

Group Quarterly Performance Pack

2019/2020 Quarter 2

For the 6 months ended 31 December 2019

Finance and Performance Committee

Group financials at a glance

6 months into the second year of the updated 10-year budget



Solid capital progress

Capital investment of \$1.2 billion



\$337m (39%) increase compared to the same period last year



In line with budget

99% of budget including City Rail Link investment



Strong operating performance

\$61 million favourable to budget

Direct Revenue



Exceeded target by 7%

\$66 million favourable against budget of \$1.0 billion

Direct Expenditure



In line with budget

\$5 million unfavourable against budget of \$1.4 billion



Prudent debt management

Net debt at \$9.2 billion

- Year-end budget \$9.6b

Net debt to total assets at 17%

- Year-end projection 17%

Gross debt to adjusted revenue 245%

- Year-end projection 253%

Stable credit ratings from

S&P Global Ratings (AA) and Moody's (Aa2)



Outlook

- On track to deliver \$2.7 billion of capital investment by the end of the financial year

Risks

- Lower than anticipated capital revenue may result in upward pressure on debt levels
- Debt to revenue ratio to remain within internal debt policy limit and broadly consistent with 2019/2020 annual budget projection

Group capital performance



Capital investment & funding sources

(\$ million)	Notes	FY 19	FY 20 Quarter 2 YTD			FY 20
		Actual	Actual	Budget	Variance	Budget
Capital investment	A	2,040	1,198	1,210	(12)	2,673
Auckland Council ¹		543	294	384	(90)	886
Auckland Transport		667	345	375	(30)	903
ATEED		3	-	-	-	-
Panuku ¹		93	56	80	(24)	161
Ports of Auckland		144	59	67	(8)	136
Regional Facilities Auckland		97	42	37	5	78
Watercare		428	272	306	(34)	618
<i>Group delivery assumption adjustment</i>		-	-	(141)	141	(312)
City Rail Link investment (Auckland Council share)		65	130	102	28	203
Capital funding sources						
Development contributions	B	178	68	129	(61)	258
Capital grants and government subsidies	C	304	169	227	(58)	517
Asset sales		168	68			255
Change in net debt		445	547			579
Operating funding		945	341			1,064

Commentary

A: Capital investment was \$1.2 billion for the six-month period, which was up 39% or \$337 million from the same period last year. This compares to the budget of \$1.2 billion with 99% of the budget delivered.

Key highlights include:

- Auckland Transport's strong delivery of roading and public transport infrastructure such as the Rapid Transit Network, the renewal of roading assets and works in downtown Auckland to support America's Cup 36.
- Watercare's progress on key infrastructure projects such as the Central and Northern Wastewater interceptors that will provide additional capacity to Auckland's current and future growth.

B: Development contributions were \$61 million lower than budget due to a change in the Development Contributions Policy. The change in policy was to support housing developers to increase the housing stock in Auckland. These changes allow developers to delay developer contributions and has resulted in lower than expected revenue within this period. Future variances should reduce as timing changes play out and any changes from policy reviews are implemented.

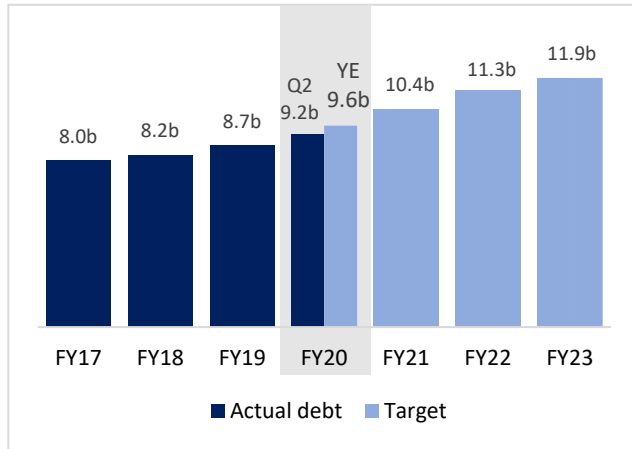
C: The majority of the shortfall in capital grants and government subsidies relates to NZTA capital subsidies. We will continue to work with central government on accessing the agreed funding levels.

Note: For this and the following pages within the Group Performance Overview, the prior period is defined as the 6 months to 31 December 2018.

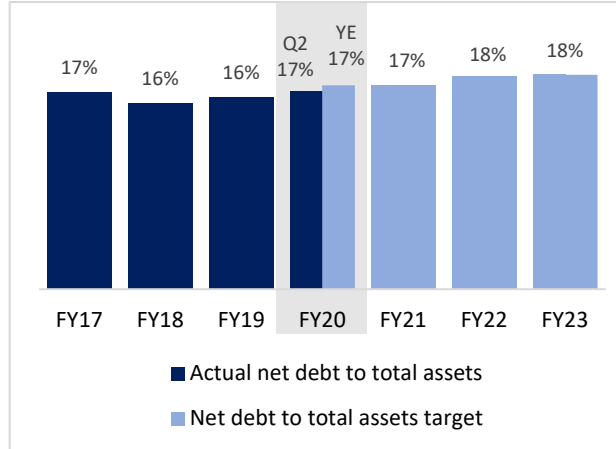
1. Panuku managed assets and expenditure owned by Auckland Council is added to Panuku financials. Refer to glossary for more details.

