

CCO – Rotorua Economic
Development Ltd

QUARTERLY REVIEW REPORT

2nd QUARTER 2017/18:
SEPTEMBER – DECEMBER 2017



QUARTERLY HIGHLIGHTS

- Rotorua's economy continues to perform well. Infometrics' provisional estimate for GDP showed growth in the district of 4.0% in the December 2017 year, up from 3.2% a year earlier. Rotorua's growth remains above the national average (2.8%)
- Market-view data on electronic card transactions shows that retail spending in the district grew by 5.2% in the December 2017 year, stronger than the national average of 4.3%
- Agriculture Share of Regional GDP in Rotorua 5.0% compared to New Zealand (3.4%) – dominated in Rotorua by Forestry and Logging, Dairy Cattle Farming, Agriculture, Forestry and Fishing Support Services and Hunting, Sheep, Beef Cattle and Grain Farming. (Statistics NZ)
- Rotorua District's total dairy pay-out for the 2016/17 season is estimated to have been approximately \$313m
- Rotorua District's dairy pay-out for the 2017/18 season is expected to be approximately \$328m, \$14.3m higher than last season, assuming that production levels from last season are maintained
- The average current house value in Rotorua District was up 13% in December 2017 compared with a year earlier. Growth outperformed relative to New Zealand, where prices increased by 3.9%
- Rotorua Commercial accommodation nights were up + 6.1% (driven mainly by domestic growth) YTYDec2016/2017
- Attractions (+5.5%) and Activities (+6.8%) increases driven by increases in domestic and international visits
- Domestic Visitors - Rotorua continues to outperform the North Island domestic benchmark, Rotorua + 15% vs + 1% North Island. (YTYDec2016/2017)
- Rotorua Commercial accommodation nights were up 6.1% driven by increased domestic growth. (YTY2016/2017)
- Total visitor spend up 9.9% driven by increases in both domestic and international spend
- New York Times named Rotorua in the top 45 places in the World to visit, focus on leverage opportunities across international and domestic media including radio, press, social media and future activity

FINANCIAL MANAGEMENT as at 30 December 2017

\$000	2017/18 Budget	2017/18 YTD Actual	% Variance
Income	3,598	3,187	-11%
Direct Expenditure	3,289	2,584	21%
Total Overheads	493	401	19%
Total	-184	201	20.9%

Operating Budget Comments

- During the six months to December, major variances include reduced trading revenue and reduced sundry revenue, which have been partially offset by lower costs compared to budget.
- There has been a significant drive to reduce costs and prioritise expenditure, including reduced headcount (not replacing some vacancies or deferring recruitment at this time).
- Budget constraints have put pressure on delivery of a number of new projects in the Business Development and Business insights area.
- Rotorua Economic Development (RED) is currently trading at a net surplus of \$201k which presents a favourable variance to the budget of \$386k (209%) as at the end of December 2017. Year end forecast is a net loss of \$53K.
- Ongoing spending review will continue to ensure a balanced year end budget, including project prioritisation.

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.

	11	3	6	6
On-track		Off-track	Achieved	No data available



PRIORITIES Q3

- Destination Management – Rotorua delivers exceptional experiences to visitors and residents
 - Regional Tourism Visitor Strategy; two key sub regional priorities, Waterfront development and Whakarewarewa forest
 - Wayfinding – Quality experiences
- Support Business Development
 - Alibaba Group engagement, Alipay, Fliggy
 - Accelerate
 - Action Plan – Constraints to Growth
 - High Performance Institute pilot
- Develop international education, talent and skills
 - International student attraction workshop
 - Talent Attraction – relocation insight “A Rotorua Life”
- Attract business and investment
 - Market analysis of key sector opportunities
 - Investment insights to support investment and relocation opportunities
- Grow the visitor economy
 - Luxury traveller research recommendations
 - Business Events benchmarking
 - Strategic partnerships TNZ, AIAL, CIAL



