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

OPEN MINUTE ITEM ATTACHMENTS

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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.
Quarter two Group performance
Finance and performance committee
20 March 2019

Agenda

• Overview of the day

• Pack layout and navigation

• Group Performance Overview

• City Centre Programme
**Group Summary**

6 months into the 10 year plan

**Solid capital progress**

Capital investment of $832 million

$73m (10%) increase compared to the same period last year

$133m below budget with 96% delivered
**Group Summary**
6 months into the 10 year plan

**Prudent debt management**
- Net debt at $8.3 billion
  - on track to be under year-end budget of $9.0b
- Net debt to total asset at 16%
  - below year-end target of 18%
- Gross debt to adjusted revenue 237%
  - below year-end target of 254%
- Stable AA/Aa2 credit rating from S&P/Moody's

**Strong operating performance**
- $38 million favourable to budget
  - Direct Revenue $17m favourable to budget
  - Direct Expenditure $21m favourable to budget
Group Summary
6 months into the 10 year plan

**Outlook**
- Solid operational performance to continue

**Risks**
- Rising construction costs and capacity constraints

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**Group Summary**
6 months into the 10 year plan

<table>
<thead>
<tr>
<th>Group FTEs</th>
<th>30 June 2019</th>
<th>31 Dec 2018</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group</td>
<td>10,350</td>
<td>10,651</td>
<td>301</td>
</tr>
<tr>
<td>Auckland Council</td>
<td>6,137</td>
<td>6,415</td>
<td>278</td>
</tr>
<tr>
<td>ATEED</td>
<td>137</td>
<td>174</td>
<td>37</td>
</tr>
<tr>
<td>Auckland Transport</td>
<td>1,676</td>
<td>3,410</td>
<td>(1,734)</td>
</tr>
<tr>
<td>Penlink</td>
<td>175</td>
<td>185</td>
<td>10</td>
</tr>
<tr>
<td>WTP</td>
<td>500</td>
<td>574</td>
<td>74</td>
</tr>
<tr>
<td>Watercare</td>
<td>918</td>
<td>950</td>
<td>32</td>
</tr>
<tr>
<td>PCML</td>
<td>641</td>
<td>671</td>
<td>30</td>
</tr>
</tbody>
</table>

**Performance Measures**
84 performance measures measured this period
71% met / 29% not met
Key focus going forward will be Regulatory Services
36th America's Cup (AC36)

Barry Potter

AC36 - Update

- Six challengers confirmed.
- ETNZ launches its first AC75 yacht in June – being built in Albany.
- The Wynyard Edge Alliance is fully mobilised.
- Panuku has contracted the Alliance to build the new Sealink terminal.
- Event planning and integration with 25 agencies and America’s Cup Event Ltd (ACE).
- Mana whenua has drafted their outcomes. Represented on AC36 Programme Governing Body.
- A full AC36 update at the end of March.
Item 7

City Centre Programme

Barry Potter
Attachment A

Item 7

**Highlights**
- Downtown Programme Joint Venture Price Exchange
- K Road Physical Works Tender
- Victoria Linear Park Business Case and Design
- City Centre Programme Update – April/May

**Risks**
- Resource Consent and Stakeholder Opposition
- Construction Cost Escalation
- Programme Schedule
Highlights from Q2

Manukau
- Barrowcliffe Place – 340 affordable houses
- MIT Tech Park - new centre of excellence for engineering and trades for 1200 students
Attachment B

Item 7

Onehunga
- Laneways
- Onehunga Wharf

Unlock Pukekohe
- Urban regeneration of the Council's underutilised property portfolio within the town centre
Launch of Social Pinpoint

- Targeted to engage all aspects of the community, particularly the young to support the revitalisation of Panmure

Westhaven Pile mooring

- Capex of $17.5m to deliver 107 new berths for the marina and enhancing the public realm in partnership with Mana Whenua.
Slide 7

LS6  Photo of Mayor and Josephine
     Lydia Shvidan, 11-Mar-19
Westhaven Promenade: Stage two
- Capex investment of $22.6m to complete the Wynyard Quarter to Northcote link.