Group balance sheet

Net debt



Net debt to total assets

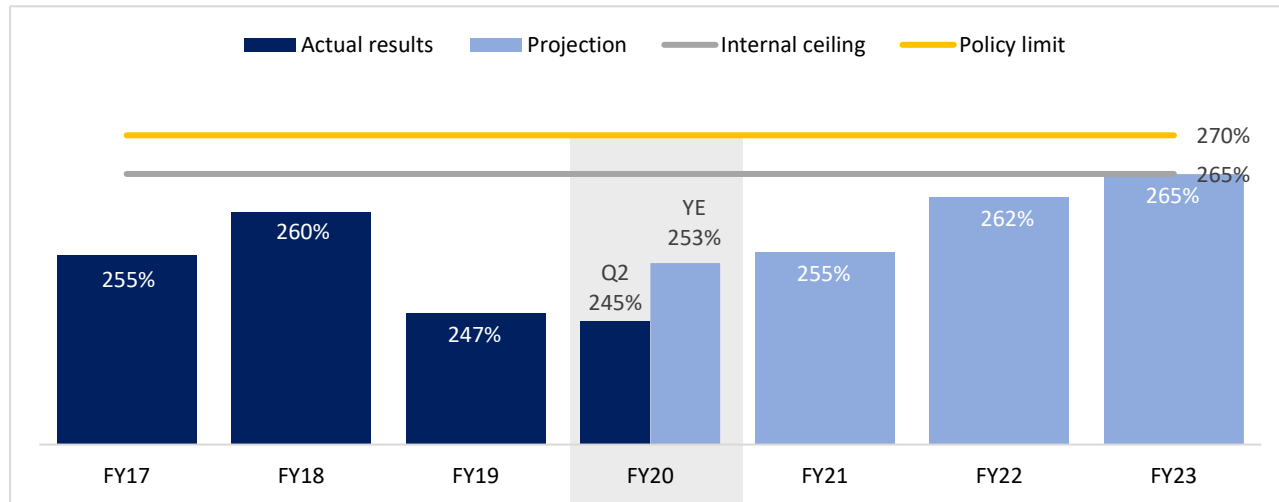


Commentary

Net debt over the six-month period increased by \$547 million, primarily driven by \$1.2 billion of capital investment and due to reduced cash from development contributions and capital subsidies.

Overall, our total assets increased by \$1.8 billion over the same period to \$54.7 billion. This has resulted in a net debt to total assets ratio of 17%.

Gross debt to adjusted revenue



Notes to gross debt to adjusted revenue:

Gross debt to adjusted revenue was calculated using the S&P methodology. The calculation adjusts net debt for cash balances, lease obligations, and exchange rate movements. It also adjusts operating revenue for capital revenue, development contributions, and capital grants/subsidies.

Group treasury performance as at 31 December 2019

Key metrics

No breaches in Treasury Management Policy
LGFA covenant compliance



Credit rating (S&P/Moody's)
Average term to maturity of borrowings
Gross cost of funds

AA/Aa2
5.64 yrs
4.53%

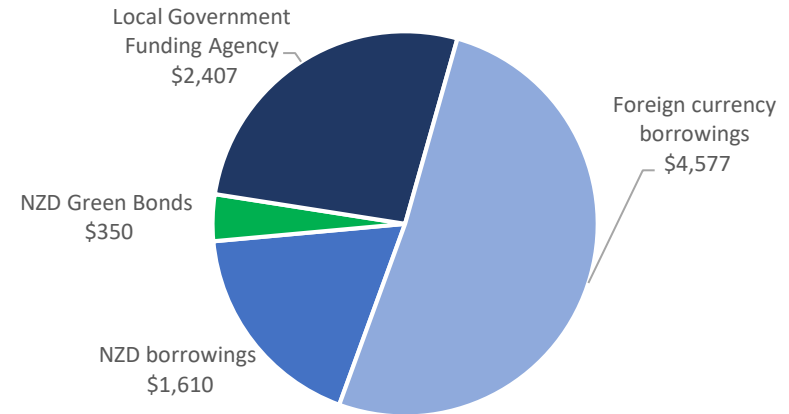
Forecast borrowing requirement over next 12 months
Back-up facilities + cash
Mark to market interest rate swap position

\$1.85b
\$1.34b
(\$1.74b)

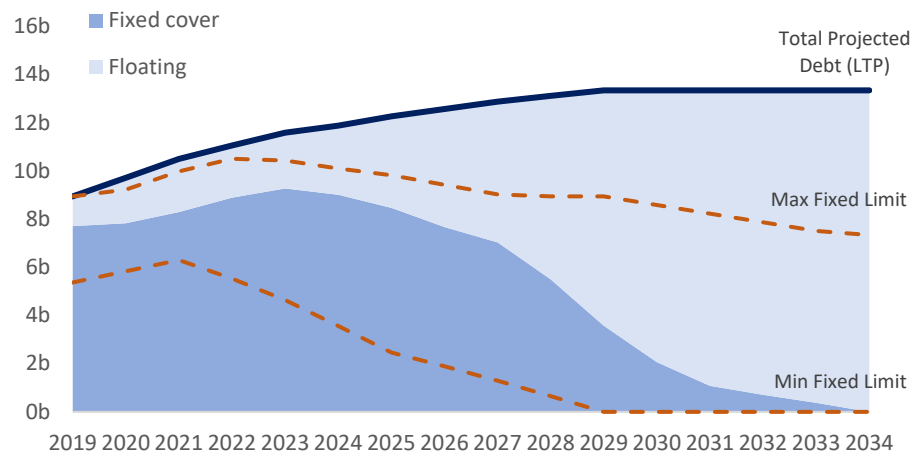
Commentary:

- Market interest rates increased during the quarter. This has resulted in a decrease on the mark to market interest rate swap position.
- Subsequent to 31 December 2019, market interest rate dropped due to concerns over the COVID-19 (coronavirus).

