Date: Monday 12 March 2018  
Time: 10.00am  
Meeting Room: Reception Lounge  
Venue: Auckland Town Hall  
301-305 Queen Street  
Auckland

Komiti ā Pūtea, ā Mahi Hoki / Finance and Performance Committee

OPEN MINUTE ITEM ATTACHMENTS

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<td>organisation second quarter report ending 31 December 2018 -</td>
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<td>Auckland Tourism, Events and Economic Development Limited presentation</td>
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<td>E. 20180312 - Finance and Performance Committee - Item 11 - Council-controlled</td>
<td>55</td>
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<td></td>
<td>organisation second quarter report ending 31 December 2018 -</td>
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<tr>
<td></td>
<td>Panuku Developments Auckland presentation</td>
<td></td>
</tr>
</tbody>
</table>

Note: The attachments contained within this document are for consideration and should not be construed as Council policy unless and until adopted. Should Councillors require further information relating to any reports, please contact the relevant manager, Chairperson or Deputy Chairperson.
Auckland Council parent performance report for the period 1 July 2017 to 31 December 2017

A. 12 March 2018 - Finance and Performance Committee - Item 12: Auckland Council parent performance report for the period 1 July 2017 to 31 December 2017
Six months group financial report

- Covers consolidated group results
- For six-months to 31 Dec 2017
- Parent and CCOs performance results presented separately today
- Actual results compared to original phased Annual Plan
Summary

- Operational expenditure is generally well controlled (*within 2%*)
- Operating surplus before gains and losses (net of CRL accounting treatment) better than budget (*by $63 million*)
- Capital expenditure behind budget (*90% completion of six months budget*)
- Debt parameters remain within credit agencies financial ratios (*270% - limited headroom*)
Key performance highlights

**Auckland Council**
- below budget for resource and building consents volumes and revenue as well as development contributions revenue
- weathertightness provision costs have increased due to provision assumption changes and increases in repair costs for multi-unit dwelling claims

**Auckland Transport**
- operating revenue is $7.4 million higher than budget
- capital expenditure is ahead of budget by $59 million
- full time equivalents were higher than prior year

**Panuku**
- capital expenditure of $4 million, against a budget of $13.2 million

**Regional Facilities Auckland**
- revenue was lower against the approved revised budget however, costs have not reduced proportionately
- full time equivalents were higher than prior year

**Watercare**
- full time equivalents were higher than prior year
## Statement of financial performance

<table>
<thead>
<tr>
<th>$ million</th>
<th>Actual</th>
<th>Phased Budget</th>
<th>Variance</th>
<th>Commentary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Revenue</td>
<td>$3,003</td>
<td>$3,135</td>
<td>($132)</td>
<td>- City Rail Link ($229m) budgeted as grant but now accounted for through balance sheet;</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>- higher vested assets ($83m);</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>- reduced regulatory revenues ($11m)</td>
</tr>
<tr>
<td>Total Expenses</td>
<td>$1,950</td>
<td>$1,916</td>
<td>($34)</td>
<td>- Increase to weathertightness provision ($69m);</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>- reduced depreciation due to revised useful life of transport assets and delays in completion of projects ($28m)</td>
</tr>
<tr>
<td>Operating Surplus (Deficit) before gains &amp; losses</td>
<td>$1,053</td>
<td>$1,219</td>
<td>($166)</td>
<td></td>
</tr>
<tr>
<td>Other gains (losses)</td>
<td>($62)</td>
<td>$33</td>
<td>($95)</td>
<td>Negative movement on value of derivatives due to unrealised losses from interest rate swaps</td>
</tr>
<tr>
<td>Operating Surplus</td>
<td>$991</td>
<td>$1,252</td>
<td>($261)</td>
<td></td>
</tr>
</tbody>
</table>
## Statement of financial position

