

Tourism and Economic Development



tourism and economic development group

Overview of Group

This group is made up of the following activities of Council:

- Economic Development
- Tourism
- Rotorua Regional Airport

Rotorua District has a thriving tourism industry contributing to a strong economy and supported by several other sectors. Group activities ensure that we maintain and grow the district's prosperity for the benefit of all.

This Ten Year Plan is being prepared against a background of international economic turmoil unprecedented in the lives of most New Zealanders. How this international environment will affect the Rotorua economy is as yet unclear. However, it is unlikely that the tactical responses that have served us well over the last three years will be as effective, or indeed valid, in the future. Flexibility in response to changing circumstances is critical. Current examples of this would be a change in focus for tourism marketing initiatives from long-haul European and US markets to short-haul east coast Australia and domestic visitors.

Strategic Direction and Highlights

Trans-Tasman Air Services

The single largest investment Council has made for many years is in development of the Rotorua Regional Airport infrastructure to accommodate trans-Tasman scheduled air services. This capital expenditure was due to be completed mid 2009.

This investment will make a significant difference to the level of employment and local economy of Rotorua District and wider Bay of Plenty region.

District Marketing

The introduction of trans-Tasman direct scheduled air services creates a range of new opportunities for marketing Rotorua. A marketing brand and campaign is being developed for the wider Bay of Plenty region, spearheaded by Rotorua Regional Airport Limited (RRAL). Once the regional tourism brand and marketing initiative is completed, a collective of RTOs (regional tourism organisations) will work collaboratively on its implementation and performance.

Marketing campaigns will be funded in part by RDC's Destination Rotorua Tourism Marketing activity, and in part by other regional tourism organisations throughout the wider Bay of Plenty.

Development of a wider regional brand is a major new step for the promotion of Rotorua and has the potential to generate substantially increased visitor numbers and enhanced economic benefit. This is particularly important at the current time where a decline in international visitors from Asia, North America and Europe is being experienced. The Australian market provides an opportunity to build on what is essentially an expanded domestic market.

Economic Development

Council makes a considerable contribution to the district's economic development through its Economic Development unit, and has had important support from the Bright Economy Advisory Board. Much of the funding for economic development will come from a targeted rate for business. This allows the Economic Development unit to leverage funding from other external sources, in particular from central government through the Ministry of Economic Development and New Zealand Trade and Enterprise.

The Economic Development Unit also worked closely with a number of parties on regional economic development to prepare the recently completed **Bay of Connections** regional strategy.

The strategy has four key areas of focus:

1. More globally competitive firms in the Bay of Plenty
2. World class infrastructure and skills to catalyse economic development
3. Environmentally sustainable
4. Innovative and productive industry sectors

Council strategy emphasis over the term of this plan is on:

1. Iwi collaboration
2. A skilled and educated workforce
3. A skilled migrant and settlement programme
4. Emerging market opportunities
5. Specific activities such as:
 - Shop Rotorua
 - Business mentors.

Council has increased funding in 2009/10 to stimulate the local economy. The additional funding is intended to help create jobs and entrepreneurial activity by attracting investment and employment from outside the district. Research and analysis will be backed by funding from the newly created Grow Rotorua Development Fund.

Broadband

Broadband is a critical part of the success of any region both economically and socially. Bay Broadband Ltd was incorporated as a subsidiary to BOPLASS Ltd, the Bay of Plenty Local Authorities' shared services business, and used to coordinate the early research undertaken primarily by Environment BOP.

The original objective was to provide a system of ducting between Rotorua, Tauranga, Whakatane and Kawerau, and wireless transmission to connect the other areas of the Bay of Plenty region. The current government's position will determine the local authorities' role.

tourism and economic development group

The Economic Development Unit will also work closely with the Regional Economic Development Group and the Bay of Plenty Economic Development Long Term Strategy. This is a new initiative supported by Environment Bay of Plenty with representation from across the region. Representation will include:

- EDANZ (Economic Development Association of New Zealand) Board Member
- Chamber of Commerce Executive
- Export NZ
- Sustainable Business NZ
- RWC2011 Regional Steering Group
- REDS (Regional Economic Development Group)
- Rotorua Mountain Bike Club (president)
- Executive of Connect
- Shop Rotorua (chairperson)
- Local Settlement Network (chairperson)
- A number of local committees



Potential Significant Negative Effects

The negative effects identified and associated mitigation options are provided in the respective Activity plan section.

Asset Management Plans Information

The key assets used in this Activity Group are buildings and airport assets, notably the runway. Further details are provided in each activity section.

Tourism & Economic Development Assets

| Asset Type | Cost/Valuation | Accumulated Depreciation | Book Value 1 July 2008 |
|---------------------|----------------|--------------------------|---------------------------|
| | (\$000s) | (\$000s) | (\$000s) |
| Buildings | 8,486 | 395 | 8,091 |
| Computer Hardware | 151 | 108 | 43 |
| Computer Software | 47 | 47 | 1 |
| Footpaths | 144 | 4 | 140 |
| Furniture | 101 | 57 | 45 |
| Land | 5,703 | - | 5,703 |
| Office Equipment | 31 | 30 | 1 |
| Plant and Machinery | 86 | 36 | 50 |
| Roading | 3,259 | 204 | 3,054 |
| Runway (Airport) | 12,075 | 1,262 | 10,814 |
| | 30,084 | 2,143 | 27,941 |

Net Cost of Service

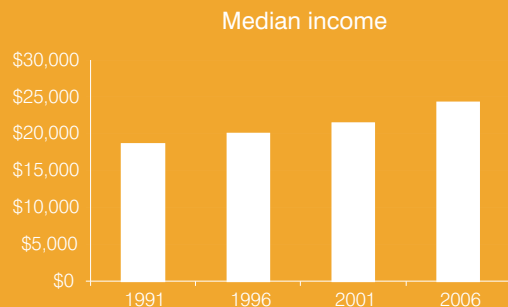
| Net Cost of Service by Activity (\$000s) | Actual 2007/08 | Annual Plan 2008/09 | 2009/10 | 2010/11 | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 | 2018/19 |
|--|-------------------|---------------------------|--------------|------------|----------------|----------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Economic Development | 825 | 915 | 178 | 66 | 96 | 78 | 63 | 47 | 19 | 1 | (15) | (30) |
| Tourism | 1,943 | 2,465 | 563 | 674 | 386 | 520 | 530 | 518 | 504 | 524 | 521 | 536 |
| Rotorua Regional Airport | 1,415 | 3,060 | 2,290 | (502) | (6,800) | (2,556) | (718) | (899) | (1,023) | (1,095) | (1,195) | (1,291) |
| Total Net Cost of Service | 4,183 | 6,440 | 3,031 | 238 | (6,318) | (1,958) | (125) | (334) | (500) | (570) | (689) | (785) |

economic development activity plan

Did you know?

