

RotoruaNZ

Statement of Intent 2022-2023

Mihi

He mānuka tū ki te ahi

E ngā reo

E ngā mana

E ngā ihi

E ngā wehi

E ngā manawa tītī

E ngā mānkuka tū ki te ahi

Tihei Mauriora e

To the many voices

To the many authorities

To those who are movers and shakers

To those who will put in the hard yards and ask for more

To those who thrive when the fire burns hot

Behold there is life, behold there is hope

This whakatauakī was gifted to RotoruaNZ by Kingi Biddle of Ngāti Whakaue

Foreword

Whilst there is much we can be proud of as an organisation, we cannot look past the myriad of challenges our local business community has faced as a result of the pandemic. It is undeniable that Rotorua has had to work extremely hard over the past two years to overcome significant challenges, which, sadly for many, have been insurmountable. Rotorua has endured reputational damage and suffered the harsh effects that COVID-19 has had on the global economy. The district has been two years without international visitors which, for a destination heavily reliant on tourism, has led to hibernations and permanent closures of some of our most iconic tourism attractions. However, we must continue to look forward to a better future and focus on transitioning to a prosperous future which involves leveraging our partnerships to ensure that Rotorua remains at the forefront of minds of key decision-makers and policy influencers.

Unveiling the stunning new visual identity for Rotorua has come at a time when our city needs it the most. The two-year journey to develop our new tohu (symbol) involved consultation with a wide group of stakeholders to define what makes Rotorua a special place to live, work and visit. Particular emphasis was placed on consulting with representatives from Te Arawa throughout the entire process to ensure the brand reflects the unique nature of the destination and the vision Te Arawa has for their future. Everything we do to promote the destination will now link to a single defining idea: It's all found within Rotorua. This idea will challenge us all to always look beyond the surface, searching for the deeper stories and most meaningful experiences, and putting our people in the centre.

Alongside our new tohu, we've also made the decision to re-name our organisation RotoruaNZ. This name is already well-established through our marketing social media channels and provides a really clear signpost of what we're all about - our people and our place.

Partnership continues to be a priority for RotoruaNZ, particularly as implementation of the newly developed Destination Management Plan unfolds. Aimed at ensuring tourism in our region reflects our community's wishes in a way that will maximise the benefits that tourism can deliver, the plan represents all of the dreams and aspirations of Te Arawa and our communities. The vision for the plan is 'He paianga mō te ao katoa, for the betterment of all', which was also a special clause in the 1880 Rotorua Township Agreement that set aside thermal springs 'he painga mō te ao katoa.'

Last year we also extended our role to deliver transformational place-making projects. This means we can now work with the private sector to unlock development opportunities that will be transformational for Rotorua. We're investigating strategic sites in the inner city as pipeline opportunities for consolidation and delivery of transformational place-making projects in our inner-city.

Despite the current challenges, we remain steadfast in our commitment to building towards the long-term positively successful future of Rotorua and we are well prepared for the challenge. We absolutely believe that Rotorua will make a strong recovery and together with the people of Rotorua, we'll continue to work hard toward a rejuvenated destination, he painga mō te ao katoa.

John McRae

Andrew Wilson

Chair

Chief Executive

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1. Introduction –

In accordance with Section 64(1) of the Local Government Act, this Statement of Intent (SOI) sets out the strategic framework, activities and performance measures for RotoruaNZ for the next 12 months. It has been written in response to the priorities set by the Rotorua Lakes Council's (RLC's) February 2022 Letter of Expectation and in line with their focus on the delivery of key plans or actions as part of the Economic Development Strategy Framework and the Long Term Plan priorities for the Rotorua district over the next decade. RotoruaNZ will also continue to deliver against its current SOI and long-term BAU activities and continue to work alongside Te Tatau o Te Arawa to support the implementation of Rotorua reorua across its operations and the community.

As of the 1st of July 2022, Rotorua Economic Development Ltd underwent a name change RotoruaNZ Ltd and will no longer trade as Destination Rotorua or RotoruaNZ.com. The name change was confirmed by RLC following a recommendation by RotoruaNZ's board.