Wynyard Quarter - Site 18
- International superyacht refit facility to create around 500 jobs, to be built in time for AC36.
On track
- Gasometer (Takapuna) – Capex $29m
- Haumaru (Henderson) – Capex $19m, 40 apartments
- Puhinui Stream (Manukau) – undertaking upgrade and recognising the cultural significance for local community

Looking forward to Q3
Item 7

Construction underway:
- Takapuna (Gasometer)
- Henderson (Haumaru)
- 10 and 30 Madden Street

Construction underway:
- 132 Halsey Street
- Park Hyatt
Slide 13

LS5 Will need to double check facts with comms leads
Lydia Shuldiner, 10-Mar-19
Placemaking in our communities
Attachment B

Onehunga – local artists shaping spaces

Waterfront – creating public artwork
Manukau – learning about the Puhinui Stream project

Financials
CAPEX classifications

1. Transform and Unlock programme, including
   - Haumaru (housing for older people)
   - Waterfront (incl marina)
2. SDF – Strategic Development Fund
3. Development Fund Capex and Commercial Renewals

<table>
<thead>
<tr>
<th>2018/19 Budget G...</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>Jan-18 The board approved the 2018-19 LTP priorities in principle</td>
</tr>
<tr>
<td>Aug-17 At the board strategic day, the Executive were challenged to be more aspirational in the LTP bid</td>
</tr>
<tr>
<td>Nov-17 The Mayor’s LTP proposal was circulated without any funding for transform and unlock programs, and stayed the same under LTP public consultation in Feb 2018</td>
</tr>
<tr>
<td>Feb-18 Councillor workshop - Transform and unlock discussion</td>
</tr>
<tr>
<td>Mar-18 Submission of our budget refresh</td>
</tr>
<tr>
<td>Jan-18 LTP approved by Council June 2018 and in SOI</td>
</tr>
<tr>
<td>Jan-18 Programme business cases approved by Board</td>
</tr>
<tr>
<td>Aug-18 Deferrals submitted</td>
</tr>
<tr>
<td>Oct-18 Council approved deferrals</td>
</tr>
<tr>
<td>Jan-19 Forecast and budget refresh</td>
</tr>
<tr>
<td>FY17-18 - Capex spend last year</td>
</tr>
<tr>
<td>FY 19-20 Indicative Spend</td>
</tr>
</tbody>
</table>
### Direct operating performance

<table>
<thead>
<tr>
<th>Specifier</th>
<th>FY 18 Actual</th>
<th>FY 18 (Quarter 3)</th>
<th>FY 19 Actual</th>
<th>Variance</th>
<th>Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net direct expenditure</td>
<td>7,789</td>
<td>4,864</td>
<td>6,119</td>
<td>1,999</td>
<td>11,935</td>
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<tr>
<td>Direct revenue</td>
<td>23,816</td>
<td>17,464</td>
<td>17,943</td>
<td>680</td>
<td>24,734</td>
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<tr>
<td>Fees &amp; user charges</td>
<td>3,525</td>
<td>970</td>
<td>508</td>
<td>145</td>
<td>2,205</td>
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<tr>
<td>Operating grants &amp; subsidies</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<tr>
<td>Other direct revenue</td>
<td>56,248</td>
<td>16,880</td>
<td>18,387</td>
<td>3,580</td>
<td>32,678</td>
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<tr>
<td>Direct expenditure</td>
<td>65,906</td>
<td>22,440</td>
<td>25,064</td>
<td>887</td>
<td>46,833</td>
</tr>
<tr>
<td>Employee benefits</td>
<td>22,999</td>
<td>11,893</td>
<td>11,992</td>
<td>(153)</td>
<td>23,964</td>
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<tr>
<td>Grants, contributions &amp; sponsorship</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<tr>
<td>Other direct expenditure</td>
<td>22,999</td>
<td>10,780</td>
<td>11,992</td>
<td>996</td>
<td>22,954</td>
</tr>
<tr>
<td>Other key operating lines</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>All operating funding (K00 and $)</td>
<td>17,880</td>
<td>8,637</td>
<td>8,637</td>
<td>0</td>
<td>17,962</td>
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<tr>
<td>Fixed assets</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Depreciation</td>
<td>7,850</td>
<td>6,368</td>
<td>6,278</td>
<td>(155)</td>
<td>8,531</td>
</tr>
<tr>
<td>Net interest expense</td>
<td>(857)</td>
<td>(547)</td>
<td>(97)</td>
<td>517</td>
<td>(971)</td>
</tr>
</tbody>
</table>

