

Regional Facilities Auckland

Quarter 3 Performance Report

For the period ending 31 March 2020

This report outlines the key performance of
Regional Facilities Auckland

Regional Facilities Auckland Summary

Highlights, issues & risks for the quarter

Highlights:

- The worldwide smash hit musical The Book of Mormon opened in Auckland at The Civic in early March, attracting audiences from around New Zealand and playing to sold-out performances until the season was forced to close on March 17 due to the Government's COVID-19 regulations.
- Auckland Art Gallery opened Enchanted Worlds: Hokusai, Hiroshige and the Art of Edo Japan, a rare exhibition of Edo-period painting, in February. The exhibition was launched alongside One Enchanted Night, a late-night, sold-out event that saw four floors of the Gallery, including the rooftop terrace, brought to life with after-hours exhibition entry, live music, food, drink and entertainment.
- Permission was granted for the emergency release of 822 juvenile wetapunga onto Motuihe Island at the start of the Level 4 Alert. The conservation of the endangered species is on the Government's list of essential services and relieving the Zoo's ectotherms team of the significant care of the young wetapunga was essential to the Zoo's Covid-19 mitigation strategy.
- The Queen + Adam Lambert Rhapsody tour concert was held on 7 February at Mt Smart Stadium. In addition, SIX60 returned to Western Springs Stadium on 22 February where they were received enthusiastically by fans from around New Zealand.

Issues/Risks:

- The potential for an extension of the current lock down and border restrictions, and the economic hit on The RFA Brands means it's impossible to predict the state RFA will be in once the NZ alert level is reduced, and what impact this will have on our venues.

Financials (\$million)

	YTD actual	YTD budget	Actual vs Budget
Capital delivery	59.8	61.7	97%
Direct revenue	44.8	46.4	↓ (1.6)
Direct expenditure	79.6	76.6	↑ (3.0)
Net direct expenditure	34.7	30.1	↑ (4.6)

Financial Commentary

Capital delivery: The RFA capital programme for YTD delivered \$59.8m of works. Although RFA was forecast to achieve total spend to budget for the year this has been impacted by COVID 19. The delivery is primarily in two major projects: the Aotea Centre refurbishment and the South East Asia Precinct.

Net direct expenditure: The \$4.6m unfavourable variance primarily reflects the cancellation of performances and events; and the closures of venues as a result of COVID 19.

Forecast FY20: It is anticipated that RFA will miss the FY20 revenue target due to the closure of venues as a result of COVID 19 as well as other impacts include exceptionally wet weather in the first quarter, business interruption impacts of construction at the zoo through the remaining months of the year and the loss of five concerts in FY20 (including Metallica and Elton John).

Key performance indicators

	Previous Quarter	FY20 YTD		Status	Commentary
		Actual	Target		
The number of people who experience RFA's arts, environment and sports venues and events	1,801,064	2,642,234	2,775,000	Not met	RFA would have exceeded this target if the VEC target visitor numbers were excluded from this measure. 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 does impact the visitor numbers.
The net promoter score for Regional Facilities Auckland's audiences and participants	43	45	19	Met	RFA continues to exceed this target offering unique and entertaining events and performances at all RFA venues and facilities.
Percentage of operating costs funded through non-rates revenues	56%	55%	60%	Not met	RFA did not achieve its revenue targets this quarter due to the financial impact from the cancellation of performances and events; and the closures of venues as a result of COVID 19.
Number of programmes contributing to the visibility and presence of Māori in Auckland, Tamaki Makaurua	31	39	8	Met	Programmes contributing to visibility and presence of Maori have exceed the target, with significant number of programmes at the Auckland Art Gallery and across all other RFA Brands.

Strategic focus area – Stadia

Key commentary

For nine months ended 31 March 2020, a total of \$10.4m was spent towards stadia against an FY20 budget of \$12m.

Highlights

1. **Western Springs Stadium renewals:** prior to the covid-19 lock-down, progress had continued on this renewal project. This included completion of retaining wall structures and the commencement of construction a new toilet block, installation of external gates, re-opening of Stadium Road following completion of asphalt and concrete works and a concrete crossing to the outer field.
2. On restarting construction works, completion of the replacement entrance gate, ticket booths and new toilet block will be scheduled, along with installation of new street lighting poles.

Issues/Risks

1. **Covid-19 related delays:** All capital projects, both planned and underway, are currently on hold as a result of current Covid-19 response measures; associated costs, in terms of delays and supply chain impacts are not able yet to be estimated.
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, however the start of these works has since been delayed by the Government's Covid-19 response.