2. About RotoruaNZ

RotoruaNZ is the Economic Development Agency (EDA) and Regional Tourism Organisation (RTO) for the Rotorua district. Our work supports the development of the Rotorua economy, unlocking opportunities for commercial investment and providing employment, wealth and wellbeing for all of our people. RotoruaNZ is committed to developing and promoting Rotorua as a destination of choice to work, study, visit, invest and live in. RotoruaNZ's key trading activities and brands are RotoruaNZ and i-SITE.

RotoruaNZ is a Council Controlled Organisation (CCO) that works in partnership with iwi, private sector business, local government, community organisations and central government to support their growth aspirations and enhance the Rotorua 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.

RotoruaNZ is led by Chief Executive Andrew Wilson and governed by an independent Board of Directors who are appointed by the shareholder (RLC).

Our Directors are:

John McRae (Chairman)

Mr Chris Auld (Director)

Mr Tim Cossar (Director)

Mr Mana Newton (Director)

Mr Aaron Donelley (Director)

Mrs Keri-Anne Tane (Director)

Mr David Tapsell (Director)

3. Our purpose

The purpose of RotoruaNZ is to “unlock the potential of Rotorua.”

This reflects RotoruaNZ’s primary role as the Regional Tourism Organisation (RTO) and Economic Development Agency (EDA). In alignment with RLC’s Rotorua Vision 2030, RotoruaNZ will continue to work as a key partner in the economic development components of the Vision to help bring about further change and progress. We’ll look to the Te Arawa 2050 Vision to understand and intertwine the moemoea and aspirations identified by Te Arawa whānui.

In July 2021, RotoruaNZ extended its role to include Transformational Place-making Projects. This means that RLC can now use RotoruaNZ as a vehicle for supporting projects (TPPs) aimed at achieving the aspirations outlined in the Long Term Plan 2021-2031 and Economic Development Strategy. Ultimately, the purpose of this role is to inspire public, and private leaders to make transformative place investments that generate widespread social and economic benefits. This extension of RotoruaNZ’s role also acknowledged that new approaches were required by Council to support the private sector to deliver large-scale projects that support inner city living and drive positive transformation in the CBD. The extended role of delivering place-making developments on behalf of Council and optimising Councils strategic land assets means RotoruaNZ can now work with the private sector to unlock development opportunities that will be transformational for Rotorua.

We know the strengths of our region include the active geothermal environment, our vibrant and expressive Māori culture and the rich, invigorating experiences that are accessible to all. We’ll continue to leverage these strengths in our positioning and marketing of Rotorua to the rest of New Zealand and the world.

We’ll unlock the potential of Rotorua by:

- Working closely with Te Arawa whānui to support the growth of their economy in alignment with the values set out in the Te Arawa 2050 Vision.
- Ensuring the impact of change achieves a balance between social, environmental, economic and wellness benefits for the people of Rotorua
- Attracting, retaining and growing investment, talent and business across the district
- Inspiring visitors to come to the destination and create unforgettable memories

4. Our strategic framework

RotoruaNZ's vision for Rotorua is that it is a place for everyone offering diverse opportunities, a unique natural environment and a vibrant centre of Māori culture and expression.

Our strategic framework aligns with five of the key focus areas of Vision 2030 – The Rotorua Way:

- Business innovation and prosperity – Whakawhānake pākihi
- Employment choices – He huarahi hōu
- Outstanding places to play – Papa whakatipu
- Vibrant city heart – Waahi pūmanawa
- Homes that match needs – Kāinga noho, kāinga haumaruru

The Vision seeks to establish a way forward for the Rotorua district and drive everything council does, working with the community to achieve a positive future. It focuses on what makes Rotorua special – the district's active environment, the strong Te Arawa culture and manaakitanga, the fantastic lifestyle and the diverse economic opportunities that exist here.

Additionally, RLC's Long-term plan 2021-31 has identified seven steps for transformation, four of which RotoruaNZ can directly work with RLC to achieve. These are:

- Strengthening and driving co-governance with Te Arawa
- Building and developing 3,000 new homes in five years (6,000 by 2030)
- 25ha of new industrial business parks
- Two inner city apartment buildings

[Graphic to be included in the final presentation version]

5. Our work plan

This section describes our work plan and intended outcomes over the next financial year.

