



NOTICE OF A MEETING OF THE

OPERATIONS & MONITORING COMMITTEE

to be held on Thursday, 5 March 2020 at 9:30am
in the Council Chamber, Rotorua Lakes Council

Chairperson: Cr Tapsell

Members: Cr Yates (Deputy Chair) Mayor Chadwick Cr Bentley
Cr Donaldson Cr Kai Fong Cr Kumar
Cr Macpherson Cr Maxwell Cr Raukawa-Tait
Cr Wang Mrs Rothwell Mr Heard
Ms Bray Mr Waru

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 5 February 2020..... 7

5. **NGĀ TĀPAETANGA PRESENTATIONS**

SH5/SH30 Rotorua urban speed review – Jodie Lawson, Rotorua lakes Council & Laura Ager, NZTA

6. **PŪRONGO KAIMAHI STAFF REPORTS**

- RECOMMENDATION 1: Financial Performance for the 7 months ending 31 January 2020..... 13
RECOMMENDATION 2: Operational Updates for Council from Infracore Limited, Rotorua Airport Limited and Rotorua Economic Development Limited 16

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
CONFIDENTIAL MINUTES of previous meeting held 5 February 2020	Please refer to the relevant clause/s in the open meeting minutes.	Good reason for withholding exists under Section 48(1)(a).

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 Te Whakaū I Ngā Meneti
Confirmation of minutes**

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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	n/a
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 Tapsell (Chair) Councillor Yates (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 Wednesday 5th February 2020 at 9:30am in the Council Chamber, Rotorua Lakes Council

MEMBERS PRESENT: Cr Tapsell, (Chairperson)
Cr Yates (Deputy Chair), Mayor Chadwick, Cr Bentley, Cr Donaldson,
Cr Kai Fong, Cr Macpherson, Cr Maxwell, Cr Wang,
Mr Waru and Ms Bray (Te Tatau o Te Arawa), Mr Heard (Rural Community
Board) and Mrs Rothwell (Lakes Community Board).

APOLOGIES: Cr Raukawa-Tait

NO ATTENDANCE: Cr Kumar

STAFF PRESENT: G Williams, Chief Executive; T Collé, Chief Financial Officer; S Michael,
General Manager Infrastructure; JP Gaston, Group Manager Strategy;
O Hopkins, Corporate Planning & Governance Manager; G Rangi, Manahautū
Māori/Group Manager Maori; A Tahana, Te Ahurei; N Michael, Senior
Communications Advisor; R Dunn, Governance Lead; H King, Governance
Support Advisor; R Pitkethley, Manager Sport, Recreation & Environment;
S Brown, Manager, Arts & Culture; C White, Performing Arts Director;
P Kearney, Business Performance Manager; J Wilmoth, Finance & Business
Performance Leader; J Ward, Manager, Planning & Development Solutions;
K Williams, Manager Community & Regulatory Services;

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

**1. NGĀ WHAKAPAAHA
APOLOGIES**

Resolved:

That the apologies from Cr Raukawa-Tait be accepted.

Cr Donaldson/Mr Waru
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. NGĀ TĀPAETANGA
PRESENTATIONS**

CBD Parking – Stavros Michael (General Manager, Infrastructure)

Stavros Michael spoke to a Powerpoint presentation titled “Transport, Inner City Parking” (Attachment 1)

**5. PŪRONGO KAIMAHI
STAFF REPORTS**

- 5.1 RECOMMENDATION 1: FINANCIAL PERFORMANCE FOR THE 6 MONTHS ENDED 31 DECEMBER 2019
Rdc-986807

Resolved:

That the report titled “Financial Performance for the 6 Months ended 31 December 2019” be received.

Cr Kai Fong/Mr Waru
CARRIED
O&M20/02/01

Thomas Collé spoke to a Powerpoint presentation titled “Financial Performance for the 6 months ended 31 December 2019” (Attachment 2)

The meeting adjourned at 10.40am and reconvened at 10.50am.

- 5.2 RECOMMENDATION 2: NON-FINANCIAL PERFORMANCE FOR PERIOD 1 JULY TO
31 DECEMBER 2019 Rdc-986229

Resolved:

That the report “Non-Financial Performance for period 1 July to 31 December 2019” be received.

Cr Macpherson/Cr Maxwell
CARRIED
O&M20/02/02

Onagh Hopkins spoke to a Powerpoint presentation titled “Non-Financial Performance for period 1 July to 31 December 2019” (Attachment 3)

5.3 RECOMMENDATION 3: OPERATIONAL REPORT JULY TO DECEMBER 2019

Rdc-981824

Resolved:**That the report "Operational Report for July to December 2019" be received.**Mayor Chadwick/Mr Waru
ARRIED
O&M20/02/03**The meeting adjourned for lunch at 12.30pm and reconvened at 1.00pm**

Operational Report Continued from page 61 of Agenda;

ATTENDANCE: Cr Bentley & Ms Bray left the meeting at 12.30pm.

**6. KA MATATAPU TE WHAKATAUNGA I TE TŪMATANUI
RESOLUTION TO EXCLUDE THE PUBLIC****Resolved:****That the committee move into public excluded session.**Mr Waru/Cr Macpherson
CARRIED

The Chair noted that following the confidential reports an update on the SHMPAC design will be presented.

RESOLUTION TO ALLOW MEMBERS OF THE PUBLIC TO REMAIN**RESOLVED****That Ms Henriata Nicholas & Mr Marc Lenton from Moko-ia Creative be permitted to remain at this meeting during the SHMPAC update presentation due to their knowledge of the proposed design work.**Cr Yates/Mrs Rothwell
CARRIED
O&M20/02/04

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
<p>RECOMMENDATION 4: Tender Award Approval for Clayton Road Stormwater upgrade</p> <p>RECOMMENDATION 5: Marguerita Street Management & Road Safety</p>	<p>Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).</p> <p>Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).</p>	<p>Section 48(1)(a) Section 7(2)(i)</p> <p>Section 48(1)(a) Section 7(2)(i)</p>
<p>RECOMMENDATION 6: Tender Approval for Signs & Street Furniture Maintenance</p>	<p>Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).</p> <p>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.</p>	<p>Section 48(1)(a) Section 7(2)(i)</p> <p>Section 48(1)(a) Section 7(2)(b)(ii)</p>

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.

