

# **Rotorua Economic Development Ltd**

## **Statement of Intent**

**For the period 1 July 2017 to 30 June 2018**



## HE MIHI

2030 Vision

This is our home.

We are its people.

We're the **heart of Maori culture** and expression.

We're innovative and we share what we learn.

We're driving opportunity, enterprise and diversity.

We're supporting a **legacy of sustainability** for our environment.

Rotorua is a **place for everyone** .... Tatau, tatau – We together.

## FOREWORD

This Statement of Intent (SOI) sets out the strategic framework, activities and performance measures for Rotorua Economic Development Ltd (RED) for the next three years in order to deliver on our objectives, and contribute to the Rotorua Lakes Council's targets and priorities. The content of this SOI for 2017-2020 reflects the continued evolution of RED Ltd's role and focus from an approach weighted towards visitor services and promotion to one which provides an increasingly balanced and fully leveraged portfolio of business and tourism growth, and investment attraction aligned with destination management.

RED Ltd will continue to work as a key partner in Council's Economic Development components of the Rotorua 2030 Vision to deliver transformational shift with particular focus on supporting:

- Active Environment – Toitú te whenua
  - Develop innovative land uses to enhance the productive value
- Diverse opportunities - Tupu ki roto, tupu ki waho
  - Develop infrastructure, land and people to support a diverse and sustainably growing community.
  - Grow the value of tourism to Rotorua
  - Become a globally recognised centre of excellence for forestry science and innovation
  - Activate waterfront development opportunities
- Strong Culture - Toitú te tangata
  - Support growth aspirations of Te Arawa partnership
  - Establish the district as a centre of Maori story telling
  - Support events and festivals that enhance the district's identify and reputation

During 2017/18, we will undertake a range of projects in the collaborative spirit of kotahitanga with our broad range of partners, including other Council Controlled Organisations' (CCOs), central government, iwi, industry organisations, education and training providers, private businesses and not for profit groups.

Our focus will be on fully leveraging our relationships with partners to ensure maximum value for money from our activities for the people of Rotorua.

We are committed to focusing on significant interventions that will leave a lasting legacy for Rotorua and New Zealand. We are pleased to present this document as our statement of this commitment.

**Peter Stubbs**  
Chair

**Michelle Templer**  
Chief Executive

# TABLE OF CONTENTS

He Mihi.....	2
Foreword.....	3
1. Introduction.....	5
2. Rotorua Economic Development Limited.....	6
3. RED Operating Principles.....	8
4. Key Priorities And Objectives.....	9
5. Performance Outlook.....	12
6. Summary Of Financials .....	16
7. Governance.....	18
8. Responsibility To Shareholder .....	22
9. Health And Safety.....	23

# 1. INTRODUCTION

Rotorua Economic Development Ltd (CCO) is a Council Controlled Organisation, 100% owned by the Rotorua Lakes Council (RLC). This Statement of Intent (SOI) is prepared in accordance with Section 64(1) of the Local Government Act and sets out at a high-level the CCO's objectives, the nature and scope of the functions to be undertaken and the targets and other measures by which the performance of the company will be judged in relation to the CCO's contribution to council's expectations.



## 2. ROTORUA ECONOMIC DEVELOPMENT LIMITED

### 2.1 The Organisation

#### Our Purpose

To improve the Rotorua economy and its ability to create employment, wealth and wellbeing for all of our people. We will do this by; growing our visitor economy, creating a vibrant investment ecosystem, developing international education and enabling positive business development.

Rotorua Economic Development Limited was created 01 July 2016 following a review of economic development services which resulted in the Council resolving to integrate the functions of the former economic development CCO Grow Rotorua and destination marketing business unit Destination Rotorua and Visitor Services (iSITE operations). RED Ltd's primary outcome focus is to create value for the Rotorua community. This is achieved through the Rotorua Lakes Council investment in the CCO's activities in partnership with the Rotorua Business and Investment community and by being recognised as a key influencer in contributing to the economic transformation components of the Rotorua 2030 vision.