### Total CAPEX

<table>
<thead>
<tr>
<th></th>
<th>Total CAPEX Revised Budget $m</th>
<th>Total CAPEX Forecast $m</th>
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<tbody>
<tr>
<td>Waterfront</td>
<td>$51m</td>
<td>$28m</td>
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<tr>
<td>Other Transform &amp; Unlock</td>
<td>$69m</td>
<td>$46m</td>
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<tr>
<td>Total</td>
<td>$120m</td>
<td>$74m</td>
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</table>
## Managed Portfolio (includes Business Interests)

<table>
<thead>
<tr>
<th>SM</th>
<th>YTD Actual</th>
<th>YTD Budget</th>
<th>Variance</th>
<th>Full Year Budget</th>
<th>Full Year Forecast</th>
<th>Variance</th>
</tr>
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<tbody>
<tr>
<td>Revenue</td>
<td>22.2</td>
<td>20.7</td>
<td>1.6</td>
<td>40.5</td>
<td>41.8</td>
<td>1.2</td>
</tr>
<tr>
<td>Expenditure</td>
<td>5.9</td>
<td>6.4</td>
<td>0.5</td>
<td>12.9</td>
<td>12.4</td>
<td>0.5</td>
</tr>
<tr>
<td>Net Surplus</td>
<td>16.3</td>
<td>14.2</td>
<td>2.1</td>
<td>27.7</td>
<td>29.4</td>
<td>1.7</td>
</tr>
</tbody>
</table>
ATEED Quarterly Report to Auckland Council
For the quarter ending 31 December 2018

Mark Franklin, Chair
Nick Hill, CE
Jacky Hollingsworth, CFO

Q2 highlights
Tourism Skills campaign

- Campaign in cinemas - 7 March
- Website live - 21 March
- Campaign launch - 1 April (place holder)
- NZ Herald takeover (date TBD)
- The Great Tāmaki Makauaau Debate
- Website and social media platforms with videos, case studies and job connector
- Reached approx. 80 of 100 employers registered on the website
- Auckland the first to do this - potential for campaign to be run across the country in the future
GridAKL

- 104 businesses and 780 individuals across three buildings
- 658 innovation-focused events during Q1 and Q2
- Hatchbox – public innovation lab
- Supporting Innovate AKL
- Operator issue resolved
- Strong demand for space at Lysaght and Madden Street

Winter festival - Elemental

- July 2019
- Month-long celebration showcasing Auckland’s cuisine, lighting installations, entertainment and culture across the region
- Soft launch – 28 February
- Full launch with website – 29 April
Looking ahead

Manukau work programmes

Seven work programmes identified for ATEED to lead:
1. Manukau Jobs and Skills Hub
2. Creative industries
3. Industry 4
4. Green economy
5. Investment attraction
6. Tourism development
7. South Industry Leaders’ Group

*These projects will be channelled by a South Auckland Industry Leadership Group, which is under development.*
**Investment and Film Attraction**

- Pipeline of inbound investment activity is $2.4b to 2023.
- Working with two major screen studios to secure their productions in Auckland.
- $1.5b pipeline of incoming film and television work.
- Available studio space remains a constraint to current and future activity.
- Long-term plans are being developed for future infrastructure at Waiheke Film Studios to cater for future growth.

**Auckland’s Destination Narrative**

- We see ourselves as beautiful, diverse, multicultural (incl. Māori) and urban.
- Others see us as beautiful and with a strong Māori cultural heritage.
- But we are not projecting ourselves as urban or as having a distinct Māori identity.
- Continuing to refine our Auckland destination narrative.