KEY STRATEGIC ACTIONS REPORT

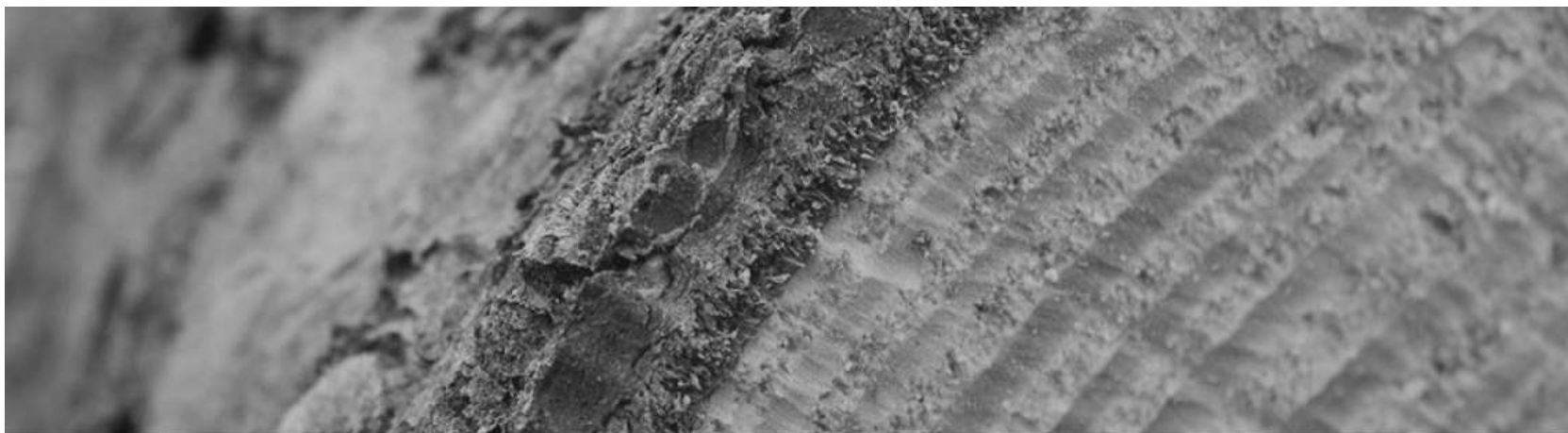
- **Destination Management - High Value Visitors**

- Major research project to undertake a comprehensive analysis of the current service offering to this market within Rotorua in conjunction with a competitive analysis of other New Zealand regions operating in this market.



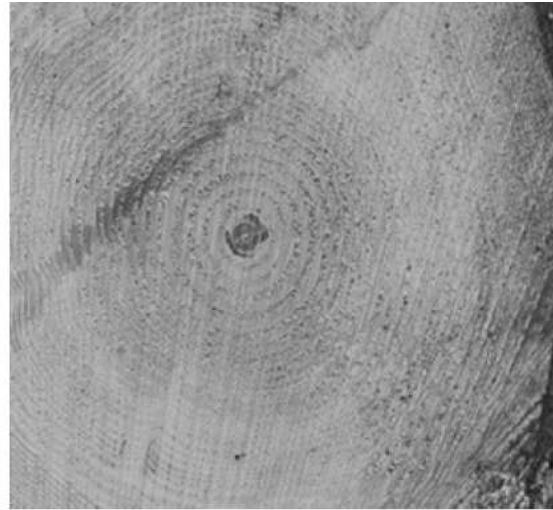
- **Forestry Sector**

- Priority to support relocation of the New Zealand Forest Service to Rotorua. Information provided to MPI and Ministerial advisors with key competitive advantages of establishment of the Forestry Service in Rotorua.



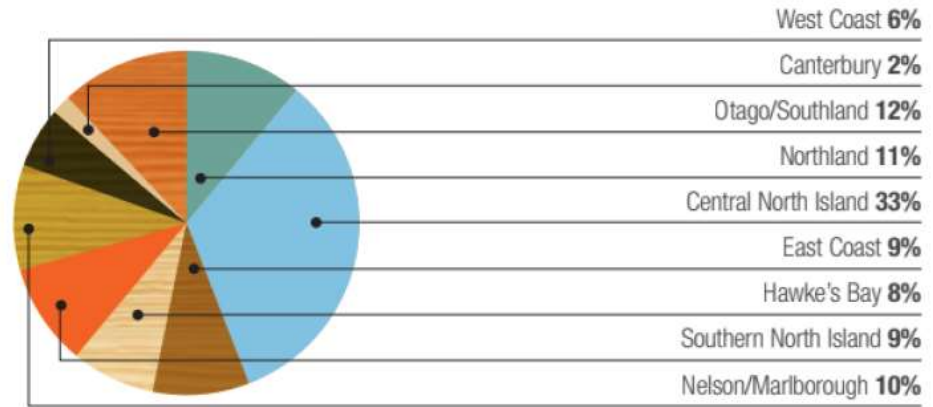
Why Rotorua?