<table>
<thead>
<tr>
<th>$ million</th>
<th>Actual 31/12/2017</th>
<th>Actual 30/6/2017</th>
<th>Movement</th>
<th>Commentary</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Assets</strong></td>
<td>$49,163</td>
<td>$47,359</td>
<td>$1,804</td>
<td>- Recognition of rates debtors ($780m);</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>- net increase to property, plant &amp; equipment, intangible assets,</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>investment property and investments in CRLL ($489m); and,</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>- increase in cash and cash equivalents ($437m)</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>$12,398</td>
<td>$11,583</td>
<td>$815</td>
<td><em>Increased gross debt</em> ($714m)</td>
</tr>
<tr>
<td><strong>Total Equity</strong></td>
<td>$36,765</td>
<td>$35,776</td>
<td>$989</td>
<td>(Note: debt, net of cash and cash equivalents, increase by $277m)</td>
</tr>
</tbody>
</table>
Capital Expenditure
6 months to 31 December 2017

- ICT Projects: $3m
- Strategic property developments & other property projects: $21m
- Administration renewals: $13m
- Town centres, open space and upgrades: $17m
- Fleet replacement, community facility booking system and other projects: $11m
- Ports of Auckland Projects: $61m
- RFA Renewals & other projects: $17m
- Economic Growth and visitor economy: $6m
- Waste management & regulation: $5m
- Waterfront development: $4m
- Other minor projects under $1m - $15m

- Library collections: $5m
- Art facility, Community, centre renewals & upgrade: $5m
- Library refurbishment & renewals: $8m
- Other minor projects under $1m - $5m

- Growth and renewal projects: $26m
- Flood projects: $7m
- Operations and planning: $11m
- Other projects between $1m & $5m: $9m

- Parks asset and facility renewals, Upgrades and development: $55m
- Multi-purpose facilities: $8m
- Parks Coastal asset renewals: $4m
- Parks land acquisition: $10m
- Other minor projects between $1m & $2m: $6m

- Army Bay wastewater treatment plant upgrade: $11m
- Mangere wastewater treatment plant: $14m
- Warwath wells water treatment & network improvement: $11m
- Pakokoro Trunk Sewer Upgrade: $5m
- Puketeta Island rehabilitation: $8m
- Fred Thomas Drive wastewater & Storage Tank: $6m
- Waitakere Expansion Stage: $5m
- Waiuku wastewater: $4m
- Glen Eden Storage & Pipe Upgrade: $3m
- Central & Northern interceptor: $5m
- Water Service Connections & Meters 2018 - $4m
- Wynyard Quarter Wastewater Pump Station: $5m
- Water pipe renewal 2016: $3m
- Humuia 4 Watermain - section 11: $3m
- Other water and wastewater projects: between $1m & $2m: $55m

- Rail Improvements: $11m
- Bus Interchange: $17m
- Other Public transport projects: $26m
- AMETI: $14m
- Walking and Cycling: $20m
- Mill Road Improvement: $19m
- Roads and footpaths: $104m
- Minor safety and Network operation: $12m
- Other roads and footpaths improvements: $12m
- AT Hop system & other software: $18m

Annual Plan (six months budget): $843m
Total spend: $760m (90%)
Variance: $83m (10%)
Credit Rating Financial Ratio

<table>
<thead>
<tr>
<th></th>
<th>FY 30 June 2016</th>
<th>FY 30 June 2017</th>
<th>*Dec 17 Annualised</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct debt/adjusted operating revenue (%)</td>
<td>270% 241.6%</td>
<td>270% 251.0%</td>
<td>270% 260.3%</td>
</tr>
</tbody>
</table>

- Credit rating triggers
- Direct debt/adjusted operating revenue

* Dec 17 ratio is determined using the actual direct debt as at 31 December 2017 less repayment of $325m over the annualised operating revenue (indicative only)

✓ Credit ratings reaffirmed in October 2017 by Standard & Poor’s and Moody’s – AA and Aa2 respectively.
Questions
Second Quarter Report

AC Finance & Performance Committee
12 March, 2018
Highlights

- PT patronage (91 million) and satisfaction (91%)
- 11 Statement of Intent targets exceeded
- Cycling targets exceeded
- Major capital projects on track
- Expenses under budget and revenue over budget
Māori Responsiveness