### 2.2 The Directors

The RED Directors are as follows:

Mr Peter Stubbs (Chairman)  
 Mr Chris Auld (Director)  
 Mr Michael Barnett (Director)  
 Ms Kiri Atkinson-Crean (Director)  
 Ms Mere George (Director)  
 Mr Quinton Hall (Director)  
 Mr Bruce Thomasen (Director)

### 2.3 Strategic Context

RED Ltd cannot spark economic development on its own; there are a number of critical contributors in both the public and private sector who all need to perform if Rotorua is to achieve its 2030 Vision aspirations.

RED Ltd's activity is focused on contributing to the following **2030 Vision** components:

- **Business innovation and prosperity ... Whakawhanake pākihi:** We boast a diverse and sustainable economy energised by our natural resources and innovative people.
- **Employment choices ... He huarahi hōu:** We are a prosperous connected community; growing our education, training and employment opportunities.

#### 2017 Priority:

- **Develop our economic base by growing the visitor economy, growing existing & attracting new, businesses to our region.**

RED Ltd also acknowledges the Rotorua Lakes Councils formal partnership model with Te Arawa and the intention of establishing an enduring partnership which creates a future that benefits the whole community.

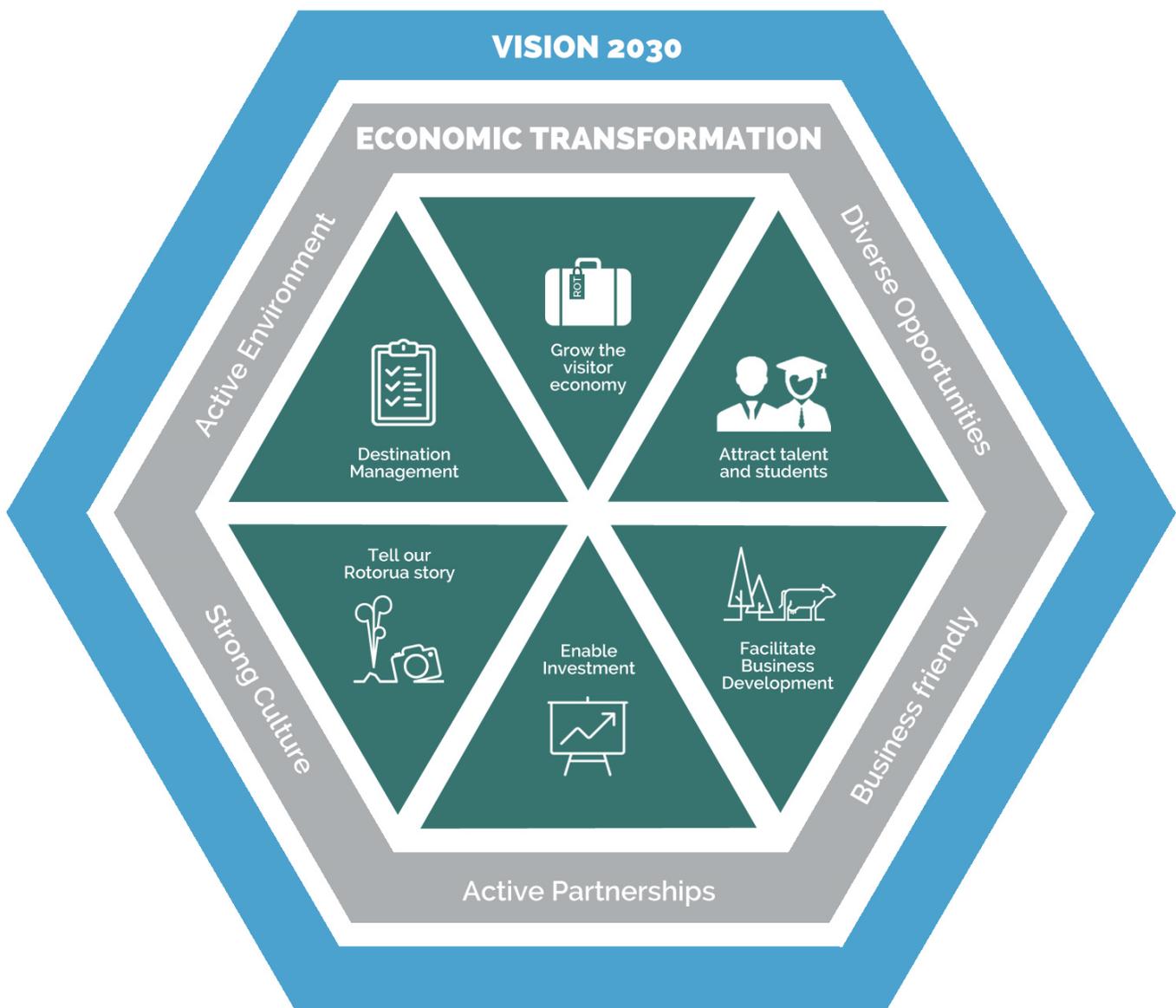
## 2.4 Strategic Framework

RED Ltd has identified six key strategic objectives that collectively articulate our role in contributing to the delivery of Vision 2030. The six strategic objectives are:

- Facilitate Business Development
- Enable Investment
- Attract Talent and Students
- Grow the Visitor Economy
- Deliver Destination Management
- Tell our Rotorua Story

These objectives connect to the wider Strategic Framework of Rotorua Lakes Council Vision 2030 and The Rotorua Way. The framework provides RED with focus on those areas of our role that will make a difference to Rotorua. Each core strategic objective will be supported by a service delivery model and work plan.

### RED Limited's Strategic Framework



### 3.0 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
- Being business insights and intelligence led
- Delivering value for money to CCO partners
- 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 Management is part of our DNA to deliver value to the Rotorua economy