- Rotorua sits at the heart of the country's forestry industry
- Almost half of NZ's wood was harvested from central North Island forests within a hundred kilometres of Rotorua
- Forestry and wood processing accounts for approximately 15% of Rotorua's GDP
- 11 million cubic metres of logs harvested each year from around Rotorua
- Four million cubic metres of logs were exported in raw log form, mostly to China
- The remaining seven million cubic metres of timber was processed into higher value products.



Plantation Forests

- The Central North Island is home to the largest plantation forest in the world, and is strategically important to the forestry sector.
- Rotorua is well positioned at the heart of this resource.



Source: NEFD 2015

Plantation Forests by location, 2015



Location of Wood Processors

The majority of New Zealand's Wood Processors are based in the Central North Island, clustered around the Rotorua District, including being home to the Southern Hemisphere's largest mill and only super-mill - Red Stag Timber.



KEY STRATEGIC ACTIONS REPORT

- **Destination Management -**

The logo for Manaaki Rotorua, featuring the text "MANAAKI ROTORUA" in white capital letters on a black rectangular background.

- Manaaki Rotorua is a unique, by Rotorua for Rotorua, customer service destination training module. It is designed to assist Rotorua employers and frontline service staff in their day to day interactions with customers, be they visitors or locals.
- The system aims to do this by being a simple to access online module program that is regularly updated and designed to complement existing training programs and enables staff to be the best service and destination ambassadors they can be.



- **Destination Management – Business Insights**

- Insights dashboard – an interactive dashboard that provides real time information on key decision making factors for potential investors, businesses and talent.
- This major project will provide real time information including key sector information, education, employment, housing, economy, labour force, visitor economy and activity heat maps such as Strava.

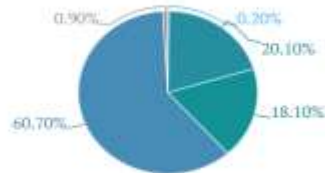


LEARN IN ROTORUA

Rotorua offers excellent educational opportunities at all levels. The city has modern facilities, a supportive environment and a quality lifestyle available for all students.

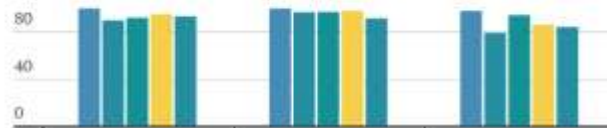
Rotorua's central location makes it one of the most accessible cities in the country. Find out more on why you should choose Rotorua to broaden your skills.

School Leavers NCEA 2016 with at least Level 3



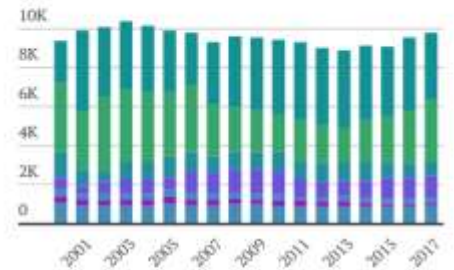
- NZ Scholarship award
- NCEA Level 3 with Excellence
- NCEA Level 3 with Merit
- NCEA Level 3 without endorsement
- Other NQF Qualification at Level 3

NCEA Achievement Rates 2016



Maori Education

Annual Number of students



- Level 1: 81-100%
- Level 2: 51-80%
- Level 3: 31-50%
- Level 4(a): up to 30%
- Level 4(b): At least 3 Hours
- Level 5: Less than 3 Hours
- Level 6: Taha Māori

Employment Growth Increase

By Industry, between 2015 and 2016

Industry	Increase in jobs
Factory Process Workers	7.00%
Sports & Personal Service Workers	4.90%
Protective Service Workers	4.90%
ICT Professionals	4.50%
Road & Rail Drivers	4.00%
Other Labourers	3.90%
Office Managers & Program Administrators	3.70%
Hospitality, Retail & Service Managers	2.90%

BUSINESS

Net migration

Annual number of persons, December 2017

< 2017 >



● Hamilton City ● Rotorua District ● Wellington ● Christchurch City ● Queenstown-Lakes District