**The more alignment, the stronger your reputation**

- DNA = How we think about ourselves
- Perceived = How others perceive us
- Projected = How we project ourselves to the world
Tripartite 2019

- Auckland – 20 - 21 May
- Marks the 30th anniversary of the Auckland-Guangzhou relationship
- About 50 LA and Guangzhou civic leaders / business delegates attending
- Timed to align with Techweek19 to showcase Auckland’s tech and creative sectors and investment opportunities.

Delivering ongoing efficiency

- Comprehensive use of shared services
- Ongoing consideration of facility operating models
  - GridAKL, AR/VR Garage, The FoodBowl, Film studios
- Recycling capital
- Co-location with broader Council family
  - Innovate AKL at GridAKL
- Exploring options to reduce financial exposure
ATEED’s new home

- Relocation on time, under approved budget
- New premises deliver savings of over $6m during lease term
- Reused/repurposed office furniture, fittings and equipment
- Increased collaboration with activity-based working
- Design centred around Ngā hau e who o Tāmaki Makaurau narrative
- Significant increase in pride in workplace

Financial performance for quarter-ending 31 December 2018

<table>
<thead>
<tr>
<th></th>
<th>FY18</th>
<th>FY13</th>
<th>FY14</th>
<th>FY15</th>
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<tbody>
<tr>
<td></td>
<td>Actual</td>
<td>Budget</td>
<td>Variance</td>
<td>Budget</td>
</tr>
<tr>
<td>Total Revenue</td>
<td>84,846</td>
<td>82,112</td>
<td>2,734</td>
<td>1,634</td>
</tr>
<tr>
<td>Expenditure</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employees</td>
<td>21.9</td>
<td>20.4</td>
<td>1,5</td>
<td>0.9</td>
</tr>
<tr>
<td>Grants, contributions and sponsorship</td>
<td>10.2</td>
<td>10.1</td>
<td>0.1</td>
<td>0.1</td>
</tr>
<tr>
<td>Other operating expenses</td>
<td>21.3</td>
<td>14.9</td>
<td>6.4</td>
<td>1.3</td>
</tr>
<tr>
<td>TOTAL EXPENDITURE</td>
<td>53.4</td>
<td>35.3</td>
<td>18.1</td>
<td>9.2</td>
</tr>
<tr>
<td>NET DIRECT EXPENDITURE</td>
<td>31.6</td>
<td>46.8</td>
<td>15.2</td>
<td>26.0</td>
</tr>
<tr>
<td>Funding from Auckland Council</td>
<td>(10.1)</td>
<td>(22.6)</td>
<td>12.5</td>
<td>(50.1)</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>3.4</td>
<td>3.5</td>
<td>0.1</td>
<td>2.3</td>
</tr>
<tr>
<td>NET EARNINGS (LOSSES)</td>
<td>2.4</td>
<td>2.5</td>
<td>0.1</td>
<td>2.6</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>FY18</th>
<th>FY13</th>
<th>FY14</th>
<th>FY15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Expenditure</td>
<td>Actual</td>
<td>Budget</td>
<td>Variance</td>
</tr>
<tr>
<td>TOTAL CAPITAL EXPENDITURE</td>
<td>7.9</td>
<td>2.5</td>
<td>5.4</td>
</tr>
<tr>
<td>Sources of capital expenditure</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital funding from Auckland Council</td>
<td>7.9</td>
<td>(2.5)</td>
<td>5.4</td>
</tr>
<tr>
<td>Subsidies and grants - capital</td>
<td>0.0</td>
<td>(2.5)</td>
<td>(2.5)</td>
</tr>
<tr>
<td>TOTAL CAPITAL EXPENDITURE</td>
<td>7.9</td>
<td>(2.5)</td>
<td>(2.5)</td>
</tr>
</tbody>
</table>

