



# ROTORUA

Economic Development  
Te Whanaketanga Ōhanga o Rotorua

## Statement of Intent 2021-2022

# 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 mānuka 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



# FOREWORD

Rotorua has the opportunity now to reinforce and build upon its strong legacy of resilience through meaningful collaboration, innovation, kaitiakitanga and manaakitanga.

Our city's history tells a unique story of indigenous entrepreneurship and tourism leadership that has evolved over many generations. Over the past 30 years however, Rotorua has seen a significant increase in its population. Unmatched by available housing stock, a looming housing crisis has been accelerated by the COVID-19 pandemic. We know the economic ramifications of both the housing issues and the pandemic for Rotorua will be felt for some time and our business communities have told us we must continue to work together, build meaningful relationships and champion one another.

Our purpose at Rotorua Economic Development (RED) is to unlock the potential of Rotorua. We do this by partnering with Te Arawa and in alignment with the Rotorua Lakes Council's key priorities that are underpinned by the Rotorua 2030 Vision and in line with the Draft Economic Development Strategy and Long Term Plan.

Telling our story in a way that improves the desirability of Rotorua as a place to live, study, work, invest, do business and visit is central to all that we do. Soon, we'll launch a new brand for Rotorua that tells our story and aims to capture the hearts and minds of all people from across the world, but more importantly our own communities. We are a people ambitious in the face of adversity, this is our unique story, and it is this way of thinking that defines who we are as Rotorua. We adapt, we overcome, and we thrive.

Over the past year Te Arawa, our stakeholders and the wider community have shared with us their challenges and aspirations for a future in this post-COVID environment. Whilst 2020 began on a surge of consumer confidence with the Bay of Plenty recording the highest level of optimism of any New Zealand region, 2021 has started on a more somber note. The data tells us our situation is serious, and that a solution lies within an all-of-Rotorua approach working in partnership with mana whenua, and alongside local businesses and Central Government.

In December 2020 we began the journey to develop a Destination Management Plan for Rotorua in partnership with mana whenua and in collaboration with our community. This piece of work is a significant step forward for our district and has the potential to reimagine and redefine what we have to offer as a people and place. Tatau tatau, we together.



**John McRae**  
Chair



**Andrew Wilson**  
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 Rotorua Economic Development Limited (RED) for the next 12 months. It has been written in response to the priorities set by the Rotorua Lakes Council's (RLC's) January 2021 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 developing Long Term Plan priorities for 2021 - 2031. There is also an additional priority for RED to support Rotorua Reorua (Bi-lingual Rotorua) alongside RLC's iwi partners - Te Tatau o Te Arawa.

## 2. ABOUT ROTORUA ECONOMIC DEVELOPMENT LIMITED

RED 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.

RED's key trading activities and brands are Destination Rotorua, i-SITE and Rotoruanz.com. RED is committed to developing and promoting Rotorua as a destination of choice to work, study, visit, invest and live in.

RED 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.

RED is led by Interim 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)

Ms Keri-Anne Tane (Director)

Mr David Tapsell (Director)

### 3. OUR PURPOSE

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

This reflects RED’s primary role as the Regional Tourism Organisation (RTO), Economic Development Agency (EDA) and extended role delivering transformational place making developments on behalf of Council and optimising Councils strategic land assets.

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:

- 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

- 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 have a world-class visitor experience
- Focusing on the projects and priorities established during the Whakahouhia te Whare Ohanga (Build Back Better Sector Groups) and Economic Recovery Taskforce, guided by the Economic Development Strategy Framework and developing Long Term plan.
- Strengthening our working relationship with the Chamber of Commerce to best support local businesses as they recover from the impact of COVID-19.
- Developing and telling our story in partnership with Te Arawa in a mana-enhancing way that reinforces the true spirit of our community
- Continuing to lead on commercial investment partnerships at the Lakefront and Whakarewarewa Forest
- On behalf of Council, lead the development of transformational placemaking projects and the unlocking of residential, industrial and commercial land for development
- Leading the development of a Forestry Futures Action Plan that leverages our unique strengths in forestry, wood processing and bio-materials/technology and science in the timber sector.