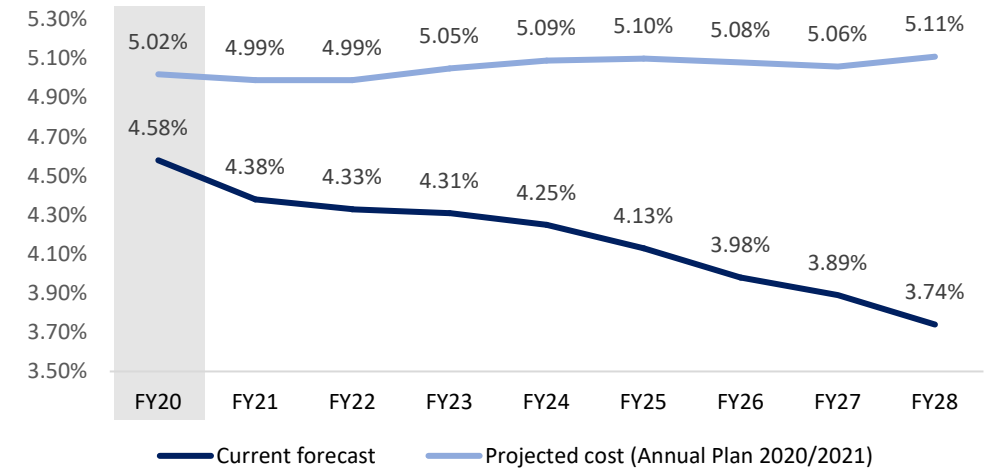
Borrowing sources in NZD million



Fixed vs floating rate interest cover



Forecast cost of borrowings



Note: The financials provided on this page excludes POAL

Group operating performance



Operating performance

(\$ million)	Notes	FY 19	FY 20 Quarter 2 YTD			FY 20
		Actual	Actual	Budget	Variance	Budget
Net direct expenditure		681	366	427	61	797
Direct revenue	A	1,941	1,069	1,003	66	2,025
Fees & user charges		1,333	725	696	29	1,411
Operating grants and subsidies		308	172	160	12	320
Other direct revenue		300	172	147	25	294
Direct expenditure		2,622	1,435	1,430	(5)	2,822
Employee benefits	B	911	498	473	(25)	960
Grants, contributions & sponsorship		144	112	110	(2)	156
Other direct expenditure		1,567	825	847	22	1,706
Other key operating lines						
General rates		1,582	1,646	1,644	2	1653
Targeted rates		208	225	224	1	224
Vested assets	C	486	231	134	97	300
Finance revenue		16	7	6	1	11
Regional fuel tax revenue		156	80	75	5	150
Non-direct revenue		8	(1)	-	(1)	-
Depreciation and amortisation		922	464	470	6	965
Finance costs		478	217	227	10	456
Non-direct expenditure	D	66	29	-	(29)	-

Commentary

A: Direct revenue was \$66 million favourable primarily due to strong revenue growth from Regulatory Services, particularly from consenting revenue as a result of increased volumes and complexity of consents and improved productivity from new system and process improvements.

Other direct revenue was also significantly favourable mainly from Watercare as a result of higher infrastructure growth charges than planned and an unbudgeted one-off revenue stream from the Department of Corrections.

B: Employee benefits was \$25 million unfavourable.

Auckland Council's employee cost increased as a result of higher staffing to meet increased demand from council services. This was supported by higher regulatory revenue. In addition, Auckland Council has incurred redundancy costs as a result of organisational changes to remove duplication and improve efficiency. Holidays Act remediation payments of \$2m were also unbudgeted.

RFA's higher employee costs was due to a reclassification from its cost of goods sold expense into employee costs.

C: Vested assets revenue for the six months is high at \$231 million, with a \$97 million variance particularly from Healthy Waters and Auckland Transport.

D: Non-directed expenditure of \$29 million primarily relates to additional provision for weathertightness and remediation of issues relating to certain Retrofit Your Home loans.

Other key finance areas

Ports of Auckland

(\$ million)	12 months to 30 Jun 2019	6 months to 31 Dec 2019	6 months to 31 Dec 2018	Change from prior period
Revenue	248.1	123.2	123.6	↓ 0.4
Net profit after tax	53.9	17.2	24.4	↓ 7.2
Net debt	488.7	477.7	450.4	↑ 27.3
Net assets	799.8	833.5	753.4	↑ 80.1

Financial statements for the 6 months to 31 December 2019 can be found on their website [\[link\]](#).

Commentary

Ports of Auckland (POAL) is in the midst of a major investment programme to increase capacity, efficiency and returns. This includes container terminal automation, construction of a car handling facility and capital investment at its Waikato Freight Hub. Overall, net debt has increased as a result of the investment programme.

Container volumes fell compared to the prior year due to a combination of reduced terminal capacity from the automation works and unfavourable market dynamics. A tighter labour market has also resulted in higher operating costs with net profit after tax down by \$7.2 million. The impact of the coronavirus on reducing freight volumes is expected to have a further impact on POAL full year results. POAL will not pay an interim dividend and a lower than forecast full-year dividend is expected.

As more capacity is created from the accelerated capital investment, the outlook is projected to improve over the coming year.

Auckland Int. Airport

\$	31 Dec 2019	30 Jun 2019	Change	Council value
Share Price	8.75	9.85	↓ 11%	2.3b

(\$ million)	12 months to 30 Jun 2019	6 months to 31 Dec 2019	6 months to 31 Dec 2018	Change from prior period
Revenue	743	375	371	↑ 4
Net profit after tax	524	147	147	→ -
Dividend – Council	58.6	30.0	29.3	↑ 0.7
Cash dividend yield ¹	2.55%	2.61%	2.54%	↑ 0.07%

Commentary

Auckland Council owns approximately 22% of Auckland International Airport Limited (AIAL). Auckland Council aims to ensure an optimal commercial return from the council's investment in AIAL.

As at 31 December 2019, Auckland Council holds approximately \$2.3 billion worth of AIAL shares. Over the 6-month period, AIAL share price has decreased from \$9.85 per share to \$8.75 per share. Annualised cash dividend yield as at 31 December 2019 was at 2.61%.

Travel restrictions as a result of the coronavirus may have an adverse impact on AIAL full year underlying results. AIAL has provided a slightly reduced profit guidance from their original guidance for the year.

AIAL is a NZX listed company and provides an interim and annual report each year. Financial statements for the 6 months to 31

1. Cash dividend yield annualised based on the 31 December 2019 share price of \$8.75

Other key performance areas

Group FTEs

Entity FTEs	30 June 2019	31 Dec 2019	Variance
Group	10,806	11,100	294
Auckland Council	6,548	6706	158
ATEED	183	184	1
Auckland Transport	1,659	1,698	39
Panuku	203	208	5
RFA	573	612	39
Watercare	960	1,011	51
POAL	680	681	1

Commentary

Auckland Council Group had a 294 increase in FTEs (2.7%) since 30 June 2019.