## 4. KEY PRIORITIES AND OBJECTIVES

This will be achieved by directly delivering, facilitating, enabling or coordinating services within the CCO's mandate and partnering with targeted business community and government organisations to ensure the delivery of economic development with the intention of contributing to a sustainable future economic development platform from which Rotorua, its people and its businesses, can grow and prosper.

These services will be aimed at contributing to the achievement of the following priority outcomes as a reflection of the Council's expectations of the CCO:

### 4.1 Business Development

#### **Objective**

*Rotorua seen as "business friendly" destination connected to a sustainable, vibrant and growing community*

#### **Priority**

Support the capability and capacity of businesses<sup>1</sup> and encourage development of new business.

#### **Outcomes**

RED's activity areas are focused on contributing to the following business development related outcomes:

- A coordinated Rotorua business network to foster connectivity, issues management and collaboration.
- Access to a range of valued business growth and innovation services tailored to address Rotorua business capacity and capability needs that accelerate growth and improve competitiveness.
- Market Insights that support quality decision making, reduce risk focused on building resilience and improved productivity.
- Leverage opportunities for increasing awareness and/or the creation of a Centre of Excellence in forestry, wood processing, thermal wellness and the visitor economy

#### **Impact**

Significant positive impact on the Rotorua economy and its ability to create employment and wealth.

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<sup>1</sup> Businesses that have an aspiration to grow, create employment opportunities, transfer new skills or technologies and earn revenue from outside of the Destination.

## 4.2 Investment Attraction

### Objective

Our location, land, infrastructure, and people (tangata whenua) come together to create diverse opportunities within an active environment.

### Priority

Support local companies and organisation's to encourage investment and attract new investment in Rotorua's areas of focus and competitive advantage.

