



NOTICE OF A MEETING OF THE

OPERATIONS & MONITORING COMMITTEE

to be held on Thursday, 9 May 2019 at 9:30am
in the Council Chamber, Rotorua Lakes Council

Chairperson: Cr Sturt

Members: Cr Tapsell (Deputy Chair) Mayor Chadwick Cr Bentley
Cr Donaldson Cr Gould Cr Hunt
Cr Kent Cr Kumar Cr Maxwell
Cr Raukawa-Tait Mr Biasiny-Tule Mr Waru
Mr Stanton Mr Martin

Quorum: 8

A G E N D A

**1. NGĀ WHAKAPAAHA
APOLOGIES**

**2. WHAKAPUAKITANGA WHAIPĀNGA
DECLARATIONS OF INTEREST**

Members need to stand aside from decision-making when a conflict arises between their role as a Member of the Council and any private or other external interest they might have. This note is provided as a reminder to Members to review the matters on the agenda and assess and identify where they may have a pecuniary or other conflict of interest, or where there may be a perception of a conflict of interest.

If a member feels they do have a conflict of interest, they should publicly declare that at the start of the meeting or of the relevant item of business and refrain from participating in the discussion or voting on that item. If a member thinks they may have a conflict of interest, they can seek advice from the Chief Executive or the Corporate Planning & Governance Manager (preferably before the meeting). It is noted that while members can seek advice the final decision as to whether a conflict exists rests with the member.

3. **NGĀ TAKE WHAWHATI TATA KĀORE I TE RĀRANGI TAKE URGENT ITEMS NOT ON THE AGENDA**

Section 46A of the Local Government Official Information and Meetings Act 1987 states:

- (7) An item that is not on the agenda for a meeting may be dealt with at the meeting if –
- (a) the local authority by resolution so decides, and
 - (b) the presiding member explains at the meeting at a time when it is open to the public, -
 - (i) the reason why the item is not on the agenda; and
 - (ii) the reason why the discussion of the item cannot be delayed until a subsequent meeting.
- (7A) Where an item is not on the agenda for a meeting, -
- (a) that item may be discussed at the meeting if –
 - (i) that item is a minor matter relating to the general business of the local authority; and
 - (ii) the presiding member explains at the beginning of the meeting, at a time when it is open to the public, that the item will be discussed at the meeting; but
 - (b) No resolution, decision, or recommendation may be made in respect of that item except to refer that item to a subsequent meeting of the local authority for further discussion.

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4. **TE WHAKAŪ I NGĀ MENETI CONFIRMATION OF MINUTES**

- 4.1 Minutes of the Operations & Monitoring Committee meeting held 4 April 20197

5. **NGĀ TĀPAETANGA PRESENTATIONS**

Lakefront design update - JP Gaston(Group Manager, Strategy)

6. **PŪRONGO KAIMAHI STAFF REPORTS**

RECOMMENDATION 1: Financial Performance for the 9 months ended 31 March 2019.....	11
RECOMMENDATION 2: Non-Financial Performance for the 6 months ended 31 December 2018....	14
RECOMMENDATION 3: Operational and Financial Updates for Council from Rotorua Airport Limited and Rotorua Economic Development Ltd - Third Quarter	45
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7. **KA MATATAPU TE WHAKATAUNGA I TE TŪMATANUI RESOLUTION TO EXCLUDE THE PUBLIC**

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under Section 48(1) of the Local Government Official Information and Meetings Act 1987, for the passing of this resolution are as follows:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under Section 48(1) for passing of this resolution
RECOMMENDATION 4: Extension of Contract Value and item for Contract 15/028 - Streetlight Maintenance 2016-2019	Protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information.	Section 48(1)(a) Section 7(2)(b)(ii)
RECOMMENDATION 5: Extension of Contract 17/039 - Rotomā Sewerage Reticulation Construction	Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).	Section 48(1)(a) Section 7(2)(i)

This resolution is made in reliance on Section 48(1) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Sections 6 or 7 of the Act or Sections 6, 7 or 9 of the Official Information Act 1982, as the case may require, which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public are as shown above (in brackets) with respect to each item.

8. **NGĀ TAKE MATATAPU** **CONFIDENTIAL ITEMS**

8.1 **Pūrongo Kaimahi** **Staff reports (cont.)**

RECOMMENDATION 4: Extension of Term and Value of Contract 15/076 – Streetlight Maintenance 2016-2019	71
RECOMMENDATION 5: Extension of Contract Value for Contract 17/039 – Rotomā Sewerage Scheme Reticulation	76

Rotorua Lakes Council is the operating name of Rotorua District Council

OPERATIONS AND MONITORING COMMITTEE DELEGATIONS

Type of Committee	Committee
Subordinate to	Council
Subordinate Committees	
Legislative Basis	Schedule 7 clause 30 (1) (a), Local Government Act 2002.
Purpose	The purpose of the Operations and Monitoring Committee is to assist the Council to ensure consolidated and complete reporting and monitoring of all financial and non-financial information and performance measures against the Annual Plan, Long-term Plan and strategic goals/priorities.
Reference	01-15-226
Membership	<p>Councillor Sturt (Chair) Councillor Tapsell (Deputy Chair)</p> <p>The Mayor and all councillors 2 Te Tatau o Te Arawa members 1 Lakes Community Board member 1 Rural Community Board member</p> <p>Full voting rights for all members</p>
Quorum	8
Meeting frequency	Monthly
Delegations	<p>The Committee's role is recommendatory only.¹ It is authorised to take the actions precedent to the exercise by the Council of its statutory responsibilities, duties and powers, by:</p> <ul style="list-style-type: none"> • Monitoring and reporting on the performance of the Council in terms of the organisational targets set in the Long Term Plan and Annual Plan – both financial and non-financial; • Monitoring and reporting on operational performance and benchmarking; • Undertaking quarterly reviews and reporting on Council's financial performance; • Monitoring, reviewing and reporting on the performance of council controlled organisations; • Monitoring, reviewing and reporting on Council's tender and procurement processes; • Monitoring, reviewing and reporting on the performance and management of Council contracts; • Monitoring, reviewing and reporting on the performance and management of major capital projects (including considering and making recommendations on issues that may arise);

¹ Council is authorised to delegate anything precedent to the exercise of Council's powers, duties and functions - Schedule 7, clause 32 of the Local Government Act 2002

	<ul style="list-style-type: none"> • Providing oversight and making recommendations in respect of proposals to exercise the powers and remedies of the General Conditions of Contract (by Council as “Principal”) – including taking possession of, determining, or carrying out urgent repairs to works covered by the contract; • Considering and making recommendations on outstanding accounts and the remission of fees and charges, for amounts exceeding \$6,000; • Considering and making recommendations as to the settlement of uninsured claims for compensation or damages where the amount exceeds the amounts delegated to council officers; • Considering and making recommendations on requests for Council to guarantee third party loans; • Considering and making recommendations on proposals and requests for the grant of easements or rights of way over Council property; • Considering and making recommendations in respect of proposals to which will or are likely to significantly vary the levels and/or terms of insurance for Council assets; <p>Such other functions as the Council may direct from time to time.²</p>
Relevant Statutes	All the duties and responsibilities listed above must be carried out in accordance with the relevant legislation.
Limits to Delegations	<p>The Committee does not have the delegated authority to make decisions for and on behalf of the Council. All matters requiring a decision of Council must be referred, by way of recommendation, to the Council for final consideration and determination.</p> <p>In the event that the Council resolves not to approve or adopt a Committee recommendation, the item shall be returned to the Committee via the Chief Executive for review and subsequent referral to the Council for further consideration and determination.</p>

² A committee is subject in all things to the control of the local authority, and must carry out all general and special directions of the Council given in relation to the committee - see Schedule 7, clause 30(3) of the Local Government Act 2002.

MINUTES OF PREVIOUS MEETING

ROTORUA LAKES COUNCIL

Minutes

Operations & Monitoring Committee meeting held Thursday, 4 April 2019 at 9:30am in the Council Chamber, Rotorua Lakes Council

- MEMBERS PRESENT:** Cr Sturt, (Chairperson)
Cr Tapsell (Deputy Chair), Mayor Chadwick, Cr Bentley, Cr Donaldson,
Cr Gould, Cr Hunt, Cr Kent, Cr Kumar, Cr Maxwell, Cr Raukawa-Tait, Mr Biasiny-
Tule (Te Tatau o Te Arawa), Mr Stanton (Lakes Community Board) and Mr
Martin (Rural Community Board).
- APOLOGIES:** Mr Waru (Te Tatau o Te Arawa)
- IN ATTENDANCE:** S Trumper (Rural Community Board), P Thomass (Lakes Community Board)
- STAFF PRESENT:** G Williams, Chief Executive; T Collé, Chief Financial Officer; H Weston,
General Manager Operations; S Michael, General Manager Infrastructure;
C Tiriana, Manager CE Office; JP Gaston, Manager Strategy; M Morrison,
Kaumatua Kaitiaki; I Tiriana, Manager, Council Communications; O Hopkins,
Corporate Planning & Governance Manager; R Pitkethley, Sport, Recreation
and Environment Manager (part); S Brown, Manager Arts & Culture (part);
C White, Director Performing Arts (part); J Lawson, Manager Safe &
Sustainable Journeys (part); M Bell, Corporate Planning Co-ordinator; H King,
Governance Support Advisor.

The Chairperson opened the meeting by sending condolences on behalf of council to whanau who had lost family to a recent motor vehicle accident.

The Chairperson welcomed members, members of the public and staff to the meeting.

**1. NGĀ WHAKAPAAHA
APOLOGIES**

Resolved:

That the apologies from Mr Waru be accepted.

Mr Biasiny-Tule /Cr Maxwell
CARRIED

**2. WHAKAPUAKITANGA WHAIPĀNGA
DECLARATIONS OF INTEREST**

None.

