

Regional Facilities Auckland

Quarter 1 Performance Report

For the period ending 30 September 2019

This report outlines the key performance of
Regional Facilities Auckland

Regional Facilities Auckland Q1 summary

Highlights, issues & risks for the quarter

Highlights:

1. Auckland Stadiums: Mt Smart Stadium played host to the first ever standalone NRL Women's Premiership (NRLW) fixture, Warriors v Dragons (crowd circa 3,000). Key Western Springs announcements for the summer concert season included massive headline acts for Friday Jams return, Festival X Rising and Fat Freddy's Drop.
2. Auckland Conventions: 113 events were delivered across our venues, attracting around 59,000 attendees. The biggest was New Zealand Fashion Week, which returned to Auckland Town Hall after 16 years and attracted over 24,000 people. North Harbour Stadium hosted 32 events and Aotea Centre hosted 27 (welcoming 29,000 people).
3. Auckland Live: School of Rock – The Musical rocked The Civic in September, with more than 28,000 tickets sold for the almost four-week season. Other successful key events included Mr Red Light, James Morrison, Ruel, The Children, Pick & Mix, Area 51, Rock Quest, We Will Rock You, Neil Young's Live Rust, War Horse, Stan Walker, 7 Days Live, Nga Puke. Partnership with ATEED transformed Aotea Square into the Elemental Hub in July – alongside the perennially popular Ice Rink.

Issues/Risks:

1. Auckland Stadiums: The two Metallica concerts were cancelled by the band for reasons of ill health.
2. Auckland Live: Queens Wharf closed to the public to enable repairs to the roof of The Cloud and doors and walls of Shed 10 following two mini-tornadoes in August.
3. Auckland Conventions: Ongoing construction of the Queens Wharf ferry terminal means The Cloud is unavailable for bookings until 29 February 2020.
4. Auckland Zoo: 71 rain days in Q1 had a significant impact at the Zoo, both on visitation and the complex South East Asia development.

Financials (\$million)	YTD actual	YTD budget	Actual vs Budget
Capital delivery	18.2	19.2	95%
Direct revenue	13.1	13.4	➔ (0.3)
Direct expenditure	24.8	24.7	➔ (0.1)
Net direct expenditure	11.7	11.3	➔ (0.4)

Financial Commentary

Capital delivery: The RFA capital programme for Q1 delivered \$18.2m of works and is forecast to achieve total spend to budget for the year. The delivery is primarily in two major projects: the Aotea Centre refurbishment and the South East Asia Precinct.

Net direct expenditure: The \$0.4m unfavourable variance relates in part to the grants paid by RFA.

Forecast FY20: Current indications are that RFA will miss the FY20 revenue target in particular as a result of the exceptionally wet weather in the first quarter and business interruption impacts of construction at the zoo through the remaining months of the year. Although an allowance was made in the budget for business interruption, the shortfalls being experienced are greater than previously estimated. Direct expenditure is also anticipated to exceed budget due to higher than expected staffing costs and professional fees.

Key performance indicators

FY20 Quarter 1

	Previous Quarter		FY20 Quarter 1		Status	Commentary
	Actual	Target	Actual	Target		
The number of people who experience RFA's arts, environment and sports venues and events	-	925,000	778,688	925,000	Not met	The original target number of RFA visitors/patrons was set prior to Council's decision to lease the Viaduct Events Centre to Team NZ. This removed a key venue from RFA's events programme and will impact the visitor numbers.
The net promoter score for Regional Facilities Auckland's audiences and participants	-	19	44	19	Met	RFA did not achieve its revenue targets this quarter, however tight controls over expenditure mitigated the substantial majority of variance to budget in real terms. The underlying percentage, however, remains under target.
Percentage of operating costs funded through non-rates revenues	-	60%	55%	60%	Not met	
Number of programmes contributing to the visibility and presence of Māori in Auckland, Tamaki Makaurua	-	4	20	4	Met	

Strategic focus area – Stadia

Key commentary

For three months ended 30 September 2019, a total of \$1.6m was spent towards stadia against a budget of \$3.2m.