- Te Ara Haepapa (Māori Road Safety Programme)
- Māori Responsiveness plan launched
- A series of road safety videos targeting rangatahi remain among the most viewed (via AT Facebook page) – more than 750,000 views
- Bilingual signage
- Kia Ora Marae turnout complete
- Te Aranga Principles into urban design manual
- Mahi Toi
Health & Safety

- 659 staff took up the offer to complete a Health Check during November and December
  - Staff were provided with key health metrics and individual advice
- Improvement in work related injury claims combined with a better focus on a ‘safe return to work’ programme
Auckland Airport Collaborative Operation – Update

Collaborative Approach
- NZ Transport Agency, Airports, AT and ATOC addressing travel demand collaboratively
- **Capacity creation** initiatives to increase people and freight movement have been introduced such as:
  - The provision of a freight and transit lanes on Tom Pearce Drive
  - Provision of direct public transport and taxi link between Domestic and International terminals
- **Active Network Management** is underway by ATOC, Smales Farm. This involves actively adjusting traffic signal timings within the Airport Precinct to improved travel time experience to customers.
  - Roundabout metering introduced at Tom Pearce Drive/Puhinui Road (SH20B) and The Landing/George Bolt Memorial Drive (SH20A) roundabouts have enabled improved network management
  - Monthly reporting of network performance informs optimisation opportunities

Current Results
- Greater travel time reliability by car to the airport
- **Typically 25 to 30 minutes** from Auckland CBD, Papakura, Botany and Albany. Additional five minutes from Henderson during the morning peak. Previously, could take up to 50 minutes for these routes.
- **Increased Bus Frequency** of the A380 service between Botany and the Airport from 30 mins to 15 min intervals. As a result patronage has grown by approximately 34%.
Network Optimisation & Collaboration Case Study

Customer experience: Afternoon of 13 December 2016 – Delays of up to 80 minutes
Network Optimisation & Collaboration Case Study

Customer experience: Afternoon of 15 December 2017 – Delays of up to 30 minutes
**Network Optimisation & Collaboration Case Study**

**High Season Initiatives: Qualitative RAG Assessment to Christmas Eve**

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<tr>
<th>Item</th>
<th>Action/Initiative</th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>Landing Intersection (Verissimo Drive slip lane operational and working well)</td>
</tr>
<tr>
<td>2</td>
<td>Nixon Road Stage 1</td>
</tr>
<tr>
<td>3</td>
<td>Airport Oaks – SH20/Kirkbride Works and Transiting Traffic</td>
</tr>
<tr>
<td>4</td>
<td>Voluntary Heavy Vehicle Accord (benefits expected in February)</td>
</tr>
<tr>
<td>5</td>
<td>DTB Forecourt/Carpark Reconfiguration</td>
</tr>
<tr>
<td>6</td>
<td>Tom Pearce Outbound HOV Lane</td>
</tr>
<tr>
<td>7</td>
<td>AirPorter 380 Service Intensification</td>
</tr>
<tr>
<td>8</td>
<td>Precinct Signal Meter Programme</td>
</tr>
<tr>
<td>9</td>
<td>Mobility as a Service (Maas) (Application release 18 December)</td>
</tr>
<tr>
<td>10</td>
<td>Day of Operation/Contingency Routes/Incident Response</td>
</tr>
<tr>
<td>11</td>
<td>BlipTrack Precinct Dashboard (journey travel times and vehicle count data)</td>
</tr>
</tbody>
</table>
Whangaparaoa Road Dynamic Lane

One Year Trial
- Making better use of existing road space
- Use of central flush median as additional lane in peak direction
- PM peak operational from 24 January 2018
- Extended to 4-7pm since 26 February following overwhelming customer support
- AM peak planned for 18 April 2018

PM Travel Time Savings
- **1 to 3 minutes** travel savings per vehicle compared to this time last year, from East Coast Road to Red Beach Road
- **58 hours** saved per day during the peak period. Which translates to **14,500 hours** per annum.
- Significantly improved travel time reliability

Crashes
- **1** reported nose-to-tail crash occurred
- The crash is not due to dynamic lane operation
- Historically, there have been an average of 3 to 4 reported crashes per year on this section of Whangaparaoa Road.

