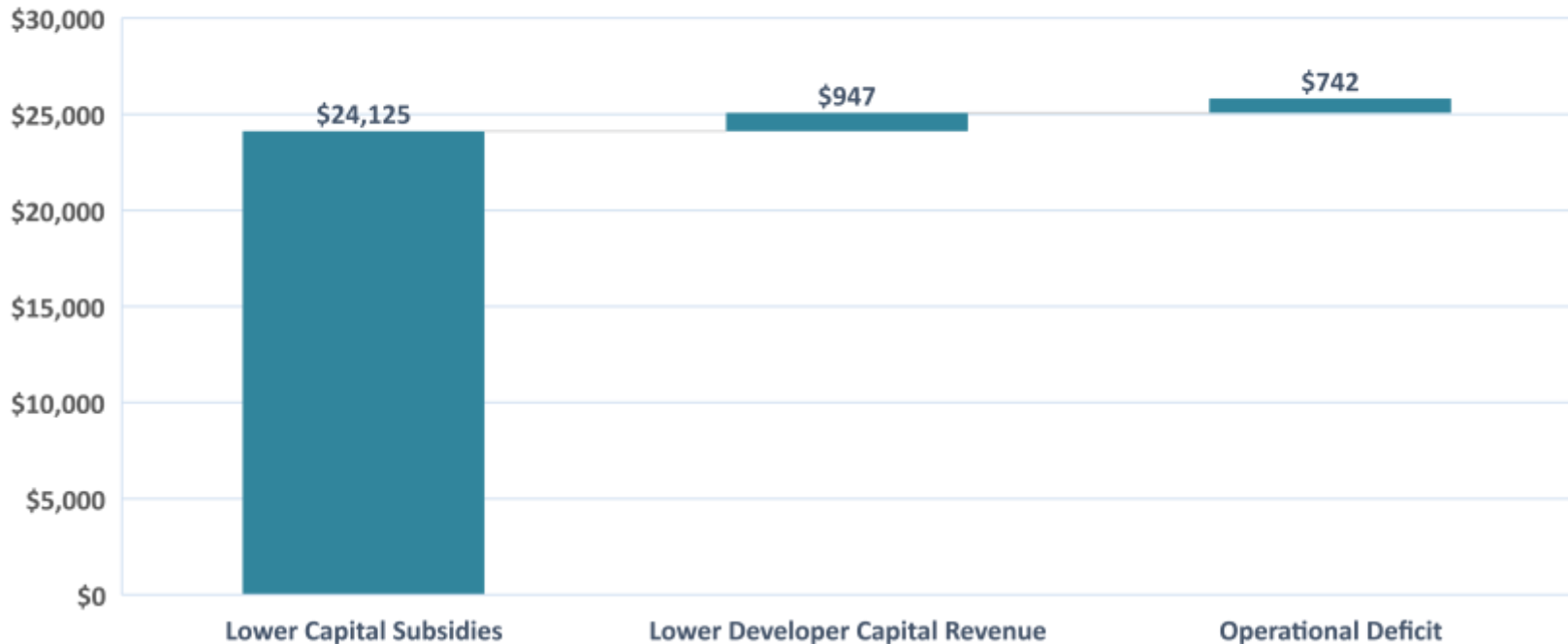
NET DEBT

\$317.7m

- Council has gross borrowing of \$326.6m, and cash on hand of \$8.9m.

Underlying Operating Deficit - \$0.74M

Breakdown of Deficit as at March 2023
\$'000



Underlying Operating Deficit - \$0.74M

OPERATING REVENUE

\$3.5m

- Rates revenues up \$1.84m
- Investment income up \$0.47m
- Subsidies & Grants up \$1.58m
- Fees and charges down \$0.43m across:
 - Parking
 - Subdivision fees
 - SHMC
 - EEC
- Capital subsidies supporting roading repairs up

OPERATING EXPENDITURE

(4.2m)

- Operating expense up \$5.1m
 - Emergency housing
 - Cyclone Hale damage reinstatement
 - Cyclone Gabrielle damage reinstatement
 - Inner city security costs
 - Insurance premiums
 - CPI – actual averaging 7% against budgets that provided little CPI adjustment
- Staff costs under budget

Year End Forecast (ex capital subsidies)

December 2022

Forecast operating deficit of **\$5.6M**

Program of work and costs review commenced



January 2023

Forecast revised after review to a forecast deficit of **\$2.9M**



February 2023

Council's financial position has stabilised to **\$0.8M** deficit



March 2023

Maintained underlying **\$0.8M** operating deficit

Staff continue to constrain expenditure, and targeting to be within **1%** of budget at year end, to be funded from savings in capital expenditure.