**3. NGĀ TAKE WHAWHATI TATA KĀORE I TE RĀRANGI TAKE
URGENT ITEMS NOT ON THE AGENDA**

None

**4. TE WHAKAŪ I NGĀ MENETI
CONFIRMATION OF MINUTES**

4.1 MINUTES OF THE OPERATIONS & MONITORING COMMITTEE MEETING 7 March 2019

Resolved:

That the minutes of the Operations & Monitoring Committee meeting held 7 March 2019 be confirmed as a true and correct record

Cr Kent/Cr Bentley
O&M 19/04/13
CARRIED

**5. PŪRONGO KAIMAHI
STAFF REPORTS**

01-65-052

5.1 RECOMMENDATION 1: FINANCIAL PERFORMANCE FOR THE 8 MONTHS ENDED 28 FEBRUARY 2019.

Resolved:

That the report titled “Financial Performance for the 8 months ended 28 February 2019.” be received.

Cr Donaldson/Cr Hunt
O&M 19/04/14
CARRIED

ATTENDANCE: Mr Martin joined the meeting at 9.38am

Thomas Collè spoke to a Powerpoint presentation titled “Financial performance for 8 months ended 28 February 2019” (Attachment 1)

5.2 RECOMMENDATION 2: OPERATIONAL REPORT FOR FEBRUARY TO MARCH 2019

01-65-052

Resolved:

That the report “Operational report for February to March 2019” be received.

Cr Hunt/Cr Kent
O&M 19/04/15
CARRIED

Cian White spoke to a Powerpoint presentation titled Performing Arts 2019 (Attachment 2)

The meeting adjourned at 11.00am and resumed at 11.10am

Discussion took place about the recent unplanned meeting with Kai Rotorua.

The meeting adjourned at 12.43pm and resumed at 1.21pm.

ATTENDANCE: Cr Kumar left the meeting at 12.43pm

Jodie spoke to a Powerpoint presentation titled "Cyway Bike Rotorua" (Attachment 3)

Resolved:

That the committee recommend to Council that the general functionality of the CBD transport network be reviewed and that the green corridor be de-mobilised as soon as practicable.

Mayor Chadwick/Cr Sturt
CARRIED
O&M 19/04/16

ATTENDANCE: Mayor Chadwick & Cr Maxwell left the meeting at 2.20pm to attend the tangi of the Rotorua Lakes High students at Whakarewarewa.

OPEN SESSION

Meeting closed at 2.25pm

To be confirmed at the Operations & Monitoring Committee meeting on 9 May 2018

.....
Chairperson

Note 1: Rotorua Lakes Council is the operating name of Rotorua District Council

Note 2: Attachments to these minutes are available on request or on Council's website www.rotorualc.nz

STAFF REPORTS

ROTORUA LAKES COUNCIL

Mayor
Chairperson and Members
OPERATIONS AND MONITORING COMMITTEE

FINANCIAL PERFORMANCE FOR THE NINE MONTHS ENDED 31 MARCH 2019

Report prepared by: Pete Kearney, Business Advisory Manager

Report reviewed by: Thomas Collé, Chief Financial Officer

Report approved by: Geoff Williams, Chief Executive

**1. TE PŪTAKE
PURPOSE**

The purpose of this report is to provide information on Council’s financial performance for the nine months ended 31 March 2019.

**2. HE TŪTOHUNGA
RECOMMENDATION 1**

That the report “Financial performance for the nine months ended 31 March 2019” be received.

**3. TE MATAPAKI
DISCUSSION**

Operating Statement
For the month ending 31 March 2019

\$'000	Year to date			FY Annual Plan
	Actual	Budget	Variance	
Revenue				
Rates	70,776	69,528	1,248	92,517
Fees and Charges	10,193	11,046	(853)	14,669
Subsidies & Grants	4,341	3,264	1,077	4,065
Investment Income	451	569	(118)	759
Total Revenue	85,761	84,407	1,354	112,011
Less Expenditure				
Operating Expenses	38,394	37,991	(404)	49,340
Staff Expenses	20,171	20,579	408	27,688
Utilities Expenses	3,762	2,469	(1,293)	3,224
Administration Expenses	2,250	2,460	211	3,106
Finance Expenses	6,228	6,383	155	8,547
Depreciation	17,818	17,810	(8)	23,746
Total expenditure	88,622	87,692	(930)	115,651
Operating Surplus / (Deficit)	(2,861)	(3,285)	424	(3,640)

Year to date Operating result:

Year to date performance remains positive with Council tracking ahead of budget by \$424,000.

Overall revenue continues to perform well against budget driven by rates, particularly water (unusually hot summer) and an improvement in general rates and collection of rates arrears. Council roll out of parking technology has been slower than expected although some uplift in revenues is still expected towards the later part of this financial year. This delay in implementation has seen a current shortfall in parking/prosecution fees of ~\$770,000 which has been partially offset by demand for Council services such as Health Inspection Certificates (up more than \$200,000). Subsidies and Grants revenues are up on budget due to maximum efficiency in funding application e.g. NZTA.

Operating expenses are \$404,000 over budget materially driven by:

- Maintenance and repair work spread across:
 - a. EEC driven by roof fixes, building cleaning and plumbing, preparation and painting of the arena;
 - b. Aquatic Centre due to numerous individually immaterial equipment upgrades;
 - c. Museum maintenance works on chillers and repairs to damaged sculptures;
 - d. various maintenance works covering Sewage & Sewerage due to aging infrastructure (e.g. Blowers);
 - e. upgrades and repairs to the Hinemoa carpark building;
- Enhanced security for the Customer Services team, Library and as part of the security patrols post Ngongotaha floods;
- Expert consultant advice on remediating issues at the landfill;
- Legal costs driven largely by the Environment court; and
- Follow on costs for Emergency Management as a result of the extraordinary April flood event.

Partially offset by:

- Favourable advertising spend due to business saving initiatives (use of online platforms and reduction in external communications) and due to a slowdown in anticipated events held by the Events Centre and impact of continued SHMPAC closure;
- Lower Water Supply monitoring costs (Other Services Provided);
- Reduction in purchases of Materials and Consumables (driven largely by Operations);
- Increased rigour applied to key contractor programme of works;
- Balance spread across numerous individually immaterial items.

Staff expenses remain 2.0%, favourable to budget as staff vacancies have been absorbed internally where possible.

Electricity (Utilities) pricing remains unfavourable by ~\$1.4m at the end of March driven by the continuation of high prices seen since the latter part of 2018. Current indications are that prices are beginning to trend downwards (April vs March) as hydro storage levels increase but this is offset by increased demand coupled with gas outages. Council is committed to remediating this uncertainty by taking forward contracts when prices are appropriate.

Capital Expenditure for the nine months:

Capital expenditure aligned to achieving the Council's long term vision was \$37.7m as at the end of March (up \$5.2m from February materially driven by level of service projects, \$3.1m). This expenditure is partially offset by \$9.7m of Capital subsidies/funding. Current project expenditure is 49% of the FY budget. The year-end capital expenditure forecast is ~\$60m but due to a variety of

reasons some of this capital expenditure will defer to 2019/2020. Council is currently reviewing and prioritising this in order to minimise borrowings.

LTP Activity (\$000)	YTD Actual	FY Budget	% Budget Spent
Sewerage & Sewage	15,723	26,400	60%
Roading & Footpaths	9,138	12,260	75%
Community Leadership	3,487	5,413	64%
Sports, Recreation & Environment	3,119	13,138	24%
Water Supplies	2,964	5,420	55%
Arts & Culture	2,025	11,160	18%
Stormwater & Land Drainage	981	3,650	27%
Planning and Regulatory	181	0	n.a
District Development	73	140	52%
	37,692	77,580	49%

Overall cash flow for the nine months:

Borrowings were refinanced in March and RLC cash balances remain positive with ability to access further liquidity if required.

Cash Flow Summary (\$000):	Year to date			FY Annual Plan
	Actual	Budget	Variance	
Operating surplus (deficit)	(2,861)	(3,285)	424	(3,640)
- Depreciation	17,818	17,810	8	23,746
- Change in working capital & provisions	(19,699)	(19,450)	(249)	856
- Capital subsidies received	9,701	16,500	(6,799)	26,541
- Capital expenditure	(37,692)	(45,000)	7,308	(77,580)
- Loans (Drawn/(Repaid))	33,000	34,000	(1,000)	30,230
Increase (decrease) in cash balances	267	575	(308)	153
Opening cash balance	242	242	0	1,000
Movement	267	575	(308)	153
Closing cash balance	509	817	(308)	1,153

Expenditure review is continually monitored to ensure borrowing is minimised.

**4. TE TINO AROMATAWAI
ASSESSMENT OF SIGNIFICANCE**

The decisions or matters of this report are not considered significant in accordance with the Council's Significance and Engagement Policy.

ROTORUA LAKES COUNCIL

Mayor
Chairperson and Members
OPERATIONS & MONITORING COMMITTEE

NON-FINANCIAL PERFORMANCE FOR THE SIX MONTHS ENDED 31 DECEMBER 2018

Report prepared by: Oonagh Hopkins, Governance & Partnership Manager

Report reviewed by: Jean-Paul Gaston, Group Manager Strategy

Report approved by: Geoff Williams, Chief Executive

1. PURPOSE

The purpose of this report is to present to members an overview of the Non-Financial Performance for the Six Months Ended 31 December 2018.

2. RECOMMENDATION 2

That the report “Non-Financial Performance for the six months ended 31 December 2018” be received.

3. EXECUTIVE SUMMARY

This overview will be presented to members using a PowerPoint presentation.

4. ASSESSMENT OF SIGNIFICANCE

The decisions or matters of this report are not considered significant in accordance with the Council’s Significance and Engagement Policy

5. COMMUNITY INPUT/ENGAGEMENT AND PUBLICITY

Community consultation is not considered necessary in relation to this item.

6. CONSIDERATIONS

6.1 Financial/budget considerations

No financial/budget considerations have been identified.

6.2 Policy and planning implications

No policy and planning implications have been identified.

6.3 Risks

There are no major risks associated with the decisions or matters.

6.4 Authority

Council under the Local Government Act 2002 have authority to receive this report.