(a) Includes new operating costs for the quarter
Item 7

SOI KPI performance for quarter-ending 31 December 2018

<table>
<thead>
<tr>
<th>Key performance indicator</th>
<th>FY 2018/19</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Previous</td>
</tr>
<tr>
<td>KPI2: Contribution to regional GDP from ATEED interventions</td>
<td>No result</td>
</tr>
<tr>
<td>Contribution measure: Contribution to regional GDP from major and business events attracted or supported (LTP measure)</td>
<td>$4.15m</td>
</tr>
<tr>
<td>KPI3: Number of businesses that have been through an ATEED programme or benefited from an ATEED intervention (LTP measure)</td>
<td>1,120</td>
</tr>
<tr>
<td>Contributory measure: Number of MBMI businesses that have been through an ATEED programme or benefited from an ATEED intervention (LTP measure)</td>
<td>04</td>
</tr>
<tr>
<td>KPI4: Number of new jobs created, safeguarded or retained in Auckland as a result of an ATEED intervention</td>
<td>No result</td>
</tr>
<tr>
<td>KPI5: Number of visitor nights resulting from an ATEED intervention (LTP measure)</td>
<td>36,910</td>
</tr>
<tr>
<td>KPI6: Customer satisfaction of courtesy, partners and stakeholders who have interacted with ATEED</td>
<td>No result</td>
</tr>
</tbody>
</table>

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Risks

- AC36 Host Venue Agreement
- APTR judicial review
- NZICC delay
Ngā mihi

Thank you
Delivering for Auckland

Year to date, RFA delivered the following benefits partially funded by operational funding from Auckland ratepayers:

- Internationally renowned and Auckland-exclusive shows and exhibitions including:
  - Six60, Western Springs Stadium
  - Disney’s Aladdin, The Civic
  - Taylor Swift, Mt Smart Stadium
  - Mumford & Sons, Western Springs Stadium
  - Gordon Walters: New Vision, Auckland Art Gallery
- Summer stadium concerts and Aladdin attracted more than 217,000 attendees, generated 64,000 visitor nights and a visitor spend of $20M
- 346,807 subsidised entries to Auckland Zoo
- Free entry to Auckland Art Gallery for Aucklanders, with a total of 204,151 domestic and international visitors
Delivering for Auckland cont.

- 1,048 free or subsidised community events across RFA venues
- 921 Commercial events across RFA venues
- Education and learning programmes for more than 68,000 Auckland children
- Free or subsidised public programmes attended by 187,937 people, which contributed to the social and cultural aspirations of Aucklanders, including:
  - Pick & Mix free family programme across Auckland
  - Sounds of Summer, Aotea Square
  - Summer on Queens, Queens Wharf
  - Aotea Square Digital Stage
  - Zoofari education programme for low decile schools
  - Auckland Art Gallery Creative Learning Centre programme
  - Wildlife and art conservation

These all contribute to our core purpose of "Enriching life in Auckland by engaging people in the arts, environment, sport & events."

Our Finances as at 31 January 2019

<table>
<thead>
<tr>
<th>CONSOLIDATED</th>
<th>ACTUAL</th>
<th>BUDGET</th>
<th>VARIANCE</th>
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</thead>
<tbody>
<tr>
<td>REVENUE</td>
<td>30.2</td>
<td>30.9</td>
<td>(0.7)</td>
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<tr>
<td>Commercial revenue</td>
<td>19.6</td>
<td>19.8</td>
<td>(0.2)</td>
</tr>
<tr>
<td>Admission revenue</td>
<td>4.8</td>
<td>5.1</td>
<td>(0.3)</td>
</tr>
<tr>
<td>Other revenue</td>
<td>5.8</td>
<td>6.0</td>
<td>(0.2)</td>
</tr>
<tr>
<td>EXPENSES</td>
<td>53.6</td>
<td>55.4</td>
<td>1.8</td>
</tr>
<tr>
<td>Staff costs</td>
<td>24.8</td>
<td>25.8</td>
<td>1.0</td>
</tr>
<tr>
<td>Property costs</td>
<td>8.6</td>
<td>8.8</td>
<td>0.2</td>
</tr>
<tr>
<td>Costs of sales</td>
<td>11.1</td>
<td>10.8</td>
<td>(0.3)</td>
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<tr>
<td>Other costs</td>
<td>9.1</td>
<td>10.0</td>
<td>0.9</td>
</tr>
<tr>
<td>NET (Council Operational Funding)</td>
<td>(23.4)</td>
<td>(24.5)</td>
<td>1.1</td>
</tr>
</tbody>
</table>