Volumes
- **1,850** vehicles per hour travel on Whangaparaoa Road.
  Throughput increased by **200** compared to February last year.
- Throughput on Hibiscus Coast Highway is increased

**Overall** – Positive results and support
Watercare Services Limited

Second Quarter 2017/2018 Update

12 March 2018
Performance Summary

Watercare measures its performance across four strategic priorities:

- Business excellence
- Financial responsibility
- Customer focus
- Fully sustainable

Strategic priority one

Strategic priority two

Strategic priority three
Q2 highlights

- Watercare’s new mobile-friendly website went live.

- Inflow & Infiltration Programme continued to target defects in Oneroa.

- 360 customers enjoyed free tours of Mangere and Rosedale.

- Watercare fixed a major blockage at the Newmarket Olympic Pool, working around the clock for 48 hours, 15m below ground.

- Steve Braunias, NZ Herald columnist, named Watercare’s Tapped In newsletter in his list of “The 20 best things about Auckland Life”, declaring it “the best quarterly in New Zealand publishing – packed with helpful advice”.

Customer focus

Customer focus

Even though they may not have a billing relationship with us, everyone who uses our services or is impacted by our operations is viewed as our customer. We are seeking to understand these customers and be responsive to their needs. We believe all staff at Watercare have a role to play in ensuring positive customer experiences.

Outcomes for this strategic priority:
- We understand our customer needs and deliver value
- We consistently provide exceptional products and service
- We are trusted by our customers who understand our purpose and value our service.
Q2 highlights

- Central Interceptor procurement and delivery plan remains on schedule, with a RFP being sent to the shortlisted respondents in May.

- The new $140 million Biological Nutrient Removal facility at the Mangere Wastewater Treatment Plant is complete and undergoing final testing.

- Watercare finalised an agreement with Auranga and Stevensons allowing development for up to 6,500 homes in Drury (and 20,000 as the area grows).

- Watercare completed a review of its business operating model with organisational changes implemented at Executive level, resulting in fewer Executive roles reporting to the Chief Executive.
Q2 highlights

- Full year revenue forecast $17m ahead of budget. Year end debt forecast $56m lower than budget.

- Continued to work with the Value for Money team at Auckland Council with the section 17A reviews into Three Waters, Communications and Engagement and Procurement.

- Watercare continues to explore alternative funding for the Central Interceptor with Auckland Council.

- FTE was 961 at December 2017 compared to 932 at December 2016. The main areas of increase included:
  - Maintenance Services +11 (resulting in fewer unfilled vacancies)
  - New Connections +9 (due to contractors becoming permanent FTEs)
  - Wastewater Operations +4 (due to growth)
  - Business Transformation +3 (staff for period of Strategic Transformation Programme)

- Vacancies at the end of December 2017 were 72 compared to 89 at December 2016.
Q2 highlights

- Huia Water Treatment Plant:
  - Continued engagement with the Community Liaison Group (CLG).
  - Neighbours, the CLG and community were invited to open days on 1 and 5 March to seek feedback on the plant’s design.
  - Titirangi Protection Group and others, are questioning the validity of the Huia designation under section 310 of the Resource Management Act, which applies to the three sites. The Group’s appeal to the High Court will be heard in May 2018.

- The Water Efficiency Programme 2017-2020 was launched in November and is now being implemented.

- In the first two weeks of December 2017, the six highest ever daily demands for water were recorded, resulting in the highest ever daily average demand for the month. Watercare increased its waterwise efforts over the early December dry spell.

- Although rainfall in December 2017 was significantly below average across Auckland, the water storage in the dams at the end of December was 86.6% (above the historical average for that time of the year).

- Watercare replaced five Newmarket pool cars with fully electric vehicles.
Award wins

At the American Water Summit 2017, Watercare received a Gold Standard for utility performance and was inducted into the Leading Utilities of the World, of which there are only 22 members worldwide.