7. ATTACHMENTS

Attachment 1: Non-financial performance for the six months ended 31 December 2018 (pages 16-44)

Rotorua Lakes Council

Non-Financial Performance

For the 6 months ended 31 December 2018

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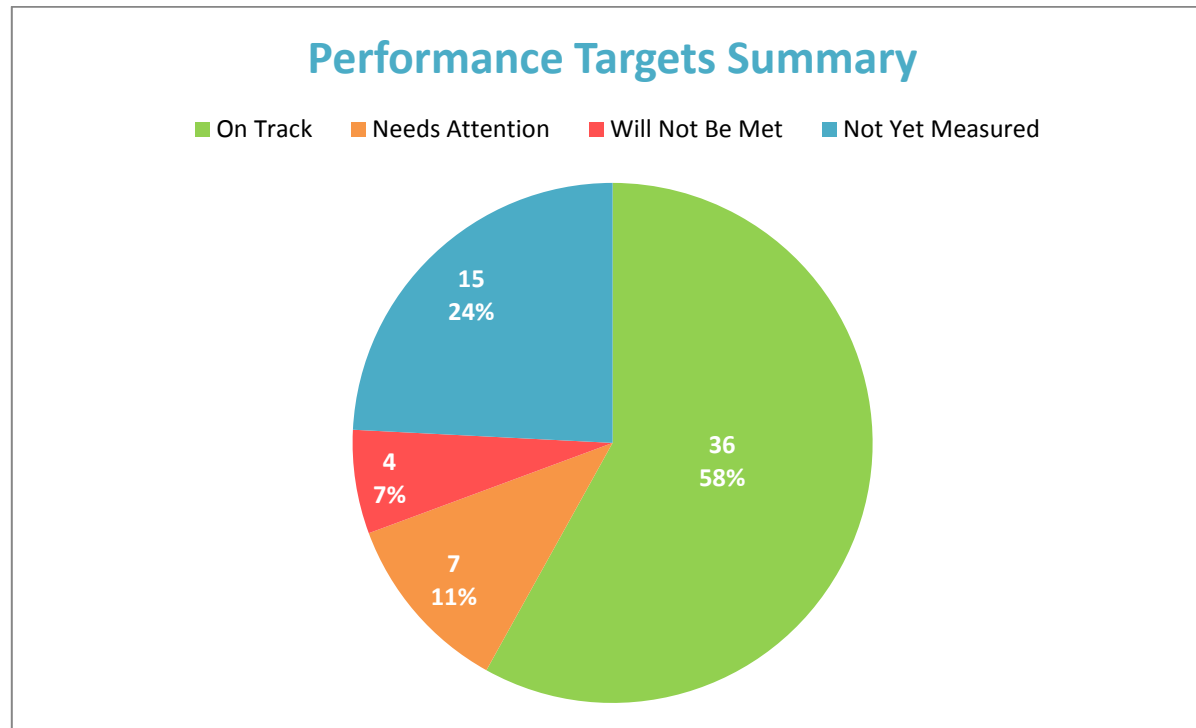
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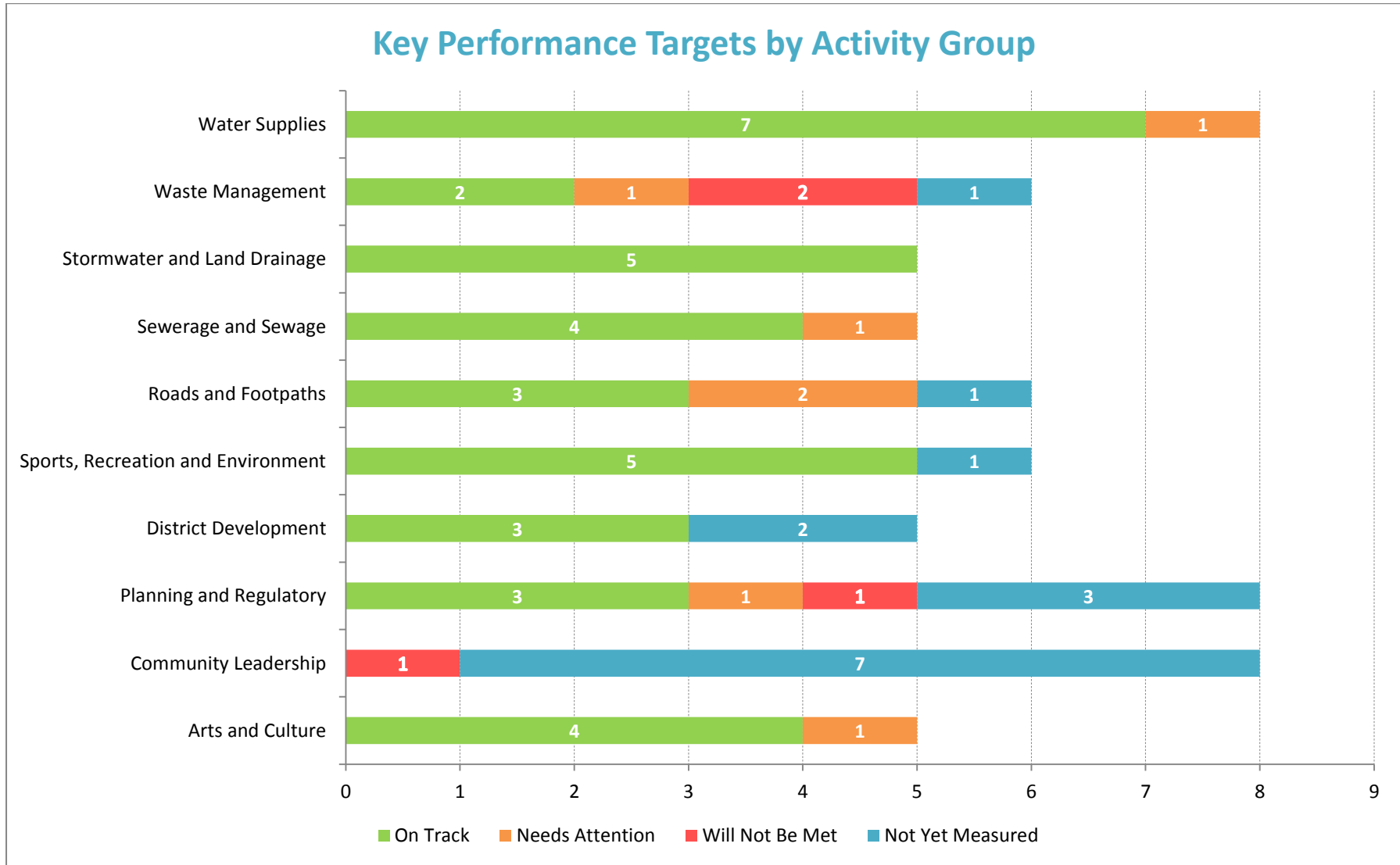
Summary dashboard

At the end of the first six months a total of 47 KPIs have been measured and 15 are still to be measured. Of those that have been measured, 36 (77%) are on track with 7 (11%) needing attention and 4 (7%) will not be met. The 'Will Not Be Met' category has been introduced as results indicate these KPIs will not meet target by year end and this needs to be reflected in reporting.

This is ahead of the same period last financial year where 73% were on track to meeting the year-end targets.

Of the 15 KPIs not yet measured, 12 are being measured in the new transactional customer research programme.





Non-financial Performance Indicators by LTP Activity Groups

Arts and Culture

To enrich communities, treasure and display our unique cultural history, encourage exploration of new ideals and new worlds, and promote creative vibrancy within the district.

On Track 4	Needs Attention 1	Not Yet Measured -	Will Not Be Met
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Activity	Level of service	How will it be measured? (Measures)	2018/19 Target	2018/19 Q1 Result	2018/19 Q2 Result	Comment as at 31 December 2018
Energy Events Centre	Utilisation	Community hire days of venues.	≥330	72	73 (145 YTD)	73 days this quarter were community hire days for the EEC. Expect to achieve target by year end, given good volumes of bookings confirmed for 3rd and 4th quarter.
Arts and Culture	Utilisation	Number of People visiting Arts and Culture Venues (Made up of figures from Library, Museum, SHMPAC, EEC)	Establish Baseline	112,034	91,819	<p>Library = 75,720 EEC = 15,280 Museum = 819 (Outside the walls) SHMPAC = Closed</p> <p>Numbers are lower than Q1 due to the holiday period and seasonality of business events.</p> <p>Library is 5.46% up on Q2 from 2017/18. This is due to more event activity as well as Museum's education team now delivering educational programmes for students at the Library (previously being delivered in the tearooms).</p> <p>Museum (Outside the walls) is up 27% on Q2 last year, this increase is due to</p>

Activity	Level of service	How will it be measured ? (Measures)	2018/19 Target	2018/19 Q1 Result	2018/19 Q2 Result	Comment as at 31 December 2018
						additional tours and direct booking from tour operators picking up on this free activity.
	Customer satisfaction	Percentage of customers very/fairly satisfied with Arts and Culture Offerings	Establish Baseline	89%	90%	Library only (Museum and SHMPAC both closed)
	Customer satisfaction	Percentage of customers very/fairly satisfied with quality of Markets, Events and Festivals	Establish Baseline	96%	83%	Q2 result based on GLO Fest, Dark Arts & Night Market. GLO Fest score brought this down with around 60% of survey respondents wanting it to go until midnight as per previous events. Finishing time was earlier this year to ensure a safe, family orientated event.
Library	Utilisation	Percentage increase of growth of the Maori collections issued within a year	10%	35%	29.3%	2,086 issues for the quarter, which is a 29.32% increase on the same quarter last year.

Community Leadership

To support the council's role in setting the future direction and priorities for our district, enabling informed and inclusive decision-making, supporting opportunities for Maori to contribute to decision-making and supporting strong and efficient leadership.