In real terms (adjusted to 2006 dollars), Rotorua's median income increased by around \$5,000 per person over the past decade. Overall incomes are close to the national average, although there are considerable differences throughout parts of the district. Rotorua's BrightEconomy Strategy was developed in 2004 through research and consultation with local business people. Under the umbrella of this strategy, Council continues to work with a wide range of stakeholders to ensure Rotorua maintains its rate of economic growth. Examples include:

- Implementing Rotorua's BrightEconomy strategy.
- Working with local industry to implement cluster development.
- Marketing Rotorua's benefits to industry and prospective migrants.
- CBD Retail Strategy and CBD Revitalisation Project.



Why we do it

To encourage and stimulate sustainable economic growth through a strategic framework developed by business for business. To deliver strategic programs that provide prosperity, improved standards of living and a better quality of life for Rotorua's citizens. To act as an enabler for partnerships and capacity growth for industry, to provide a platform on which skilled workforce migrates to Rotorua, to improve the skills and education capability for local business. To develop both a vibrant and safe CBD where we work, live, invest and play.

What we do

Information Provision

- Providing public/business access to timely, accurate and relevant Rotorua economic information via Web, publications, forums.

Facilitation

- Facilitating private sector access to economic and business development initiatives, networks, funding programs and activity within Rotorua, such as NZTE, FoRST and the BMNZ programmes.
- Working with the key economic sector groups to develop an environment that will stimulate growth.
- Building partnerships between key local, regional and central government agencies and the Rotorua business community ensuring that the private sector has input into council and government business and economic development related issues.
- Facilitating the attraction of prospective residents, business and investors to Rotorua.

Marketing









- Marketing Rotorua nationally and internationally as a great place to live, work, learn, invest and conduct business.

Project Management

- Support the implementation of the BrightEconomy Strategy and the nine point framework for growth.
- Contract outcome control of external providers such as Energy Champion.
- Rotorua Employment Skills Strategy.
- Working with local industry to implement the Rotorua Cluster Development programme to improve communication between key stakeholders and develop employer lead solutions that will contribute to key issues such as skill shortage, productivity, capacity, regulatory adherence and expansion.
- Young Enterprise Scheme for the Lion Foundation of New Zealand.
- Rotorua skilled migrant attraction and lead agency for Settlement Support Programme:
- Marketing Rotorua's inherent benefits to both prospective migrants and industry.
- Film Volcanic: Film Initiative/cluster programme. Promoting and facilitating Rotorua as a world class film destination.
- Rotorua CBD Retail Strategy: Rotorua Retail Advisory Board, Retail Promotions Co-coordinator (Shop Rotorua).
- Rotorua CDB Revitalisation Project.
- Facilitating the opening up of strategically sustainable industrial land in Rotorua District.
- Ensuring connectivity and partnerships with Iwi are strong.
- International relations and Sister City opportunities, including Nanjing Rotorua Town.

economic development activity plan **cont.**

Community outcomes

| Community Outcome | How the Council contributes |
|--|---|
|  Safe & Caring | <ul style="list-style-type: none"> By working with Police and assisting with a retail crime prevention strategy for retailers, and developing CBD potential. |
|  Environment | <ul style="list-style-type: none"> By close involvement with the Sustainable Business Network in promoting sustainable business practices. |
|  Health | <ul style="list-style-type: none"> By working closely with the Lakes District Health Board to attract medical staff to our region by supplying marketing collateral and other promotional aids. Assisting to promote sport and recreation to the community. Assisting agencies and Council in development of programmes/collateral to encourage healthy activities and community well-being. |
|  Prosperity | <ul style="list-style-type: none"> By working closely with the business community to assist in attracting government funding. By working with local government agencies, employers and community groups to assist migrants with matching employment skill base requests. By assisting with the supply of relevant and accurate information. By developing the Film Volcanic initiative. |
|  Facilities & Services | <ul style="list-style-type: none"> By providing settlement support for new migrants. |
|  Maori Culture | <ul style="list-style-type: none"> By promoting the use of Maori in our daily activities by actively supporting the 'Kia Ora' campaign. By working closely with Maori on the CBD project. By promotion of cultural values to new migrants via workshops and guides. |
|  Learning | <ul style="list-style-type: none"> By supporting the Employment Skills Project as well as Enterprise Training and Business Mentors programmes. |
|  Happening | <ul style="list-style-type: none"> By taking a lead role with the Shop Rotorua contract and CBD revitalisation. By encouraging migrant community participation. |