Destination development and tourism transformation

With the implementation of our destination management plan now well underway, we'll continue to work in close partnership with iwi and work collaboratively with stakeholders and community to bring their aspirations for our destination to life.

Equally important is the creation of our destinations new visual identity that has brought together our story, and helps to communicate the reasons why people want to live, work, study, visit and invest here.

We'll also continue to focus on telling stories that reflect what makes Rotorua special: the active geothermal environment, our vibrant and expressive Māori culture, and the rich invigorating experiences that are accessible to all.

The outcomes of our work in this area include:

- Embedding our new brand and visual identity with a strong call to action and a welcoming invitation that will sit at the heart of all our communications and activations Continuing to develop and tell our story, guided by Te Arawa, in a way that is meaningful and authentic
- Implementing our destination management plan alongside our stakeholders to achieve the common goal of developing a well-managed, sustainable visitor destination in a way that appropriately incorporates elements of Tikanga Māori.
- Ensuring the people of Rotorua are engaged with the development of the destination, recognising the benefits that new investment, economic development and a strong tourism sector offer
- Leverage Council and private sector led major events to attract more visitors to the destination.
- Improved digital delivery to support a more fit for purpose sales channel
- Improved insights delivery to support business and investor confidence and decision making
- Marketing campaigns that attract and grow the value of visitors to the city year-round
- Rotorua recognised as a leader in business events and conference delivery
- Elements of te reo Māori me ōna tikanga (the Māori language and its cultural practices) are incorporated in our work where relevant
- Industry capability building and product development in support of the destination management plan

Business development

We will continue to leverage our connections with regional and central government agencies, private sector and education providers to identify trends and market information that will support investment and reinvestment decision-making by local businesses and landowners.

We will strengthen our relationships with iwi and Māori lands trusts to support their economic development aspirations and support our local businesses to embrace our status as the first bilingual city of Aotearoa.

The outcomes of our work in this area include:

- Strengthening our working relationship with the Chamber of Commerce to best support local businesses.
- Working collaboratively with RLC to support workforce development initiatives across the Rotorua diectric.
- Providing market insights that support quality decision-making, reduce risk, build resilience and improve productivity
- Working closely with partners to continue to grow the Te Arawa economy
- Leveraging existing local networks to foster connectivity, collaboration and consistent expression of the districts priorities and needs
- Providing support for current businesses in the attraction of investment, or removal of barriers for growth and retention

Attract Investment

We will continue to create collateral to attract investment by showing that Rotorua is a great community that offers a strong opportunity for investment and growth. We will also work with local partners, central government, local government and Te Arawa to build persuasive business relocation programs as required.

We will continue to support initiatives that build business capability through coaching, mentoring, connectivity and sharing of market intelligence and insights. This includes leveraging initiatives focused on business growth and innovation that address Rotorua business capacity and capability needs which accelerate growth and improve our local offering.

The outcomes of our work in this area include:

- Work closely with RLC to progress a Rotorua District Business and Industrial Land Strategy.
- Take a lead role in working with the private sector to secure appropriate investment to support development required by the business and industrial land strategy.
- Continuing to lead on commercial investment partnerships at the Lakefront and Whakarewarewa Forest.

- Support investments led by Te Arawa that strengthen their asset base and future aspirations.
- Working collaboratively on key transformation initiatives that leverage funding and accelerates outcomes identified in the EDS framework. E.g. bio-pilot plant.
- Ensure Rotorua is recognized as an attractive and viable investment destination in areas of comparative advantage including the tourism, forestry and wood processing, film, TV and creative as well as other emerging sectors.
- Market Rotorua as a business destination with prospective businesses, investors and influencers through quality market intelligence and collateral.
- Ensure there is a robust process in place to analyze potential growth opportunities, and where appropriate develop the investment case and promotion process to support commercial investment realization and decision-making.

Deliver Transformational Place-making Projects

RotoruaNZ will take an active role delivering transformational place-making projects on behalf of the RLC. This will include regenerating parts of our city – from small projects that refresh a site or building, to major transformations of the city centre and or neighbourhoods. RotoruaNZ's role will be to administer and utilise council's underperforming strategic landholdings to ensure they deliver maximum value.