Auckland Council FTEs have increased primarily due to an uplift in seasonal workers for summer, particularly in leisure, parks and consenting activities. In addition, FTEs from licensing and compliance, building consents, and regulatory engineering have increased to meet demand from Auckland's growth. Offsetting these increases is a significant reduction in staff from Finance division as a result of organisational changes. Seasonal FTEs are also expected to reduce in March.

RFA FTEs increased largely due to converting a number of positions from casuals to permanent roles in Auckland Live and additional staff for events and operations in Auckland Stadiums.

Watercare FTEs increased mainly due to taking on staff from Waikato District Council, increases in customer services staff due to seasonal requirements, and additional fixed-term positions from its summer internship programme.

Key targeted rates & RFT

(\$ million)	YTD revenue	YTD spend ²	YTD budget ²	Variance	Reserve
Water quality¹	41.6	27.5	26.9	0.6	35.0
Natural environment¹	29.6	11.0	10.7	0.3	31.4
City Centre¹	23.7	5.2	9.3	(4.1)	67.8
Accommodation provider¹	13.5	6.4			7.1
Regional Fuel Tax	80.0	26.6			120.6

Commentary

The Natural Environment and Water Quality targeted rates provides essential investment towards Auckland's natural environment and water quality outcomes. More information on these targeted rates are provided in Auckland Council's strategic focus areas.

The City Centre targeted rate helps fund the development and revitalisation of the city centre with the aim of enhancing the city centre as a place to work, live, visit and do business.

The Accommodation Provider targeted rate (APTR) funds 50% of ATEEDs activities towards growing the visitor economy, including tourism marketing and major events. More information on the APTR is provided in ATEED's strategic focus area – Destination, which will be presented at the CCO Oversight Committee.

The Regional Fuel Tax (RFT) supports transport expenditure that would otherwise be delayed or not funded. Auckland Transport has 14 key expenditure groups that are funded from a mix of RFT, development contributions, and NZTA funding. Detailed breakdown of the total spend toward the 14 key expenditure groups are provided in the Auckland Transport performance pack, which will be presented at the CCO Oversight Committee.

1. Targeted rate revenues are recognised in full at the start of the financial year.
2. Relates to capital and operating expenditure

Glossary

Key financial term	Description	Why is this important?
Group	The consolidated Auckland Council Group, which includes Auckland Council, the council-controlled organisations (CCOs), subsidiaries, associates and joint ventures.	It provides an aggregated big picture view of the revenue and expenditure for Auckland Council, the CCOs, subsidiaries, associates and joint ventures.
Panuku Managed Activities (PMA)	The assets and related revenue and expenditure within Auckland Council that are managed by Panuku Development Auckland.	Some of Auckland Council's assets, revenue and expenditure are managed by Panuku. The quarterly performance reports separate these assets, revenues, and expenditures from Auckland Council's financials to provide a clearer reflection of Panuku and Auckland Council's management performance respectively.
Group delivery assumption	The 10-year capital expenditure timing assumption that was made in the 10-year Budget 2018-2028.	While all projects will be delivered over the decade, not all expenditure will be spent in the specific financial years as initially planned. This includes consideration on the Group's overall capacity for capital delivery and constraints within Auckland's physical works market, particularly in the short term.
Development contributions	The fees that council charge for infrastructure on new developments. These fees are charged if the development requires council to provide new infrastructure for: transport, footpaths, roads and intersections.	Development contributions help fund capital expenditure that is related to providing new infrastructure for developments.
Net debt	The short and long-term borrowings (including bank overdrafts) less cash on hand.	The council borrows from domestic and offshore financial markets via bond issuances which may result in the council holding large amounts of gross debt and cash at certain times.
Gross debt to adjusted revenue	The Group's key borrowing metric as measured by S&P. The calculation adjusts net debt for cash balances, lease obligations, and exchange rate movements. It also adjusts operating revenue for capital revenue, development contributions, and capital grants/subsidies.	The Group has a limit of 270% in its treasury management policy and 265% as an internal limit. This ensures that the Group is managing its debt prudently.
Mark-to-market (MTM) interest rate swap position	The non-realisable gains/losses as a result of market interest rate movements on the Group's interest rate hedges.	The Group does not speculate on interest rate movements but fixes a portion of its borrowings via interest rate swaps (financial contracts to convert variable interest rates into fixed rates). The MTM interest rate swap position shows the net impact to the Group's surplus/deficit if it were to not hold the interest rate swaps to maturity but broke the contracts at the reporting date.

Glossary

Key financial term	Description	Why is this important?
Net direct expenditure	The operating expenditure less revenue collected from day-to-day operations excluding accounting and finance factors such as depreciation, interest, vested assets and rates income.	Net direct expenditure generally includes operating revenue and costs that each business unit is responsible for managing. It excludes items that are collected and allocated centrally, which is not within each business unit's control and performance. One-off and non-cash items are also excluded.
Vested assets	The value of assets that have been gifted/vested to council, normally as a result of a development agreement. Note: This is a non-cash transaction.	Vested assets are classified as an accounting revenue and are non-cash transactions that result in an increase in council assets. It is typically non-controllable and is driven by external development agreements. Council is subsequently responsible for maintaining these assets.
Full-time equivalents (FTE)	The human resource metric which converts the total hours worked by employees into a standardised measure. One FTE is 40 hours a week.	Unlike headcount, which is the actual number of full-time, part-time and casual employees. FTE shows a standardised measure based on the number of hours worked. For example, two part-time employees working 20-hours a week would equate to one FTE.
Financial year (FY)	The period between 1 July to 30 June of the following year. E.g. FY20 refers to 1 July 2019 to 30 June 2020.	The council's financial year begins on 1 July of every year and ends on 30 June of the following year. The council's Annual Plan and Annual Report are aligned to its financial year.
Year-to-date (YTD)	The period from the start of the financial year (1 July) and up to the current period. E.g. Q1 YTD refers to the first three months of the financial year.	YTD allows the council to report on its performance and progress within the financial year, typically on a three-monthly basis (quarters).