economic development activity plan **cont.**

What does the Council plan to do in the future

| What is the Council currently doing? | What will we do in years 1 to 3? | What will we do in years 4 to 10? | How will we know if we achieve our objective? (key result areas) |
|--|---|--|---|
| Maintaining an economic development strategy for Rotorua. | Implement inwards investment and wealth creation initiatives. Continue the BrightEconomy Economic Development Strategy by maintaining strong business involvement. | | Thriving local economy with vibrant and engaged CBD community. |
| Embarking on a review of the existing CBD Revitalisation Strategy. | Development and implementation of the CBD Strategy. | | |
| Acting as the lead agency for the Settlement Support initiative. | Continue to support this initiative with funding support from the Department of Labour. | Ensure that the correct processes are in place for settlement of new migrants, both overseas and local migrants from other parts of New Zealand. | As per Department of Labour strategic guidelines, KPIs are completed and migrants are engaged and settled in Rotorua. |
| Developing and enhancing the local film initiative. | Continue to be a film office with close contacts with Film New Zealand. | Set up a charitable trust and ensure that this initiative becomes self sustaining through outside funding. | The film cluster will develop into an active business unit which is self sustaining, and attracting more film activity to the region. We aim to have 2 film enquiries per month. |
| Maintaining our marketing strategy by updating marketing collateral regularly. | Continue to maintain a supply of current and effective marketing collateral to promote Rotorua. | | We will be able to satisfy all requests for marketing collateral and will distribute at least 500 DVDs per year. We will also distribute 3000 brochures annually. We will distribute 450 monthly newsletters per month. |
| Supporting business through our current enquiry programme. | Continue to maintain current levels of business support. | | We will be maintaining a level of 150 business enquiries annually. |
| Actively participate in the BOP Regional Economic Development Strategy. | Continue to attend management meetings and contribute to outcomes for the BOP Region. | | We will encourage applications for grants to the \$10 million Ministry of Economic Development contestable fund and that the grants are fairly distributed. |
| Participating and contributing to the Retail Advisory Group by managing the process. | Continue to participate and contribute to the Retail Advisory Group by managing the process. | Continue to participate and contribute to the Retail Advisory Group by managing the process to self-sustainability. | 350 retailers are actively contributing to retail promotions process. |
| Maintaining support for the Young Enterprise initiative. | Advocate on behalf of the community on regional and national environmental policy matters. | Advocate on behalf of the community on regional and national environmental policy matters. | Sustainable Growth in Young Enterprise Participation. |

economic development activity plan **cont.**

Measuring our achievements

| Level of Service | Performance measures | Current performance | Performance targets | | | | | | | | | |
|--|--|---------------------|---------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| | | | 09/10 | 10/11 | 11/12 | 12/13 | 13/14 | 14/15 | 15/16 | 16/17 | 17/18 | 18/19 |
| Market Rotorua nationally and internationally as a great place to live, work, learn, invest and do business. | Number of website visits per month | 10,000 | Maintain at 20,000 by June 2010 | | | | | | | | | |
| | % of business and relocation enquiries responded to within 3 working days | 95% | >95% | | | | | | | | | |
| | Number of new clients pa attracted and maintained into the BMNZ programme | 12 | 12 | | | | | | | | | |
| | Number of new Rotorua specific business enquiries; and film and commercial enquiries generated pa | 100 | 100 | | | | | | | | | |
| | | 30 | 30 | | | | | | | | | |
| | Amount of government and private sector funding attracted to assist in implementing the BrightEconomy strategy | \$50,000 | \$50,000 | | | | | | | | | |
| | Number of businesses involved in the Rotorua Employment Skills Programme | 250 | 250 | | | | | | | | | |
| | Number of students involved in the YES (Young Enterprise Scheme) | 50 | 50 | | | | | | | | | |

economic development activity plan **cont.**

Negative effects

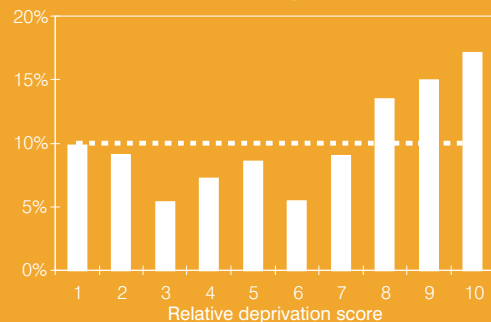
| Negative effects | Mitigation options |
|---|---|
| Global/national economic downturn. | Focus on productivity improvement in business, workforce up-skill and skill gap fulfilment. |
| Central government strategic model changes. | Awareness of trends in central government agencies. |
| Changes in legislation that affects on levels of service. | Keep abreast of possible legislative changes. |

Did you know?

In comparison with neighbouring areas such as the Eastern Bay of Plenty, Rotorua is relatively advantaged. However, while some parts of the district are affluent, others contain a high proportion of people with low incomes. Council works proactively with other agencies to help ensure the benefits of economic growth are available to all sectors of the community. Examples include:

- Support for the Rotorua Energy Champion, providing advice on home heating and other matters.
- Action plans from the Rotorua Employment Skills Strategy.
- Ensuring strong connections with iwi and Maori organisations for economic development planning.

Rotorua's 'missing middle class'



Funding considerations

Who benefits from the activity?

- The economy as a whole benefits from improved economic activity, promotion of destination, choice, positive outlook/attitudes, employment opportunities and incomes.
- Individual businesses benefit directly from specific initiatives.
- Individual residents of Rotorua will benefit as they are living in a vibrant and diverse district resulting from visitors and the associated activities provided.

What is the period of benefit?

- Benefits are ongoing for the entire economy; this includes infrastructure development and the flow-on effects of marketing, promotion, and providing support to business initiatives.
- Some initiatives also provide short term benefits to groups.

Who creates need for the activity?

- The need to undertake this activity derives from the community as a whole from economic development.

- However the Business community plays a key role in influencing the specific areas of focus for the unit; in the main this will be communicated through the activity of the recently created BrightEconomy Advisory Board.
- The economy as a whole creates the need for city marketing as a tool for regional promotion.
- Businesses create the need for exposure to wider markets.

Funding source

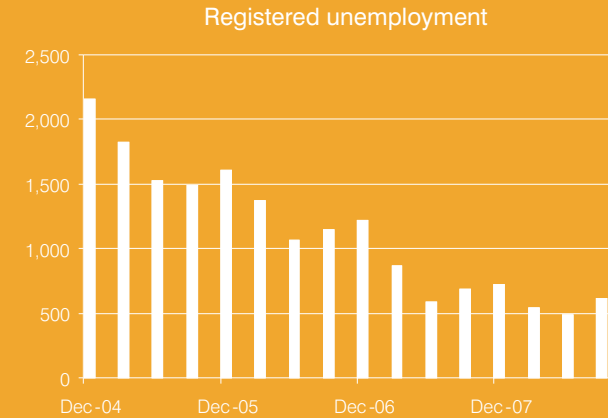
- It is considered that the benefits of expenditure on this activity address both private and especially public benefits. Individuals and groups derive benefits from the provision of information and assistance to individuals and businesses. However, this frequently leads to public/community benefits if acted upon successfully. These can be measured in terms of employment and social and business confidence levels.
- Recovery of costs by direct charging is limited by the opportunities available.
- Funding of this activity is approximately 25% - 35% from user fees and charges, 50% - 60% from targeted rates and 5% - 25% from general rates.

economic development activity plan **cont.**

Did you know?