OPEN SESSION

Meeting closed at 2.08pm

To be confirmed at the Operations & Monitoring Committee meeting on 5 March 2020.

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Chairperson

Rotorua Lakes Council is the operating name of Rotorua District Council

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 SEVEN MONTHS ENDED 31 JANUARY 2020

Report prepared by: Pete Kearney, Business Performance Manager

Report reviewed by: Justine Wilmoth, Finance and Business Performance Leader and Thomas Collé, CFO

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 seven months ended 31 January 2020.

**2. HE TŪTOHUNGA
RECOMMENDATION**

That the report "Financial performance for the seven months ended 31 January 2020" be received.

**3. TE MATAPAKI
DISCUSSION**

Operating Statement
For the month ending 31 January 2020

\$'000	Year to date			FY
	Actual	Budget	Variance	Annual Plan
Revenue				
Rates	58,102	56,989	1,113	97,372
Fees and Charges	8,833	9,461	(627)	15,966
Subsidies & Grants	2,867	2,870	(3)	4,552
Investment Income	556	389	167	699
Total Revenue	70,358	69,708	650	118,590
Less Expenditure				
Operating Expenses	31,179	29,797	(1,382)	50,324
Staff Expenses	17,286	17,008	(278)	28,875
Utilities Expenses	2,652	2,223	(429)	3,785
Administration Expenses	1,930	1,975	45	2,870
Finance Expenses	4,984	5,779	795	10,327
Depreciation	17,931	17,661	(270)	30,275
Total expenditure	75,961	74,442	(1,519)	126,456
Operating Surplus / (Deficit)	(5,603)	(4,734)	(869)	(7,866)

Year to date Operating result:

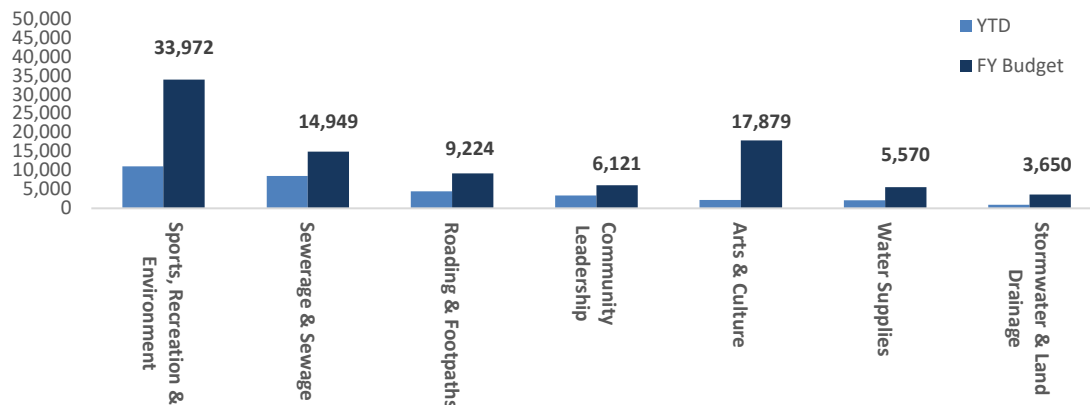
Council's current operating performance continues to track behind budget as Council responds to a number of external challenges impacting our revenues and expenditure.

Overall, revenues have performed well against budget in particular Rating, however there remain challenges in parking and landfill. Parking revenues are improving but continue to lag budget. However revenue for the year is already 100% higher than for the same period last year. Waste Management revenues have declined as a result of a number of commercial users reducing their waste volumes, and recyclables are becoming increasing more difficult to on sell.

Offsetting these revenue gains is expenditure greater than budget in the following key areas:

- i) One off payment associated with land for siting of Waste Water stations. This cost will be offset once a separate associated land sale has been completed.
- ii) Additional compliance, supervision and operating costs for the Rotoiti/Rotoma treatment plant.
- iii) Increased costs for increased stringent water planning requirements.
- iv) Inner city security patrol costs.
- v) Election related communications and support costs. These costs will be offset later in the year when government subsidies are received
- vi) Electricity – In 2019 Council was adversely affected by continued cost price volatility. This has been somewhat mitigated by entering a fixed price contract from December 2019.
- vii) Staffing expense is up in response to demands in compliance and regulatory areas e.g Animal control, planning, consenting and policy advice.
- viii) Depreciation is slightly higher than budget. This is a result of the asset revaluations amounts coming in higher than anticipated.

The above challenges are being monitored and managed closely along with tight oversight on expenditure. Through continued financial prudence we forecast to end the financial year on or close to budget.

Capital Expenditure for the 7 months:

Total budget for the year is 91.5m of which \$48m is a combined total for the Lakefront, Rotoiti/Rotoma, Museum, Whakarewarewa and SHMPAC work programmes.

Capital expenditure at 31 January was \$32.7m with the top 5 projects by spend totalling 18.1m (55% of total spend to date).

Of the total 32.7m of Capex:

- 21%, is driven by the Rotoiti/Rotoma sewerage scheme mostly on construction and reticulation works.
- 14% is driven by the continued improvements and development of the Whakarewarewa Forest development particularly on the car park development at Forest Hub 2 and Long mile road.
- 13% is driven by repairing, improving and maintaining our roads (resealing), culverts and footpaths e.g. Whirinaki Valley road, Settlers Road and Yankee Road, as well as ongoing maintenance for chipseals, footpaths and street lighting with more than half a million dollars spent on rural seals.
- 8% is driven by the beginning stages of construction works for the Lakefront.
- 6% of the YTD total relates to ensuring the integrity of our Water Supply.
- The remainder is spread across numerous smaller capital programmes which on an individual basis comprise less than 3% of the total each

A number of the “priority” and larger budgeted projects (outlined above) are expected to increase spend exponentially in the coming months particularly as construction commences on the Museum, SHMPAC and Lakefront projects

Overall Council’s net borrowings have not materially changed during the seven months, however this is forecast to increase as a number of key projects move from planning to execution.