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	Completed	Reconfiguration and construction to enable the hosting of the Auckland Tuatara home games for next season at North Harbour Stadium	
North Harbour Stadium – main stand roof renewal	Delayed	To construct access to the grandstand roof and undertake roof repairs and strengthening (renewals)	Works are scheduled to start once covid-19 related construction constraints are lifted
Western Springs Stadium renewals	Delayed	The replacement of two toilet blocks, gate entry building, maintenance shed, concourse and Stadium Road upgrade works	Works are scheduled to re-start once covid-19 related construction constraints are lifted

Strategic focus area – Auckland Zoo development

Key commentary

For nine months ended 31 March 2020, a total of \$29.3m was spent towards zoo development against an FY20 budget of \$35m.

Highlights

1. Construction of the South East Asia Precinct and new café is well underway. The first zone (the Orangutan and Siamang habitat) and the café were due for public opening in early April, an opening unfortunately disrupted by current national Covid-19 response.
2. A significant programme of general renewals and infrastructure upgrades is also progressing well.

Issues/Risks

1. **Covid-19 related delays:** All zoo capital projects, both planned and underway, are currently on hold as a result of current national Covid-19 response measures. Associated costs, in terms of delays and supply chain impacts are not able yet to be estimated.
3. The most significant impact of Covid-19 related delays will be felt on the Zoo's South East Asia Precinct development, where supply chain issues begun to be experienced as early as January, and re-mobilisation of the work site will take some time. Given the size of the project, programme delays will likely cause significant additional cost. However, given likely on-going work practice restrictions, the extent of the delays remains uncertain, the project is now unlikely to be complete until the end of 2020.

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

Key programme of works	Status	Description	Outlook
South East Asia Precinct development	Delayed	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. Covid-19 related delays now place some uncertainty over time and cost to complete.

Strategic focus area – Aotea precinct development

Key commentary

For nine months ended 31 March 2020, a total of \$10.3m was spent towards the Aotea Centre development against an FY20 budget of \$19.4m. 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) has concluded, as marked by the installation of a major new digital art-work by the internationally renowned Maori artist, Lisa Reihana.
2. Working with the Auckland Design Office, a draft Aotea Square precinct master plan is now incorporated into Council's City Centre Master Plan, and a programme of consultation with key partners and stakeholders continues.

Issues/Risks

1. Covid-19 related delays: The Aotea Centre weathertightness works are on hold as a result of current national Covid-19 response measures. Costs related to the delay and disruption to the supply chain are not able yet to be estimated. However, given likely on-going work practice restrictions, the extent of the delays remains uncertain, the project is now unlikely to be complete until the end of 2020.
3. These delays add further to the challenges already faced on this project, which has now been required to cease construction several times. Previous delays were as a result of design and consenting challenges following from the application of new external cladding standards after construction had begun. These required a significant re-design of all cladding and weathertightness components, work that is still subject to re-consenting before works can re-commence.

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 changing 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. Works are scheduled to re-start once covid-19 related construction constraints are lifted.
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 remains in a design development stage, with the team currently working closely with iwi to ensure the concept is well informed by Maori design principles.

Other Statement of Intent focus areas

Arts & Culture Strategy

- Auckland Live: Partnering with PANNZ (Performing Arts Network of New Zealand), in March Auckland Live began facilitating an online weekly hui series, which provides performing arts industry advice, feedback and discussion during this time of lockdown and crisis. Each hui is led by a different panel of performing arts stalwarts from arts companies, organisations, festivals and theatres across NZ. It is live streamed every Monday on the PANNZ Facebook event page and YouTube.
- Auckland Live is lending its support to MusicHelpsLive, a charity administered by the music industry to support NZ musicians by offering 24/7 industry and wellbeing support and advice. In the wake of the Government's COVID-19 restrictions, the charity has expanded its services to all performing arts professionals whose livelihoods and wellbeing are being impacted by the pandemic. Auckland Live has pledged to be part of the expanded service offering.

Sustainability and Climate Change

- In February, RFA's inaugural sustainability report 'Our Footprint' was published online, sharing information, metrics and case studies about sustainability work being undertaken across our business units and venues.
- During this quarter there was a focus on establishing and strengthening relationships with various organisations and CCOs to enable alignment of work. This includes working with
 - Auckland Council to establish how RFA's actions align with Auckland's Climate Action Framework (ACAF)
 - Auckland Council and CCO's to outline how the mayor's target of 50% emissions reduction from council's operations will be achieved by 2030.
 - ATEED to align expectations around event waste management.
 - Various council and government development agencies to share learnings and standards being developed for green building practices
 - Toitu Envirocare to investigate delivery of carbon zero events
 - RFA's various contracted caterers to gain an understanding of how sustainability issues are being addressed through catering operations.
- Sustainability is currently being integrated into RFA's asset management programme to enable an understanding of current sustainability performance across our venues.