The outcomes of the work in this area include:

- Working with the private sector to deliver two inner city living transformational place-making projects over the course of the next 18 months.
- Develop and propose to RLC an operating model that supports a continuation of development activity through capital recycling and leveraging completed development.
- Support RLC in the development of an inner city plan.

6. RotoruaNZ Operating Principles & Values

RotoruaNZ is a values led organisation committed to creating a workplace environment that encourages collaboration and inclusivity. Our values bring us together and guide everything we do as an organisation. We strive to bring out the best in one another, partner for success with mana whenua, community and stakeholders, and inspire through our actions. We celebrate and acknowledge the cultural diversity within our organisation.

Ngā Uara Matua | Our Values

[insert graphic]

The Board acknowledges that as part of the Council resolution to establish the CCO, the entity has to be flexible around its service delivery using a combination of facilitation, coordination and working in partnership with other organisations or sector groups. In meeting this challenge, the CCO will adhere to the following guiding principles in fulfilling its role:

- Working closely with RLC's District Development team to ensure alignment of resources and on-going discussions of key dependencies in relation to initiatives that are dependent on actions taken within RLC.
- Partnering with public and private sector organisations to create a platform for private sector investment
- Identifying and validating potential areas of focus that will support private sector investment, ensuring that robust information is provided to assist decision-making
- Assisting with the reduction of regulatory barriers
- Leading with business insights and intelligence
- Delivering value for money
- Applying commercial disciplines
- Not duplicating or competing with the activities of the private sector
- Ensuring a disciplined approach to the delivery of services
- Driving a customer-centric approach to seamless service delivery
- Contributing to the goals and objectives of the Te Arawa Partnership Agreement
- Destination development is part of our DNA to deliver value to the Rotorua economy
- Create a high performance culture within RotoruaNZ so that it fosters and attracts top talent

7. Performance Update

The board proposes a two-phase approach to monitoring the performance of the CCO designed to reflect Council expectations.

Phase-One is a set of organisation-wide performance measures and targets which are within the CCO's control and form the basis for accountability to delivering on the priority outcomes in the areas of Business Development, Investment Attraction and Tourism Growth.

Phase- two is a set of key monitoring indicators that reflect outcomes at the regional level which are impacted by a range of factors outside of the CCO's direct control but which the CCO aims to influence at a local level, where possible, through their activity.

Progress against these performance measures and indicators will be monitored by the board on a regular basis and reported to council and stakeholders on a quarterly basis. The board proposes the following as the controllable organisation-wide performance measures to form the basis for accountability to the Shareholder.

7.1 Key Performance Measures

| | Measure | 2021/22 Target | 2022/23 | 2023/24 | 2024/25 |
|----------------------|--|--|--|--|--|
| Business development | The number of Te Arawa economic development projects directly supported by RotoruaNZ. | At least 3 Te Arawa economic development projects are directly supported by RotoruaNZ | At least 3 Te Arawa economic development projects are directly supported by RotoruaNZ | At least 3 Te Arawa economic development projects are directly supported by RotoruaNZ | At least 3 Te Arawa economic development projects are directly supported by RotoruaNZ |
| | Level of satisfaction of businesses going through the ACCELERATE programme | At least 80% satisfaction | At least 80% satisfaction | At least 80% satisfaction | At least 80% satisfaction |
| Attract investment | Stakeholder satisfaction with the quality of RED's destination data and insights developed to support decision making by businesses. (Survey of all business stakeholders) | New measure | 75% satisfaction score | 75% satisfaction score | 75% satisfaction score |
| | The number of new developments (residential, industrial and commercial) supported or led by Rotorua Economic Development that are initiated | At least 3 new developments (residential, industrial and commercial) supported or led by RotoruaNZ are initiated | At least 3 new developments (residential, industrial and commercial) supported or led by RotoruaNZ are initiated | At least 3 new developments (residential, industrial and commercial) supported or led by RotoruaNZ are initiated | At least 3 new developments (residential, industrial and commercial) supported or led by RotoruaNZ are initiated |