- Revenue the most significant budget risk
  - Ability to secure external revenue in a highly volatile, cyclical commercial market
  - Limited capacity across venues
  - Ageing assets
- Impact of revenue shortfall managed through tight expenditure controls
  - Staff recruitment freeze for non-essential roles
  - Deferral or cut of non-essential variable costs
Forecast to 30 June 2019

- Potential budget risk of $1.5m unfavourable position at year end
- Unfavourable revenue
  - Two planned outdoor concerts not eventuating $1m net
  - Business interruption caused by major construction:
    - Auckland Zoo ($1.7m) and Aotea Centre ($0.5m)
- Initiatives to balance budget
  - Recruitment freeze of all roles
  - Further deferral of non-essential repairs and maintenance
  - Further deferral or cut of non-essential costs
  - Continued focus on revenue generation

---

Auckland Art Gallery Toi o Tāmaki

<table>
<thead>
<tr>
<th>YTD 31 Jan 19</th>
<th>Actual</th>
<th>Budget</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>2.2</td>
<td>2.4</td>
<td>(0.2)</td>
</tr>
<tr>
<td>Commercial revenue</td>
<td>1.1</td>
<td>1.1</td>
<td>0.0</td>
</tr>
<tr>
<td>Admission revenue</td>
<td>0.1</td>
<td>0.1</td>
<td>0.0</td>
</tr>
<tr>
<td>Other revenue</td>
<td>1.0</td>
<td>1.2</td>
<td>(0.2)</td>
</tr>
<tr>
<td>EXPENSES</td>
<td>6.8</td>
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Finances and Performance

- International visitor attendance and revenue below budget
- Challenging Corporate Sponsorship market
### Auckland Conventions

<table>
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<tr>
<th>YTD 31 JAN 19</th>
<th>ACTUAL</th>
<th>BUDGET</th>
<th>VARIANCE</th>
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<tr>
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**Finances and Performance**
- VEC leased to Emirates Team NZ from 1 October 2018
- Smaller scale events require less services and catering which has impacted revenue. This has flowed through to cost of sales
- Staff recruitment freeze
- Operations being integrated into Auckland Live

### Auckland Live

<table>
<thead>
<tr>
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<th>ACTUAL</th>
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**Finances and Performance**
- Business interruption from the Aotea Centre refurbishment
- Two planned shows delayed to later in the year
- Recruitment freeze to reduce overall costs
### Auckland Stadiums

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<thead>
<tr>
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<th>YTD 31 Jan 19</th>
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**Finances and Performance**
- Year to date favourable to budget
- Revenue pressures in the second half of the year with two outdoor concerts budgeted but not secured
- New Warriors agreement commences
- QBE naming rights at North Harbour Stadium ceases

### Auckland Zoo

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**Finances and Performance**
- Major construction has resulted in a greater impact to revenue than planned
- New ticket pricing strategy has commenced in response
- Newly opened Elephant House attracted a number of Christmas functions
- 18,617 volunteer hours (or 19 FTE staff)
**New Zealand Maritime Museum**

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**Finances and Performance**
- Synergies of integration being realised
- 78,570 visitors
- 14,194 volunteer hours (or 15 FTE Staff)

**Capital Expenditure**
- Capital spend $47.4m against a budget of $67.9m (70% completion)
- Forecasting $109m delivered against a budget of $121m (90% delivery)

**Auckland Zoo**
- South East Asia Precinct has completed its first year of construction
- Zoo administration building completed February 2019
- Jamuna/Old Elephant House construction completed and now open to the public
Aotea Centre
- Aotea Centre interior refurbishment near completion
- Aotea Centre exterior refurbishment consent has been obtained
- Development of the Aotea Precinct master plan has commenced

Mt Smart Stadium
- Lower west stand replacement has commenced

QBE Stadium
- Baseball configuration – to commence in 2019/20
- Roof access and repair – to commence in 2019/20

Focus Areas

Contribution Towards Māori Outcomes
- Mahere Aronga Māori - Māori Responsiveness Plan 2018–2021 released December 2018
- Aotea Centre upgrade includes bi-lingual signage
- Internationally renowned Māori artist Lisa Reihana commissioned to create a unique world-class digital media work for Aotea Centre celebrating Te Ao Māori
- Introduction of bi-lingual event signage at RFA’s stadiums