Auckland Council Group Strategic Focus Areas

Auckland Council key strategic focus areas

Key strategic focus areas from the LTP are presented within each organisation's packs.

The below table provides an overview of each organisation's respective strategic focus areas.

Group	Auckland Council	Auckland Transport	Panuku	ATEED	Watercare	RFA
City Centre Programme	Water Quality Improvement programme	Customer experience	Waterfront development	Economic development	Central interceptor	Stadia
36th America's Cup (AC36)	Natural Environment programme	Road safety	Transform & unlocks	Destination – Visitor attraction	Water supply investment	Zoo development
City Rail Link	Regulatory	Public transport			Wastewater investment	Aotea Centre development
Māori outcomes delivered across the group	Waste	Active modes				
	Community investment including One Local Initiatives (OLIs)	Key projects				
		Asset management				

Group strategic focus area – City Centre Programme

Key commentary

For the 6 months to 31 December 2019, a total of \$178.7m was spent on the City Centre programme against a budget of \$233.9m.

Highlights

1. Overall, the major infrastructure programmes in the 36th America's Cup area and Downtown are on track to meet delivery milestones.
2. The Auckland's Future in Progress marketing campaign was launched at the media conference led by the Mayor as well as a media briefing on future road closures associated with the City Rail Link in November 2019.
3. A partnership with New Zealand Media and Entertainment was formed in December which provided three local content pieces before Christmas profiling Downtown, Access for Everyone and City Rail Link.
4. The America's Cup auxiliary works construction programme is on track to be completed by November 2020.

Issues/Risks

1. Significant cost pressure exists due to cost escalation and the realisation of risks, affordability issues are being managed within existing programme budget envelopes.
2. Programme risks remain high due to the tight time schedules and significant traffic management requirements. Interfacing challenges between the different programmes of work, including private developments, may lead to delayed access and handover to complete public realm upgrade projects.
3. Operational and customer impacts due to construction – The delivery of city centres projects and the associated road closures will lead to prolonged disruption. This will have significant impact on residents, local businesses and workers over the coming years.

Strategic context

Auckland's city centre is an important 'economic engine' for both the region and New Zealand and is experiencing rapid growth. It will also host three key events in 2021: The America's Cup 36, APEC and Te Matatini. These will provide significant economic, cultural and legacy benefits for Auckland and New Zealand.

The city centre work programme will deliver key stormwater, transport and community infrastructure to support these events and achieve the City Centre Masterplan's vision. This positions the city centre as Auckland's cultural, civic, retail and economic heart.

Portfolio of works

YTD ^{Actual}/_{Budget}

Description

Outlook

Waterfront development
(delivered by Panuku)

\$16.2m/\$28.3m

Leading transformation from a former industrial area to a vibrant new waterfront city neighbourhood. Panuku facilitates outcomes including new housing, visitor and resident satisfaction; enhanced public amenity and access; place activation and community engagement.

- Westhaven Marine Village – Completion of the Marine Village site has now been indicated by the developer as being September 2020. This new facility will accommodate marine related activities and attract new businesses and visitors to the Westhaven Marina.
- Westhaven Promenade - Stage 2 construction is progressing and due to be completed in September 2020. Discussion and design work are underway to ensure safe integration with connections with the Auckland Harbour Bridge Shared Path and the Westhaven Seawall upgrade.
- New Wynyard Quarter Public Spaces – several new public open spaces will be opened by the end of the financial year. *Urunga Plaza* off Halsey Street will be an entirely new public space and will link to a new promenade in front of Park Hyatt to Karanga Plaza. *Daldy Street Linear Park* will create a green connection between Victoria Park and Silo Park. *Silo Park Extension* will be delivered in time for the America's Cup event.
- Orams Development (Site 18): New titles for Oram's Site 18 have been issued and the 125-year lease has been formally registered.
- Dockline Tram - Expressions of interest for third party operators of the Auckland Dockline Tram have closed, with three selected suppliers proceeding to the request for proposal stage.

Portfolio of works	YTD ^{Actual} / _{Budget}	Description	Outlook
Downtown programme (delivered by Auckland Transport)	\$71m/\$91.3m On track	Auckland Council has a 10 year vision to transform the waterfront into an attractive, people friendly environment. Auckland Transport will be delivering the first part of this vision from 2018 to 2021. The transformation will support the 36th America's Cup, Asia-Pacific Economic Forum, and Te Matatini in 2021. The project includes seismic strengthening to improve the resilience of critical infrastructure on Quay Street water's edge.	<ul style="list-style-type: none"> • Construction of the Quay Street strengthening project (seawall) is progressing on track. • Construction on the Ferry Basin Redevelopment project breakwater wall piling is scheduled for completion in January 2020. • Quay Street Enhancement project is progressing on track. Road closures over the Christmas/New Year period enabled substantial construction. • Downtown public space project has begun, with the decommissioning of Pier 3 and start of demolition works. • Risks relating to consents have been significantly reduced, with the Seawall Ferry Building appeal period ending mid-January 2020. • Current focus is on engaging with key stakeholders with respect to changes to the traffic management plan. • Extensive engagement plans are in place for changes to ferry berths, bus stops and road layout. This began in December with minimal complaints received to date.
AC36 Auxiliary works	\$42.9m/\$46.4m On track	Auckland Council and Panuku projects being completed to enable the delivery of the main AC36 infrastructure works.	<ul style="list-style-type: none"> • Daldy Street Outfall Extension – ground stabilisation works are now complete. 18 of the 35 3.5m diameter pipes have been installed. Project is on track for completion in August 2020. • Silo Park Extension – design has commenced on the enhanced Silo Park Extension (new public open space). Demolition of Bulk Storage Terminal tanks was completed by Panuku in November 2019 and the site has been handed over to Wynyard Edge Alliance to complete the park extension. • The new SeaLink ferry facility was completed at the end of October 2019. • Upgrade of Wynyard Quarter public facilities underway; new toilets and CCTV network extension to accommodate the number of tourists and visitors.
AC36 shared infrastructure	\$44.9m / \$56.7m On track	Construction of essential infrastructure to host the 36th America's Cup including syndicate base platforms, Hobson Wharf extension, breakwater structures, infill structures and floating infrastructure.	<ul style="list-style-type: none"> • Construction programme is on track for achieving milestones. • Base A – Emirates Team New Zealand base was handed over in May 2019. • Bases C, D & E – base building platforms were handed over in August 2019. Mooring handover occurred mid-January 2020. These bases are now ready for the syndicate teams. • Hobson Wharf Extension – handed over at the end of November 2019. • Bases F & G – base building platforms are on track for delivery by end of February 2020.
Midtown / Karangahape quarter	\$3.7m / \$11.3m Delayed	Delivers improved pedestrian and public spaces around key transport hubs. The programme is aligned with and leverages off development opportunities from the City Rail Link and bus infrastructure.	<ul style="list-style-type: none"> • Karangahape Road Enhancements - construction of the first three stages is ongoing, with the southern side of Karangahape Road between Symonds Street and Upper Queen Street opened to the public in December 2019. • Federal Street Stage 2 – The start of construction has been delayed beyond the first half of 2020 to align phasing with the City Mission HomeGround development. Construction of Federal Street Stage 2 is now targeted for quarter 1 of the 2020/2021 financial year. • The upgrade of Albert Street's urban realm is in progress and on track for completion in late 2020. • Lower Queen Street – Construction began in December 2019 for the urban realm upgrade.