### Outcomes

The CCO activity areas are focused on contributing to the following investment attraction related outcomes:

- Rotorua being recognised as an attractive and viable investment destination in areas of competitive advantage with a particular focus on the following priority areas:
  - Tourism sector
  - Natural hot springs & wellness.
  - Forest & Wood processing sector
  - Micro Geothermal power generation
  - Sustainable alternative land use opportunities within the Rotorua Lakes catchment
  - Investments that will complement the Te Arawa asset base and future aspirations
  - Businesses wishing to establish in the Rotorua district
- Where potential growth opportunities are identified there is a robust and disciplined investment opportunity analysis, case development and promotion process in place to support commercial investment realisation and decision making.
- Support for current businesses in the attraction of investment, or the removal of barriers, for growth and retention.
- Enhancing confidence in Rotorua as a business destination with local, prospective businesses, investors and influencers through quality market intelligence.
- Ensuring there is a coordinated and strengthened Rotorua business investment support service network.
- Destination Management programmes linked to improving the desirability of Rotorua as a place to invest, do business, live and visit.

### Impact

Improved vibrancy and resilience, in addition to significant impact on the Rotorua economy and its ability to create employment and wealth.

## 4.3 Tourism Growth

### Objective

Position Rotorua as a leader in authentic visitor experiences that embrace manakitanga and support a sustainable, growing Visitor Economy.

### Priority

Grow the Visitor Economy, and deliver quality Visitor services and experiences.

### Outcomes

The CCO activity areas are focused on contributing to the following tourism growth related outcomes:

- Target of \$1.5 billion in Visitor Expenditure by 2030.
- Enhanced position of Rotorua as a premium visitor destination.
- Provision of destination marketing and management programs designed to deliver greater visitor expenditure and improved visitor experiences and satisfaction.
- Rotorua being recognised as an attractive and viable Tourism industry investment destination.
- Creating value for tourism partners through the Rotorua Tourism and Investment Partnership Programme.
- Develop Rotorua's visitor proposition to attract and grow business year round.
- Rotorua recognised as a leader in business events and conference delivery.
- Support the leverage of Council and private sector led major events.
- i-SITE services self-sustainable.

### Impact

Growth of the largest employment sector in Rotorua, increased contribution to Destination GDP. Visitor spend is a major positive contributor to purchase of retail, hospitality sectors– with significant indirect positive impact on other sectors of the economy.

Tourism promotion also has a positive influence on perceptions of the destination as a place to live, work, invest, and learn.

## 5. PERFORMANCE OUTLOOK

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. The detail of these performance measures will be captured in the separate funding agreement and progress against targets will be reported to council and stakeholders on a quarterly basis.

Key Outcome Area	Key Performance Measures
Business Development Investment Attraction Tourism Growth	The achievement of 80% of the key performance measures across the three outcome areas identified in this Statement of Intent
Financially Sustainable Organisation	The achievement of 100% of the key performance measures identified in the Statement of Intent.

## 5.1 Key Performance Measures

### Business Development

ID	Key Performance Measure	KPM Discussion (new measures only)	Target
5.1.1	Rotorua brand architecture and identity	Key requirements (for KPM achievement) include: <ul style="list-style-type: none"> <li>Support application of the RLC developed "Rotorua Place" brand across organisation and "wayfinding".</li> </ul>	Ensure branding proposals advised to RLC
5.1.2	Stakeholder Relationship Management	Key requirements (for KPM achievement) include: <ul style="list-style-type: none"> <li>Business rules defined for CRM use</li> <li>Implement CRM training for key staff</li> </ul>	Implement before 30 June 2018 100% attendance of training webinars
5.1.3	Service Delivery Model	Key requirements (for KPM achievement) include: <ul style="list-style-type: none"> <li>Delivery of Accelerate growth services to 10 businesses annually</li> <li>Action plan regarding key constraints to business growth</li> <li>Mahi Nui programme launch and pilot benchmark</li> </ul>	NPS score >60%
5.1.4	Destination Management Project		6 core projects delivered
5.1.5	Board internships – providing governance experience to young business owners	Key requirements (for KPM achievement) include: <ul style="list-style-type: none"> <li>develop objectives and criteria for an annual board internship programme</li> <li>advertise, interview and appoint the first Board intern</li> </ul>	One Board intern appointed.