Sustainability and Climate Change
- NZ Maritime Museum recipient of Qualmark Gold Sustainable Tourism Business Award
- Auckland Stadiums and Auckland Live venues have moved to reusable cups for events to reduce single use plastic waste
- NZ Maritime Museum has opened a new sustainability-themed family space
- All Auckland Convention branded collateral now eco-friendly
Diverse Line-up Over Next Six Months

- Auckland Arts Festival, multiple venues | UNTIL 24 MARCH
- Pacific Sisters: He Toa Tātea | Fashion Activists, Auckland Art Gallery UNTIL 14 JULY
- Auckland Live Kids, various venues | 16 APRIL – 23 DECEMBER
- NZ International Comedy Festival, multiple venues | 2-20 MAY
- Frances Hodgkins: European Journeys, Auckland Art Gallery 4 MAY – 1 SEPTEMBER
- Auckland Writers Festival, Aotea Centre | 13-19 MAY
- Vodafone Warriors 2019 home games, Mt Smart Stadium UNTIL 24 AUGUST
- War Horse, The Civic | 21 JUNE – 7 JULY
- School of Rock, The Civic | FROM 3 SEPTEMBER
- Metallica, Mt Smart Stadium | 31 OCTOBER

Questions

He whakaawae i te iwi ki ngā wheako tūroa
Inspiring people with unforgettable experiences
Overall highlights and risks from Q2

Highlights:
- Our H&S team has been renamed the “Health, Safety & Wellness” and has increased focus on improving and managing mental and emotional wellbeing of our people.
- In November 2018, we held our Staff Expo, with a focus on “Resilience”. The expo visited eight Watercare sites and engaged over 600 staff.
- Waikato District Council has approached Watercare to provide water services under a contract. Negotiations commenced in Q4, and the project is expected to “go live” in July 2018.
- We launched “Tapped In for Business” for our commercial and industrial customers.
- We finalised our climate change strategy.

Risks:
- Maintenance costs are increasing, due to increased costs in the wider economy. We are working with IT to find a more efficient way to operate in these conditions.
- Major project cost overrun: we monitor our tendered prices and delivery costs continuously. We are developing procurement strategies that minimise cost and reduce life cycle costs of new assets.
Financial update

- Fees & user charges are 2% ahead of budget due to slightly higher than anticipated usage.
- Other direct revenue is 6% ahead of budget as income from Infrastructure Growth Charges were higher than anticipated. The timing of this income is dependent upon when buildings are connected to our networks.
- Other direct expenditure is 5% unfavourable to budget due to higher water demand and higher levels of unplanned maintenance following a number of isolated large infrastructure breaks.
- Watercare management has set itself an efficiency target of $7.7m. The efficiency savings target for the first six months has been $2.8m. The largest efficiency gains achieved were from reprogramming planned maintenance, and negotiated savings in chemicals and energy.

SOI Key performance indicators - Highlights

13 measures are being met

- Drinking water: 100% compliant with bacterial and protozoal criteria
- Dry weather overflows: Below our limit (0.37 against a target of ≤10)
- Median response times to call outs and overflows: Within our targets
- Complaints regarding water and wastewater: Within our limits
- Net Promoter Score: 30.
- Resource consents for discharges from sewerage system: Compliant
SOI Key performance indicators - lowlights

Three measures are not being met

- Wet weather overflows per engineered overflow. High intensity rainfall (near Tasman Tempest levels) at Christmas contributed to this figure.

- Average consumption of drinking water per day per resident (gross PCC). Our water efficiency strategy aims to reduce Aucklanders water use.

- Real percentage water loss from Watercare’s networked our reticulation system is 13.4%, above our 13% target. We are investigating underlying causes, including theft.

Looking ahead to Q3 and Q4

- Sustainability and climate change: We have now adopted a Climate Change Strategy. We will soon have three solar arrays (including the second and third largest in New Zealand), operating at three of our plants. 23 other Watercare sites are being vetted to see if they could also support solar installations.