According to Work and Income records, the number of Rotorua people receiving an Unemployment Benefit fell dramatically over the past decade. In June 2008 there were less than 500 recipients. However the impact of a global recession is likely to reverse this trend. New Zealand's unemployment rate is forecast to increase from 3.7% in 2008 to 8% in 2010. Council seeks to respond to this challenge by continuing to address Rotorua's economic growth rate through a range of partnership initiatives. Examples include:

- Action plans from the Rotorua Employment Skills Strategy.
- Supporting the Young Enterprise Scheme (Lion Foundation of New Zealand).
- Settlement Support for new migrants



Asset management

There are no significant land or building assets in the economic development activity.



economic development activity plan cont.

Financial summary (plan 2009/10 and forecast 2010/11 to 2018/19)

| Economic Development (\$'000s) | Actual 2007/08 | Annual Plan 2008/09 | 2009/10 | 2010/11 | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 | 2018/19 |
|---|----------------|---------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Operating Expenses | | | | | | | | | | | | |
| Direct Costs | 1,012 | 1,297 | 1,249 | 1,120 | 1,146 | 1,172 | 1,205 | 1,236 | 1,266 | 1,300 | 1,337 | 1,376 |
| Financial Costs | - | - | - | 245 | 490 | 490 | 490 | 490 | 490 | 490 | 490 | 490 |
| Depreciation | 5 | 8 | 4 | 10 | 9 | 9 | 9 | 9 | - | - | - | - |
| Other | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Costs | 1,017 | 1,305 | 1,253 | 1,375 | 1,645 | 1,671 | 1,704 | 1,735 | 1,756 | 1,790 | 1,827 | 1,866 |
| Revenue | | | | | | | | | | | | |
| Capital Revenue | - | - | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 |
| Fees and Charges | 7 | 60 | 5 | 6 | 6 | 6 | 6 | 6 | 6 | 7 | 7 | 7 |
| Investment Income | - | - | - | - | - | - | - | - | - | - | - | - |
| Subsidies and Grants | 185 | 330 | 262 | 269 | 277 | 284 | 293 | 301 | 309 | 318 | 327 | 337 |
| Targeted Rates | - | - | 788 | 1,014 | 1,246 | 1,283 | 1,322 | 1,361 | 1,402 | 1,444 | 1,488 | 1,532 |
| Total Revenue | 192 | 390 | 1,075 | 1,309 | 1,549 | 1,593 | 1,641 | 1,688 | 1,737 | 1,789 | 1,842 | 1,896 |
| Internal Recoveries | | | | | | | | | | | | |
| Internal Recoveries | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Internal Recoveries | - | - | - | - | - | - | - | - | - | - | - | - |
| Net Cost of Service | 825 | 915 | 178 | 66 | 96 | 78 | 63 | 47 | 19 | 1 | (15) | (30) |
| Capital Costs | | | | | | | | | | | | |
| Renewals | - | - | - | - | - | - | - | - | - | - | - | - |
| Growth | - | - | 45 | - | - | - | - | - | - | - | - | - |
| Backlog | - | - | - | - | - | - | - | - | - | - | - | - |
| Level of Service | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Capital | 4 | 7 | 45 | - | - | - | - | - | - | - | - | - |
| Operational Funding | | | | | | | | | | | | |
| Net Cost of Service | - | - | 178 | 66 | 96 | 78 | 63 | 47 | 19 | 1 | (15) | (30) |
| Plus Capital Revenue | - | - | 20 | 21 | 21 | 22 | 23 | 23 | 24 | 25 | 25 | 26 |
| Less Depreciation | - | - | (4) | (10) | (9) | (9) | (9) | (9) | - | - | - | - |
| Add back Depreciation Funded by Rates | - | - | - | - | - | - | - | - | - | - | - | - |
| Operations Funded by General Rates | - | - | 194 | 77 | 108 | 89 | 77 | 61 | 43 | 26 | 10 | (4) |
| Capital Funding | | | | | | | | | | | | |
| Funding from Depreciation (Rates) | - | - | - | - | - | - | - | - | - | - | - | - |
| Loans from/(to) Corporate Fund | - | - | 45 | - | - | - | - | - | - | - | - | - |
| Capital Grants | - | - | - | - | - | - | - | - | - | - | - | - |
| Development Contributions | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Capital | 4 | 7 | 45 | - | - | - | - | - | - | - | - | - |

tourism activity plan

Why we do it

Promote Rotorua as an exciting, vibrant, high quality destination and encourage more people to visit, to stay longer and to spend more.

The Rotorua Travel Office provides a point of first contact to visitors for information and booking things to see and do around Rotorua and the rest of New Zealand.

What we do

Destination Marketing

Domestic marketing

Undertake year-round marketing activity in key regions such as Auckland, Waikato and Wellington to encourage domestic travellers to come to Rotorua on a regular basis. Target markets will be household shoppers, dual income, no kids and family. Activity will include a combination of strategic media placement, attendance at consumer shows, billboard advertising, website 'hot deals' and TV advertising.

International marketing

Undertake marketing activity in the following key markets – Australia, USA, UK, Japan, China, India and other Asian markets. Activity is predominantly focused on working with the travel trade in these markets in joint venture activity, product updates, assisting with brochure development, training and facilitating familiarisation trips. A lot of this activity will be done in conjunction with Tourism New Zealand.