## 5.2 Investment Attraction

ID	Key Performance Measure	KPM Discussion ( new measures only)	Target
5.2.1	Number of Market Analyses completed though the new service delivery model	Each key sector analysis available on website and updated quarterly	>= 6 For the year ended 30 June 2018
5.2.2	Number of Pre-commercial business cases	Developed through the new service delivery model	>= 2 For the year ended 30 June 2018
5.2.3	Investment Attraction	(Challenge to track via monitoring indicators as do not capture spend)	>= +NZD\$60 M for the year ended 30/6/2018
5.3.4	Market Intelligence	Quarterly information to 20 identified stakeholders and key influencers	20 key influencers identified / 4 engagement per year

### 5.3 Tourism Growth

ID	Key Performance Measure	KPM Discussion (new measures only)	Target
5.3.1	i-Site Net Promoter Score (NPS)	<ul style="list-style-type: none"> <li>i-Site customer experience contributes to growing tourism and driving return visits.</li> </ul>	>= +80 for the year ended 30/6/2018
5.3.2	Market share of multi-day conference delegate days	Key requirements (for KPM achievement) include: <ul style="list-style-type: none"> <li>Multi-day conferences and the resulting delegate days are key drivers of benefit for the district.</li> <li>Collected via MBIE Convention Activity Survey (CAS)</li> </ul>	>= 9% for the year ended 30/6/2018
5.3.3	Rotorua Tourism Investment Partnership	<ul style="list-style-type: none"> <li>Partner satisfaction score NPS</li> </ul>	>= +60 for the year ended 30/6/2018
5.3.4	Domestic Marketing Campaign	Key requirements (for KPM achievement) include: <ul style="list-style-type: none"> <li>Shift perception in target destinations of Auckland / Christchurch (Delve Research – 2 years benchmark AKL, benchmark Jul 2016 CHC)</li> <li>Famously campaign EAV</li> </ul>	>=+4% improvement in “Loyalists” >=+1:1.5 EAV
5.3.5	Trade Marketing	<ul style="list-style-type: none"> <li>30% external contribution to key campaign activity in priority markets</li> </ul>	>= +30 % for the year ended 30/6/2018

### 5.4 Financially Stable Organisation

ID	Key Performance Measure	KPM Discussion (new measures only)	Target
5.4.1	Deliver a balanced budget		Achieve for 2017/18 financial year on investment of \$4.235 million
5.4.2	Deliver a clean audit		Achieve for 2017/18

### 5.5 High Performance Organisation

ID	Key Performance Measure	KPM Discussion (new measures only)	Target
5.5.1	Engaged and aligned team	Culture Survey benchmarked against private sector workplaces	Improvement >=+5% of staff engagement

## 5.6 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.

### DESTINATION ROTORUA Statement of Intent

These indicators reflect outcomes at the regional level. As the district's economic growth agency, Destination Rotorua will monitor report and where possible influence these indicators at a local level,



Monitoring Indicators	Period	YE Actual		
		06/2015	06/2016	06/2017
Real GDP	Jun-2016	\$2.61b	\$2.69b	
Business Confidence Overall (-100 to +100)*	Jun-2016	+26.0	+38.5	
Finding Skilled Labour	Jun-2016	-24.7	-30.4	
Finding Unskilled Labour	Jun-2016	+25.3	+35.5	
Building Consents				
Residential Consents (Volume)	Jun-2016	75	118	
Non-Residential Consents (Value)	Jun-2016	\$42m	\$53m	
Net International Migration	Jun-2016	509	917	
Workforce				
Avg Annual Earnings Per Earner*	Jun-2016	\$50,000	\$51,187	
Employment Rate *	Jun-2016	92.6%	94.1%	
Unemployment Rate*	Jun-2016	7.4%	5.9%	
Job Seekers*	Jun-2016	3,200	3,046	
Visitor Expenditure	Jun-2016	\$682m	\$750m	
Rotorua Commercial & Private Visitor Nights	Jun-2016	3,354,525	3,595,633	
Commercial Visitor Nights	Jun-2016	1,970,307	2,094,350	
Rotorua Private Visitor Nights	Jun-2016	1,384,218	1,501,283	
Rotorua Attraction & Activities Visits	Jun-2016	2,544,911	3,027,712	
Rotorua Attraction Monitor Visits	Jun-2016	2,398,310	2,867,472	
Rotorua Activities Monitor Visits	Jun-2016	146,601	160,240	