| | | | | | |
|-----------------------------------|--|--|--|--|--|
| Develop & promote the destination | i-SITE to be financially self-sufficient | Cost neutral | Cost neutral | Cost neutral | Cost neutral |
| | Business events – value of bid won in financial year based on MBIE data and DR lead sheet confirmed conferences | At least \$6.1m | At least \$4.5m | At least \$6m | At least \$7m |
| | Total international expenditure data for Rotorua (based on MBIE statistics) | MBIE has paused collection of data | MBIE has paused collection of data | MBIE has paused collection of data | MBIE has paused collection of data |
| | Total domestic expenditure data for Rotorua (based on MBIE statistics) | MBIE has paused collection of data | MBIE has paused collection of data | MBIE has paused collection of data | MBIE has paused collection of data |
| | Domestic visitor card expenditure for Rotorua (based on MBIE TECT data set) | \$330m | \$330m | Target to be confirmed by 30 June 2023 | Target to be confirmed by 30 June 2024 |
| | Stakeholder satisfaction (Survey of the local visitor economy; attraction, hospitality, food & beverage) | 75% industry satisfaction score | 75% industry satisfaction score | 80% industry satisfaction score | 85% industry satisfaction score |
| | Domestic consumer perception - % intend to visit (Delve loyalists + considerers) Rotorua from Auckland AND one target market is at least approximately the same or better than the June 2017/18 year | Auckland At least 50% +/-MOE Christchurch At least 20% +/-MOE Wellington At least 40% +/-MOE | Auckland At least 50% +/-MOE Christchurch At least 20% +/-MOE Wellington At least 40% +/-MOE | Auckland At least 50% +/-MOE Christchurch At least 20% +/-MOE Wellington At least 40% +/-MOE | Auckland At least 50% +/-MOE Christchurch At least 20% +/-MOE Wellington At least 40% +/-MOE |

* MBIE estimates are subject to revision and therefore the value as at publication of this document will not reconcile with the latest MBIE release for the stated period

++ These targets have been adjusted to reflect the impact of the COVID-19 pandemic.

7.2 Monitoring Indicators

In addition to our performance measures, RotoruaNZ has identified a further set of monitoring indicators. These indicators reflect outcomes at the regional level which are impacted by a range of factors outside of our direct control (e.g. exchange rates, natural disasters, government policy) but which we aim to influence through our activity. As the city's economic growth agency, we take a leadership role in monitoring, reporting and influencing these indicators as we can, however we do not measure the performance of our organisation against them. We have also developed a 6-monthly survey tool in partnership with the Chamber of Commerce to engage with the business community and glean insights that will help us understand their challenges and aspirations. These indicators reflect outcomes at the regional level. As the district's economic growth agency, RotoruaNZ will monitor report and where possible influence these indicators at a local level, however they are not the measure of the organisation's performance.

[Following table to be updated in final presentation version]