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

OPERATIONAL UPDATES FOR COUNCIL FROM INFRACORE LIMITED, ROTORUA AIRPORT LIMITED AND ROTORUA ECONOMIC DEVELOPMENT LIMITED

Report prepared 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 the committee with a second quarter operational update for Council Controlled Organisations [CCOs]:

- InfraCore Limited
- Rotorua Airport Limited
- Rotorua Economic Development Limited

**2. TŪTOHUNGA
RECOMMENDATION**

That the report 'Operational Updates for Council from InfraCore Limited, Rotorua Airport Limited and Rotorua Economic Development Limited' be received.

**3. NGĀ APITI HANGA
ATTACHMENTS**

- Attachment 1: InfraCore Limited (pages 17-26)
Attachment 2: Rotorua Airport Limited (pages 27-34)
Attachment 3: Rotorua Economic Development Limited (pages 35-44)

CCO – InfraCore Limited

QUARTERLY REVIEW REPORT

SECOND QUARTER FY20:
OCTOBER – DECEMBER 2019

Contents

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Q2 Quarterly Highlights

HIGHLIGHTS FROM Q2 FY20 (OCTOBER TO DECEMBER 2019)

- Under the direction of the new CEO Matt Scott, InfraCore have worked with our employees to co-create a new set of Values. These values will lead us into the future by creating a positive culture, creating an environment where people are willing to contribute towards the wellbeing of the business, the people within it and represented in the quality of services that we deliver.
- Cost saving and efficiency actions are currently underway to improve the InfraCore financial position.
- A number of procurement initiatives have been completed to provide better value to the InfraCore purchasing of goods and services. This is based upon, but not exclusive to, using the 'All of Government Procurement' programme where possible.
- New subcontractor agreements have been drafted to provide improved risk management for InfraCore for all works that are contracted out. Contracting out certain elements of work allow InfraCore to manage capital investment, or to engage in works on an ad hoc basis where long-term capital investment is not justified.
- Pleasingly, the high priority that the new InfraCore Management team places on Health and Safety is beginning to show on the HSE statistics. All of our lead indicators have improved with near miss reporting very nearly outweighing the incidents reported. This flows through to the number of lost time injuries for the financial year which is sitting at just 1.
- InfraCore has partnered with Sitewise to manage the Health and Safety on-boarding of subcontractor suppliers on our behalf. Not only will Sitewise allow our HSE resources to focus on operational improvements and root cause analysis of event notification, but will also support the expiry and renewal of 3rd party insurances, bonds and subcontract agreements. All subcontractors that are used by InfraCore will be uploaded into Sitewise, with a bespoke record being created for suppliers that are already present in the Council SHE system.
- The InfraCore 'Stop Work' cards and 'Non-negotiable Safety Rules' have been rolled out across the business. The purpose of this is to support every employee's right to stop any works when they see an unsafe act, irrespective of their grade or rank. The Non-negotiable safety rules are a simple set of rules created in conjunction with our workforce that should simply never be breached, in order to keep our people and those around them safe from harm at all times.
- Operationally, InfraCore have been awarded circa \$800k of additional works in Utilities [Water renewals] plus a number of smaller capital works projects to be completed in FY20. The first separable portion of this work has been completed on time and on budget, with the outstanding expected to be delivered as planned.
- InfraCore have tendered and have been successfully confirmed as the preferred supplier to HEB Construction for plant supply and the landscaping component of the iconic lake front development.
- The high profile Long Mile Road upgrade has been successfully completed [InfraCore operated as a subcontractor to Campbell's as the principle contractor] and is now in the 12 month maintenance period.
- Two separate Collective Agreements have gone through bargaining, ratification and are now in operation. The bargaining for both was completed with respect and dignity resulting in

strong and mature relationships being built with both Unions.

- From a capability and people growth perspective, InfraCore has proudly created and rolled out our new performance review process. This creates the opportunity for an open and honest performance based conversation between employee and manager. By investing in our people's development InfraCore believe that employee loyalty and retention will increase, thereby increasing our overall capability into the future.
- Further to the above, InfraCore has developed and introduced our Annual Employee recognition scheme. Designed by the people for the people, this is another example of the work that is being undertaken to increase employee motivation, increase retention rates and develop capability for our future.
- InfraCore have invested in the Recruitment Plus system. This allows us to efficiently manage our talent acquisition process from understanding the skills requirements through to advert placement, and candidate assessment through to appointment. This will drive for efficiency, reduce rework and free up valuable resources to work on people development strategies.
- The appointment of our new Capability and Compliance Manager is testament to our commitment to contribute towards the social good of Rotorua. Shelley Woisin will be continuing on from the early talks held with the MSD, Rotorua Youth Centre and the Corrections department regarding opportunities where InfraCore can contribute towards breaking the cycle that leads to negative life choices in the region.
- Gearing towards a fully paperless environment, Infracore has implemented a new payroll system and moved from Affinity to DataCom (My Pay). This provides employees with real-time access to payroll information and leave requests, and has eliminated the need for paper payslips to be printed. This move was required as a cost effective solution to the need to transition out of the previous council payroll solution.
- As an outcome of the Year-end financial audit it became apparent that a number of existing CCO performance measures were unable to be measured to a lack of data capture capability, or even relevance to the outcomes InfraCore are here to deliver. As a result of this we are currently working through a review of the performance measures, which will be presented in a refreshed version of the Statement of Intent (SOI) for FY20 that better reflects the company's current strategic direction.

WHAT'S HAPPENING IN JANUARY – MARCH 2020

- The refreshed SOI written by the current CEO, including the proposed performance measures will be finalised and presented for Council sign-off [current SOI and performance measures were written by the previous CEO Tim Hammond; the InfraCore strategy and direction has changed since this position].
- Preparation for the ISO 9001 and 45001 Auditing (planned for the beginning of FY21) will continue
- The outstanding Water renewals works will be completed ahead of the June 2020 cut-off date, this will provide Council with confidence that the InfraCore Utilities teams are capable and proficient in undertaking the works. It is expected that this stand InfraCore in good stead for next year's work programme when it is issued for tender.
- The Nursery seedling shed at the InfraCore Nursery (which has collapsed due to old age) will be repaired allowing the growing of the seedlings to proceed as planned.
- The on-going Rotoma Project will be completed. Positive learnings from this project make

InfraCore the regional market leaders as far as experience is concerned with the installation of tanks and step tank installation and maintenance.