Local Board Engagement

- As part of the induction programme for all local board members, an overview of RFA facilities was presented to 14 local boards.
- The director, Auckland Stadiums, visited the Upper Harbour and Maungakiekie-Tamaki Local Boards to update them on the stadiums in their areas, and Auckland Live provided updates for the Devonport-Takapuna Local Board.
- All other facilities are located within the Waitemata Local Board. Presentations by RFA directors of those facilities have been deferred due to Covid-19.
- Following distribution of the second quarter report, the first since the start of the current council term, strong interest was shown with nearly half the boards putting the report on meeting agendas.

Contribution towards Māori Outcomes

- The General Manager Kaupapa Māori has been appointed this quarter. Directors across the RFA Brands met with the GM to discuss what activities, programmes, projects, events and partnerships to contribute to Māori outcomes.

Te Reo Māori

RFA has reviewed the Council Te Reo Strategy and adopted an action plan for implementation over the next year. This will be expressed through the Mahere Aronga Māori Responsiveness Plan.

Auckland Live and Conventions:

- Whakanoa were held to welcome and support the incoming companies, cast and crew for the Auckland Fringe Arts Festival and new staff.
- Identity and Culture

Auckland Art Gallery:

The Gallery continues to progress planning of an exhibition Toi Tū Toi Ora which will celebrate 70 years of Māori contemporary art which will be held in 2021.

Regional Facilities Auckland financials



Direct operating performance

(\$ million)	Notes	FY19	FY20 YTD			FY20
		Actual	Actual	Budget	Variance	Budget
Net direct expenditure	A	39.4	34.7	30.1	(4.6)	40.9
Direct revenue	B	53.8	44.8	46.4	(1.6)	60.8
Fees & user charges		39.4	33.2	33.4	(0.2)	47.2
Operating grants and subsidies		1.1	0.8	0.9	(0.1)	1.1
Other direct revenue		13.3	10.8	12.1	(1.3)	12.5
Direct expenditure		93.2	79.6	76.6	(3.0)	101.7
Employee benefits	C	51.2	36.1	33.4	(2.7)	45.7
Grants, contributions & sponsorship		1.1	1.0	1.0	-	1.3
Other direct expenditure		40.4	42.5	42.2	(0.3)	54.7
Other key operating lines						
AC operating funding		36.6	32.5	30.5	(2.0)	40.6
AC capital funding		92.7	58.2	58.9	0.7	78.5
Holiday Act remediation payments	D	-	2.0	-	2.0	-
Capital Grants paid to RFA Partners	E	-	1.2	-	1.2	-
Depreciation		32.2	25.9	21.4	4.5	33.0
Net interest revenue		0.6	0.4	0.3	0.1	0.3



Financial Commentary

A: The \$4.6m unfavourable variance primarily reflects the cancellation of performances and events; and the closures of venues as a result of COVID 19.

B: Direct revenue unfavourable variance is due primarily to the closure of venues.

C: Employee benefits are unfavourable to budget due to recruitment costs for vacancies, staff restructure within Auckland Live and misalignment of annual leave expenses compared with budget.

D: It was agreed with Auckland Council that the additional expense relating to the Holidays Act remediation payments would be recognised below the line and additional funding provided by Council.

E: Capital funded grants of \$1.2m paid to Council and RFA partners including Trust Arena, Eventfinda Stadium, Stardome and MOTAT. The funding was budgeted however the accounting treating of was not to expense these costs through the Net direct expenditure.

Regional Facilities Auckland performance measures

Key performance indicators	Previous Quarter	FY20		Status	Commentary
		YTD Actual	YTD Target		
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 nine months to 31 March 2020, 3 of the primary measures have been met and 2 have not.					
The number of people who experience Regional Facilities Auckland's arts, environment and sports venues and events	1,801,064	2,642,234	2,775,000	Not met	RFA would have exceeded this target if the VEC target visitor numbers were excluded from this measure. 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.
The net promoter score for Regional Facilities Auckland's audiences and participants	43	45	19	Met	RFA continues to exceed this target offering unique and entertaining events and performances at all RFA venues and facilities.
Percentage of operating costs funded through non-rates revenues	56%	55%	60%	Not met	RFA did not achieve its revenue targets this quarter due to the financial impact from the cancellation of performances and events; and the closures of venues as a result of COVID 19.
Percentage of Auckland residents surveyed who value RFA venues and events	74%	76%	69%	Met	RFA continues to exceed this target with RFA ensuring all venues are maintained to a high standard which Aucklanders can be proud.
Number of programmes contributing to the visibility and presence of Maori in Auckland, Tamaki Makaurau	31	39	12	Met	Programmes contributing to visibility and presence of Maori have exceed the target, with significant number of programmes at the Auckland Art Gallery and across all other RFA Brands.

RFA non-financial performance YTD as at 31 March 2020



1,500,268
people
participated in free
or subsidised
experiences



2,642,234
people
experienced RFA's
programmes,
events and activities



10,175 people
participated in RFA's
outreach programmes



Inspiring volunteers contributed **37,355 hours**
supporting RFA's activities

73,309
children participated
in RFA's learning
programmes