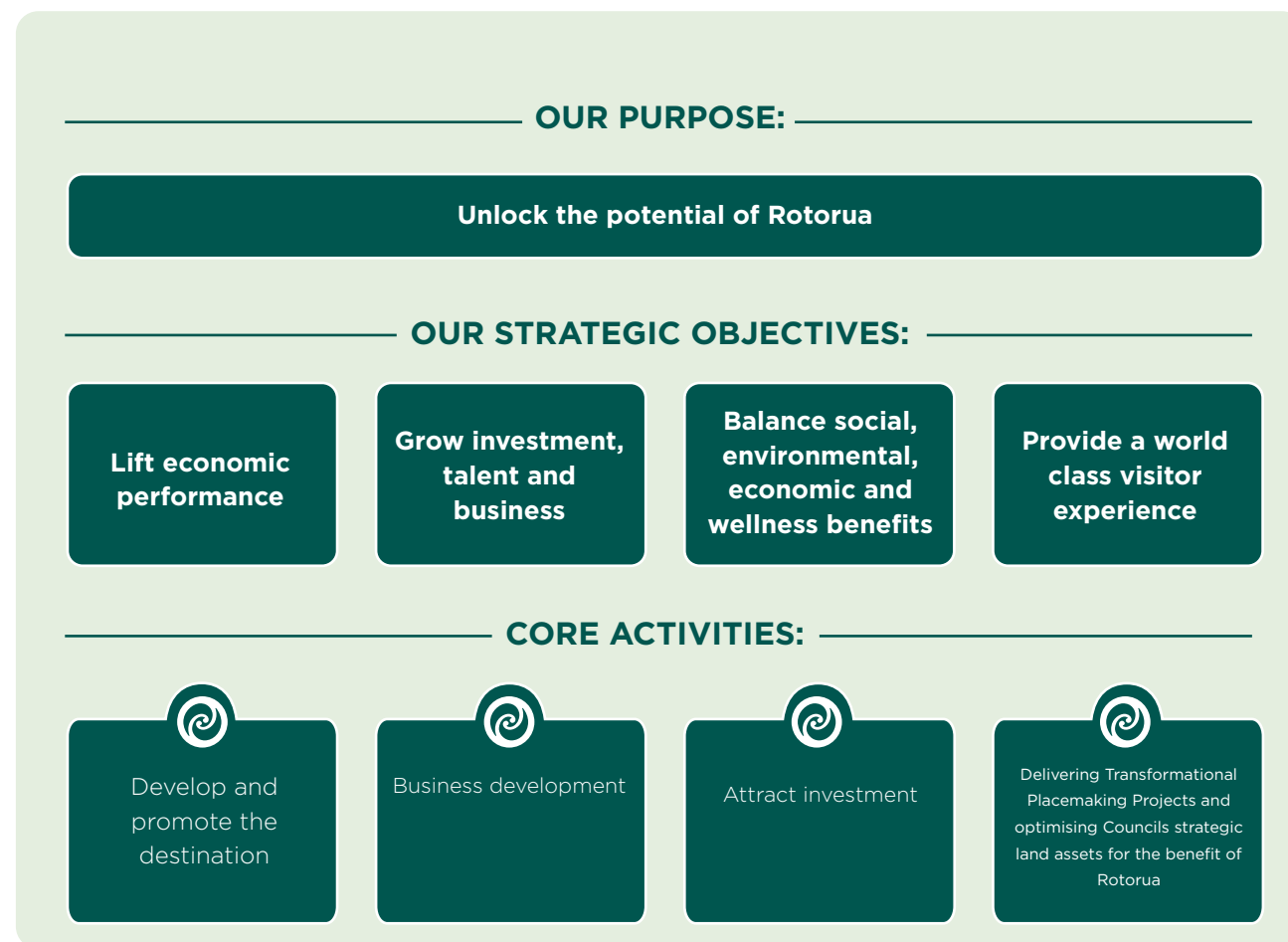
## 4. OUR STRATEGIC FRAMEWORK

RED's 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 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 haumarū

Vision 2030 – The Rotorua Way, 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. Together, these make Rotorua a unique place in which to live, work, invest and visit.



## 5. OUR WORK PLAN

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

### Develop and promote the destination

We have embarked on a journey alongside our community to develop a Destination Management Plan for the Rotorua district. This project provides opportunity to strengthen our partnership with iwi and work collaboratively with stakeholders and community to understand their challenges and aspirations. Our emphasis will be on ensuring the people of Rotorua are engaged throughout the planning process, including the plan's implementation.

We will continue to focus on the development of a strong, cohesive Rotorua brand and destination story to communicate the reasons why people want to live, work, study, visit and invest here. We will focus on stories that reflect what makes Rotorua special: 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:**

- Identification of a unique place brand built around Te Ngako o te Kaupapa – a central pou that acts as a call to action and an invitation, which will sit at the heart of all our communications and activations
- The completion of a Destination Management Plan for the Rotorua region that brings together different stakeholders to achieve the common goal of developing a well-managed, sustainable visitor destination.
- Rotorua people are engaged with the development of the destination, recognising the benefits that new investment, economic development and a strong tourism sector offer
- The completion of an events strategy, in partnership with RLC, to support the place brand and destination management plan
- 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:

- 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 district's priorities and needs.
- Providing support for current businesses in the attraction of investment, or removal of barriers for growth and retention relocation programs as required.