- Work will continue into understanding the InfraCore production and utilisation rates (efficiency), with the results flowing through to the bottom line.
- Further work will be undertaken to understand the value of outsourcing our fleet management requirements, including servicing and compliance.

Financial Performance

OPERATING BUDGET – For the period 1 July 2019 – 31 December 2019

	YTD Actual \$'000	YTD Budget \$'000	\$ Variance \$'000
Core operations including revenue from Rotorua Lakes Council	6,243	6,060	183
Nursery Revenue	422	539	117
Project Revenue	785	340	445
Other Revenue	6	2	4
Total Revenue	7,456	6,941	515
Operating Expenditure	6,830	6,100	730
Administration Expenditure	898	1,050	152
Total Expenditure	7,728	7,150	578
YTD Net Surplus/(Deficit)	(272)	(209)	63

Commentary

Revenue

Current YTD revenue for core operations has seen an increase to budget of \$182k. This increase can be attributed to higher volumes of work completed, especially in the parks and public spaces domain. Current YTD nursery revenue is unfavourably behind budget by \$117k, which is currently being investigated by management. Strategies in place to mitigate this risk to overall position include the implementation of a point of sale (POS) system (the current is manual), a nursery revitalisation plan and the appointment of a new nursery manager. The POS system has an intended go-live of early 2020 and will provide greater visibility to the business and increased efficiency for the nursery. Project revenue has a favourable \$445k increase to budget which can be partially attributed to the additional capital project awarded to InfraCore for the Urban Water Renewals. The other additional revenue is due to a protracted project timeline for the Rotoiti/Rotoma project which was not originally budgeted for. This is still ongoing and will be completed within the next quarter. Total revenue for the period 1 July to 31 December is \$515k above budget.

Expenditure

Current operating expenses are \$730k above budget, some of which can be attributed to the additional works. An area of concern for InfraCore continues to be the tired state of plant and equipment – which YTD is \$149k over budget. The age and condition of the current fleet is causing significant maintenance costs and downtime to operations – which management are currently trying to mitigate. Administration costs are \$152k under budget.

Surplus/Deficit

YTD Infracore is currently sitting at \$272k deficit, compared to budget of \$209k deficit (a \$63k negative variance). The prior year to date Infracore was sitting at a deficit of \$620k, with \$363k of redundancies. Management is ensuring that measures are in place to meet budget for the year, and with the additional revenue from the capital works awarded, believe that this can be achieved.

Note: At the time of writing this report, the January 2020 financial results had become available, which showed that the measures in place by management have been successful for the month. YTD (January) results are Actual -\$281k, compared to budget of -\$250k. The negative variance to budget is now only \$31k, compared to December's variance of negative \$63k.

Financial Position as at 31st December 2019

	June 2019 (Audited Position) \$'000	December 2019 (YTD Position) \$'000
Current Assets		
Cash and Cash Equivalents	92	424
Other Current Assets	3,250	2,751
Non-Current Assets	2,125	1,952
Total Assets	5,466	5,127
Current Liabilities	2,058	1,991
Long term RLC Borrowings	2,810	2,810
Total Liabilities	4,868	4,801
Share Capital	1,616	1,616
Retained Earnings	(1,017)	(1,290)
Total Equity	599	326

Performance Measures

Summary of progress against performance measures versus Statement of Intent

In the company's Statement of Intent (SoI) for the year there were twelve performance measures targets. As of the end of FY19 it became apparent that a number of the measures and now out of alignment with the company strategy, and / or are unmeasurable do to a lack of relevant data capture. As such, the Statement of Intent and the performance measures are now under review and will be re- presented in the next quarter to Council for adoption.

Note: measures that cannot be calculated or are deemed as not relevant to the current strategy are noted below.

How we're tracking

The first table below summarises the overall status of the measures set for the year. The second table sets out the performance for each specific measure.

6	0	1	7
On-track	Off Track		Under review

Measure	Target	2018/19 Target	Status	Comments
FINANCIAL				
Maintaining a sustainable financial position	Measure = Net Profit Before Tax (NPBT) as a percentage of turnover between 0 and +5% . (NPBT excluding any budgeted "one off" exceptional items)	0 to +5% budget= +1.2%		Current position is \$63k behind budget YTD although tracking in a positive direction. Mitigation efforts by management are in place to ensure budget is achieved.
Establishing a sustainable level of turnover for the business to support the capacity in the business to deliver to the desired standards	Turnover increase of 0% or greater versus that of the previous year	0% +	+9.6% YTD	Prior year to date turnover was \$6,806k compared to current YTD revenue of \$7,456k. This represents an increase of 9.6%.
Building resilience into income sources by reducing percentage of income from RLC core O&M services,	% of income not from RLC core work, nursery purchase or RLC minor project work is greater than 10%	10% +	17% YTD	Currently earnings from non-RLC sources total \$1.25m which equates to 17% of total revenue for the period.
CUSTOMER				
Meeting customer's service needs	Customer satisfaction of 7.5+ Based on a 10 point scale where 1-4 is unacceptable 5-6 is satisfactory 7-10 is exceeding requirements	Score of 7.5+	8.1	