\* As at indicated reporting period

## 6. SUMMARY OF FINANCIALS

### **Council Funding CCO Budget YE June 30 2018**

The total level of Council funding provided for the CCO in financial year 2017-18 to deliver on the expected outcomes contained within this SOI is \$4.235 million. For clarity this investment is exclusive of any externally generated revenue by the CCO including the iSITE, Partner programmes, and private sector joint ventures and/or agreements. The details of the terms on which the funding is provided will be captured in a separate funding agreement between the CCO and Council. (note: subject to confirmation through Rotorua Lakes Council Annual Plan process)

### **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 financial statements are prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZGAAP). They comply with the New Zealand equivalents to International Financial Reporting Standards (NZIFRS), and other applicable financial reporting standards as appropriate. The financial standards also comply with the Companies Act 2013, the Local Government Act 2002 and the Financial Reporting Act 2013. A full set of accounting policies are available on request, or from the "CCO" Annual Reports.

### **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 performance targets for RED.

Operating Budgets	Annual Plan	Long-Term Plan		
	2017/18	2018/19	2019/20	2020/21
<b>Revenue</b>				
Funding from Rotorua Lakes Council	4,235,000	4,290,778	4,363,155	4,440,950
iSITE Commission Received	990,000	990,125	1,225,434	1,378,613
Trading Revenue	1,330,000	1,330,333	1,376,433	1,770,280
Other revenue	1,183,043	600,000	600,000	600,000
<b>Total revenue</b>	<b>7,738,043</b>	<b>7,211,236</b>	<b>7,565,022</b>	<b>8,189,843</b>
<b>Expenditure</b>				
Employee	2,966,685	3,011,965	3,050,998	3,203,547
Administration & Office Expenses	370,033	371,600	378,464	385,603
Finance costs and charges	94,005	94,700	99,700	104,700
Council Service Charges	575,136	575,120	597,124	622,050
Repairs & Maintenance	65,032	46,000	49,000	53,000
Operating expenses	3,612,152	3,056,731	3,332,412	3,761,325
Utilities	55,000	55,120	57,324	59,618
<b>Total expenses</b>	<b>7,738,043</b>	<b>7,211,236</b>	<b>7,565,022</b>	<b>8,189,843</b>
Net operating income	0	0	0	0

## Other financial information

<b>Current value of assets</b>	The current value of RED Ltd's assets as 30 June 2017 was \$38,000 based on the net asset value of the RED Ltd to be confirmed by the disclosed in the audited financial statements.
<b>Accounting Policies</b>	RED accounting policies are consistent with those of the Rotorua Lakes Council policies.
<b>Financial Reporting</b>	RED financial reporting to Council will be in accordance with requirements of the CCO Governance Manual.
<b>Budget allocation from Rotorua Lakes Council</b>	The funding allocation from Council is based on the Long term plan funding.

## 7. GOVERNANCE

The Council has established a CCO covering the activities of:

- Business Development
- Investment Attraction
- Tourism Growth

### 7.1 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 active 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).