## 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 to accelerate growth and improve our local offering.

The outcomes of our work in this area include:

- Actively work with RLC to enable the delivery of partnership mechanisms for property development, including residential, industrial and commercial land development.
- Support investments led by Te Arawa that strengthen their asset base and future aspirations.
- Working collaboratively on key transformation initiatives that leverage funding and accelerate outcomes identified in the EDS framework. E.g. bio-pilot plant.
- Ensure Rotorua is recognised 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.
- Support the development of a prioritisation plan for the inner city which includes:
  - o Inner city residential development,
  - o Identification of opportunities and facilitation of partnerships to enable development,
  - o Promote targeted interventions to encourage commercial development in the right areas.
- Support the investment and development of industrial commercial business parks to support business growth and expansion.
- Support the development of a Wood Action Plan that looks at opportunities to transform our forestry and timber processing, and leverages our science capability.
- Support the business case for the construction of an engineered timber building that showcases Rotorua's Wood First Policy.
- Ensure there is a robust process in place to analyse potential growth opportunities, and where appropriate develop the investment case and promotion process to support commercial investment realisation and decision-making.



## Transformational Placemaking Projects

- o Rotorua Economic Development will take an active role delivering transformational placemaking projects on behalf of Council.
- o 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.
- o The outcomes of our work in this area include:
  - De-risking inner city development through investment in understanding opportunity and risk.
  - Procuring and managing private partners to deliver developments.
  - Utilising council land to deliver transformational placemaking projects.
  - Purchasing and assembling larger parcels of land to support or deliver transformational placemaking projects.
- o Administering and utilising Councils underperforming strategic landholdings to ensure they deliver maximum value.



## 6. RED OPERATING PRINCIPLES

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:

- 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 RED so strong that it fosters and attracts top talent
- RED will leverage investment, assets, and developments where possible to achieve Councils wider economic, social, cultural and environmental objectives



## 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	2019/20 Target	2020/21 Target	2021/22 Target	2022/23	2023/24
Business development	The number of Te Arawa economic development projects directly supported by Rotorua Economic Development Ltd.	Not available	New measure	At least 3 Te Arawa economic development projects are directly supported by RED	At least 3 Te Arawa economic development projects are directly supported by RED	At least 3 Te Arawa economic development projects are directly supported by RED
	Level of satisfaction of businesses going through the ACCELERATE programme	New measure	At least 80% satisfaction	At least 80% satisfaction	At least 80% satisfaction	At least 80% satisfaction
Attract Investment and Deliver Transformational Placemaking Projects	Relevant destination data and insights developed to support investment decision making by businesses in target sectors. Subject matter will be delivered during the year based on relevance and need.	Not available	New measure	Data and insights for at least 6 target sectors developed and shared	Data and insights for at least 6 target sectors developed and shared	Data and insights for at least 6 target sectors developed and shared
	The number of new developments (residential, industrial and commercial) supported or led by Rotorua Economic Development that are initiated	Not available	New measure	At least 3 new developments (residential, industrial and commercial) supported or led by RED are initiated	At least 3 new developments (residential, industrial and commercial) supported or led by RED are initiated	At least 3 new developments (residential, industrial and commercial) supported or led by RED are initiated



Develop & promote the destination	i-SITE to be financially self-sufficient	Cost neutral	Revenue at least 50% pre-COVID levels ++	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 \$5.3m	At least \$3m ++	At least \$6.1m	At least \$7m	At least \$8m
	Total international expenditure data for Rotorua (based on MBIE statistics)	At least \$361m	At least \$35m ++	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)	At least \$482m	At least +2%	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)	Not available	New measure	\$330m	Target to be confirmed by 30 June 2022	Target to be confirmed by 30 June 2023
	Stakeholder satisfaction (Survey of the local visitor economy; attraction, hospitality, food & beverage)	New measure	New measure	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	New measure	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, RED 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.

As the district's economic growth agency, Destination Rotorua will monitor, report and, where possible, influence these indicators at a local level. However they are not the measure of the organisation's performance.