Measure	Target	2018/19 Target	Status	Comments
Ongoing cost of services	Charges to Council for core Operations and Maintenance (O&M) services in dollars per head of population. \$ value per head of population of core O&M services averages <\$150/head	<\$150		Under Review
INTERNAL PROCESSES				
Efficiency and productivity of service offering as gauged by InfraCore's market competitiveness. The volume of additional work the company picks up through competitive pricing and tendering. As judged by the \$ value of the income from project work, trade & sundry sales and from other Councils.	\$ Value of additional work competitively acquired (Project income, Income from other Councils and trade and sundry income). >\$1.8M	>\$3.0M		Under review
Quality of processes	Achieving Accreditation for Quality management processes			Under Review
Targeting a ZeroHarm workplace	Reducing the company's lost time levels due to injury in terms of % hours lost per hours worked. <0.05% AND Having no serious harm injuries.	<0.05% hours lost & No Serious Harm		Under Review
ORGANISATIONAL CAPACITY				
Improving staff engagement	Deliver an overall improvement in staff engagement rating for the company vs the baseline of the 2015/16 year. As measured through external benchmarked surveying.	Survey engagement score of >56		Under Review
Investment in training and development	Total spend on training and development as a % of turnover = 2.5%+	2.5%+		Under Review
Lifting our capabilities, and the capabilities in the community.	Percentage of staff engaged in, or completing formal work related qualifications = 10%+	10%+		Under Review

Key Strategic Actions Measures

Key

Project	Status	Comments
<p>Laying the foundations of a lasting partnership with the Council :</p>		<p>Both organisations have acknowledged that a mature relationship is key to our mutual success. Regular executive meetings have been scheduled to drive for complete alignment both strategically and operationally.</p> <p>The general relationship is viewed as strong by InfraCore, with meaningful conversations being held to discuss successes and opportunities for improvement.</p>
<p>Building capabilities and committing to our community</p>		<p>Social Enterprise: InfraCore are hungry to add value to the Rotorua region, specifically by providing opportunity for beneficiaries and long-term unemployed / job seekers back into the workforce. We are working hard with a number of agencies to help us achieve this, and with RLC awarding us additional work packages such as the current water renewals package it allows us to expand our capability and to invest in training additional resources creating opportunities for Rotorua incorporated.</p> <p>InfraCore view RLC tender opportunities, such as the forthcoming Rotoiti / Rotoma sewerage reticulation works, as key to be able to deliver these outcomes back to the community for the good of the region.</p>

End



CCO – Rotorua Airport Limited
**FY20 HALF YEAR
PERFORMANCE
REVIEW REPORT**

JULY – DECEMBER 2020

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FY20 Q1 & Q2 Highlights & FY20 Q3 Strategic Actions

HIGHLIGHTS FROM 1 JULY – 31 DECEMBER 2019

Financial KPI's Performance Update

- **YTD Net Earnings \$188,963 v Budget \$172,963**
- **Passenger Movements 133,526 v Budget 127,557**
- **Aircraft Movements 3,293 v Budget 3,194**
- **Statement of Financial Position** Total assets were \$69,879,786 and current liabilities were \$4,323,001 and term loan of \$14,400,000, giving a net equity of **\$51,156,785**

Non-Financial KPI's 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.

Heliport Precinct redesign underway to unlock opportunities for expansion of existing operations, accommodation of new users and realignment of air entry and exit points to meet enhanced safety and operational standards. Redevelopment will be subject to the procurement of funding.

Precinct B

General Aviation Hangar Precinct feasibility and Preliminary Business Case completed based on a design, build and own approach. Development Funding Strategy underway due for completion late Feb 20'. The intent is to confirm this with RLC by April 2020 and move towards construction of the first development phase by late 2020.

Commercial & Development Activity

- **RLC > RAL Service Funding Agreement** – Following agreement of a revised set of funding principles in August 2019 between RLC and RAL, RAL is still waiting for provision of a draft Funding Agreement from RLC.
- **Project - Airport Emergency Operations Centre (EOC)** – Building fully operational.
- **Project - Terminal Redevelopment** - Head Contractors: Marra Construction – RDT Project Managers & RLB Cost Estimators.

Stage 1 Arrivals Hall & Departures Toilets / Amenities Block. Structural upgrade completed, Final fit of signage and completion of fire egress systems underway.

Stage 2 Departures Hall & Link Walkway. Structural upgrade completed, link walkway substantially complete, landscaping works underway.

Final project completion targeted for **2nd April 2020**.

Formal Terminal opening date to be confirmed, pending discussions with the office of the Mayor.

- **Terminal Renaming** – Agreement has been reached to rename the Terminal, to Rotokawa Terminal. This will take place at the time the newly redeveloped terminal is formally opened.
- **Project - Airport Masterplan** – The Airport owns an aggregated land parcel of 105 hectares. RAL's SOI requires it to build its non-aviation related income streams through development of underutilised land holdings.

Based on this objective work streams are underway that will culminate in the preparation of a Development Funding Strategy and Information Memorandum. Our objective is to confirm our approach with RLC by April 2020 and be in a position to activate phase 1 of the development by late 2020.

- **Project - Airport Carpark & Forecourt** – In line with the terminal redevelopment reconfiguration works are ongoing to optimise user efficiency and capacity constraints.
- **Project – Brand Alignment** - Rebranding completed. A process of installing bilingual signage within the Terminal is underway.

- **Project – Business Hub** - With AirNZ's decision that they will not invest in the establishment of a business lounge RAL has completed development of an area within the main arrivals hall as a business hub, providing an environment as a quiet working and meeting space. Fitout is currently underway with a targeted opening date of 2nd April 2020.
- **Statement of Intent FY21-23** This will be provided to RLC in draft by 28th February 2020.

Aeronautical Activity

- Positive performance across all passenger sectors has continued. Movements over the last twelve (12) months total 272,443. Some softening of global market conditions may see less aggressive growth over the next six (6) months, underpinned by any negative impacts of Coronavirus on passenger throughput.
- RAL is continuing to review and update its route development strategy. A working group has been established to work closely with AirNZ in and around sector growth and performance opportunities.
- The last six months has again seen positive growth in both General Aviation and Helicopter operations. Development of Precinct B and the precinct Heliport will act as a catalyst to accelerate growth of these sectors and in so doing more effectively utilise our existing asset base.

Operational Activity

- Design and implementation of our Safety Management System (SMS) has continued to progress. A successful pre certification audit was undertaken by CAA in early February 2020 with no findings issued. RAL has been approved to progress towards our final system certification audit in April 2020. Attainment of this will ensure operational continuity of the airport.
- **Airport Part 139 Recertification.** Renewal of Aerodrome Operators Certificate was issued in July 2019. This remains effective until February 2024.
- Commissioning of the new Airport Rescue Fire Fighting Appliance (ARFF) is complete and the vehicle is now in operation.
- **Runway End Safety Area (RESA)** - The Agreement or Sale and Purchase has been completed with the contract due to settle on 28th February 2020.