Event marketing

Undertake marketing activity to promote events in Rotorua. This will include both international and domestic visitors with specific events being targeted. Activity will include 12 month domestic media campaign, identify and promote one large international event, ensure key events are exposed through major external event websites, produce Rotorua events brochure twice a year with targeted distribution, and develop travel packages that can be sold in conjunction with key events.

Conference and incentive marketing

Undertake marketing activity to promote Rotorua as an attractive conference and incentive destination for both domestic and international markets. Activity will include 12 month print and online advertising, attendance at key conference tradeshows, facilitating familiarisation trips for conference and incentive organisers, organise promotional events in both Auckland and Wellington showcasing Rotorua operators and product, ensure Rotorua conference and incentive content on key websites is kept updated and relevant, and undertake direct mail and advertising targeting businesses and associations.

Rotorua Travel Office

The Tourism Rotorua Travel Office operates 364 days a year.

Domestic travel bookings

Offers a comprehensive domestic travel reservation service for both Rotorua and New Zealand products available to local residents and visitors. Commercial returns are earned through commissions on sightseeing and travel sales. It is also contracted to the Rotorua education network to provide quoting and booking services for school groups visiting Rotorua.

Information




A full information service is provided for Rotorua and the rest of New Zealand through counter enquires, email requests and phone inquiries. With the development of the lakefront and trans-Tasman, the Rotorua Travel Office will trial a presence at both the Lakefront and the airport providing greater access to visitors in terms of travel reservations, tourist attraction bookings and information.

'The Organiser'

A one-stop-shop for groups (international and domestic), corporates, associations and conference organising. The conference and event services provided are full registration, budget and accounting, development of the programme, venue management, speaker liaison, sponsorship and exhibition along with promotion of the event. Group services provided are quotes, itinerary planning (Rotorua tours or NZ-wide tours) and New Zealand-wide attraction, accommodation and transport information, and servicing the education network.

tourism activity plan cont.

Community outcomes

| Community Outcome | How the Council contributes |
|---|--|
|  Environment | <ul style="list-style-type: none"> ■ By helping to protect a range of natural resources in the district. ■ By encouraging people to use and enjoy our natural environment. |
|  Prosperity | <ul style="list-style-type: none"> ■ By promoting our district's unique qualities to encourage more people to visit, to stay longer and spend more. ■ By ensuring Rotorua is renowned for tourism; a vibrant tourism sector provides more employment opportunities for locals. |
|  Maori Culture | <ul style="list-style-type: none"> ■ By fostering Maori cultural activities and expression. ■ By encouraging a community that recognises the value of partnerships, including the Treaty of Waitangi. |



tourism activity plan **cont.**

What does the council plan to do in the future

| What is the Council currently doing? | What will we do in years 1 to 3? | What will we do in years 4 to 10? | How will we know if we achieve our objective? (key result areas) |
|--|--|--|---|
| Destination Marketing | | | |
| Investigating and researching Trans-Tasman opportunities. | Assistance with establishment of Trans-Tasman services. | | Confirmation of airlines committed to trans-Tasman services. |
| | Seek and increase joint venture industry funding. | | JV funding secured. |
| Align with and influence Tourism New Zealand's off-shore marketing campaigns. | | | Increased tourist activity. |
| Strengthen and develop wider Central North Island Regional tourism opportunities and industry relationships to benefit from Trans-Tasman services. | | | New brand established and increased tourist activity. |
| Encourage the uptake of sustainability practices within the Rotorua tourism industry. | | | Increased numbers of tourism industry stakeholders participating in sustainable development programmes. |
| Rotorua Travel Office | | | |
| Investigate options for better utilisation of Travel Office space to cope with growing demand of visitors and provision of levels of service expected. | Finalise community/visitor needs in relation to facility development; develop business plan; develop concept plan and undertake feasibility study; obtain resource consent and identify funding sources. | Detailed design completed and works commenced. Capital works completed and final commissioning. | Maintained satisfaction levels. Increased visitor numbers. |
| Provide Rotorua presence in Australia (The Organiser) to promote Rotorua and organise conferences to be held in Rotorua. | | | High standard of customer services maintained and improved. |
| | Trial presence of Rotorua Travel Office, at the Lakefront and Airport | | Increased tourist activity within the district. |

tourism activity plan cont.

Measuring our achievements

| Level of Service | Performance measures | Current performance | Performance targets | | | | | | | | | |
|--|---|----------------------------------|--|--------|--------------------------|--------|-------|-------|-------|-------|-------|-------|
| | | | 09/10 | 10/11 | 11/12 | 12/13 | 13/14 | 14/15 | 15/16 | 16/17 | 17/18 | 18/19 |
| Destination Marketing | | | | | | | | | | | | |
| Market Rotorua as a preferred destination for leisure, conference/ incentive and events visitors of both international and domestic origin. | Contribute to the number, the length of stay and the average spend of visitors to Rotorua. | 1.4 million visitors | 1.6 | 1.7 | 1.7 | 1.7 | 1.8 | 1.8 | 1.8 | 1.9 | 1.9 | 1.9 |
| | | 2.3 average nights | >2.3 average nights | | | | | | | | | |
| | | \$120 spend per person/day | >\$120 spend per person/day | | | | | | | | | |
| Encourage the Rotorua tourism industry to deliver on the promise of Manaakitanga (provision of exceptional hospitality) to the visitor experience. | Average visitor satisfaction rating of Rotorua experience as measured by the Rotorua Regional Visitor Monitor. | 8 out of 10 score achieved. | 8 out of 10 score achieved | | | | | | | | | |
| Encourage the uptake of sustainability within the tourism industry. | % of businesses advertising in the Rotorua Visitor Guide that are associated with the Rotorua Sustainable Tourism Charter, Qualmark or Green Globe. | 80% | 80% | | | | | | | | | |
| Rotorua Travel Office | | | | | | | | | | | | |
| Booking services are provided to visitors to Rotorua to encourage extended length of stay and visitor spend. | Amount of commissions revenue generated by Travel Office. | \$ 1.5 million. | \$1.5m | \$1.5m | \$1.8m (Rugby World Cup) | \$1.6m | | | | | | |
| | % of satisfaction of industry members of the Tourism Advisory Board with the booking services provided by the Travel Office. | Establish benchmark by June 2009 | Review against benchmark as set in 08/09 | | | | | | | | | |
| Provide an accessible, informative and friendly point of contact to visitors to Rotorua. | % of customers satisfied or very satisfied as per annual customer survey. | 80% | 80% | | | | | | | | | |
| Provide Conference and Group services. | % of clients satisfied or very satisfied with levels of service. | 80% | 80% | | | | | | | | | |

tourism activity plan cont.