| Monitoring Indicators | Year Ending | | | | | | | 2020-21 change | |
|------------------------------------|-------------|-----------|-----------|-----------|-----------|-----------|-----------|----------------|-----------|
| | Jun-15 | Jun-16 | Jun-17 | Jun-18 | Jun-19 | Jun-20 | Jun-21 | Rotorua | NZL |
| Economic Activity | | | | | | | | | |
| Real GDP | \$3.539b | \$3.628b | \$3.727b | \$3.864b | \$3.946b | \$3.804b | \$3.988b | +4.8% ▲ | +5.3% ▲ |
| Consumer Card POS Spending | \$0.948b | \$0.989b | \$1.033b | \$1.080b | \$1.119b | \$1.045b | \$1.087b | +4.0% ▲ | +8.7% ▲ |
| Domestic Visitor Card POS Spending | #N/A | #N/A | #N/A | #N/A | \$286m | \$255m | \$322m | +26.1% ▲ | +29.9% ▲ |
| International Card POS Spending | #N/A | #N/A | #N/A | #N/A | \$129m | \$97m | \$15m | -84.3% ▼ | -69.1% ▼ |
| Non-Residential Consent Value | \$42m | \$51m | \$58m | \$46m | \$64m | \$62m | \$91m | +47.1% ▲ | +13.1% ▲ |
| Traffic Flow Index | 108 | 116 | 121 | 124 | 128 | 115 | 124 | +7.8% ▲ | +9.6% ▲ |
| Population and Workforce | | | | | | | | | |
| Health Enrolments | 66,827 | 66,974 | 67,662 | 68,798 | 68,719 | 69,146 | 70,125 | +1.4% ▲ | +1.3% ▲ |
| Employed Persons | 28,835 | 29,702 | 30,876 | 31,707 | 32,378 | 32,651 | 32,136 | -1.6% ▼ | -0.1% ▼ |
| Job Support Recipients | 3,323 | 3,222 | 3,294 | 3,372 | 3,600 | 4,312 | 5,424 | +25.8% ▲ | +27.7% ▲ |
| Unemployment Rate | 7.9% | 6.8% | 7.7% | 6.9% | 5.5% | 5.9% | 7.0% | +1.1pts ▲ | +0.6pts ▲ |
| Housing | | | | | | | | | |
| Average House Sale Price | \$273,225 | \$344,124 | \$399,309 | \$422,913 | \$467,456 | \$544,571 | \$642,117 | +17.9% ▲ | +29.7% ▲ |
| House Price Affordability | 3.5% | 4.3% | 4.8% | 4.6% | 4.8% | 5.4% | 6.4% | +1.0pts ▲ | +1.7pts ▲ |
| Average Weekly Rent | \$255 | \$274 | \$303 | \$330 | \$358 | \$400 | \$420 | +5.0% ▲ | +5.1% ▲ |
| Rent Affordability | 16.9% | 17.9% | 18.8% | 18.7% | 19.0% | 20.7% | 21.6% | +0.9pts ▲ | +0.7pts ▲ |
| Residential New Dwelling Consents | 75 | 118 | 117 | 160 | 176 | 186 | 283 | +52.2% ▲ | +17.8% ▲ |

Source: Infometrics, Regional Economic Monitor

8. Summary of Financials

Council Funding CCO Budget YE June 30 2023

The total level of Council funding provided for the CCO in financial year 2022-23 to deliver on the expected outcomes contained within this SOI is \$4,660,000 million. For clarity this investment is exclusive of any externally generated revenue by the CCO including the i-SITE, partner programmes, and private sector joint ventures and/or agreements.

Ratio of Shareholders Funds to Total Assets

In accordance with Schedule 8, section 9, 1 (d). The Company's Shareholders Funds are defined as paid up capital, plus retained earnings and reserves. Total Assets are defined as the sum of current assets and non-current assets. The ratio of Shareholders Funds to Total Assets is 100% calculated by the formula Shareholders Funds/Total Assets.

Accounting Policies

The Company has designated itself as a public benefit entity (PBE) for financial reporting purposes. These financial statements have been prepared in accordance with Tier 2 PBE accounting standards. These financial statements comply with the Financial Reporting Act 2013, the Companies Act 1993, and Section 69 of the Local Government Act 2002, which include the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

Dividend Policy

The CCO is not forecasting to generate any dividend for its shareholder over the next 3 years. Should a situation arise where distributions to the shareholder could be considered the Board will take into account the following elements in any distribution it may consider:

- Company's working capital requirements
- The retention of an appropriate level of earnings for reinvestment in the business.

Acquisition and Divestment Policy

Any subscription, purchase, acquisition or divestment by the CCO of shares in a company or other such investments in organisations will require shareholder approval.

The following summary of financials supports the delivery of the strategic deliverables and key performance measures for RotoruaNZ.

| Operating Budgets | 2021/2022 SOI | 2022/23 | 2023/24 | 2024/25 |
|-------------------|---------------|---------|---------|---------|
| Revenue | \$ | \$ | \$ | \$ |