Watercare won the Government Category of 2017 Ngā Tohu Reo Māori, Māori Language Awards, held on 24 November.
Item 11

Award wins

Watercare won the Maori and Pasifika Young People award at the ATEED Young at Heart Awards.
Delivering for Auckland

In the current financial year, RFA has delivered the following benefits, partially funded by the $25.9m core operational funding from Auckland ratepayers:

- Internationally renowned & Auckland-exclusive shows and exhibitions
- The Art of Banksy, Aotea Centre
- Matilda the Musical, The Civic
- The Corsini Collection: A Window on Renaissance Florence, Auckland Art Gallery
- Rugby League World Cup matches, Mt Smart Stadium
- Taste of Auckland, Western Springs
- Sia concert, Mt Smart Stadium
- Paul McCartney concert, Mt Smart Stadium
- Foo Fighters concert, Mt Smart Stadium
- Auckland City Limits, Western Springs

- Summer stadium concert series will deliver economic benefit of $26.7m
Delivering for Auckland continued

- 325,532 subsidised entries to Auckland Zoo
- Free entry to Auckland Art Gallery for 259,991 visitors
- Free or subsidised community use of venues
- Education and learning programmes for more than 255,000 Auckland children and families
- Free or subsidised public programmes which contributed to the social and cultural aspirations of Aucklanders, including:
  - Summer in the Square
  - Pick & Mix free children’s programme
  - The Obliteration Room, Auckland Art Gallery
  - Zoofari education programme for low decile schools
- Wildlife and art conservation

All contribute to our core purpose of enriching life in Auckland by engaging people in the arts, environment, sport and events
Progress on Key Focus Areas 2017/18

- Optimise sector networks
- Reinvigorate Queens Wharf
- Cultural Heritage Review
- Collaboration across the Council group
- Integration of NZ Maritime Museum
- Venue Development Strategy
- Invest in our venues and services
- Commencement of key capital renewal projects including Aotea Centre external refurbishment, Auckland Zoo’s South East Asia precinct, Commencement of planning and design at Western Springs Stadium, Commencement of detailed design for Aotea Studios
Progress on Key Focus Areas 2017/18 continued

- **Enhance customer experiences**
  - Enhanced and enriched experiences along the complete continuum of our interactions with customers
  - Additional online transactions and services

- **Additionally:**
  - Progressing RFA-wide sustainability initiatives
  - Reviewing RFA’s Māori responsiveness framework with support from Auckland Council
  - Introduction of international visitor charge at Auckland Art Gallery
  - Mt Smart Stadium naming rights initiative
How We are Tracking

- RFA works in a volatile, cyclical commercial market and a challenging funding environment
- Revenue targets increased by 21% from 2017 to achieve a balanced budget
- $27.5m of external revenue has met 60% of operational costs
- Current progress on revenue targets:
  - Zoo visitation behind due to higher than expected rainfall on peak days, resulting in lower admissions and other associated revenue
  - 75% of Conventions budgeted revenue confirmed as at mid-February (up on 40% confirmed at mid-June 17)
  - Ten stadiums concerts contracted out of a budgeted 12 (Four confirmed by mid-June 17)
  - Lower attendance at major international shows
  - Softening philanthropic environment for Auckland Art Gallery
  - International visitor donation introduced at the Gallery in mid-January 2018
## Operational Results to 31 January 2018

<table>
<thead>
<tr>
<th></th>
<th>Net position $000</th>
<th>+/- budget $000</th>
<th>Full year budget $000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Auckland Art Gallery</td>
<td>(4,532)</td>
<td>(989)</td>
<td>(6,879)</td>
</tr>
<tr>
<td>Auckland Conventions</td>
<td>2,536</td>
<td>(65)</td>
<td>5,060</td>
</tr>
<tr>
<td>Auckland Live</td>
<td>(1,716)</td>
<td>679</td>
<td>(3,062)</td>
</tr>
<tr>
<td>Auckland Stadiums</td>
<td>(1,687)</td>
<td>(424)</td>
<td>(862)</td>
</tr>
<tr>
<td>Auckland Zoo</td>
<td>(2,699)</td>
<td>(1,488)</td>
<td>(2,197)</td>
</tr>
</tbody>
</table>

- Unfavourable $2.1m as at 31 January 2018
- Unfavourable $3.0m operational results forecast to 30 June 2018