Negative effects

| Negative effects | Mitigation options |
|--|--|
| Tourism is seen as an excessively favoured industry by some parts of the community. | Inform community of the flow on benefits to the community generated from tourism. |
| Increased visitor numbers resulting from tourism can cause traffic congestion, especially in peak visitor periods. | Education around parking options and other modes of transport within and around the CBD – bikes and bus. |
| Increased visitor numbers resulting from tourism are sometimes seen as resulting in increased crime – vehicle and theft. | Education – through awareness and personal safety campaigns. |
| Increased visitor numbers resulting from tourism is sometimes seen as resulting in increased pollution. | Education – through public campaigns. |

Funding considerations

Who benefits from the activity?

- The community as a whole benefits from improved economic activity and positive outlook/attitudes.
- Individual businesses benefit directly from specific initiatives.
- Visitors to Rotorua benefit from this service
- Residents of Rotorua benefit from this service through the provision of information

What is the period of benefit?

- Benefits are ongoing for the entire economy.

Who creates need for the activity?

- The economy as a whole creates the need for city marketing as a tool for regional promotion.
- Businesses create the need for exposure to wider markets.
- Visitors both domestic and international to the Rotorua District create the need for the service.

Funding source

- It is considered this activity primarily benefits those who use its services. These beneficiaries are visitors to the centre who obtain information and the tourism operators whose services are sold to the tourist.
- The service also benefits the district as a whole by way of positive effects on the local economy created by the spending of tourists and visitors. Further, the activity compliments Tourism Marketing and the community benefits of that activity.
- Funding of this activity is approximately 40% - 50% from user fees and charges, 50% - 60% from targeted rates and up to 10% from general rates.



tourism activity plan cont.



Asset management

Key assets

- Travel Office building

Maintaining our assets

The assets are maintained by council's maintenance contractors. Council assets are to be maintained as per agreed specifications and are reviewed every 3 years to ensure that the service that is being completed is up to date with current levels of service requirements. Major works are competitively tendered out to specialised contractors thus insuring that the final product is of a high standard and delivered at a competitive cost to council.

Council employs a staff member within corporate services who is responsible for the maintenance of all council buildings. In the course of assessing buildings for short and long term needs the future needs are determined and replacement requirements scheduled.

Major changes planned for assets

| Reason for change | What will be done? | Year 1 cost (\$000s) | Year 2 cost (\$000s) | Year 3 cost (\$000s) | Year 4 - 10 cost (\$000s) |
|----------------------------|----------------------|-------------------------|-------------------------|-------------------------|------------------------------|
| Renewals and replacements. | IT Ticketing system. | 40 | - | - | 125 |

tourism activity plan cont.

Financial summary (plan 2009/10 and forecast 2010/11 to 2018/19)

| Tourism (\$000s) | Actual 2007/08 | Annual Plan 2008/09 | 2009/10 | 2010/11 | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 | 2018/19 |
|---|-------------------|------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Operating Expenses | | | | | | | | | | | | |
| Direct Costs | 4,080 | 4,266 | 4,360 | 4,591 | 4,578 | 4,690 | 4,824 | 4,942 | 5,063 | 5,219 | 5,358 | 5,517 |
| Financial Costs | 86 | 57 | 88 | 93 | 96 | 101 | 104 | 108 | 109 | 112 | 114 | 114 |
| Depreciation | 81 | 96 | 83 | 75 | 71 | 61 | 62 | 58 | 57 | 57 | 56 | 59 |
| Other | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Costs | 4,247 | 4,419 | 4,531 | 4,759 | 4,745 | 4,852 | 4,990 | 5,108 | 5,229 | 5,388 | 5,528 | 5,690 |
| Revenue | | | | | | | | | | | | |
| Capital Revenue | - | - | - | - | - | - | - | - | - | - | - | - |
| Fees and Charges | 2,148 | 1,904 | 1,988 | 2,048 | 2,264 | 2,177 | 2,243 | 2,310 | 2,379 | 2,451 | 2,524 | 2,600 |
| Investment Income | 119 | 12 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 |
| Subsidies and Grants | - | - | - | - | - | - | - | - | - | - | - | - |
| Targeted Rates | - | - | 1,882 | 1,939 | 1,997 | 2,057 | 2,119 | 2,182 | 2,248 | 2,315 | 2,385 | 2,456 |
| Total Revenue | 2,267 | 1,916 | 3,930 | 4,047 | 4,321 | 4,294 | 4,422 | 4,552 | 4,687 | 4,826 | 4,969 | 5,116 |
| Internal Recoveries | | | | | | | | | | | | |
| Internal Recoveries | 37 | 38 | 38 | 38 | 38 | 38 | 38 | 38 | 38 | 38 | 38 | 38 |
| Total Internal Recoveries | 37 | 38 | 38 | 38 | 38 | 38 | 38 | 38 | 38 | 38 | 38 | 38 |
| Net Cost of Service | 1,943 | 2,465 | 563 | 674 | 386 | 520 | 530 | 518 | 504 | 524 | 521 | 536 |
| Capital Costs | | | | | | | | | | | | |
| Renewals | - | - | - | - | - | 44 | 41 | 15 | - | 5 | - | 19 |
| Growth | - | - | - | - | - | - | - | - | - | - | - | - |
| Backlog | - | - | 40 | - | - | - | - | - | - | - | - | - |
| Level of Service | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Capital | 14 | 158 | 40 | - | - | 44 | 41 | 15 | - | 5 | - | 19 |
| Operational Funding | | | | | | | | | | | | |
| Net Cost of Service | - | - | 563 | 674 | 386 | 520 | 530 | 518 | 504 | 524 | 521 | 536 |
| Plus Capital Revenue | - | - | - | - | - | - | - | - | - | - | - | - |
| Less Depreciation | - | - | (83) | (75) | (71) | (61) | (62) | (58) | (57) | (57) | (56) | (59) |
| Add back Depreciation Funded by Rates | - | - | - | - | - | 44 | 41 | 15 | - | 5 | - | 19 |
| Operations Funded by General Rates | - | - | 479 | 598 | 315 | 503 | 510 | 475 | 447 | 473 | 466 | 496 |
| Capital Funding | | | | | | | | | | | | |
| Funding from Depreciation (Rates) | - | - | - | - | - | 44 | 41 | 15 | - | 5 | - | 19 |
| Loans from/(to) Corporate Fund | - | - | 40 | - | - | - | - | - | - | - | - | - |
| Capital Grants | - | - | - | - | - | - | - | - | - | - | - | - |
| Development Contributions | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Capital | 14 | 158 | 40 | - | - | 44 | 41 | 15 | - | 5 | - | 19 |