Monitoring Indicators	Year Ending							2019-20 change	
	Jun-14	Jun-15	Jun-16	Jun-17	Jun-18	Jun-19	Jun-20	Rotorua	NZL
<b>Real GDP</b>									
	\$3.364b	\$3.408b	\$3.491b	\$3.586b	\$3.721b	\$3.795b	\$3.693b	-2.7% ▼	-1.5% ▼
<b>Business Confidence Overall</b> (-100 to +100)*	+26.0	+26.0	+40.0	+50.0	+21.0	+1.0	+63.0	62.0pts ▲	95.0pts ▲
Finding Skilled Labour*	-35.2	-24.7	-32.6	-30.8	-48.8	-35.5	-59.5	-24.0pts ▼	
Finding Unskilled Labour*	+30.5	+25.3	+26.4	+7.8	+2.7	+8.3	-31.4	-39.7pts ▼	
<b>Building Consents</b>									
Residential Consents (Volume)	\$38m	\$42m	\$51m	\$58m	\$46m	\$64m	\$62m	-4.0% ▼	-8.6% ▼
Non-Residential Consents (Value)	64	75	118	117	160	176	186	5.7% ▲	8.1% ▲
<b>Workforce</b>									
Unemployment Rate*	8.3%	7.9%	6.8%	7.7%	6.9%	5.5%	5.9%	0.4pts ▲	-0.1pts ▼
Job Support Recipients*	3,224	3,323	3,222	3,294	3,372	3,600	4,312	19.8% ▲	19.0% ▲
<b>Health Enrolments*</b>	68,992	66,827	66,974	67,662	68,798	68,719	69,146	0.6% ▲	2.5% ▲
<b>Tourism Electronic Card Transactions</b>									
	#N/A	#N/A	#N/A	#N/A	#N/A	\$413m	\$351m	-15.0% ▼	-10.0% ▼
<b>Visiting Friends &amp; Relatives (VFR) visitor nights</b>									
	1,320,373	1,384,218	1,501,283	1,565,811	1,611,292	1,639,918	1,527,416	-6.9% ▼	
<b>Attractions &amp; Activities Visits</b>									
	2,300,268	2,544,911	3,027,712	3,271,027	3,302,109	3,420,379	2,520,189	-26.3% ▼	
Attractions Visits	2,157,734	2,398,310	2,867,472	3,110,476	3,141,111	3,257,786	2,402,987	-26.2% ▼	
Activities Visits	142,534	146,601	160,240	160,551	160,998	162,593	117,202	-27.9% ▼	

\* As at the indicated date (ie. versus the YE period)

## 8. SUMMARY OF FINANCIALS

### **Council Funding CCO Budget YE June 30 2022**

The total level of Council funding provided for the CCO in financial year 2021-22 to deliver on the expected outcomes contained within this SOI is \$4,220,000 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 RED

Operating Budgets	Annual Plan	LTP 2021-2031 Forecast		
	2020/2021	2021/22	2022/23	2023/24
Revenue	\$	\$	\$	\$
Funding from Rotorua Lakes Council	4,220,004	4,220,004	4,220,004	4,220,004
iSITE commission received	420,004	500,000	600,000	700,000
Trading revenue	440,004	331,000	400,000	500,000
Other revenue – Wage Subsidy	126,533			
Other revenue – MBIE STAP Funding	1,000,000			
<b>Total revenue</b>	<b>6,206,545</b>	<b>5,051,004</b>	<b>5,220,004</b>	<b>5,420,004</b>
Expenditure				
Employee	2,697,562	2,360,992	2,479,042	2,602,994
Administration & office	96,488	73,996	77,696	81,581
Finance costs and charges	61,096	26,096	31,315	37,578
Repairs & maintenance	94,184	94,500	95,000	95,000
Operating expenses	3,177,732	2,435,420	2,474,951	2,538,851
Utilities	67,812	60,000	62,000	64,000
Total expenses	<b>6,194,874</b>	<b>5,051,004</b>	<b>5,220,004</b>	<b>5,420,004</b>
<b>Net operating income</b>	<b>11,671</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Other financial information

Current value of assets	The current value of RED Ltd's assets as 30 June 2020 was \$396,000 based on the net asset value of the RED Ltd to be confirmed by the disclosed in the audited financial statements.
Accounting Policies	RED accounting policies are consistent with those of the Rotorua Lakes Council policies.
Financial Reporting	RED 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 RED
- 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 RED 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 RED Ltd. The Chairperson shall represent RED 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 RED 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 RED'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 RED 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 RED'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.

RED 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 RED, 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 RED 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 RED 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.
- RED Chair and Chief Executive to meet with the Mayor and Council Chief Executive a minimum of twice per year.
- In addition, RED 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

RED 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 RED'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 RED.