- **Ministry of Transport - Civil Aviation Bill** – The draft Bill contains a number of provisions that are of concern to RAL and airports across New Zealand. Key within these is the ongoing need for airports to retain the ability to set and recover reasonable airport charges. The Bill seeks to diminish this right. RAL and a number of NZ Airports are actively working to maintain the current system which provides a stable bedded-in model delivering an efficient operational environment.
- **Airways – Visual Aids on airports** - Airways NZ have signalled to a number of airports that they wish to withdraw from the provision of aerodrome ground power and lighting and related services. The initial explanation from Airways was that they had determined Airport Ground Lighting was not a future core service, and they want to focus on air navigation services.

RAL and New Zealand Airports position is that there is limited / no interest from individual airports in taking on the costs and risks associated with this aged infrastructure. A commitment has though been made with Airways to enter a pre discovery phase to understand the likely cost and revenue model for each airport. Subject to a view being formed after this phase due diligence or discontinuation of discussions will be considered. This decision in the first instance will be made by each individual airport.

Key Strategic Actions FY20 Q3 – Q4.

- Completion Terminal Redevelopment Works
- Completion of the Business Hub
- Completion of the new Food and Beverage outlet – Terrace Airside
- Official Terminal Opening: May – June 2020
- Completion of the revised Service Funding Agreement with RLC
- Completion of the Development Funding Strategy
- Go to market for income optimisation on in terminal advertising opportunities
- Settlement of the RESA Land Purchase
- Further advocacy to preserve RAL's commercial position with respect to the proposed Civil Aviation Bill and Airways Visual Aids divestment
- Certification of RAL's Safety Management System (SMS) by CAA
- Completion of the SPM airport asset survey, depreciation forecast and establish FM system.

Financial Management

Financial Performance FY20.

FY20 OPERATING BUDGET to 31 December 2029

\$000	2019/20 Budget	2019/20 YTD Actual
Revenue	\$2,822,370	\$2,803,495
Expenses excl depreciation	\$1,495,390	\$1,386,307
EBITDA	\$1,617,619	\$1,675,936
Net Earnings	\$ 172,936	\$ 188,963

SOI 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

Measure	Target	Result	Status	Comments
Aircraft Movements	3,194	3,293		• On track
Passenger Movements	127,557	133,526		• On track
Finance – Net Earnings	\$172,936	\$188,963		• On track.
Support Rotorua Reorua	Implementation Plan	Pending		• On track
Operational Number of Controllable Safety Incidents	0	0		• On track
Team – Number of employee Injuries	0	0		• On track
Project Performance. Development Funding Strategy underway	Complete Funding Model	Underway		• On track

CCO – Rotorua Economic
Development Limited trading as
Destination Rotorua

Q2 REPORT

Covering highlights from July 2019 –
December 2019

Contents

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Vision, purpose and focus

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 or enable 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.

Our vision for Rotorua is a place for everyone offering diverse opportunities, a unique natural environment and a vibrant centre of Māori culture and expression.

Our purpose is to unlock the potential of Rotorua, by:

- Lifting 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
- Attracting, retaining and growing investment, talent and business across the district
- Ensuring the impact of change achieves a balance between social, environmental, economic and wellness benefits for the people of Rotorua
- Inspiring visitors to come to the destination and create unforgettable memories
- Working closely with existing entities and networks to continue to grow the Te Arawa economy.

To achieve these outcomes, we focus on four priorities:

1. Develop and promote the destination – Connect people with place
2. Attract investment – Connect ideas with capital
3. Build business capability and capacity – Connect business with resources
4. Attract and develop talent – Connect business with people

Highlights for the quarter

DESTINATION DEVELOPMENT - Connect people with place

Neat Places

Neat Places is an independent content creation company specialising in the hospitality, arts and retail sectors across New Zealand. We have worked with them to create a series of business listings for the Neat Places website and social media pages, as well as 20,000 pocket guides for distribution around the country. Neat Places offers an opportunity to position the city as a cool, vibrant destination with a range of interesting restaurants, bars and cafes. This supports our domestic marketing strategy as visitors from Auckland and Wellington in particular consider “food” options an important part of their travel experience. The Visitor Insights Programme perceptions research from June 2019 shows that only 35% of New Zealanders associate Rotorua with restaurants, cafes and bars. The Neat Places guide is one tool to help change that perception and provide local businesses with content to help promote their own business.

Digital Brochures

This is an environmentally sustainable approach to brochure print management and distribution, with the additional ability to increase bookings through on-line conversion. The Rotorua i-SITE is leading development of a convenient ‘digital’ travel wallet that will help organise the downloaded brochures and give visitors the option to scan a QR code with their mobile device and download an electronic brochure as an alternative to uplifting (and later discarding) a physical brochure. This will enable better data and insights capture to support improved sale conversion for local business. The pilot is expected to launch in the next quarter.

Responsible Camping Ambassador Roles

Rotorua’s i-SITEs are the first in the country to assign staff members as responsible camping ambassadors at free camping sites around the district.

The ambassadors are part of a national programme helping to educate travellers about New Zealand’s commitment to a tidy, clean and safe environment.

The programme includes daily visits to designated overnight parking/camp sites including the CBD – Polynesian Pools, Soundshell, Kuirau Park, Motutara Point, Trout Pool Rd, Okere Falls, Lake Okaro and Rerewhakaaitu. Rotorua i-SITE ambassadors role is to welcome campers to Rotorua, help promote responsible camping in Rotorua, especially for those staying in self-contained vehicles, educate visitors on where and how to stay responsibly and collect data to inform decision making around responsible camping.