On Track 4	Needs Attention 1	Not Yet Measured -	Will Not Be Met
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Activity	Level of service	How will it measured ? (Measures)	2018/19 Target	2018/19 Q1 Result	2018/19 Q2 Result	Comment as at 31 December 2018
Governance	Satisfaction/ Value/ Reliability	Percentage of residents who are satisfied with the Let's Talk platform - quality and reliability, and value	Establish Baseline	Not Yet Measured	Not Yet Measured	Survey development completed. Will be undertaken end April 2019 with results available for Q3.
	Residents' confidence and engagement	Percentage of residents who feel they can participate in decision-making	>60%	Not Yet Measured	Not Yet Measured	Survey development completed. Will be undertaken end April 2019 with results available for Q3.
	Satisfaction	Percentage of residents who feel we are delivering and moving towards the 2030 goals.	Establish Baseline	Not Yet Measured	Not Yet Measured	Survey development completed. Will be undertaken end April 2019 with results available for Q3.
Communications	Residents' confidence and engagement	Resident's (%) who agree that Council information is easy to access (via website, libraries, social media, newspaper etc)	Establish Baseline	Not Yet Measured	Not Yet Measured	Survey development completed. Will be undertaken end April 2019 with results available for Q3.
	Residents' confidence and engagement	% who feel Council keeps the community well informed	Establish Baseline	Not Yet Measured	Not Yet Measured	Survey development completed. Will be undertaken end April 2019 with results available for Q3.

Activity	Level of service	How will it measured ? (Measures)	2018/19 Target	2018/19 Q1 Result	2018/19 Q2 Result	Comment as at 31 December 2018
Te Arawa Partnerships	Residents' confidence and engagement	Proportion of Maori groups who consider Council to be a good partner.	Establish Baseline	Not Yet Measured	Not Yet Measured	
	Bilingual Rotorua	Residents (%) who feel that Māori culture and te reo is appropriately recognised and visible in the city	Establish Baseline	Not Yet Measured	Not Yet Measured	Survey development completed. Will be undertaken end April 2019 with results available for Q3.
Civil Defence	Reliability/Quality	Emergency Operation Centre staff capacity and capability is developed as measured through the professional capability matrix.	85%	19%	35% (YTD total)	The latest figures provided by Bay of Plenty Civil Defence Group January 2019 showed RLC achieving 35% IMT staff trained to the professional capability matrix. This is consistent with results from other Councils across the region. Note: In Feb/March 2019 44 staff were invited to complete the Foundation level training, 27 have participated and completed. We expect our compliance to be around 60% by the end of the year and achieving the 85% by the end of next financial year.

Planning and Regulatory

We're involved in planning and regulatory services to contribute towards building resilient communities by minimising the risks to public health, security, personal safety and the environment and by working together to keep our district safe.

On Track 4	Needs Attention 1	Not Yet Measured -	Will Not Be Met
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Activity	Level of service	How will it measured ? (Measures)	2018/19 Target	2018/19 Q1 Result	2018/19 Q2 Result	Comment as at 31 December 2018
Animal Control	Compliance	100% of known dogs registered or served with a notice to register by 30 June annually.	100%	95%	99%	434 dogs have either been registered or infringed since Q1 result, making a total YTD of so far of 11,526 from 11,582 dogs known at the commencement of this financial year.
Inspection	Compliance	100% of all licensed premises in the very high or high risk category are inspected under the Sale and Supply of Alcohol Act twice annually.	100%	19%	61%	31 inspections completed for Q2 making a YTD total of 46 out of 76 inspections. During this quarter two premises have changed risk category therefore reducing total inspections required from 80 to 76.
	Compliance	100% of all licensed premises in the high risk category are inspected under the Food Act twice annually.	100%	Not Yet Measured	Not Yet Measured	With the final phase of the implementation of the Food Act being completed this measure is no longer required as a change from Inspections/Risks to Verifications which do not rank the same way.

Activity	Level of service	How will it measured ? (Measures)	2018/19 Target	2018/19 Q1 Result	2018/19 Q2 Result	Comment as at 31 December 2018
	Customer satisfaction	Percentage of noise control complainants very/fairly satisfied with the complaint handling process.	90%	Not Yet Measured	Not Yet Measured	Survey development completed. Will be undertaken end April 2019 with results available for Q3.
Planning/Policy and Consenting	Timeliness	Percentage of consents processed within 15 working days. (Land Use)	≥60%	36%	36%	The time taken on resource consents is largely dependent on complexity of the application and input required. Please note that the new District Plan no longer requires consent for a number of straightforward activities and this means a higher percentage of applications are now more complex.
	Timeliness	Percentage of consents processed within 15 working days. (Subdivision)	≥25%	28%	16%	We continue to focus on streamlining the consenting process, however, given the complex nature of subdivisions there is requirement for input from external providers and we often provide draft conditions which impacts on the statutory working days. Currently there are larger subdivision applications with complexity involving storm water and geotechnical issues.
	Timeliness	Percentage of consents processed within 15 working days. (Building Consents)	≥60%	66%	62%	

Activity	Level of service	How will it measured ? (Measures)	2018/19 Target	2018/19 Q1 Result	2018/19 Q2 Result	Comment as at 31 December 2018
	Customer satisfaction	Percentage of customers very/fairly satisfied with the consenting process.	≥80%	Not Yet Measured	Not Yet Measured	Survey development completed. Will be undertaken end April 2019 with results available for Q3.

District Development

To develop and improve the local economy so that we all can enjoy a comfortable lifestyle with positive opportunities; to position Rotorua as a great place to visit, live, work, invest and do business.

On Track 4	Needs Attention 1	Not Yet Measured -	Will Not Be Met
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Activity	Level of service	How will it measured? (Measures)	2018/19 Target	2018/19 Q1 Result	2018/19 Q2 Result	Comment as at 31 December 2018
Airport	Utilisation	Number of passenger movements at the Rotorua Airport	242,663	57,535	71,381 (128,916 YTD)	Increase in passenger movements for Q2 reflective of increased visitors with Royal Visit and the Christmas/New Year holiday season.
Economic Development	Prosperity	Rotorua's GDP growth is above the average GDP growth of New Zealand.	Achieved	On Track	On Track	Latest Infometrics report shows GDP in Rotorua District was 4.2% for the year to Sept 2018 compared to a year earlier. Growth was higher than in NZ (2.9%).

Activity	Level of service	How will it measured? (Measures)	2018/19 Target	2018/19 Q1 Result	2018/19 Q2 Result	Comment as at 31 December 2018
	Satisfaction	The business confidence within the Rotorua district is above the average business confidence across New Zealand.	Achieved	On Track	On Track	<p>APR Rotorua Business confidence survey for Dec 2018 found that at index of +24.0 a majority of Rotorua businesses expected local business conditions to increase from Dec 2018 levels over the 12 months to Dec 2019.</p> <p>For the same period the national index result was -24.1 (meaning Rotorua index was 48.1 points better).</p> <p>The national result of -24.1 means that nationally businesses expect national business conditions to decline from Dec 2018 levels to Dec 2019.</p>
	Utilisation	Number of Retail and Office spaces not tenanted in the CBD	130	On Track	On Track	TelferYoung CBD Vacancy survey for December 2018 found 112 vacant retail and office tenancies (59 retail, and 53 office)
	Utilisation	Number of electronic transactions in the CBD	Establish Baseline	Not Yet Measured	Not Yet Measured	Result is measured from data supplied from external company.

Sports Recreation and Environment

We're involved in providing a wide array of open spaces and recreational opportunities. These contribute towards our people being actively involved in organised and passive health and fitness activities and beautification of our CBD and surrounds and preserving our green network, all of which lead to increased inner wellbeing and pride in how our district looks.

On Track 4	Needs Attention 1	Not Yet Measured -	Will Not Be Met
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Activity	Level of service	How will it measured? (Measures)	2018/19 Target	2018/19 Q1 Result	2018/19 Q2 Result	Comment as at 31 December 2018
Gardens, Reserves and Sportsgrounds	Utilisation	The number of Gardens, Reserves and Sportsgrounds bookings	≥1,650	714	391 (YTD 1,105)	391 bookings for Q2 slight decrease on last year's 400. This is due to small changes in some sports code's seasonal times between years. On track to achieve annual target with fewer bookings in summer (Q2, Q3) and higher bookings over winter (Q1 & Q4).
	Customer satisfaction	Percentage of customers very/fairly satisfied with Gardens, Reserves and Sportsgrounds.	85%	Not Yet Measured	Not Yet Measured	Survey development completed. Will be undertaken end April 2019 with results available for Q3.
Aquatic Centre	Utilisation	Number of visitors to the aquatic centre per year.	≥350,000	81,147	93256 (YTD 174,403)	At the mid point of the financial year we are at 46.7% of the annual target of 350,000 visitations. Although slightly below target, the numbers exclude the first 15 days in Q1 when RLC managed the facility.

Activity	Level of service	How will it measured? (Measures)	2018/19 Target	2018/19 Q1 Result	2018/19 Q2 Result	Comment as at 31 December 2018
	Customer satisfaction	Percentage of customers very/fairly satisfied with Aquatic Centre.	68%	Not Yet Measured	74%	At the end of Q2 CLM conducted their first online survey. 74% of participants rated their overall satisfaction with the Centre at satisfactory, good or excellent. There is a move to now undertake online surveys every six months.
	Utilisation	Number of lessons in Learn to Swim School programmes per term	≥11,000	15,788	15,890	Swim School is well above target and new continuous learn-to-swim lesson model has been very successful with numbers close to record levels. We anticipate the number growing next term as will the number of school user numbers.
	Customer satisfaction	Percentage of users that are satisfied with the swim school level of service	≥80%	Not Yet Measured	87%	As per the customer satisfaction 85% of customers were satisfied with the lessons and 89% with the instructors. This is the average between the two. 98% of swim school parents rate swim school staff as helpful, courteous and competent. These are great results for the Swim Magic Swim School.

Roads and Footpaths

To provide a safe and efficient transport network that supports the district's economy, provides access for utilities; supports facilitation of events and other activities; promotes road safety; and encourages the use of other sustainable forms of travel.