Strategic focus area – 36th America’s Cup (AC36)

Key commentary

For the 6 months to 31 December 2019, a total of \$44.9 million was spent against the 2019/2020 America’s Cup capital budget of \$56.7 million. A total of \$101.1 million has been spent against the total AC36 revised budget of \$152.8 million. Although the budget spend is behind the phased spend for this time period, the overall infrastructure programme is on track for full delivery on time.

Highlights

1. The final America’s Cup World Series regatta will take place 17 to 20 December 2020 in Auckland, as part of the Christmas Race. It will be the last chance to see Emirates Team New Zealand (ETNZ) compete at home before the America’s Cup Match 6 to 21 March 2021. In between the Christmas Race and America’s Cup Match, the Prada Cup Challenger Series (dates to be confirmed by 30 June 2020) will determine who will compete against ETNZ for the cup.
2. Good progress continues to be made on the infrastructure project by Wynyard Edge Alliance, the organisation formed by Auckland Council and the government to deliver the builds, and on the relocation of Wynyard tenants by Panuku.
3. The infrastructure will bring benefits beyond 2021, leaving the Wynyard Quarter with waterfront open space that can be reused for events such as the Ocean Race in 2022.
4. Mana whenua led a whakawātea on 4 December 2019 to bless the Luna Rossa, Challenger of Record, base platform on Hobson Wharf.
5. Demolition of Bulk Storage Terminal tanks was completed by Panuku in November 2019. The site has been handed over to Wynyard Edge Alliance to complete the remaining team bases and the enhanced Silo Park Extension (new public open space).
6. The focus of the America’s Cup programme is moving from the infrastructure build to the event delivery. ATEED, Auckland Transport, Panuku and the Ministry of Business, Innovation and Employment continue to work closely with America’s Cup Event Limited and relevant stakeholders and agencies on the detailed event and city planning.
7. Panuku is leading works to ensure that Wynyard Quarter is ready to receive the expected number of visitors for the event period, including the update of some current facilities, new toilets at Silo Park and playground, and the extension of CCTV network.
8. All 75 superyacht berths have been allocated to successful applicants and contracts are in place for October 2020 to March 2021.
9. An activation framework led by ATEED has been developed to provide opportunities for third parties to undertake leverage activities outside the race village. The first round of applications closed in November 2019 and the second round will be open in April 2020.
10. The data and evaluation plan was endorsed by the America’s Cup Joint Chief Executive Group in December 2019.

Issues/Risks

1. With five teams now involved in the cup, Crown and the council are working with America’s Cup Event Limited on how the two vacant challenger bases could be re-purposed during the event. An alternative use for the bases will be confirmed in advance of the event.

Strategic context

The Prada Cup challenger selection series, and the 36th defence of the America’s Cup will focus global attention on Auckland and New Zealand over the first three months of 2021.

The four themes of the hosts’ America’s Cup 36 programme are place, participation, economic wellbeing and storytelling. The programme vision is *‘Ignite the Passion – Celebrate Our Voyages’*. This is underpinned by the whakataukī *‘He waka eke noa kia eke panuku, kia eke tangaroa - We’re in this waka together, through all our efforts, we will succeed’*.

The expected AC36 programme outcomes comprise a blend of hard and soft benefits that will improve the prosperity of Auckland and New Zealand and enhance the international profile of both.

Key programme of works	Status	Key deliverable this quarter	Outlook
AC36 Infrastructure project	On track	Construction of essential infrastructure to host the 36 th America’s Cup including syndicate base platforms.	Construction programme is on track to be completed by November 2020. Final bases to be handed over June 2020.
Enabling third party commercial site negotiations and early works	On track	Negotiations to relocate final Wynyard tenants to alternative sites to allow remaining infrastructure works to commence.	Panuku will relocate the fishing fleet in September 2020 for the event duration.
AC36 Event (planning and city integration) project	On track	National and city-wide planning and coordination to ensure AC36 events roll out safely and successfully.	Event planning is underway with key agencies and stakeholders being engaged.
AC36 Legacy and Leverage Project	On track	Identifying, capturing and tracking of benefits related to AC36 pre, during and post the event.	Leverage and legacy plans, and data and evaluation plan have been endorsed.