Highlights

1. North Harbour Stadium: works to reconfigure the main field to accommodate baseball have commenced and are on schedule for completion by November 2019. Planning for renewal of the main stand roof is underway, following a delay to the programme to enable the team to expand the project scope to include additional seismic strengthening.
2. Mt Smart Stadium: works are completed on the lower west stand and the upper south stand aside from minor outstanding detail work.
3. Western Springs: upgrade works to the entry road commenced in July 2019. Stages 1 and 2 will be complete and operational for the start of the speedway season in November. Building consents for the four building renewal projects have been received.

Issues/Risks

1. **Stand strengthening and renewals works at Mt Smart and North Harbour stadia:** In early 2019, RFA received preliminary findings from seismic surveys of building structures at Mt Smart and North Harbour stadiums, which prompted further detailed assessments. These were received in late FY19 and indicated low seismic ratings, albeit within tolerance. Further strengthening works, particularly at North Harbour Stadium were identified to improve the seismic ratings of these structures, and these works are now in the planning stage. For North Harbour Stadium, the RFP for a larger renewals project will be released shortly. This will encompass not only seismic strengthening, but also the general renewal of a roof approaching the end of its useful life.
2. **Toilet, works facility and entry road renewals at Western Springs Stadium:** \$2.4m of works focussed on renewing roading, toilet and works facilities at the existing stadium were re-phased into early FY20. These works are contracted and ongoing. The discovery of unknown services near the surface and unexpectedly rocky ground conditions have delayed progress on the project.

Strategic context

Much of Auckland's network of stadia are aging and do not respond to the evolving interests of Aucklanders, including the growth of interest in a wider range of sports.

RFA is working to improve the amenity and health and safety standards in the stadia under its stewardship, in order to improve their financial sustainability and provide better facilities for both community sports activities and professional sports teams and their fans. RFA also aims to provide venues to support Auckland's emerging sports.

Key programme of works

	Status	Description	Outlook
North Harbour Stadium – baseball reconfiguration	On track	Reconfiguration and construction to enable the hosting of the Auckland Tuatara home games for next season at North Harbour Stadium	This project is currently in the construction phase, with work on track for completion by November 2019
North Harbour Stadium – main stand roof renewal	Delayed	To construct access to the grandstand roof and undertake roof repairs (renewals)	The stand's seismic assessment has been confirmed as 34%NBS. The package of upgrade and renewal works for the stand is being progressed with works expected to be completed in FY21.
Western Springs Stadium renewals	On track	The replacement of two toilet blocks, gate entry building, maintenance shed, concourse and Stadium Road upgrade works	The road upgrade has commenced, and the four building replacements will commence shortly. The discovery of unidentified services and difficult ground conditions has delayed the project, with further delays now likely in working around the upcoming event season. The major elements of the project are expected to be delivered in FY20

Strategic focus area – Auckland Zoo development

Key commentary

For the three months ended 30 September 2019, a total of \$7.6m was spent towards zoo development against a budget of \$9.8m.

Highlights

1. Construction of the South East Asia Precinct and new café is well underway. The project is being managed in zones, with the first zone due for completion in December 2019. The overall programme is scheduled for completion by mid-2020.
2. A significant programme of general renewals and infrastructure upgrades is also progressing well.

Issues/Risks

1. The extent of the construction work currently underway at the Zoo (the South East Asia project is currently impacting on more than 20% of the site) is impacting on the visitor experience and perception of value at the Zoo. A range of mitigation strategies is in place, the most significant of which is the implementation of an adjusted pricing strategy, reducing the cost of entry by as much as 30%. Although the new pricing strategy resulted in the Zoo achieving 718,027 visitors in FY19, the reduced price impacted on revenue. Visitor numbers are down in quarter one, with visitors less likely to commit to multiple visits until the South East Asia construction is completed.

Strategic context

RFA is continuing with development of a world-class zoo and wildlife conservation facility by addressing aging infrastructure at Auckland Zoo and long-term under-investment through a phased programme of works.

These works constitute essential renewals aimed at ensuring Auckland Zoo meets the modern standards of animal welfare, visitor amenity, wildlife exhibition and health and safety obligations.