On Track 4	Needs Attention 1	Not Yet Measured -	Will Not Be Met
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Activity	Level of service	How will it measured ? (Measures)	2018/19 Target	2018/19 Q1 Result	2018/19 Q2 Result	Comment as at 31 December 2018
Roads and Footpaths	Safety	The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network, expressed as a number.	≤ -1	1 Fatal and 0 Serious Injury Crashes	1 Fatal and 8 Serious Injury	Fatality: 1 on Devon Street West and 8 serious harm to 31 December 2018. Sourced from Crash Analysis System.
	Condition	The average quality of ride on a sealed local road network, measured by smooth travel exposure.	≥75%	84%	87%	
	Maintenance	The percentage of the sealed local road network that is resurfaced.	≥8%	1%	7.1%	69km of road reseals are programmed for resurfacing from a total of 872kms (8% of network). As at the end of Q2, 89% of our target reseals programme (61Kms) has been completed. This represents 7.1% of the network. The balance of 8kms will be completed in Q3.

Activity	Level of service	How will it measured ? (Measures)	2018/19 Target	2018/19 Q1 Result	2018/19 Q2 Result	Comment as at 31 December 2018
	Condition	The percentage of footpaths that are condition four (4) or better.	≥98%	Not Yet Measured	Not Yet Measured	The annual sample will take place in March. The most current result is 99.5% in condition 4 or better.
	Response time	The percentage of customer service requests relating to roads and footpaths which are responded to within five (5) working days.	≥90%	69%	77%	All of the 405 'public' maintenance requests (dispatches) out of 5126 received an immediate response through logging directly to the Asset Management System, and of the 219 'Transport' complaints and/or new service requests, 390 were responded to within five working days. Therefore 77% of the total 795 enquires were responded to within five working days. Infrastructure have implemented process improvements to better track incoming RFS and response. The expectation is that the target will be met going forward.
	Utilisation	Number of Cyways users (Average Daily use)	Establish Baseline	226	286	Average of 286 people per day over the four permanent counting sites. <u>NOTE:</u> Q2 results are based on 122 day period, however this Q2 result was based on 100 days due to technical fault with the counter. This fault will be rectified by next quarter.

Sewerage and Sewage

To provide for the removal of sewage and liquid trade wastes from communities, to promote public health and minimise the impact of communities on the environment.

On Track 4	Needs Attention 1	Not Yet Measured -	Will Not Be Met
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Activity	Level of service	How will it measured ? (Measures)	2018/19 Target	2018/19 Q1 Result	2018/19 Q2 Result	Comment as at 31 December 2018
Sewerage and sewage	System and adequacy	The number of dry weather sewerage overflows from the territorial authority's sewerage system, expressed per 1000 sewerage connections to that sewerage system.	≤ 5 / 1000 connections	0.8 / 1000 connections	1.29 / 1000 connections	32 overflows reported from 24,891 properties rated for sewer..
	Discharge compliance	Compliance with the territorial authority's resource consents for discharge from its sewerage system measured by the number of: a) abatement notices b) infringement notices c) enforcement orders d) convictions received by the territorial authority in relation to those resource consents.	0	0	0	Target on track to be met. No abatement or infringement notices, enforcement orders or convictions were received during the period.

Activity	Level of service	How will it measured ? (Measures)	2018/19 Target	2018/19 Q1 Result	2018/19 Q2 Result	Comment as at 31 December 2018
	Fault response times	Where the territorial authority attends to sewerage overflows resulting from a blockage or other fault in the territorial authority's sewerage system, the median attendance time from the time that the territorial authority receives notification to the time that service personnel reach the site.	≤60 minutes	30 minutes	32 minutes	
	Fault response times	Where the territorial authority attends to sewerage overflows resulting from a blockage or other fault in the territorial authority's sewerage system, the median resolution time from the time that the territorial authority receives notification to the time that service personnel confirm resolution of the blockage or other fault.	≤ 180 minutes	117 minutes	132 minutes	

Activity	Level of service	How will it measured ? (Measures)	2018/19 Target	2018/19 Q1 Result	2018/19 Q2 Result	Comment as at 31 December 2018
	Customer satisfaction	<p>The total number of complaints received by the territorial authority about any of the following:</p> <ul style="list-style-type: none"> • sewage odour • sewerage system faults • sewerage system blockages, and • the territorial authority's response to issues with its sewerage system, expressed per 1000 connections to the territorial authority's sewerage system 	≤ 10 / 1000 connections	0 odour 66 faults 33 blockages 0 response complaints Total 3.98 / 1000 connections	3 odour 145 faults 51 blockages 1 response complaints Total 3.98 / 1000 connections	<p>200 complaints and service faults received from 24,891 properties rated for sewer. The target has not been met. To be noted, that of the faults recorded, 135 related to Low Pressure Grinder Pump (LPGP) faults. These pumps were not originally included in setting the LTP KPI target and have adversely affected the result. This omission will be rectified during the next LTP.</p>

Stormwater and Land Drainage

To manage the drainage of excess rainfall so that property and people are protected from flood damage, and to mitigate the adverse effects of stormwater run-off on the District's lakes and waterways.

On Track 4	Needs Attention 1	Not Yet Measured -	Will Not Be Met
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Activity	Level of service	How will it measured ? (Measures)	2018/19 Target	2018/19 Q1 Result	2018/19 Q2 Result	Comment as at 31 December 2018
Stormwater Operations	System adequacy	The number of flooding events that occur in a territorial authority district.	≤ 2	0	0	Target on track to be met, no habitable building flooding was advised to the council (<i>flooding event definition: where water enters a habitable building</i>).
	System adequacy	For each flooding event, the number of habitable floors affected. (Expressed per 1000 properties connected to the territorial authority's stormwater system).	≤ 0.5 / 1000 rated properties	0	0	

Activity	Level of service	How will it measured ? (Measures)	2018/19 Target	2018/19 Q1 Result	2018/19 Q2 Result	Comment as at 31 December 2018
	Compliance	Compliance with the territorial authority's resource consents for discharge from its stormwater system measured by the number of: a) abatement notices b) infringement notices c) enforcement orders d) convictions received by the territorial authority in relation to those resource consents.	0	0	0	No abatement or infringement notices, enforcement orders or convictions were received during the period.
	Response times	The median response time to attend a flooding event, measured from the time that the territorial authority receives notification to the time that service personnel reach the site.	≤ 60 minutes	N/A	N/A	No flooding events, so no median response time, (<i>flooding event definition: where water enters a habitable building</i>).
	Customer satisfaction	The number of complaints received by a territorial authority about the performance of its stormwater system, expressed per 1000 properties connected to the territorial authority's stormwater system.	≤ 20 / 1000 rated properties	0.8 / 1000 rated properties	2.6 / 1000 rated properties	73 service requests /complaints received from 28,378 rated properties.

Waste Management

To provide for the collection, reduction, re-use, recycling, and disposal of waste in a sustainable manner.

On Track 4	Needs Attention 1	Not Yet Measured -	Will Not Be Met
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Activity	Level of service	How will it measured? (Measures)	2018/19 Target	2018/19 Q1 Result	2018/19 Q2 Result	Comment as at 31 December 2018
Waste Management	Sustainability	Number of tonnes per annum of green + wood waste recovered.	≥7,000 tonnes	1,164	1505	May not achieve annual KPI. Q2 figures trending down, possibly due to the dry summer.
	Sustainability	Number of tonnes per annum of concrete waste recovered.	≥1,500 tonnes	607	359	May not achieve annual KPI due to closure of the Landfill and availability of alternative construction material disposal facilities outside Council control.
	Sustainability	Increasing number of tonnes per annum of recycled material recovered.	≥5,000 tonnes	1,250	1344	The rates of recycling volumes continue to trend higher and are on track to meet and exceed this KPI. However there is potential for further recovery of materials and a recycling education plan intends to pursue that.

Activity	Level of service	How will it measured? (Measures)	2018/19 Target	2018/19 Q1 Result	2018/19 Q2 Result	Comment as at 31 December 2018
	Sustainability	Reduce the amount of rubbish/waste that is collected from kerbside collection per household.	≤ 320 kg / household - Per Year	112kg	115kg	Overall waste trends are similar with last year's and include the commercial waste stream. This will be identified separately from household waste in the future. Overall waste volumes still above target by 15-20% and targeted education is planned to encourage the recovery of more material and bring volumes closer to the target.
	Customer satisfaction	% residents very/fairly satisfied with Waste Management Systems	90%	Not Yet Measured	Not Yet Measured	Survey development completed. Will be undertaken end April 2019 with results available for Q3.
	Compliance	Compliance with resource consent conditions at the landfill	100%	1 failure	0 failure	Landfill closed 14th September, initial cap complete, liner being installed. Gas flare operational. No monitoring incidents

Water Supplies

To provide cost-effective, constant, adequate, sustainable and high quality supply of water.

On Track 4	Needs Attention 1	Not Yet Measured -	Will Not Be Met
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Activity	Level of service	How will it measured? (Measures)	2018/19 Target	2018/19 Q1 Result	2018/19 Q2 Result	Comment as at 31 December 2018
Water Supply	Safety of drinking water	Compliance with: <ul style="list-style-type: none"> part 4 of the drinking-water standards (bacteria compliance criteria), and part 5 of the drinking-water standards (protozoal compliance criteria) 	Achieved for all supplies	<p>Bacterial Compliance</p> <p>All ten treatment plants = Yes</p> <p>Protozoal Compliance</p> <p>Mamaku = No</p> <p>Other nine treatment plants = Yes</p>	<p>Bacterial Compliance</p> <p>All ten treatment plants = Yes</p> <p>Protozoal Compliance</p> <p>Mamaku = No</p> <p>Other nine treatment plants = Yes</p>	<p>All actual water supplied is fully compliant with the Drinking Water Standards for NZ.</p> <p>The 10 treatment plants are: Deep Creek, Hamurana, Mamaku, Matipo, Reporoa, Rotoiti, Rotoma, Taniwha Springs, Utuhina, Whakarewarewa Forest Springs</p> <p>Of these, the Mamaku Plant did not meet the protozoal compliance target for the period. Additional treatment processes have now been installed and have been operational since December. Protozoal compliance is now being achieved but full year compliance will not be achievable until the 2019-20 year.</p>