Supported by Corporate Services including Facilities Management, ICT, Finance, Risk, Safety and Assurance, and Development.
Staffing

Full time equivalent employees:

<table>
<thead>
<tr>
<th></th>
<th>FTEs* (Permanent)</th>
<th>FTEs (Casuals)</th>
<th>Total FTEs</th>
</tr>
</thead>
<tbody>
<tr>
<td>At 30 June 2017</td>
<td>417</td>
<td>100</td>
<td>517</td>
</tr>
<tr>
<td>At 31 December 2017</td>
<td>425</td>
<td>108</td>
<td>533</td>
</tr>
</tbody>
</table>

- Increase due to additional customer services staff required to service the Bug Lab and Art of Banksy exhibitions, and the Gallery international visitor charge

Employee costs

<table>
<thead>
<tr>
<th></th>
<th>Year to date</th>
<th>Year to date</th>
<th>Favourable to budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actual</td>
<td>$18.9m</td>
<td>$20.0m</td>
<td>$1.1m</td>
</tr>
</tbody>
</table>

* Includes part time, fixed term and full time
Operational Performance Against Budget

- Staff costs
- Cost of sales
- Other expenditure
- Repairs and maintenance
- Stadium concerts
- Zoo sponsorships and exhibitions
- Commercial events
- Operational EBIT to budget

$3.0m
$2.0m
$1.0m
$0.0m
-$1.0m
-$2.0m
-$3.0m
## Capital Programme

<table>
<thead>
<tr>
<th></th>
<th>Actual YTD</th>
<th>Budget</th>
<th>Progress</th>
<th>Full Year Budget</th>
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</thead>
<tbody>
<tr>
<td>Auckland Zoo</td>
<td>3.6</td>
<td>5.2</td>
<td>(1.6)</td>
<td>10.2</td>
</tr>
<tr>
<td>Aotea Centre</td>
<td>6.7</td>
<td>12.5</td>
<td>(5.8)</td>
<td>12.5</td>
</tr>
<tr>
<td>Shared Services</td>
<td></td>
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<tr>
<td>Aotea Centre</td>
<td>1.5</td>
<td>3.6</td>
<td>(2.1)</td>
<td>10.4</td>
</tr>
<tr>
<td>Refurbishment</td>
<td></td>
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<tr>
<td>Auckland Stadiums</td>
<td>1.7</td>
<td>4.4</td>
<td>(2.7)</td>
<td>10.6</td>
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<tr>
<td>Essential renewals</td>
<td>5.7</td>
<td>15.1</td>
<td>(9.4)</td>
<td>21.9</td>
</tr>
<tr>
<td>Total</td>
<td>19.2</td>
<td>40.8</td>
<td>(21.6)</td>
<td>65.5</td>
</tr>
</tbody>
</table>

- Forecast delivery to 30 June 2018 $53m due to deferral requested by Council
- Of the $65.5m, more than 75% is contracted
Long Term Plan Considerations

- External revenue increased by 48% since 2012
- $7.9m annual compounded group savings ($46.3 requested over 7 years)
- Reduction in relative operational costs
- Integrated management and/or ownership of Queens Wharf and NZ Maritime Museum
- Funding position for operational and capital funding will need to be addressed as part of the LTP 2018-28
- Seeking additional operational funding for Auckland Art Gallery, health and safety requirements, and property maintenance
- Seeking additional capital funding to address:
  - Visitor security
  - Essential maintenance
  - Health and safety
- Working with Council to address:
  - Financial impact of America’s Cup on ANZ Viaduct Events Centre
  - Auckland Art Gallery storage
Diverse Line-up Over Next Six Months

- Ed Sheeran concerts, Mt Smart Stadium | 24, 25, 26 MARCH
- Auckland Arts Festival, multiple venues | UNTIL 25 MARCH
- Mamma Mia, Bruce Mason Centre | 24 MARCH – 8 APRIL
- Wellington Phoenix v Melbourne City, QBE Stadium | 14 APRIL
- NZ International Comedy Festival, multiple venues | 26 APRIL – 20 MAY
- Auckland Writers Festival, Aotea Centre | 15-20 MAY
- Manifesto, Auckland Art Gallery | UNTIL 10 JUNE
- NZ Fashion Week, ANZ Viaduct Events Centre | 27 AUGUST - 2 SEPTEMBER
- Bug Lab, Auckland Zoo | UNTIL 30 AUGUST
Report to Auckland Council
For the quarter ending 31 December 2017