China Business Events

As Rotorua’s 4th largest international market, the Chinese visitor market continues to play an important role in Rotorua’s long term visitor strategy. The market has seen a change to a higher value free independent traveller (FIT) who stay longer and spend more. In the first two quarters of this financial year, RED has been focusing on high value Chinese visitors including the “business incentive” market who travel outside of summer. Traditionally these Chinese incentive and business events visitors come in large groups between March and June with many multi-year contracts. The incentive guests are a great strategic fit as they work in with our low and shoulder season growth strategy. In November 2019, the business development manager, Asia attended a key meetings, incentives, conferences and events (MICE) forum hosted by Tourism New Zealand to identify opportunities for Rotorua and develop key relationships with

the expectation of converting 1-2 organisations in the next financial year. A large cosmetics company from China did a Rotorua famil and as part of a New Zealand incentive trip will bring 520 staff to Rotorua in June 2020. Additionally we have another three leads in the pipeline.

US & Canada growth markets

The US and Canadian markets continue to perform strongly for inbound visitors to Rotorua. As the highest spend per night visitor, they are a key market in our value over volume strategy. Aligned with Tourism New Zealand and in collaboration with other Central North Island regions (ECNI), RED attended an awareness and training trip to the USA and Canada to raise Rotorua's profile in North America as a must visit destination. Key points were also to promote Rotorua as a base destination increasing visitors' length of stay and leveraging increased direct air connectivity between New Zealand and North America. In the coming year there are new routes including: Air New Zealand from New York to Auckland, American Airlines from Los Angeles to Auckland and Christchurch, and Air Canada from Vancouver to Auckland. RED also secured the opportunity in collaboration with Tourism New Zealand to be the showcase destination for digital campaigns to the travel trade in the USA for the month of October, aligning both in person training and digital campaigns.

Multi Day Conference Impact

Multi Day Conferences continue to perform well for the destination. For the calendar year-end 2019, we have won 29-multi day events, equalling 96 venue days, with 6050 multi-day delegates, 22,664 room nights with an estimated \$10.16m in visitor spend.

ATTRACT INVESTMENT – Connect ideas with capital

Luminaries

Rotorua Economic Development has brought together a select community of Rotorua luminaries as part of the Elements of Success programme to share thought leadership, gather insights on what is seen in the market and connect with other CEO and Chairs of significant Rotorua organisations. In late 2019 we had our first Luminaries event, where we invited a select group to hear about RED's priorities for 2020, share with us the concerns and trends they are seeing in the market and connect with other luminaries. Luminaires included CEOs and chairs of private businesses, central and local politicians, professional services and iwi.

Economic Report

RED commissioned a report from economist Benje Patterson to answer the question "what creates the most jobs - new or existing businesses?" Benje Patterson is an economist and strategist specialising in Aotearoa New Zealand's regional economies, using specific insights to help businesses and local authorities to make better decisions and monitor outcomes that matter. The report explored the relative economic merits and impacts of growing existing businesses compared to attracting new business start-ups. Benje presented his conclusions to our Luminaries over lunch at Terrace Kitchen and separately to the Tourism Forum at Te Puia. The result of the report showed that nurturing of both new and existing businesses plays an equally important role in Rotorua's economy. Business numbers in Rotorua also experienced bigger swings across the business cycle than the rest of New Zealand over the same 15 year period.

NZ Institute of Skills and Technology

RED has responded to a request for expressions of interest by the Ministry of Education to set up the newly established NZ Institute of Skills and Technology headquarters in Rotorua. The response includes support from local employers, educators, membership bodies, central government institutes recommending Rotorua be the permanent location for the headquarters. The document includes information on local developments, local offerings, details of large employers, population and employment statistics, connections with recruitment companies, spatial plan and connectivity and details of the local residential housing market. Rotorua's response encapsulated the partnership between central and local government, educators, employers, iwi and community with the theme - Our Future is Bright Together.

Provincial growth fund and business establishment or relocation support

We have prepared destination documentation to assist businesses and organisations with their decision to establish offices and businesses in Rotorua. We are also assisting a number of entities with PGF applications. These are aligned to the key areas of focus set out in our Statement of Intent. While the details are commercially sensitive at this time due to private sector involvement, if successful, each of these would have a significant positive impact on the local economy.

BUILD BUSINESS CAPABILITY AND CAPACITY – Connect business with resources

Research and Insights

Over the first two quarters, the investment attraction and business growth team provided relevant destination data and insights for 14 entities including target sectors to support investment and reinvestment decision making by business. Data and insights included market overviews for start-up businesses, market intelligence for investments underway, information for feasibility studies and collation of industry specific insights for national investment. Industries included visitor attractions and activities, wood processing, transportation, accommodation, construction, business events. Beneficial entities range from sole trader, iwi, existing private businesses, national chains and central and local government.

Forest and wood processing

RED sponsored and attended the *"Changing Perceptions of Wood Conference"* 2019. The conference brings together the leaders in engineered wood design and construction. The objective of the event is to grow the capability and use of wood in commercial and multi-residential buildings in NZ. The need for more carbon-friendly sustainable building solutions continues to drive growth and has coincided with development in both cross-laminated and laminated veneer timber solutions. RED has a long-standing association with this conference as a previous sponsor. There was a high level of industry engagement at the conference, which targets engineered timber manufacturers and suppliers, architects, developers, quantity surveyors, planners, engineers, and other related supply chain and logistics partners.

Electrifying conversations

RED hosted a panel of e-vehicle experts, local employers and fleet managers in Rotorua. RED facilitated a discussion to help fleet managers across industries to ask questions to support their sustainable practice decision making. Following a panel discussion, e-vehicles were available for demonstrations before a workshop to share Zorb's sustainability plan as a working example. A number of businesses are exploring the option of establishing EV charging stations. The aspiration is to see Rotorua become a model destination for what is possible in supporting sustainable travel. There were 10 EV's and 27 guests stopping in Rotorua from the 3rd – 5th November for the event, alongside local providers and experts. RED hosted 40 local employers and fleet managers at a breakfast and workshop session, which identified fleet managers investigating options for small and large vehicle solutions. Businesses were able to share insights and concerns and connect to solve common issues.