Activity	Level of service	How will it measured? (Measures)	2018/19 Target	2018/19 Q1 Result	2018/19 Q2 Result	Comment as at 31 December 2018
	Maintenance of the reticulation network	The percentage of real water loss from the local authority's networked reticulation system (including a description of the methodology used to calculate this).	≤ 25%	21.5%	18.8%	Measurement based on Water NZ water loss benchmarking methodology - Current Annual Real Losses. This measure combines all 10 water supplies (Urban and Rural). Target was met and further improvement programmes are designed.
	Fault response times	In response to a fault or unplanned interruption to its networked reticulation system, the median response times measured: attendance for urgent call-outs: from the time that the local authority receives notification to the time that service personnel reach the site	≤ 60 minutes	30 minutes	26 minutes	

Activity	Level of service	How will it measured? (Measures)	2018/19 Target	2018/19 Q1 Result	2018/19 Q2 Result	Comment as at 31 December 2018
	Fault response times	In response to a fault or unplanned interruption to its networked reticulation system, the following median response times measured: resolution of urgent call-outs: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption.	≤ 210 minutes	82 minutes	71 minutes	
	Fault response times	In response to a fault or unplanned interruption to its networked reticulation system, the following median response times measured: attendance for non-urgent call-outs: from the time that the local authority receives notification to the time that service personnel reach the site	≤ 1 day	1 hour 59 minutes	3 hours 51 minutes	

Activity	Level of service	How will it measured? (Measures)	2018/19 Target	2018/19 Q1 Result	2018/19 Q2 Result	Comment as at 31 December 2018
	Fault response times	In response to a fault or unplanned interruption to its networked reticulation system, the following median response times measured: resolution of non-urgent call-outs: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption.	≤ 3 days	5 hours 12 minutes	19 hours 56 minutes	Target was met.
	Customer satisfaction	The total number of complaints received by the local authority about any of the following: <ul style="list-style-type: none"> • drinking water clarity • drinking water taste • drinking water odour • drinking water pressure or flow • continuity of supply, and • the local authority's response to any of these issues expressed per 1000 connections to the local authority's networked reticulation system.	≤ 10 / 1000 connections	0 clarity 10 taste 1 odour 18 pressure or flow 7 continuity complaints 3 service complaint. Total = 1.1 / 1000 connections	0 clarity 1 taste 1 odour 31 pressure or flow 24 continuity complaints 19 service complaint. Total = 2.9 / 1000 connections	76 complaints from 26,040 connected properties:

Activity	Level of service	How will it measured? (Measures)	2018/19 Target	2018/19 Q1 Result	2018/19 Q2 Result	Comment as at 31 December 2018
	Demand management	The average consumption of drinking water per day per resident within the territorial authority district.	≤ 320 litres per person per day	292 litres per person per day	310 litres per person per day	Figures based on domestic residential consumption using a sample of residential water meters which have been installed.

ROTORUA LAKES COUNCIL

Mayor
Chairperson and Members
OPERATIONS & MONITORING COMMITTEE

**OPERATIONAL AND FINANCIAL UPDATES FOR COUNCIL FROM ROTORUA AIRPORT LIMITED AND
ROTORUA ECONOMIC DEVELOPMENT LIMITED – THIRD QUARTER**

Report prepared by: Thomas Collé, Chief Financial Officer

Report approved by: Geoff Williams, Chief Executive

**1. TE PUTAKE
PURPOSE**

The purpose of this report is to provide the committee with a third quarter operational and financial update for Council Controlled Organisations [CCOs]:

- Rotorua Airport Limited
- Rotorua Economic Development Limited

**2. TŪTOHUNGA
RECOMMENDATION 3**

That the report ‘Operational and Financial Updates for Council from Rotorua Airport Limited and Rotorua Economic Development Limited – Third Quarter’ be received.

**3. NGA APITI HANGA
ATTACHMENTS**

Attachment 1: Rotorua Airport Limited (pages 46-56)

Attachment 2: Rotorua Economic Development Limited (pages 57-70)

CCO – Rotorua Airport Limited

**QUARTERLY
REVIEW
REPORT**

**THIRD QUARTER 2018/19:
JANUARY – MARCH 2019**

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FY19 Q3 Highlights & Q4 Strategic Actions

HIGHLIGHTS FROM 1 JANUARY – 31 MARCH 2019

Financial KPI's FY19 Q3 Performance Update

- **YTD Net Surplus before tax** \$258,195 v budget \$173,271
- **Passenger Movements** 202,589 v Budget 190,534
- **Aircraft Movements** 5,852 v Budget 4,849
- **Statement of Financial Position** Total assets were \$64,598,580 and current liabilities were \$1,241,802 and term loan of \$15,000,000, giving a net equity of \$48,356,778.

Non-Financial KPI's FY19 Q3 Performance Update

- **Operational Safety Incidents** 0 v target of 0
- **Team Injury Events** 0 v target 0
- **Masterplan** – Precinct A (General Airport Business Precinct) concept design completed, advancement to completion of feasibility on hold pending a decision on construction of the proposed SHW30 Airport roundabout. Precinct B (General Aviation Hangar Precinct) feasibility completed, project to advance towards preparation of a business case based on a design, build and own approach.

Commercial & Development Activity

- **Project - Airport Emergency Operations Centre (EOC)** –Building fully operational.

FY19 Q3 Highlights & Q4 Strategic Actions

- **Project - Terminal Redevelopment**

Construction contract signed with Marra Construction – RDT Project Managers & RLB Cost Estimators.

Stage 1 Arrivals Hall - design completed, building consent granted. Enabling works and demolition completed. Asbestos removal completed, seismic upgrade underway with ceiling strengthening complete, hydraulic ducting 80% complete. Framing of new rental car booths and offices completed. Targeted opening late June 19’.

Stage 2 Departures Hall & Link Walkway. Detailed Design underway, consent lodgement pending. Targeted Project Completion November 2019.

NOTE: As advised in the FY19 Q2 report invasive building inspections have revealed elements of the arrivals structure (built circa 2002) were not constructed in accordance with the approved design. Remedial seismic strengthening works will be undertaken and funded as part of the overall project to address this significant issue.

The completed building will be delivered to an Importance Level 3 (IL3) which is appropriate for any structure that may contain crowds, have high value to the community or pose a risk to large numbers of people in close proximity, such as airport terminals.

- **Project - Airport Masterplan** Precinct design has been advanced on the following basis;

Precinct A - Rotary (helicopter) operations, rental car facilities, service station, general airport related industrial and commercial uses. Finalisation of feasibility on hold pending a decision of timing

FY19 Q3 Highlights & Q4 Strategic Actions

/funding of the SHW 30 Airport roundabout. Some advancement of the expansion of the heliport is possible to cater with demand and growth though a significant development of this precinct will be limited pending resolution of traffic management issues.

Precinct B – General aviation precinct. Feasibility study completed. Business case under preparation, proposed concept provides for circa 26 hangars / units. A business case is being prepared for presentation at the June 2019 RAL Board meeting.

- **Project - Airport Carpark & Forecourt** - Reconfiguration works underway, to be undertaken in line with the domestic terminal redevelopment to optimise user efficiency and capacity constraints. Long term pricing to reset to ensure that customers must be in this carpark for greater than 3 days to take advantage of the discounted parking fee.
- **Project - Landscaping Programme** – Stage 2 entrance enhancement landscaping works to commence in autumn 2019.
- **Project – Asset Management Database SPM Limited** have been commissioned to assist in the design and delivery of a comprehensive Facilities / Asset Management package for the airport.
- **Project – Brand Alignment** We have commenced a process of aligning and resetting RAL's corporate brand and logo identity to Destination Rotorua branding.
- **Project – Business Lounge** AirNZ have confirmed that they will

FY19 Q3 Highlights & Q4 Strategic Actions

not invest in the establishment of a business lounge, on this basis RAL is completing feasibility with a view towards establishing a quiet working space independent of AirNZ if commercially feasible.

- **Statement of Intent FY20-22** This has been provided to RLC in draft for feedback.

Aeronautical Activity

- Positive performance across all passenger sectors continues in terms of load factors and passenger movements. As at 31 March 2019 passenger movements through Rotorua Airport for the previous twelve (12) months were 261,516. This is an increase of some 20,000 passengers over the preceding twelve (12) month period.
- RAL is continuing to review and update its sector development strategy to growth services and capacity. Growth of our South Island linkages remain a priority.
- The last quarter has again seen positive growth in both General Aviation and Helicopter operations. The masterplan provides precincts for the growth of this sector from both a property and landing fee revenue perspective.

Operational Activity

FY19 Q3 Highlights & Q4 Strategic Actions

- Design and implementation of our Safety Management System (SMS) has progressed. RAL has appointed a SMS Manager to ensure we meet mandated CAA requirements in and around design of this system and its deployment across the airport and our user community. The system will be implemented formally in May 2020, this will ensure operational continuity of the airport.
- **Obstacle Limitation Survey** – a detailed 5 yearly survey of the airports northern and southern flight paths was flown in late 2018, this will ensure that any infringements are identified and any risks addressed. The report has now been completed and received and we are working through an analysis of any infringements that may require attention.
- RAL's **Aircraft Noise Contours** An update of the annual noise contours monitoring has been completed and provided to RLC.
- Construction of our new **Airport Rescue Fire Fighting Appliance (ARFF)** is underway. The vehicle will be received in August and commissioned into use by September 2019.
- **Runway End Safety Area (RESA)** requirement for RAL to secure additional land to meet our statutory operating requirements. We have received valuation, noise modelling and legal advice to assist in forming a view on the necessity to the allotments. A decision on the acquisition will be made the RAL Board by June 19'.

FY19 Q3 Highlights & Q4 Strategic Actions

What's happening in FY19 Q4 - 1 April to 30 June 2020

- Completion of Stage 1 Terminal Works (Arrivals Hall).
- Commencement of Stage 2 Terminal Works (Departures Hall and Link Walkway).
- Advancement of the masterplan, Precinct B business case and proposed funding approach.
- Carpark and forecourt reconfiguration works.
- Stage 2 entrance landscape works.
- Confirmation of the FY20-22 SOI and advancement of discussions around a revised Service Funding Agreement.
- Complete SPM airport asset survey, depreciation forecast and establish FM system.
- Advancement of the design and Implementation, documentation phase for the RAL SMS.
- Confirm our position on the RESA land acquisition requirement.