Key programme of works

Outlook

	Status	Description
South East Asia Precinct development	On track	Redevelopment of the central area within the Zoo to provide modern standards of housing and care for the Zoo's South East Asian species, and new catering facilities

Largest renewals project in the Zoo's history. Tracking to budget and expected to be completed in the 2019/20 financial year.

Strategic focus area – Aotea precinct development

Key commentary

For the three months ended 30 September 2019, a total of \$6.4m was spent towards the Aotea Centre development against a budget of \$6.3m. This project remains substantially challenged by delays associated with the need for a comprehensive redesign to meet new standards.

Highlights

1. Refurbishment of the interior of the Aotea Centre (Centre) is drawing to a conclusion, with significantly upgrading facility as a result
2. Working with the Auckland Design Office, a draft Aotea Square precinct master plan has been incorporated into Council's proposed refresh of the City Centre Master Plan, and a programme of consultation with key partners and stakeholders is underway.

Issues/Risks

1. New external cladding standards and associated Council consenting processes have caused significant delays to the Aotea Centre refurbishment project. To somewhat mitigate the impact on the operation of the Centre and the ongoing project risks, the original refurbishment project has been split into two projects – internal works and external works. Internal refurbishment works are scheduled for completion in November 2019. Re-design of the weather tightness project is ongoing.
2. A review of escalating project costs, following an assessment of on-going delays identified the need for an additional \$14m to complete the project, funding which was approved by Council in FY19. The project now has a total budget of \$66.8 million allocated to dealing with the Centre's underlying structural problems and refurbishing its interior spaces.
3. Delays to completion of the project will reduce revenue potential from the Centre for a longer period than previously anticipated.
4. The need to work around Centre bookings continues to compromise the delivery of the renewal project, further exacerbating time delays and budget pressures
5. There will be some negative impact on the customer experience caused by ongoing construction works until completion

Strategic context

The refurbishment and further proposed development and expansion of the Aotea Centre are aimed at creating a vibrant cultural and civic centre for Auckland focussed on the Aotea Square precinct and as part of a wider Aotea Arts Quarter.

This will include a significantly upgraded and expanded Aotea Centre and integrated Aotea Square, providing a home for the development and presentation of performing arts in Auckland.

Key programme of works

	Status	Description	Outlook
Aotea refurbishment	Delayed	The first significant refurbishment of the 30-year-old Centre, aiming to upgrade foyer and functions spaces and address long-standing weather-tightness issues	NZ's growing understanding of the safety implications of building façades and cladding standards has required substantial changes to this project mid-programme. Council has approved an additional \$14m in funding for the project.
Aotea Square master plan	On track	A precinct planning approach to the development of the Square and its surrounds to ensure the precinct meets its potential as a key lively and active space for Aucklanders	A consultation draft of the masterplan has been completed and is being used to inform discussions with partners and stakeholders, and the design for the Aotea Studios project.
Aotea Centre expansion (Aotea Studios)	On track	Developing concept plans for expanding the current Aotea Centre to provide a home for performing arts organisations and to foster the work of performing arts groups	This project is in its early stages – the concept, funding and potential timing of this proposed development will be discussed with Council in 2020.

Other Statement of Intent focus areas

Arts & Culture Strategy

- In July, Auckland Live presented its first Relaxed Performances for Matariki for *Tamariki* and *Room on the Broom*. Auckland Live also hosted the NZ International Film Festival in July.
- NZ Maritime Museum hosted a sold-out event that brought a new and diverse audience to the Museum, *While the Light Lasts*, an interactive, late-night mystery-style game for 200+ visitors.
- Nearly 400 patrons came to Auckland Art Gallery's popular and lively Art After Hours in July. Inspired by the exhibition *Frances Hodgkins: European Journeys*, the Gallery transformed into a European courtyard, with a packed schedule including drawing classes, dance performances and demonstrations, a popular talk by Mary Kister, live music and bespoke food and drink.
- In August, Auckland Art Gallery hosted the Pat Hanly Creativity Awards, recognising 36 exceptional Year 13 art students from 28 Auckland secondary schools. The awards, supported by AUT, acknowledge Pat Hanly's contribution to New Zealand contemporary art and his passion for art education and supporting young artists.
- The new exhibition *A Place to Paint: Colin McCahon in Auckland* opened on 10 August at Auckland Art Gallery, and was officially launched a week later by Prime Minister the Rt Hon Jacinda Ardern.