David McConnell, ATEED Chair
Nick Hill, ATEED Chief Executive
Joy Buckingham, ATEED CFO
Q2 Highlights

- Tripartite summit Guangzhou, >80% delegates will attend again
- GridAKL’s 12 Madden Street premise opened Oct 2017, >90 businesses across the precinct.
- Investment attraction GDP contribution YTD ~$52M vs $59.6M annual budget
- Auckland Film Studios bedding down under ATEED’s management.
## Statement of Intent (2017-20) KPIs

**ATEED SOI KPI** | Date of measure / latest available result date | Latest result | Annual Target to 30 June 2018 | Status | Comments
---|---|---|---|---|---
Build a culture of innovation and entrepreneurship | | | |
Level of advocacy by stakeholders involved in the provision of business advice, start-up, training & mentoring programmes | 31-Dec-17 | +45 (index) | +50 (index) | | The level of advocacy by stakeholders expressed as a NPS score rose 1% in Q2 to +45 which remains "good". The target (+50) is considered "excellent". ATEED’s review of stakeholder feedback will be complete by the end of Q3 and recommendations will be duly actioned.
Grow the visitor economy | | | |
Value of business event bids won in financial year | 31-Dec-17 | $8.9m | $22m | | This measure was changed to amber at the end of Q2, however decisions on bids totalling $13.2m are pending.
Build Auckland's global brand identity | | | |
Total visits to www.aucklandnz.com (LTP Measure) | 31-Dec-17 | 1.06m | 3.8m | | As previously reported, ATEED is unlikely to achieve the target. There will not be any specific action taken to address this given the KPI set will be revised, and we consider there are better, more relevant ways to measure the effectiveness of ATEED’s strategies to drive visitation to the website.
Percentage of visitors to www.aucklandnz.com located outside of Auckland | 31-Dec-17 | 46% | 50% | | Since December, it has become evident that ATEED is likely not to achieve this KPI by year-end.
## Financial performance

<table>
<thead>
<tr>
<th></th>
<th>Actual</th>
<th>Forecast</th>
<th>Variance f/(u)</th>
<th>Budget</th>
<th>Variance f/(u)</th>
<th>Full year Forecast</th>
<th>Full Year Budget</th>
</tr>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td>7.7</td>
<td>(1.3)</td>
<td>17.1</td>
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<td>(0.4)</td>
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<td>0.0</td>
<td>(5.5)</td>
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<td>0.6</td>
<td>(4.9)</td>
<td>6.5</td>
<td>0.2</td>
</tr>
</tbody>
</table>

**Actuals vs Forecast**

- December forecast accounts for deferrals from FY17 and reprioritised funding where applicable.
- Opex $0.3m lower than forecast, depreciation $0.4m higher than forecast.

**Actuals vs Budget**

- Revenue below budget due to delayed opening and thus rental for two new GridAKL buildings.
- Capex full year forecast above budget due to the carry forward of underspent capex from FY17.
Governance

ATEED Head Office Lease
- Quay Street lease expires 31 Dec ‘18
- Move vs stay savings f’cast $4.7m/9 yrs.
- Delivers value for money, supports collaboration with partners, more efficient operating model
- New measures being adopted to ensure provision made for all future commitments.

Accommodation Providers Targeted Rate (APTR)
- Council supported establishment of APTR sub-committee within ATEED, as preferred governance model 14 Dec ‘17.
Risks

• **36th Americas Cup** Risk to Auckland’s and ATEED’s reputation if location and infrastructure not agreed by 31 August ‘18.

• **BizDojo Akld** voluntary liquidation. Arrears being sought.

• **Kumeu Film Studios** Potential lost revenue due to consenting delays in refurbishment. Risk the licensee may cancel contract.