FY19 Q3 Highlights & Q4 Strategic Actions

Financial Performance FY19.

OPERATING BUDGET to Q3

\$000	2018/19 Budget	2018/19 YTD Actual	Variance
Revenue	\$3,915,515	\$4,102,907	
Expenses / Depreciation	\$3,724,244	\$3,844,712	
Net Surplus	\$ 173,271	\$ 258,195	\$ 84,924

PERFORMANCE MEASURES

Summary of progress against non-financial performance measures by group of activities

The table below summarises progress on non-financial performance measures.

How we're tracking

Targets are set for each performance measure. The table below shows how we are tracking towards reaching these targets by the end of the financial year.

7			
On-track	Not Achieved	Achieved	No data available

PERFORMANCE MEASURES

Measure	Target	Result	Status	Comments
Aircraft Movements	4,849	5,852		<ul style="list-style-type: none"> On track
Passenger Movements	190,534	202,489		<ul style="list-style-type: none"> On track
Finance – Net Surplus	\$173,271	\$258,195		<ul style="list-style-type: none"> On track.
Support Rotorua Reorua	Implementation Plan	On track		<ul style="list-style-type: none"> On track
Operational Number of Controllable Safety Incidents	0	0		<ul style="list-style-type: none"> On track
Team – Number of employee Injuries	0	0		<ul style="list-style-type: none"> On track
Project Performance	Masterplan	On track		<ul style="list-style-type: none"> On track

CCO – Rotorua Economic
Development Limited trading as
Destination Rotorua

Q3 REPORT

January 2019 – March 2019

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Strategic framework and focus areas

RED is committed to developing and promoting Rotorua as a destination of choice to work, study, visit, invest and live in. We connect people, land, capital and ideas. Our work supports the development of Rotorua's economy, unlocking opportunities for commercial investment and providing employment, wealth and wellbeing for all our people.

RED works in partnership with iwi, private sector business, local government, community organisations and central government to support their growth aspirations and enhance Rotorua's identity and reputation. We operate as a neutral entity and a trusted advisor, balancing the needs of each group of stakeholders for the benefit of the destination.

The work we do aims to:

- Lift economic performance across the Rotorua district, with a particular focus on tourism, forestry and wood processing, natural hot springs and wellness, film/TV, alternative land use opportunities, and Te Arawa investments
- Attract, retain and grow investment, talent and business across the district
- Ensure the impact of change achieves a balance between social, environmental, economic and wellness benefits for the people of Rotorua
- Create unforgettable memories for all our visitors
- Support RLC's partnership with Te Arawa to help them realise their aspirations.

We do this by focusing on five key priorities:

1. Destination development
2. Business growth and investment attraction
3. Skills, education and talent
4. Sustainable business practices
5. Growing the visitor economy

Highlights for the Quarter

DESTINATION DEVELOPMENT

DOC hub opened in i-SITE

A new Department of Conservation (DOC) visitor information hub in Rotorua's central i-SITE will help visitors to Rotorua enjoy our great outdoors in a safe and respectful way. The new area, dedicated to public spaces managed by DOC, was officially opened in March and provides information on short local walks as well as New Zealand's Great Walks. DOC and Destination Rotorua work together to promote responsible tourism in support of New Zealand's Tiaki Promise and this new space is a visible sign of our shared commitment.

B&B & Motel Accommodation development

The Trade team has been working with Bed & Breakfast operators to profile the variety of quality accommodation offered in Rotorua. Along with the New Zealand B&B Association and the Rotorua chapter Destination Rotorua has worked with 6 properties to target 6 inbound tour operators in Auckland. We extended this initiative to work with 6 leading motels in Rotorua to expose these accommodation providers to Trade channels and international visitors.

BUSINESS GROWTH AND INVESTMENT ATTRACTION

Market insights, intelligence and connectivity

Market Analysis.

Building on RED's suite of market analysis documents, we've drafted a new market analysis report for film and TV development and commissioned a wood processing market analysis report. These insights support quality decision making, helping industry investors understand the current landscape, risks and networks and infrastructure.

In addition to these new reports our existing set of market analysis documents are regularly being used to initiate investment discussions including in the last quarter discussions on wellbeing and luxury retreats, digital and indigenous food provenance.

Highlights for the Quarter

Food provenance. RED has engaged Envirostrat to start food provenance research. The Rotorua Lakes catchment and wider district is exploring economic development opportunities from land management that reduces negative environmental impacts (especially nitrogen leaching) and leverages the consumption opportunities generated by the visitor economy. Building on the BOP Regional Council alternative land use research and directory, we are researching the size of the market (current consumption and potential demand), consumer expectations and the distribution channels and infrastructure needed for successful financial feasible initiatives. RED has commissioned a comprehensive overview of food and beverage consumption (and production) in the Rotorua District and the opportunities, barriers and options for developing a local / regional food production strategy.

Capability and capacity of existing businesses

ACCELERATE – Eight businesses graduated from the ACCELERATE programme, which helps medium sized businesses grow and achieve their goals through a blend of group training and individual coaching sessions. Registrations are now open for May/June ACCELERATE programme, which will focus on projects funded through the Provincial Growth Fund.

RED continues to guide organisations applying for Provincial Growth Fund grants, with recent applications underway relating to a review for doubling production capacity, securing jobs, taking production process further down the value chain, creating value offering and protecting existing assets.

Attract new investment

Film: RED continues to support BOP Film Trust initiatives, including creating familiarisation itineraries for a number of international film directors. While hosting at Crankworx, a connection was made which led to RED hosting script writers from Greenstone NZ in Rotorua.

Business relocation: We are currently working with a large international organisation considering Rotorua as a business location. We have introduced them to a coordinated and unified Rotorua business and education network (including central government, local pastoral care providers and educators) to foster connectivity. This collaboration was well received and we are now progressing to the next stage of the project, which will include presenting them with council consent-able properties and labour market challenges and opportunities.

Highlights for the Quarter

SKILLS, EDUCATION AND TALENT

Customer Service Certificate – Kuaka Programme

Rotorua's i-SITE has designed an initiative to provide practical work experience to local rangatahi (young people) studying tourism. In partnership with local education providers; Toi Ohomai, Te Whare Wananga o Aotearoa, and New Zealand School of Tourism, we provide a pathway for students to transition from study to work, by way of a three day 'on-the-job' training practicum. Students who successfully complete the programme receive a certificate of completion in recognition of their achievement.

International Education

RED has assisted Rotorua's international education providers to develop an Education Rotorua Strategy that aligns with the national strategy and also to re-engage with Education New Zealand as a group. Education New Zealand provides assistance in accessing overseas markets and agents so is a highly strategic alignment. The Education Rotorua brochure is ready for translation and printing so that education providers can share it with agents and potential international students.

Internship Opportunities

Rotorua i-Site is working with Te Wananga O Aoteroa to assist them with the New Zealand Certificate in Tourism – Maori (level 3). This programme is committed to high quality foundation education that develops a taura pursuit of focused skills, capabilities, knowledge and attributes. This is needed to succeed at NZQF Level 3 or above, within the context of Tourism Maori that is specific to a cultural learning environment. The i-Site will provide internships and opportunities for tutors to access the students in a real working environment.

RESPONSIBLE BUSINESS PRACTICES

RED is committed to make a lasting contribution to the sustainable growth of the city economy. In April Rotorua hosted the *Ōhanga Āmiomio: Ellen MacArthur Foundation Circular Economy Pacific Summit*. The Summit focussed on three themes of mātauranga (when contemporary economics meets indigenous worldviews), materials (experience and inspiration from the Pacific to design a better system in which plastics never become waste) and manifestos (uniting a geographically dispersed and culturally diverse network). RED has participated in industry

Highlights for the Quarter

engagement with Scion and Te Ohanga, led conversations on commercialisation of bio circular solutions, connected businesses with initiatives and facilitated a case study in Crankworx.

GROWING THE VISITOR ECONOMY

International consumer marketing pilot

RED is working with Maverick Digital, a tourism marketing agency, on a direct marketing campaign to encourage people who have booked flights to New Zealand between September and November 2019 to include Rotorua in their travel plans. Our pilot campaign went live at the start of April and will run for 12 weeks targeting visitors from Australia and the West Coast of the US. By using granular flight booking data, Maverick will help us get in front of these audiences and provide Rotorua-focused advertising at the right time in their travel planning journey.

Crankworx Media Centre

RED again undertook the task of planning, staffing and executing the media centre at Crankworx. This year we hosted approximately 150 domestic and international media throughout the five days of Crankworx at Skyline Rotorua. The media centre is rated as the best on the Crankworx circuit and isn't just about ensuring that the stories, images and videos that get sent throughout New Zealand and the world are great. The centre is also a way of showing our media guests the spirit of manaakitanga to help ensure they return not just for Crankworx but at other points in the year and generate stories outside of Crankworx.

PCO Client Hosting and proactive famils

Professional Conference Organisers (PCOs) are a key audience for Destination Rotorua due to the volume of events they manage and access to large number of delegates. The Business Events team organised three food based experiential functions in Auckland and Wellington during March, hosting over 50 PCOs. These types of events are an effective way to meet new event and conference clients who have event opportunities, develop professional business relationships with new clients and re-connect with current or past clients.

The Business Events team has also been hosting individual PCOs on famils to raise awareness of our conference and event infrastructure so that Rotorua is front of mind when they recommend destinations to their clients. We are on track to reach our internal target of 40 proactive visits during Q3 and Q4.

Highlights for the Quarter

International Conferences

The Business Events team has been working with a number of international and domestic conference organisers to ensure delegates have a great experience whilst they are in Rotorua. The *In Rotorua* conference App helps to ensure the hospitality industry is aware of upcoming events. The Business Events team now joins the local organising committee for key conferences to help trouble shoot potential issues by providing local knowledge or introducing organisers to other useful contacts. This is a great way to build confidence in Rotorua as great destination for international and domestic events.