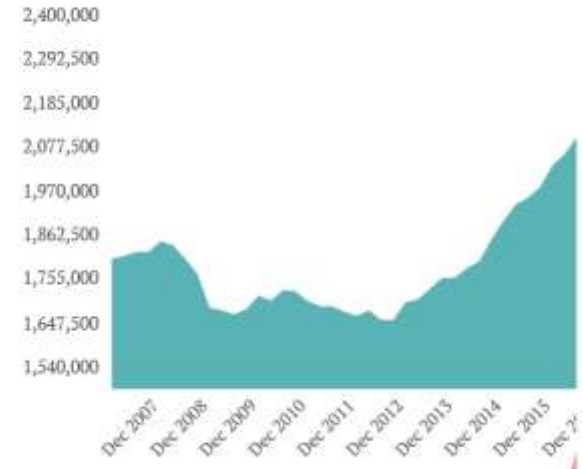
Rotorua Business Births and Deaths

All industries



Guest Nights

Annual number, as at December 2017



FEATURED NEWS ARTICLES

- Athletes prepare to suffer at Rotorua Half Ironman
Published on December 15
- Elemeno P to headline Rotorua's New Year's Eve GLO festival
Published on December 14
- Rotorua youth groups get into the spirit of Christmas
Published on December 14
- Tarawera Ultramarathon's fastest woman to return in 2018
Published on December 13

STRAVA HEAT MAP

A real-time map of the most active places in Rotorua.

Heatmap Color
 Hot Blue Gray Red

Activity Type
 All *

Heat Opacity
 0% 40% 60% 80% 100%

Layers
 Map Labels Satellite

FEATURED JOBS AVAILABLE

- Experienced and Qualified Carpenters
OneStaff
- NZ Chartered Geotechnical Engineer
Cheal Consultants
- Community Social Worker - Rotorua
Stand Children's Services Tu Maia Whanau
- Vehicle Sales
Rotorua Toyota
- Intermediate / Senior Policy Advisor
Rotorua Lakes Council
- Experienced Signwriter
Trevor Robson Signs& Graphics Ltd

FORESTRY AND WOOD PROCESSING

Forestry and Wood Processing

Commentary

Rotorua is located in the heart of New Zealand's forestry and wood processing industry, and the Central North Island produces nearly half of New Zealand's annual wood harvest. The forestry industry is firmly established in Rotorua and has extensive transportation infrastructure and support services required to gain a sustainable competitive advantage.

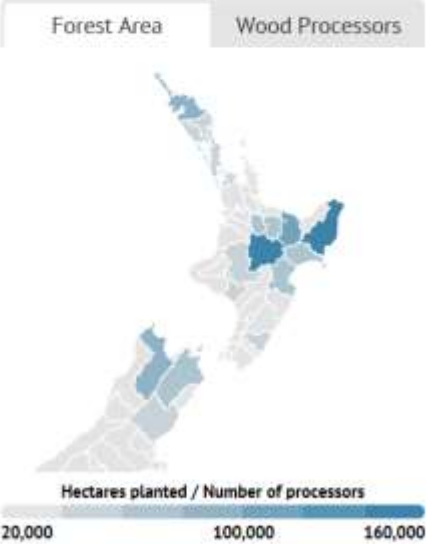
Log Price

PF Olsen Monthly Log Market Report



NZ Forestry and Wood Processing

MPI pen data and NZFOA Facts and Figures



By Territorial Authority and Regional Wood Processing Area

New Zealand's leader in the forestry & wood processing industry



KEY STRATEGIC ACTIONS REPORT

- **Destination Management – Talent and International Student Attraction**

- Live in Rotorua - Content development completed focused on skills attraction and retention.
- Study in Rotorua - Workshop to identify opportunities for collaboration between Educational organisations to attract international students to Rotorua and identify learning pathways.

- **Destination Management – Wayfinding**

- Development of Rotorua Wayfinding architecture framework, review of existing signage and identification of issues and gaps.



- “Instatrail” pilot program – development of an “Instatrail” Instagram map encouraging people to experience the beauty and authenticity of the Rotorua destination, with the opportunity to connect to commercial enterprise. The key focus on enhancing #RotoruaNZ.com community and sharing experiences.

- **Famously Rotorua Campaign refresh**

- In partnership with industry through the RTIP Incorporated Society new photography and videography completed. Campaign activity including Famously magazine distribution in Auckland, Christchurch and a new pilot market of Wellington in collaboration with Rotorua Airport Ltd over Easter weekend.