Data Hui

The Tourism Sector has an ambition to better manage and use its data, to support decision making at the national, regional and local levels. A Tourism Sector data system is required that is sustainable and dynamic, and serves a wide variety of public and private organisations. To this end, a Data Hui was called for by Minister Davis in October in Wellington inviting tourism sector representatives to understand the current tourism data landscape, create a picture of a future tourism information and data system, collaborate on what that system may provide and develop solutions and next steps. RED was invited to attend the Hui to represent Rotorua and present a case study on how local data is commissioned in partnership with industry.

Alibaba South Programme

With continued focus on China as a key international visitor market, RED has partnered with Christchurch International Airport Limited (CIAL) and the Alibaba Group to be part of the "Alibaba South Program". Alipay is a Chinese smartphone app that has more than 900-million active users. It's used to pay for everything from street food to luxury merchandise around the world. It was used by 150-million Chinese international travellers last year and is a valuable marketing tool for businesses.

Christchurch Airport's South programme also includes the flagship store on Alibaba's online travel services platform, Fliggy. Rotorua tourism operators will now have a Rotorua Fliggy store which is expected to launch during 2020. Alipay and Fliggy will help our local operators and businesses reach more Chinese travellers, by directing them to Rotorua products and services, allowing them to pay online and encouraging them to share their experiences with other people. RED will also be able to access valuable data and insights about users to help us shape even better experiences for future visitors.

ATTRACT AND DEVELOP TALENT – Connect business with people

Elements of Success (High Performance Institute)

The current cohort of the ACCELERATE programme has 11 participants from nine businesses. The programme started in September 2019 and this cohort will graduate in April 2020. The purpose of funding the ACCELERATE programme is to build capability through coaching, mentoring, connectivity and sharing of intelligence and insights.

Rotorua X pitch night

RED sponsored the annual Rotorua X pitch night, where six teams pitched their business idea, start up or charity to six judges. The evening was fast paced and vibrant, showcasing entrepreneurs in the Rotorua region. Hosted at Toi Ohomai and attracting a crowd of more than 100 business owners, professionals, councillors, the event was livestreamed on Facebook. It also creates an opportunity to identify companies for further support.

Rotorua – a place to live, work, study, play, invest

A number of initiatives during Q1 / Q2 focused on people attraction and retention, including support of the Education to Employment application for Rotorua, Rangatahi with Aspirations, the MOU with Scion, funding the Rotorua Chamber of Commerce Westpac Business Awards winner video profiles and scoping of the “summer intern” programme.

Non-financial performance

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



5	0	0	2
On Track	Off Track	Achieved	No data available

Measures	YE Result Jun 2019	YE Target Jun 2020	YTD Actual Jul-Dec 2019	Action	Comments
				Status	
1. Provide relevant destination data and insights in target sectors to support investment and reinvestment decision making by business. Subject matter of insights will be delivered during the year based on relevance and need.	7	>= 6	14		Data and insights provided during the first and second quarter included market overview for start-up businesses, market intelligence for investments underway, information for feasibility studies and collation of industry specific insights for national investment. Industries including visitor attractions and activities, wood processing, transportation, accommodation, construction, business events. Beneficial entities range from sole trader, iwi, existing private businesses, national chains and central and local government bodies.
2. Level of satisfaction of businesses going through the High Performance Institute coaching	90% (New Measure)	>= 90%	#N/A		The current cohort of the ACCELERATE programme has 9-11 participants from 9 businesses. The programme started in September 2019 and this cohort will graduate in April 2020. A satisfaction survey will be completed at that time.
3. The value of international students to the Rotorua economy	#N/A (New Measure)	>= +2%	#N/A		Reported once annually by Education NZ. Year ending June results typically published approximately 4-9 months later.
4. i-SITE to be self-sufficient Profit(+) / Loss (-)	#N/A (New Measure)	>= \$0	- \$133,373*		* As at YTD Nov-19: On Track at -\$133,373 Although the i-SITE has recorded a loss for the period July through November 2019, the seasonal distribution of income results in a large portion of income being received during the summer months, which overall is budgeted to result in the i-SITE being financially self-sufficient by the year ending June 2020.
5. Business Events - Value of bids won in financial year based on MBIE data and DR lead sheet confirmed conferences	\$8.8m	>= \$5.2m	\$3.7m		This value is based on room nights tentatively held as a result of bids won by RED and MBIE's Business Events Delegate Survey 2017 calculation of \$385 average delegate spend per night.
6. Total international expenditure data for Rotorua (based on MBIE statistics)	\$348m (New Measure)	>= \$361m	\$78m*		* As at YTD Oct-19: On Track at \$78m MBIE's estimation of the total international visitor expenditure in Rotorua is tracking on target, which reflects RED's strategic focus on increasing the value that international visitors bring to the economy by encouraging them to stay longer and spend more while they are here.
7. Total domestic expenditure data for Rotorua (based on MBIE statistics)	\$476m**	>= \$482m	\$155m*		* As at YTD Oct-19: On Track at \$155m MBIE's estimation of the total domestic visitor expenditure in Rotorua is tracking above target, which reflects RED's strategic focus on increasing the value that domestic visitors bring to the economy by encouraging them to stay longer and spend more while they are here.

** MBIE estimates are subject to revision and therefore the value published herewith and in the Annual Plan will not reconcile to the latest value published by MBIE for the June 2019 year.

	YTD Actual	Budget	Variance
Total revenue	\$3,434,242	\$3,447,993	\$-13,751
Total cost of sales	\$3,001,431	\$3,109,454	\$-108,023
Gross profit	\$432,810	\$338,539	\$94,271
Total OPEX	\$430,498	\$463,566	\$-33,068
Net profit / loss before tax	\$2,312	\$-125,027	\$127,339

The Q1 performance resulted in a greater than budgeted loss (variance of 60K) which was due to reduced revenue and commission during the winter months. In addition a number of one off costs were incurred. This was addressed via a close focus on costs and improved retail and commission revenue in Q2.

The focus on reduction of costs has supported improved gross profit for the YTD December 2019.

Total OPEX is \$33,068 below budget due to underspend in two cost codes that will be addressed by end of Q3.

A full reforecast is planned once full Q2 financials (Dec 19) are available to provide the opportunity to review expenditure against actual revenue performance. Following this any changes required will be actioned to achieve a balanced year end position.