| | | | | |
|------------------------------------|------------------|------------------|------------------|------------------|
| Funding from Rotorua Lakes Council | 4,220,004 | 4,660,000 | 4,660,000 | 4,660,000 |
| iSITE commission received | 500,000 | 819,519 | 850,000 | 900,000 |
| Trading revenue | 331,000 | 820,419 | 850,000 | 900,000 |
| Other revenue | | 300,000 | 300,000 | 500,000 |
| Total revenue | 5,051,004 | 6,599,938 | 6,660,000 | 6,960,000 |
| Expenditure | | | | |
| Personnel Costs | 2,360,992 | 3,099,893 | 3,000,000 | 3,100,000 |
| Administration & office | 73,996 | 64,500 | 68,000 | 70,000 |
| Finance costs and charges | 26,096 | 121,950 | 125,000 | 130,000 |
| Repairs & maintenance | 94,500 | 60,000 | 60,000 | 60,000 |
| Operating expenses | 2,435,420 | 3,212,520 | 3,348,000 | 3,539,000 |
| Utilities | 60,000 | 57,000 | 59,000 | 61,000 |
| Total expenses | 5,051,004 | 6,615,863 | 6,660,000 | 6,960,000 |
| Net operating income | 0 | (15,925) | 0 | 0 |

Other Financial Information

| | |
|--|---|
| Current value of assets | The current value of RotoruaNZ Ltd's assets as 30 June 2021 was \$431,000 based on the net asset value of RotoruaNZ Ltd to be confirmed by the disclosed in the audited financial statements. |
| Accounting Policies | RotoruaNZ accounting policies are consistent with those of the Rotorua Lakes Council policies. |
| Financial Reporting | RotoruaNZ financial reporting to Council will be in accordance with requirements of the CCO with requirements of a CCO under the LGNZ Act |
| Budget allocation from Rotorua Lakes Council | The funding allocation from Council is based on the Long Term Plan funding. |

9. Governance

9.1 Responsibilities of Directors

The Council has established the CCO board and, consistent with best practice, Directors are appointed under the expectation that in undertaking their role, they will exhibit and ensure to:

- Act as a board of governance for the organisation responsible for the overall direction and control of the company's activities, to act in the best interests of the CCO, and not act as representatives of either their business or the sector they work in.
- Assist the organisation to ensure the activities of the CCO deliver upon the SOI and funding agreements with Council which are driven by the strategies and expectations of Council.
- The board will adopt governance practices and policies that are not inconsistent with those of Council and make the commitment to operate in a manner consistent with adherence to the Companies and Local Government Acts and the principles of the Institute of Directors of NZ and their four pillars of governance best practice for NZ directors.
- Practice sound business in commercial undertakings, operating as an efficient and effective business.
- Implement sustainable business practices.
- Assist in the development of the Board Intern

Meeting legal requirements

The Board's first duty is to the legal entity. In meeting this duty the Board must ensure that all legal requirements under the relevant Acts are met and that the entity is protected from harmful situations and circumstances in the interests of current and future stakeholders. The Board also has a responsibility to its stakeholders to ensure that the available resources are used to deliver the right outcomes to the right people in the right way.

In particular Directors have the following obligations:

- To act in good faith in the interests of all stakeholders of RotoruaNZ
- To exercise their powers for a proper purpose
- To avoid actual or perceived conflicts of interest
- To act honestly
- To act with reasonable care and diligence
- To not make improper use of their position or of information gained while in that role
- To ensure that RotoruaNZ does not trade while insolvent

- Board members, either individually or collectively, are potentially liable if they act illegally or negligently.

Direction of executive performance

The Board will:

- Select, monitor and if necessary replace the Chief Executive
- Provide the Chief Executive clear expectations of his/her performance.
- Provide regular, honest and rigorous performance feedback to the Chief Executive on the achievement of such expectations

Public statements

In all contact with the media the Chief Executive shall be the sole spokesperson on all operating matters relating to RotoruaNZ Ltd. The Chairperson shall represent RotoruaNZ Ltd on all governance matters. The Chairperson may delegate aspects of this responsibility.

Other

The Board will perform such other functions as are prescribed by law or assigned to the Board under RotoruaNZ Ltd governing documents as they relate to being a Council Controlled Organisation (CCO).

9.2 Expectations of Board members

To execute these governance responsibilities Directors must, as far as practicable, possess certain characteristics, abilities and understandings.

Fiduciary duty

Directors must act in RotoruaNZ's best interest at all times regardless of personal position, circumstances or affiliation. They should be familiar with the constitutional arrangements and fulfil the statutory and fiduciary responsibilities of a Director.

Strategic orientation

Directors should be future oriented, demonstrating vision and foresight. Their focus should be on strategic goals and policy implications rather than operational detail.