Minor roundings may occur in above totals

rotorua regional airport activity plan

Why we do it

The council, representing the wider community, is taking a leadership role in developing the Rotorua Regional Airport to ensure direct access to and from Rotorua, and to serve the needs of the Rotorua and wider Bay of Plenty communities.

What we do




Rotorua District Council owns the assets at the Rotorua Regional Airport and leases them to an operating company, Rotorua Regional Airport limited (RRAL) – a council controlled trading organisation, in accordance with the Local Government Act 2002.

This activity plan is focussed on optimal management of the assets for the overall benefit of the community through their utilisation by the operating company.

Specific responsibilities are to:

- manage and maintain the infrastructure at the airport.
- plan, implement and manage the capital development programme.

Community outcomes

| Community Outcome | How the Council contributes |
|---|--|
|  Safe & Caring | <ul style="list-style-type: none"> ■ By providing a safer option for those wanting to travel directly to or from Rotorua rather than having to travel between Rotorua and other cities, particularly Auckland, by road. ■ By ensuring that the infrastructural assets are designed, built and managed in accordance with the appropriate safety standards and legislation. |
|  Prosperity | <ul style="list-style-type: none"> ■ By providing direct air access to and from Rotorua, the council is directly supporting the growth, employment opportunities and economic development of the city, district and wider Bay of Plenty community. |
|  Facilities & Services | <ul style="list-style-type: none"> ■ By contributing to an integrated transport system and a modern, safe airport for the region. The airport asset is subject to an asset management plan to ensure it remains intact and serviceable for future generations. |

rotorua regional airport activity plan cont.

What does the council plan to do in the future

| What is the Council currently doing? | What will we do in years 1 to 3? | What will we do in years 4 to 10? | How will we know if we achieve our objective? (key result areas) |
|---|---|---|---|
| The major focus is development of the airport to facilitate trans-Tasman flight operations. This involves runway lengthening and strengthening and overall development of facilities at the airport to support trans-Tasman operations. | The lengthening of the southern runway will include the destruction of a degraded wetland and an equivalent area of new wetland will be constructed. | Continue development of airport assets to meet actual and anticipated demand and the needs of the district. | <ul style="list-style-type: none"> ■ Regular Trans-Tasman flights ■ More internal flights ■ Increased passenger numbers ■ Increased prosperity of local economy |
| Air noise contours and rules have been introduced to give certainty to development to both the Airport and surrounding land owners. | The runway will be lengthened at both ends to create a 2km long runway and strengthened to handle increased loadings from larger trans-Tasman capable aircraft. | | |
| The passenger terminal has been extended and upgraded to include secure lounges and facilities required to manage international air travel. | | | |

Measuring our achievements

| Level of Service | Performance measures | Current performance | Performance targets | | | | | | | | | |
|--|---|---------------------|---------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| | | | 09/10 | 10/11 | 11/12 | 12/13 | 13/14 | 14/15 | 15/16 | 16/17 | 17/18 | 18/19 |
| The airport assets will be developed and managed in a safe manner and in compliance with the relevant legislation. | Number of airport closures or flight delays caused by the failure of the airport to meet industry safety and operational standards. | Nil | Nil | | | | | | | | | |
| The assets will be provided at reasonable cost. | % of programmed construction and maintenance work completed on time and within budget. | 100% | 100% | | | | | | | | | |

rotorua regional airport activity plan cont.

Negative effects

| Negative effects | Mitigation options |
|---|---|
| The lengthening of the southern runway will include destruction of a degraded wetland. | An equivalent area of new wetland will be constructed. An allowance of \$1.2m has been made for this. |
| Additional noise from the operation of larger trans-Tasman jets and associated activities. | Air noise contours and rules have been introduced to give certainty to development for both the airport and surrounding landowners. |
| The anticipated increase in landings and introduction of Trans-Tasman flights does not meet expectations and the airport becomes a drain on council finances. | While there are no guarantees that an airline or airlines will commence trans-Tasman services, there is considerable confidence in the tourist industry that there is sufficient demand in Australia for such a service. The growth in Rotorua and the Bay of Plenty region, the general increase in air travel, the advantages of direct access to the region, along with investment in associated assets such as the Energy Events Centre should ensure the success of the airport development. |

Funding considerations

Who benefits from the activity?

The community as a whole benefits from:

- A safe, efficient and accessible air service
- Increased employment opportunities
- Increased economic growth

Passengers, in particular, benefit from an efficient service. Visitors and tourists benefit from direct access to Rotorua and the surrounding region and attractions.

What is the period of benefit?

Benefits are ongoing as long as the airport continues to operate at its current location.

Who creates the need for the activity?

Users of air transport create the need for a safe and efficient infrastructure for supporting air transport. Rotorua is generally regarded as the premier tourist destination in the North Island and a significant sector of the community relies on and benefits from the provision of direct air services to Rotorua. Legislation requires that these services be provided safely and efficiently.

Funding Source

The airport activity is funded by users.



rotorua regional airport activity plan cont.