Sustainability and Climate Change

- Reports have been received from the waste services provider for the Aotea Centre and Auckland Zoo refurbishment projects, demonstrating waste diversion rates of over 80% across both construction sites.
- The North Harbour Stadium Baseball project saw 800 stadium seats recycled, and a rescoping of the project during the design stage prevented the use of 250 tonnes of concrete and 22 tonnes of reinforcing steel, equivalent to around 40 tonnes of CO2e
- A new waste compound has been constructed at Mt Smart Stadium to enable enhanced management and sorting of waste streams, including a hand-sorting area and wash-down facilities.
- New water metering equipment has been installed at the Gallery to enable a more refined level of understanding of water usage within the building.
- A sustainability workshop was held with 23 staff members from across RFA's business units to discuss opportunities for cross-collaboration on sustainability initiatives, knowledge sharing and staff engagement. In addition, Auckland Stadiums re-invigorated their Green Team, meeting to compile a list and initiate work on various sustainability initiatives across Stadiums' sites.

Contribution towards Māori Outcomes

Te Reo Māori

- RFA in partnership with Auckland Council's People and Performance Group have successfully received Te Toa Takitini funding to resource capability and development training for staff, with foundational level training will start in November. This is a positive step towards achieving goals related to "An empowered Organisation". This will also increase the ability of our staff to work effectively with Mana Whenua and Māori communities in the delivery of our business activities.
- ### Identity and Culture
- ### New Zealand Maritime Museum:
- The Talking Portrait project stage 1 has been completed with Te Toki Voyaging Trust. A young female sharing her story. Stage 2 is in progress where public can interact and ask questions and the portrait will respond from a diverse, Te Ao Māori perspective.
 - Building collections for the future was able to purchase three taonga from the Webber Collection and registered to purchase taonga of New Zealand.
 - Tuia- Tākiri (unfurling) Exhibition opens in October. Working in collaboration with Local government, Ngāti Whātua and artists. The waka from Tahiti has left bound for Aotearoa. Auckland Zoo:
 - The leadership team undertook a marae visit to Ōrakei as part of a commitment and efforts to build stronger relationships with Ngāti Whātua.

Local Board Engagement

- The Quarter 4 Performance Report for the period ending 30 June will not be distributed to the local boards until December, after the local government elections, as this is a year-end report requiring confidentiality until the financial results are released.
- After the new Council term begins on November 1, all local board members will be fully informed of RFA facilities and activities through the Auckland Council training programme, and through visits to the boards. These visits will include an overview presentation, as well as the fourth quarter 2018-19 and first quarter 2019-20 performance reports.
- A presentation of the ongoing work on the Aotea Precinct Master Plan was positively received by the Waitemata Local Board.
- Upper Harbour Local Board members enthusiastically endorsed the concept plans that aim to significantly increase the use of North Harbour Stadium.

Regional Facilities Auckland Q1 financials

Direct operating performance

(\$ million)	Notes	FY 19		FY 20 YTD		FY 20 Budget
		Actual	Actual	Budget	Variance	
Net direct expenditure	A	39.4	11.7	11.3	(0.4)	40.9
Direct revenue	B	53.8	13.1	13.4	(0.3)	60.8
Fees & user charges		39.4	9.9	9.7	0.2	47.2
Operating grants and subsidies		1.1	0.3	0.4	(0.1)	1.1
Other direct revenue		13.3	2.9	3.3	(0.4)	12.5
Direct expenditure		93.2	24.8	24.7	(0.1)	101.7
Employee benefits	C	51.2	14.0	11.9	(2.1)	45.7
Grants, contributions & sponsorship	D	1.1	0.8	0.3	(0.5)	1.3
Other direct expenditure	E	40.4	10.0	12.5	2.5	54.7
Other key operating lines						
AC operating funding		36.6	10.2	10.2	-	40.6
AC capital funding		92.7	18.3	19.6	(1.4)	78.5
Vested assets		-	-	-	-	-
Depreciation		32.2	8.2	4.9	3.2	33.0
Net interest revenue		0.6	0.2	0.1	0.1	0.3



Financial Commentary

A: The \$0.4m unfavourable variance reflects in part the grants paid by RFA, refer to Note D below.