Tourism New Zealand Winter Campaign

Along with Rotorua Tourism Investment Partnership, Destination Rotorua took part in a joint partnership campaign with Tourism New Zealand, Taupo, Ruapehu, Ruapehu Alpine Lifts and Hello World to promote travel to New Zealand and the Central North Island during the winter. This involved media investment of \$765k from Jan 14 to Feb 10, 2019, targeting a travel period of June – September 2019.

Financial performance

\$000	2018/19 Budget	2018/19 YTD Actual	% Variance
Income	5,314,407	5,278,054	-0.68%
Direct Expenditure	5,105,997	4,891,517	-4.20%
Total	208,410	386,537	85.47%

6 month summary

Profit of \$387k driven by revenues of \$5,278k less total expenses of \$4,892k represents a positive variance to budget.

Revenue is marginally less than budget largely driven by lower than budgeted iSITE commission sales.

Cost of sales was up driven by increased retail sales at iSITE. Salaries, wages were down due to unfilled vacancies across the group. Recruitment rounds are being completed and roles are being filled with expected start dates prior to year end.

We have significant expenditure that has been incurred in April and expected to be invoiced in May. Currently there are also large projects underway that are expected to be delivered during the next quarter. There are also potential opportunities that have been presented to RED which we are actively pursuing due to their alignment with our purpose to improve the Rotorua economy; including employment and destination development. There is some uncertainty whether these will fall in Q4 or the new financial year as they are either competitive in nature or based on external decisions. The organisation will consider use of retained earnings.

Non-financial performance measures

Summary of progress against non-financial performance measures by group of activities

Performance measures help us report back on our service performance. The table below summarises progress on non-financial performance measures.

How we're tracking

Targets are set for each performance measure. The table below shows how we are tracking towards reaching these targets by the end of the financial year.

Rotorua Economic Development Ltd Quarterly KPM Report



GROW THE VISITOR ECONOMY

Promote and develop Rotorua as a national and international visitor and business events destination

Measures	YE Target Jun 2019	YTD Actual Jul18-Mar 2019	Action Status	Comments
1. i-SITE - % increase in trading revenue over previous year	>= +2%	+24%		On Track
2. i-SITE - % increase in commission over previous year	>= +2%	+13%		On Track
3. i-SITE - Customer Radar Net Promoter Score	>= +90	+84		Tracking lower than last year due to fewer than usual responses received. Gap to target has widened over the previous quarter, but could possibly achieve target as winter months have higher satisfaction due to fewer customers and more time available for staff to engage with customers.
4. Business Events - Value of bids won by RED based on room nights tentatively held and CDS 2017 \$385 avg spend per night	>= \$5.0m	\$6.9m		Achieved
5. Business Events - Market share of CAS multi-day conf. delegate days	>= 9.6%	7.6%*		* As at YTD Dec-18 Off Track at 7.6% Tracking lower than last year, but market share is higher in the later quarters of the June year and therefore may return to being On Track as the year progresses. March 2019 data available 30 May 2019.
6. Trade - Direct tourism impact - MRTE international visitor expenditure in Rotorua on accommodation, recreational services and dining	>= \$225m	\$139m*		* As at YTD Feb-19 Off Track at \$139m Tracking considerably lower than last year due to slowing and declining growth in international visitor arrivals to New Zealand in 5 of the 7 largest markets. March 2019 data available 25 April 2019.
7. Trade - Strategic partner direct investment invoiced by RED	>= \$0.2m	\$181,053		On Track. YTD March 2019 value is provisionally sourced as Xero has not been finalised as at date of report preparation.
8. Consumer - Impact - MRTE total domestic visitor expenditure in Rotorua	>= \$470m	\$317m*		* As at YTD Feb-19 On Track at \$317m On Track. March 2019 data available 25 April 2019.

Reported i-SITE financial data is sourced from IBIS using gross IBIS voucher sales as an indicator for trading revenue and net IBIS voucher sales as an indicator for commission.

INVESTMENT ATTRACTION

Deliver insights, advice and leverage strategic networks to support and enable initiatives to attract and develop investment in the destination

Measures	YE Target Jun 2019	YTD Actual Jul18-Mar 2019	Action Status	Comments
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Non-financial performance measures

9.	Support delivery of RLC Big moves and projects through providing investment acumen and advice including RFP management and engagement with relevant networks including central government investment	>= 1	1		Achieved. Supporting CNI with Whakarewarewa Forest commercial opportunities, working with RLC and external stakeholders to facilitate and support commercial sector investment.
10.	Provide relevant Destination insights in target sectors to support investment and reinvestment decision making by business. RED works with partners to develop strategies critical to deliver on RLC Big Moves	>= 2	2		Bespoke information provided to investor or business enquiries.
	<i>Deliver regional insights AND</i>	>= 2	2		Achieved: Regional Labour market planning workshop, OPEN hotel investor prospectus
	<i>Deliver insights to industry sectors</i>	>= 4	4		Achieved: Film and creative, niche manufacturing - leverage mountain biking ecosystem, visitor economy insights, call centre
11.	Maintain key influencer database to develop Rotorua investor ecosystem to accelerate opportunity identification and conversion	>= 2	2		Active use of the CRM
	<i>Maintain key influencers in CRM AND</i>	>= 40	70		Achieved: more than 60 influencers in CRM
	<i>Host events to identify key influencer/investors</i>	>= 2	14		Achieved: more than 7 hosted events

BUSINESS DEVELOPMENT AND GROWTH

Support business development and growth

Measures	YE Target Jun 2019	YTD Actual Jul18-Mar 2019	Action Status	Comments	
					12.
13.	Emerging local businesses receive targeted support	>= 10	11		Achieved: more than 10 businesses receive targeted support

BRAND CUSTODIAN - Build Rotorua's brand and identity

Promote and develop Rotorua as a national and international visitor, business and study destination. Support attraction and retention of a skilled workforce and talent.

Measures	YE Target Jun 2019	YTD Actual Jul18-Mar 2019	Action Status	Comments	
					14.
15.	Domestic consumer perception - % "intend to visit" (Delve loyalists + considerers) Rotorua from Auckland market AND one target market	>=2 incl AKL	1 not incl AKL		Reviewing indicative results from initial survey. Second survey planned for June, which will better reflect campaign exposure during financial year. June 2019 survey results expected to be available July 2019.

Non-financial performance measures

	% Auckland market "intend to visit" Rotorua AND	>= 54%	53%		1st round results
	% Christchurch market "intend to visit" Rotorua OR	>= 26%	26%		1st round results
	% Wellington market "intend to visit" Rotorua	>= 53%	45%		1st round results
16.	RotoruaNZ.com sessions	>= 1,100,000	772,033		Above average growth in Aug-Oct 2018 put this KPM being On Track as at Oct 2018, however growth has slowed in each month since then and combined with i-SITE free wifi landing page being temporarily routed to NZ Responsible Camping website over the summer months, has overall resulted in being Off Track.

Future Outlook

TRENZ

Rotorua will be host to New Zealand's biggest annual business-to-business travel and trade event from 13-16 May. This is an opportunity to showcase Rotorua to trade and media visitors from around the world. 33 local exhibitors will attend the event, eight of these for the first time, which is our largest representation ever.

As hosts, Destination Rotorua is creating the Rotorua stand as a space for local operators to build relationships and run meetings with international buyers. We are coordinating the media activity afternoon, main activity afternoon and the local food offering for the TRENZ bar. We will host the media, sponsors and other key stakeholders at a VIP function at the Blue Baths, which will take guests through a journey of the Rotorua elements of earth, air, fire and water. With international buyers coming to town for the four-day event, it's also a great opportunity to organise pre and post familiarisation tours for our key accounts.

Destination & Investment video

We are creating a new destination video to inspire, excite and encourage people to live, work, study, visit and invest in Rotorua. Working with our brand agency and renowned documentary and film director, Daniel Nikolaison, we are creating a video story that can be adapted to a range of different purposes, from visitor marketing, to investor briefings and business events. The videos will showcase a vibrant city where the values of kaitiakitanga and manaakitanga have helped to shape our distinct culture and our people's strong connection to the natural elements. The destination story will be ready to launch at TRENZ.

Digital channels

RED is continuing to develop its digital approach in response to a recent review of RotoruaNZ.com and RED's social media channels. This includes plans to redevelop our website with a brand refresh, updated content and a new structure that better reflects our organizational structure and remit. Better integration between our channels, new online and video content, and the sharing of a consistent destination story across all audiences will help the organisation communicate more effectively to promote the city as a place to live, work, study, visit and invest in.

Google DMO Partnership

The goal of the partnership is to give the destination a role and a voice in more parts of the consumer decision making process. It will enable RED to enhance its role in facilitating richer, more accurate content experiences for current and potential visitors (and others connected to Rotorua) by influencing the quality and depth of destination content on Rotorua within Google's products. It is expected that this will improve consumer perception of Rotorua, encourage deeper engagement with the destination on multiple platforms. The partnership will also enable RED to extend the trackable reach of Destination Rotorua's content beyond its website, social media and paid advertising. The partnership will create opportunities to work with local businesses to support their use of the tools.

Future Outlook

Sales Missions and Roadshows

June 29-July 12: DR will lead a mission of 8 operators to India targeting feeder cities of Delhi, Mubai and Ahmedabad.

August 19-24: DR will lead a mission of 15 operators to Australia targeting key front-line agents ahead of the busy season

TECHweek

The event line up for Rotorua TECHweek is taking shape and events will be announced over the next week. With six weeks left until TECHweek, the focus will now be on communicating about the event. Events in Rotorua will be hosted by Te Aka Mauri, Digital Natives Academy, Rotorua X, Chorus and Digital Basecamp. The theme is innovation that's good for the world. RED will be hosting *Rotorua 4.0: the impacts of AI, big data and New Tech on our future* (where experts delve into what the Fourth Industrial Revolution could mean for Rotorua) and a Digital Storytelling Festival (comprising speakers, interactive workshops and a Tech Expo focused on the ethos that Rotorua is a city of storytellers).