Group strategic focus area – City Rail Link (CRL)

Key commentary

For the 6 months to 31 December 2019, a total of \$214.8 million was spent towards City Rail Link against a budget of \$191.7 million. This project is funded 50 per cent by Auckland Council and 50 per cent by the Crown.

Highlights

1. The C3 contractor has mobilised to site to build the stations at Aotea, Karangahape and Mount Eden. Advanced works have commenced with the relocation of utilities and the demolition of properties to create the site footprints so that construction works can commence in midway through the third quarter.
2. The order has been placed for the C3 tunnel boring machine, with an anticipated delivery which will enable tunnelling to start in the first quarter of 2021.
3. Works have continued along Albert Street from Wyndham Street North with the final finished paving being completed in a south to north direction. Works are forecast to be complete at the end of 2020.
4. The Chief Post Office building has been transferred off the temporary foundations and onto the permanent foundations. The City Rail Link “Walk the Tunnel” event in November was a significant success for the project and it allowed Aucklanders to have the opportunity to see the works undertaken to date.
5. The Christmas rail closures at Mount Eden and Ōtāhuhu were completed successfully with all planned works completed and the railway handed back into operation.

Issues/Risks

1. Alongside the existing impacts of construction around Britomart and on Albert Street, there will be major traffic disruption in 2020. This will include several long-term road closures, partial closures and diversions as construction on the underground stations and tunnels begins. Mount Eden Station will also be closed from June 2020 until 2024. A public information campaign will begin in January 2020 to let people know about closures and route changes and suggest better ways to get around town.

Strategic context

The City Rail Link is New Zealand’s largest transport infrastructure project ever. The 3.45km twin-tunnel underground rail link will transform the downtown Britomart Transport Centre into a two-way through-station. This will enable the Auckland rail network to at least double rail capacity when it is completed in 2024.

The link will extend the existing rail line underground through Britomart to Albert Street, then beneath Karangahape Road and rising to join the western line at Eden Terrace. Two new stations with underground platforms will be built on Albert Street and at Karangahape Road Square. Mount Eden Station will also be redeveloped to include the rail link and a new modern rail station.

Key programme of works	Status	Description	Outlook
Contract 1 – Britomart Station/Lower Queen St	On track	Building tunnels through and under Britomart Station and Queen Street to the Precinct Properties' Commercial Bay development so that trains can run in both directions through Britomart. Redeveloping the Britomart station building (the former Chief Post Office) into a more attractive, modernised transport centre.	Works continue within the Chief Post Office building and the Britomart Station including the installation of a station management system, new escalators and architectural and finishing works. Works at street level will continue in particular in Lower Queen Street, Tyler Street, Galway Street and Commerce Street.
Contract 2 – Albert Street (Customs to Wyndham Street)	On track	Building tunnels down the middle of Albert Street between Wyndham Street and Customs Street to connect Britomart to the new Aotea Station. When complete, this contract will transform Albert Street to create a high-quality public space for people and businesses.	Works along Albert Street will continue to focus on completing the installation of utilities and the final finishes of the streetscape. When completed this work will involve widening the footpaths, planting trees, adding bus lanes and making the street more pedestrian-friendly.
Contract 3 – Stations, tunnels, western link connection and rail system	On track	Construction of the underground stations at Aotea and Karangahape Road Square, redevelopment of the Mt Eden Station, construction of the western rail link connection and rail systems.	Site preparation works at Mount Eden, Karangahape and Aotea will continue to allow construction of underground structural elements, including piling and diaphragm walls to commence on a number of sites in the next quarter. Utility diversion works will continue to be undertaken to create the full footprint of the future stations.

Group strategic focus area – Māori outcomes

Key commentary

Māori outcomes initiatives with LTP funding (Te Toa Takitini)

Quarter two, Oct-Dec 2019 – council is on track with approximately \$4.7 m spent in quarter two against a forecasted budget of \$5.1m (noting that \$0.4m of this spend is work completed but not yet entered into finance system). \$14.1 million of the annual budget of \$14.3 million is already allocated across 44 initiatives, with two initiatives completed. As of December 2019, a further 19 initiatives are in the pipeline for consideration for funding by the Māori Outcomes Steering Group (MOSG). Key highlights this quarter include opening of the Whau café, preparation for Te Matatini regionals and adoption by the Mana Whenua Kaitiaki Forum of their 10 year strategic plan.

The cross-council MOSG oversees the strategic direction and funding of the Māori Outcome programme. It's working to lift programme delivery. Delivery risks remain on some key projects and MOSG is working with relevant units to respond.

Initiatives delivered through other funding sources

Across the council group, there were other initiatives that contributed to Māori outcomes in addition to the LTP funding. Key highlights include Auckland Transport's marae programme (now being assisted by Māori Outcomes funding), and Reo Māori initiatives led by RFA. Further examples are highlighted in each organisation's pack.

Key Statistics

Initiatives delivered through Māori outcomes LTP funding

No. of initiatives committed	44
No. of initiatives completed	2

Performance measures for Māori outcomes LTP funding

Total no. of measures ¹	12
Measures for this period	
Met	N/A
Unmet	N/A

Overall financial progress for Māori outcomes LTP funding

YTD expenditure	\$4.7m
YTD budget	\$5.1m

Strategic context

The council group is delivering the Māori Outcomes Portfolio to achieve improved outcomes for and with Māori. Adopted strategic priorities are:

1. Papakāinga & Māori Housing
2. Whānau & Tamariki Wellbeing
3. Marae development*
4. Te Reo Māori*
5. Māori Identity and Culture
6. Māori Business, Tourism & Employment*
7. Realising Rangatahi potential
8. Kaitiakitanga (particularly water)*
9. Effective Māori participation
10. Organisational Effectiveness (internal)

*These four priorities are the focus for the first 3 years of the 10-year budget.

1. The six performance measures relate to LTP measures that are measured annually at this stage. Te Waka Anga Mua ki Uta is currently developing an improved performance measure framework to include other measures.