Integrity and accountability

Board members must demonstrate high ethical standards and integrity in their personal and professional dealings and be willing to act on all Board decisions and remain collectively accountable for them even if these are unpopular or if individual Directors disagree with them. Directors must be committed to speaking with one voice on all policy and directional matters.

Informed and independent judgement

Each Director must have the ability to provide wise, thoughtful counsel on a broad range of issues. He or she must have or develop a sufficient depth of knowledge about RotoruaNZ to understand and question the assumptions, underlying strategic and business plans and important proposals and be able to form an independent judgement on the probability that such plans can be achieved or proposals successfully implemented. Each Director must be willing to risk rapport with fellow Directors in taking a reasoned, independent position.

Financial literacy

Directors must be financially literate. They should be able to read financial statements and understand the use of financial ratios and other indices used for evaluating RotoruaNZ's performance.

Industry and sector knowledge

Each Director is expected to bring a level of industry and sector knowledge sufficient to contribute to the Board's deliberations and considerations on behalf of the organisation.

Participation

Each Director is expected to enhance the Board's deliberations by actively offering questions and comments that add value to the discussion. Each should participate in a constructive manner that acknowledges and respects the contribution of others at the table, including the executive team. All Directors must attend at least 90% of Board meetings each year.

9.3 Governance process policies

Policies are to be clear, unambiguous and provide continuity and a consistent point of accountability.

RotoruaNZ acknowledges Māori as tangata whenua, accepts Te Tiriti/The Treaty as a founding document of the nation and acknowledges its responsibility to ensure Māori needs are met in culturally appropriate ways.

An essential element in the Board's leadership role is its responsibility to set the strategic direction for RotoruaNZ, identify organisation priorities and monitor progress against the strategic goals and objectives.

The Board has a core duty to ensure the financial integrity and viability of RotoruaNZ and to ensure the organisation's funds are used for the purposes for which they have allocated. This requires oversight of financial performance and annually approving the financial budget.

The Board will identify and evaluate the principal risks faced by RotoruaNZ and ensure that systems are in place to avoid or mitigate the risks including the protection of intellectual capital.

The Board may establish standing committees and working parties to support it in its governance work, provided they do not conflict with the Chief Executive's delegated responsibilities.

The majority of Board business will be conducted in Board meetings.

The Chairperson provides leadership to the Board, consistent with its policies and represents the Board and the organisation to outside parties. It is expected that the Chairperson will promote a culture of stewardship, collaboration and co-operation, modelling and promulgating behaviours that define sound Board membership.

The Board delegates to the Chief Executive responsibility for implementation of its strategic direction/strategic plan while complying with the Chief Executive delegation policies.

10. Responsibility to Shareholder

10.1 Statement of Intent

In accordance with the Local Government Act 2002, the company submits its Statement of Intent (SOI) for the coming financial year to the Shareholder – Rotorua Lakes Council. The SOI sets out the company's overall objectives, intentions and financial and performance targets for the following three years.

10.2 Information flows and reporting

The Board aims to ensure that the Shareholder is informed of all major developments affecting the company's state of affairs, while at the same time recognising that commercial sensitivity may preclude certain information from being made public. Within this constraint, information is communicated to the Shareholder through the following:

- Quarterly reporting against SOI's performance measures and financial forecasts.
- Delivery of an annual report by 30 September to the RLC's Chief Financial Officer.
- RotoruaNZ Chair and Chief Executive to meet with the Mayor and Council Chief Executive a minimum of twice per year.
- In addition, RotoruaNZ will proactively develop positive relationships with other local key stakeholders (namely Rotorua Airport Limited) to ensure effective communication of the initiatives being pursued through the implementation of the respective strategic plans.

11. Health and Safety

RotoruaNZ is committed to driving a strategy that delivers a culture of zero harm for employees, contractors, visitors, customers and anyone who may be affected by RotoruaNZ's activities. We will do this by:

- Ensuring that best practice health and safety standards are consistently applied in every aspect of our business activities;
- Complying with all health and safety obligations under relevant legislation; and
- Having a safe, healthy and enjoyable environment for everyone within RotoruaNZ.