- Water review: Central government and the DIA are continuing their review into the three waters. We are assisting DIA, via the regulator, Auckland Council, with the fact finding portion of the review. The outcome of DIA’s review may have significant impact on the operation of water and wastewater in New Zealand.

- New Waskworth Water Treatment Plant: In February 2019, the Mayor officially opened our Waskworth WTP – this is the first WTP we have opened since Waikato was commissioned in 2002.

- Western Inland Water Quality Improvement Project: The area has been divided into 10 catchments. Investigations and work is already underway in Freemans Bay, Waterview and St Mary’s Bay and Herne Bay. The other catchments will follow from March 2019.

- Business excellence: We are introducing a new vision for delivering infrastructure that encompasses three key areas - sustainability, cost and safety.
Looking ahead to Q3 and Q4

- In March 2019, we signed a $1 billion + construction contract with our preferred bidder, Ghella – Abertis Ideas Interkin Joint Venture.
- Construction will begin in early May 2019, with tunnelling to commence in 2020.
Second Quarter Report
AC Finance & Performance Committee
20 March 2019

Key Focus Areas

Customers
- 91% Public transport passengers satisfied with their service
- Customer experience strategy and customer relationship management system
- Local road deaths and serious injuries remain high, Vision Zero approach adopted – focus on vulnerable road users

Operating Performance
- Operating result on track for full year budget
- PT patronage up 5.2% and rapid & frequent PT services up 20.3% for the 12 month period
- Open challenges remain a key focus

Stakeholder/Community
- “Home Trail” public transport procession (Christmas)
- Second industry briefing on capital programme pipeline (150 attendees)
- Ongoing work with more than 200 schools on safety and active travel
- Local Board engagement – RPTP consultation, speed management, cluster workshops etc

Capital Programme
- On track to deliver 90% of capital plan
- AMETI Eastern Freeway
- AMETI ERT contract awarded to Fulton Hogan
- Downtown Programme: Enabling works completed over Christmas break
- Walking & Cycling
  - Completion of Ian McElhinney and Seabrook Avenue Cycleway (Links to North Lynn)
- NZTA funding
  - NZTA funding 42% YTD vs 50:50 assumption in LTP

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Attachment F

Item 7
Culture and Transformation

In July 2018 the Executive Leadership Team (ELT) came together as a new team. The culture and effectiveness survey was launched for the first time. These results (July 2018) represent the baseline and starting point for our culture journey. Our 2019 culture approach should be consistent and aligned to our 2 organisational priorities and levels. Our approach will focus on changing behaviour (the “how”) through quality conversations. All components of the programme should demonstrate value for money, their ability to improve individual and organisational leadership capability, be measurable, and integrated sustainability into people, business and transformation activity.

As determined by the Executive Leadership Team our approach is:

1. We will provide our people with the freedom and choice to achieve good quality organisational outcomes
2. We will deliver our committed outcomes to the community through leveraging cross functional co-ordination

HOW? Through creating opportunities for and leveraging:

1. Employee engagement
2. Organisational priorities
3. Standards of excellence
4. Meaning and fulfilling role contribution
5. How each role relates to customers and communities

Road Safety

- Speed limit bylaw consultation (31 March)
- Some themes:
  - It will save lives and improve safety
  - It is a good policy but will need better policing
  - Poor driving is a problem
  - It will cause congestion
- Hearings in April
- Expected implementation if approved in August.
Governance

- Local Board satisfaction (SOI) – 65%
- Initiatives:
  - Key project staff – at third and fourth tier – undertaking governance training (conducted by AC) to better understand role and accountabilities of Local Boards
  - Project Managers taking part in AC’s “quality advice” programme to improve reporting
  - Staff induction – to include a session on governance and Local Board roles

Governance continued...

- Better responsiveness to elected member enquiries (improved CRM)
Governance continued…

- Requirement for early engagement with Local Boards in new project management framework
- AT EGMs to rotate/briefly present on strategic issues at a minimum of two Local Board meetings per year
- Local Board engagement plans now include clear communications protocols
- Quarterly SOI updates and Chairs Forums
- Transport a standing item on cluster workshop agendas
- Significant time being invested in Waiheke Pilot – a test case for the future

Thank you.