• **Organisational performance.** Uncertainty over ATEED’s role and purpose impacts staff and negatively affects ATEED’s reputation.
First Principles Review Completed

Key recommendations:

- Revise purpose statement to reflect changing strategic & operating environment.
- Realign economic development activities to support productivity enhancement, shared prosperity & inclusive growth outcomes.
- Ensure Maori economic growth, enhanced spatial focus & sustainable development are effectively incorporated into all activities.
Looking Forward

Workshop 29 March:
- First Principles Review
- ATEED Strategy
- New SOI
Second quarter update: October – December 2017

Highlights
- Financial update
- Challenges
Avondale gets green light
Item 11

Financial update

- We are ahead of budget
- Unlikely to spend all our CAPEX before end of financial year
- This is due to external factors
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<tr>
<th>$'m</th>
<th>Budget YTD</th>
<th>Actuals YTD</th>
<th>Variance YTD</th>
<th>Full year budget</th>
<th>Full year forecast</th>
<th>Variance</th>
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<td>Net Surplus/(Deficit) After Tax</td>
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<td>20.6</td>
<td>23.6</td>
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# Portfolio Financial update December 2017

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## Panuku
### Financial update
#### December 2017

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<td>Expenditure</td>
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<td>43.4</td>
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<td>19.9</td>
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<td>6.3</td>
<td>26.2</td>
<td>14.3</td>
<td>11.9</td>
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<td>External funding</td>
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<td>17.2</td>
<td>9.2</td>
<td>8.0</td>
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## Item 11

### Portfolio Financial update December 2017

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<tr>
<th></th>
<th>Budget YTD</th>
<th>Variance YTD</th>
<th>Full year budget</th>
<th>Full year forecast</th>
<th>RAG*</th>
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<tr>
<td>Capital</td>
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<td>20.2</td>
<td>10.0</td>
<td>74.1</td>
<td>21.0</td>
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</table>

* RAG: Red, Amber, Green, not applicable.
Challenges

- Resources for key Unlock Locations.
- Looking at funding options such as reinvestment and targeted rates.
Takapuna  Panmure
Attachment E

Item 11

Engagement with Crown
Auckland Council Parent
Performance results

Results to 31 December 2017
Finance and Performance Committee, 12 March 2018

David Gurney, Manager Corporate and Local Board Performance
Kevin Ramsay, General Manager Corporate Finance and Property
Item 12

Introduction

- Auckland Parent Results
- Content
- Achievements
- Performance measures
- Financial performance
- Staff numbers
Service performance - LTP performance measures

- 43 measures reported
- 25 reached target, 18 did not

Building and resource consents processing times and customer satisfaction behind target

Noise control contractors performance issues

AIM City Parks Services requests
### Financial performance

<table>
<thead>
<tr>
<th></th>
<th>Dec. YTD Actual</th>
<th>Dec. YTD Revised Budget</th>
<th>Variance</th>
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<tbody>
<tr>
<td>Operating revenue</td>
<td>241</td>
<td>251</td>
<td>(10)</td>
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<tr>
<td>Operating expenditure</td>
<td>1092</td>
<td>1117</td>
<td>25</td>
</tr>
<tr>
<td>Net operating expenditure</td>
<td>851</td>
<td>866</td>
<td>15</td>
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<tr>
<td>Rates revenue</td>
<td>1707</td>
<td>1,710</td>
<td>(3)</td>
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<tr>
<td><strong>Net operating surplus/(deficit)</strong></td>
<td><strong>856</strong></td>
<td><strong>845</strong></td>
<td><strong>15</strong></td>
</tr>
<tr>
<td>Net non-operating revenue/(expenditure)</td>
<td>(211)</td>
<td>85</td>
<td>(295)</td>
</tr>
<tr>
<td>Net surplus/(deficit)</td>
<td>645</td>
<td>930</td>
<td>(284)</td>
</tr>
</tbody>
</table>

- $220 million capital expenditure for YTD Dec 17. The year end budget is $605 million, and forecast is $511 million.

**Consents applications down**

**Staff, professional services, depreciation and interest costs lower than budget**

**CRL contribution balance sheet adjustment, not grant**