Strategic priority areas	MO Fund YTD Actual/Budget	Wider key deliverables & outlook
Marae development	\$1,056k / \$952k On track	The cultural initiatives fund annual contestable grant allocated \$762k in FY20 to support marae development. In addition, the marae infrastructure 10-year programme for FY20 continues to deliver the pilot programme (\$294k spend ytd), working initially with four marae. Physical works are scheduled to start at Te Kia Ora Marae February. Urgent works have been carried out at seven marae. Auckland Transport is working on infrastructure improvements with Makaurau, Motairehe and Araparera Marae to improve safety and expand travel choices. Māori Outcomes funding is supporting AT to begin projects at Hoani Waititi marae, Tahuna Pa marae and Whatapaka marae.
Kaitiakitanga (particularly water)	\$41k / \$101k Delayed	Development of Te Tāruke-ā-Tāwhiri: Auckland's climate action framework (partly funded by Māori outcomes LTP funding to enable mana whenua and mataawaka contribution to decision-making on climate change actions for Auckland) is progressing well. Rangatira-ki-te-rangatira engagement began between MWKF and new councillors – ongoing relationship established. Watercare is continuing with its mana whenua engagement programme. Mana whenua are being supported to input into the Puhinui Awa Regeneration Strategy and Work Programme. Māori Outcomes funding is supporting iwi to integrate cultural narrative into the Pūhoi to Pākari Trail Development.
Te Reo Māori	\$389k / \$646k Delayed	The Host agreement for Te Matatini 2021 will be signed January 2020. Council is supporting delivery of the Kīnaki - Tāmaki Makaurau Kapa Haka Regionals 2020 in January 2020. Te Matatini 2021 is one of a number of key events in 2021 that will showcase and celebrate Māori Culture. Te Kete Rukuruku project is a significant initiative toward providing Māori names and associated narratives to parks and places across Tāmaki Makaurau. Mana whenua are progressing to establish which iwi will name the parks selected by local boards, and developing partnerships and establishing best practise protocols around mātauranga management of narratives and names within council and local boards. Mana whenua are working towards handing over names and narratives between Q4 and Q1 FY20/21.

Strategic focus area – Māori outcomes Continued

Strategic priority areas	YTD <small>Actual</small> / <small>Budget</small>	Key deliverables & outlook
Māori Business, Tourism & Employment	\$293k/\$423k Delayed	Tāmaki Herenga Waka Festival will be delivered January 2020. Māori Outcomes funding is supporting ATEED's Whariki Māori business network to grow its membership and offering. The Southern Initiative's He Waka Eke Noa is a social procurement initiative that supports Māori businesses to be ready and able to connect with large public and private procurers. It supports buyers to deliver high impact procurement opportunities for diverse suppliers, and advocates strongly for supplier diversity to grow the pool of buyers. Auckland Council and Auckland Transport are participating in He Waka Eke Noa. ATEED is progressing with its 2021 Māori Outcomes programme to drive Māori Outcomes through the significant events coming in 2021. Māori Outcomes funding supported the completion of the Whāu cafe and kiosk which successfully opened December 2019. Panuku presented its commercial pipeline to its Mana Whenua Governance Forum which includes both development opportunities as well as disposals properties.
Realising Rangatahi potential	\$36k/\$85k Delayed	Rangatahi engagement / Māori education plan programme - a series of pilot initiatives developed in partnership with The Southern Initiative, Democracy Services, Local Boards, Chief Sustainability Office, Healthy Waters and Māori Communities is trialling ways of enhancing rangatahi Māori leadership and participation.
Māori Identity and Culture	\$532k/\$495k On track	Panuku are collaborating with Mana whenua to enable a meaningful expression of Māori culture and identity in the Awataha Greenway restoration project in Northcote. Mana whenua artists are part of the design process. The largest spend was in the Māori Cultural Heritage programme, a working partnership with mana whenua to identify, protect and manage sites and places of significance to mana whenua. Council is supporting the Waitakere Arts and Culture Development Trust to establish a Māori Arts Centre.
Papakāinga & Māori Housing	\$476k/\$476k On track	The Māori Housing unit continues to provide opportunities, enhanced support, and facilitation for Māori organisations that are developing affordable and papakāinga housing. Three grants (\$450k) have been allocated from the cultural initiatives fund to support papakāinga housing projects. Council supported a range of agencies at housing workshop hosted by Ngati Te Ata at Waiuku. Te Mahurehure Marae and Papakura Marae are being supported by council to progress their Papakāinga & Māori Housing aspirations.
Whānau & Tamariki Wellbeing	\$0k/\$5k On track	Council and Mana whenua are working to deliver a second māra hupara (traditional Māori playground) in Birkenhead War Memorial Park. Auckland Transport contributes to road safety through Te Ara Haepapa programme that delivers driver licensing, child restraint training, speed management, drug and alcohol education and promoting walking and safe cycling. Auckland Transport have released a te reo Māori special edition registered AT Hop card for free weekend travel for 5-15 year olds. The AT Hop card is being distributed to kura kaupapa whānau. Work is also being done through Te Ara Haepapa to provide greater access to AT Hop Cards and enable Māori communities to benefit from Child Free-Fare Weekends.
Effective Māori participation	\$1,157k/\$1,575k Delayed	RIMU has analysed the impact of trialled activities to increase voter turnout at the October 2019 elections. Council continue to fund and support the Mana Whenua Kaitiaki Forum with the annual funding level increased to \$1.26 million. The Kaitiakitanga of Tāmaki Makaurau (Capacity Contracts) initiative enables mana whenua capacity to build relationships with council and contribute to decision-making. Council and mana whenua are progressing their collaboration to co-design and implement an improved Cultural Value Assessment process. \$465K invested in a mataawaka engagement partnership programme is achieving good results with Māori submissions totalling 18% for the recent water strategy consultation, agreement of a Māori outcomes plan between Western Local Boards and Māori communities, and collaboration between mana whenua and mataawaka in Māori engagement for elections 2019 and Auckland Climate Action Framework.
Organisational Effectiveness (internal)	\$314k/\$357k On track	Council continues to roll out the delivery of its MAHI strategy.