B: Direct revenue unfavourable variance is due to \$433k of Spark Arena rental revenue transferred to offset costs in other direct expenditure however the budget remains in revenue.

C: Employee Benefits contains \$2.9m staff costs that are recharged against events. These recharges are budgeted under Cost of Goods Sold (COGS) within other direct expenses. Actual staff costs are favourable to budget due to recruitment for vacancies being put on hold for non-essential roles.

D: Grants, contributions and sponsorships: RFA converted the MOTAT loan to a capital grant recognising \$280k in quarter one for the FY20 financial year. Other grants related to capital spend programmes.

E: Other direct expenditure contains COGS which includes salary recharges of \$2.9m. The \$2.9m recovery should be offset against employee benefits (where the budget is held). This has resulted in a misalignment between actuals and budget which will be corrected in the next LTP process.

Regional Facilities Auckland Q1 performance measures

Key performance indicators	Previous Year	FY 20 Quarter 1		Status	Commentary
		YTD Actual	YTD Target		
<p>Note: RFA has a total of 5 primary SOI measures (with the addition of a further breakdown of visitation measures, individual to each of the zoo, gallery and Maritime Museum). For the quarter to 30 September 2019, 3 of the primary measures have been met and 2 have not.</p>					
The number of people who experience Regional Facilities Auckland's arts, environment and sports venues and events	3,363,323	778,688	925,000		The original target for RFA visitors/patrons was set prior to Council's decision to lease the Viaduct Events Centre to Team NZ. This removed a key venue from RFA's events programme and will continue to impact on RFA's expected visitor/patron numbers. In addition:
<i>Auckland Zoo visitation</i>	718,027	138,270	182,500	Not met	<ul style="list-style-type: none"> Major construction programme and 71 rain days during the quarter have had a significant impact on visitation.
<i>Auckland Art Gallery visitation</i>	401,883	102,145	128,750		<ul style="list-style-type: none"> The Gallery saw a continued reduction in international visitor numbers, possibly related to the international visitor levy.
<i>NZ Maritime Museum visitation</i>	157,091	32,799	42,500		<ul style="list-style-type: none"> The Maritime Museum is also impacted by construction within the vicinity, and the loss of <i>Ted Ashby</i> for sailings for five weeks.
The net promoter score for Regional Facilities Auckland's audiences and participants	43	44	19	Met	
Percentage of operating costs funded through non-rates revenues	57%	54%	60%	Not met	RFA did not achieve its revenue targets this quarter due to \$433k Spark Arena rental revenue transferred against the rental expenses (budget remained in revenue) and tight controls over expenditure were offset by un-budgeted MOTAT grant-related expenses
Percentage of Auckland residents surveyed who value RFA venues and events	69%	74%	69%	Met	RFA's community value score shows a 5% improvement on the previous year. An increasing percentage of the community consider that RFA's activities enrich their lives in Auckland.
Number of programmes contributing to the visibility and presence of Maori in Auckland, Tamaki Makaurau	68	20	4	Met	

Regional Facilities Auckland Q1 non-financial performance



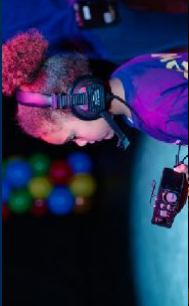
2,104 people participated in RFA's outreach programmes



384,323 people experienced free or subsidised events



778,688 patrons/fans participated in 917 event days



Inspiring volunteers contributed 11,379 hours supporting RFA activities



17,225

school students participated in RFA's curriculum-based learning programmes