## **7.2 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.

## **7.3 Governance process policies**

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

RED acknowledges Maori as tangata whenua, accepts Te Tiriti/The Treaty as a founding document of the nation and acknowledges its responsibility to ensure Maori 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

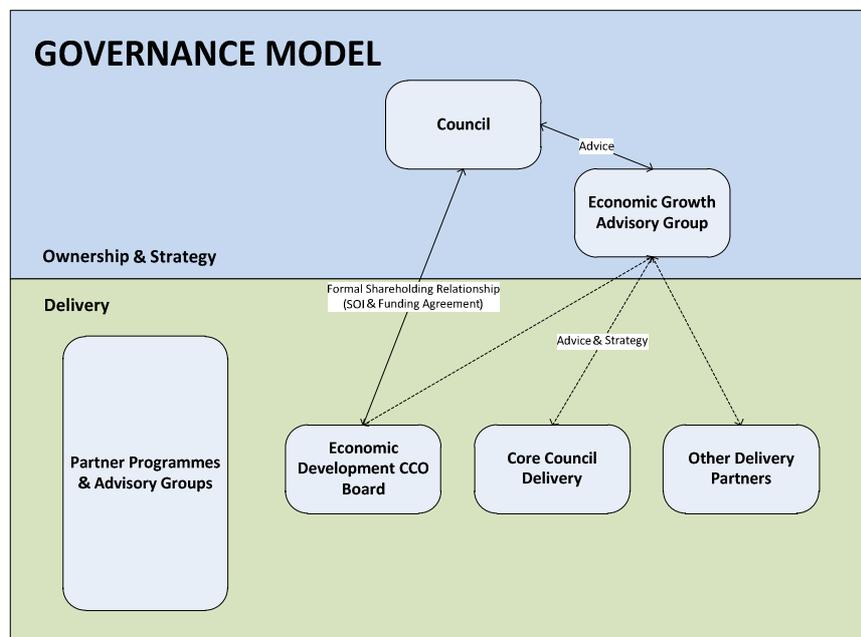
The majority of Board business will be conducted in Board meetings

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 behaviors 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

#### 7.4 Rotorua Economic Development Governance Model

As part of establishing the CCO, it was identified that there was a need to have a governance structure that clearly shows the CCO's relationship with Council and other key stakeholders. The adopted governance model follows:



Central to the proposed governance model is a clear distinction between responsibilities for setting strategic direction versus the implementation of that direction. The model reinforces Council's overall role to set strategy and priorities and as the shareholder monitor delivery. To support Council in its role and consistent with Council's portfolio approach, an Economic Development Advisory Group has been established.

The role of this group is fundamental to the success of the CCO and a strong relationship will be maintained

through the Chair of the CCO being a member of the Advisory Group.

### **7.5 Economic Development Advisory Group Role (EDAG)**

- To strengthen Council's role in leading the development of strategy and establishing economic development priorities.
- To complement Council's formal shareholder relationship with the Economic Development CCO through:
  - Oversight and ownership of the commissioning and development of the economic development strategies;
  - Providing advice to the Economic Development CCO as required;
  - Advising on the funding agreement with the CCO.
- To coordinate operational activity between the functional delivery areas.
- To bring knowledge and insight about how the local business community can benefit from Economic Development Strategies.

The model recognises that economic development services are delivered by a range of organisations, including the core services of Council that impact upon economic development, which must operate in a coordinated manner with aligned direction and focus if Council is to maximise the benefit from this investment.

The board aims to ensure that the EDAG and the shareholder are informed of all major developments affecting the CCO's state of affairs, while at the same time recognising that commercial sensitivity may preclude certain information from being made public. The board will adhere to a 'no surprises' approach in its dealings with the EDAG and its shareholder.

## 8. RESPONSIBILITY TO SHAREHOLDER

### 8.1 Statement of Intent

In accordance with the Local Government Act 2002, the company submits its 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.

### 8.2 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. Reporting to be provided within five weeks of the end of the quarter

Delivery of a half year report (draft by mid-February) and an annual report (draft by mid-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.

## 9. 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.