Asset management

Key assets

- buildings
- land
- runway

Maintaining our assets

A specific renewal or replacement programme has been developed for the assets based on the factors which influence the remaining economic life of the asset. This methodology has been based on the database of asset information along with condition monitoring procedures and assessment of risk. A specific asset management plan has been developed for the airport and provides more detail around the maintenance of this asset.



Major changes planned for assets

| Reason for change | What will be done? | Year 1 (\$000s) | Year 2 (\$000s) | Year 3 (\$000s) | Year 4 - 10 (\$000s) |
|-----------------------------|--|---|-----------------------------|-----------------------------|---------------------------------|
| Renewals and replacements | Airport Infrastructure Buildings, roading, runway, aprons | 87 | 90 | 93 | 749 |
| Increased levels of service | Southern Extension Strengthening aprons Subtotal | 2,500 100 2,600 | - - - | - - - | - - - |
| Increased demand | Runway Extension Southern extension Wetland mitigation Noise mitigation Subtotal | 2,000 1,176 1,245 4,421 | - - 668 668 | - - 530 530 | - - 4,263 4,263 |
| | Total | 7,108 | 758 | 623 | 5,012 |

Runway Extension

Year 1 – Completion of physical works for runway southern extension; Rehabilitation of wetland on lake margin; Noise mitigation measures installed for affected buildings.

Year 2 – Noise mitigation measures for affected buildings.

Years 4-10 – Noise mitigation measures for affected buildings.

rotorua regional airport activity plan cont.

Financial summary (plan 2009/10 and forecast 2010/11 to 2018/19)

| Rotorua Regional Airport (\$000s) | Actual 2007/08 | Annual Plan 2008/09 | 2009/10 | 2010/11 | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 | 2018/19 |
|---|-------------------|------------------------|--------------|--------------|----------------|----------------|--------------|--------------|----------------|----------------|----------------|----------------|
| Operating Expenses | | | | | | | | | | | | |
| Direct Costs | 143 | 127 | 147 | 152 | 154 | 155 | 162 | 166 | 166 | 174 | 179 | 180 |
| Financial Costs | 1,747 | 3,064 | 2,522 | 3,106 | 3,049 | 2,541 | 2,330 | 2,251 | 2,162 | 2,065 | 1,963 | 1,856 |
| Depreciation | 865 | 1,304 | 1,060 | 1,074 | 1,079 | 1,098 | 1,072 | 1,078 | 1,071 | 1,096 | 1,101 | 1,120 |
| Other | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Costs | 2,755 | 4,495 | 3,729 | 4,332 | 4,282 | 3,794 | 3,564 | 3,495 | 3,399 | 3,335 | 3,243 | 3,156 |
| Revenue | | | | | | | | | | | | |
| Capital Revenue | - | - | - | 3,000 | 7,000 | 2,000 | - | - | - | - | - | - |
| Fees and Charges | 1,340 | 1,435 | 1,439 | 1,834 | 4,082 | 4,350 | 4,282 | 4,394 | 4,422 | 4,430 | 4,438 | 4,447 |
| Investment Income | - | - | - | - | - | - | - | - | - | - | - | - |
| Subsidies and Grants | - | - | - | - | - | - | - | - | - | - | - | - |
| Targeted Rates | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Revenue | 1,340 | 1,435 | 1,439 | 4,834 | 11,082 | 6,350 | 4,282 | 4,394 | 4,422 | 4,430 | 4,438 | 4,447 |
| Internal Recoveries | | | | | | | | | | | | |
| Internal Recoveries | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Internal Recoveries | - | - | - | - | - | - | - | - | - | - | - | - |
| Net Cost of Service | 1,415 | 3,060 | 2,290 | (502) | (6,800) | (2,556) | (718) | (899) | (1,023) | (1,095) | (1,195) | (1,291) |
| Capital Costs | | | | | | | | | | | | |
| Renewals | - | - | 87 | 90 | 93 | 96 | 100 | 103 | 106 | 110 | 115 | 119 |
| Growth | - | - | - | - | - | - | - | - | - | - | - | - |
| Backlog | - | - | - | - | - | - | - | - | - | - | - | - |
| Level of Service | - | - | 7,021 | 668 | 530 | 548 | 568 | 590 | 611 | 629 | 648 | 669 |
| Total Capital | 3,187 | 22,872 | 7,108 | 758 | 623 | 644 | 668 | 693 | 717 | 739 | 763 | 788 |
| Operational Funding | | | | | | | | | | | | |
| Net Cost of Service | - | - | 2,290 | (502) | (6,800) | (2,556) | (718) | (899) | (1,023) | (1,095) | (1,195) | (1,291) |
| Plus Capital Revenue | - | - | - | - | - | - | - | - | - | - | - | - |
| Less Depreciation | - | - | (1,060) | (1,074) | (1,079) | (1,098) | (1,072) | (1,078) | (1,071) | (1,096) | (1,101) | (1,120) |
| Add back Depreciation Funded by Rates | - | - | - | - | - | - | - | - | - | - | - | - |
| Self Funding/DC Reserve Movements | - | - | (1,230) | 1,577 | 7,879 | 3,654 | 1,790 | 1,977 | 2,094 | 2,191 | 2,297 | 2,411 |
| Operations Funded by General Rates | - | - | - | - | - | - | - | - | - | - | - | - |
| Capital Funding | | | | | | | | | | | | |
| Funding from Depreciation (Rates) | - | - | - | - | - | - | - | - | - | - | - | - |
| Loans from/(to) Corporate Fund | - | - | - | - | - | - | - | - | - | - | - | - |
| Capital Grants / Share Issue | - | - | - | 3,000 | 7,000 | 2,000 | - | - | - | - | - | - |
| Development Contributions | - | - | - | - | - | - | - | - | - | - | - | - |
| Reserves Net | - | - | 7,108 | (2,242) | (6,377) | (1,356) | 668 | 693 | 717 | 739 | 763 | 788 |
| Total Capital | 3,187 | 22,872 | 7,108 | 758 | 623 | 644 | 668 | 693 | 717 | 739 | 763 | 788 |

Minor roundings may occur in above totals

