

# Regional Facilities Auckland

## Quarter 2 Performance Report

**For the period ending 31 December 2019**

This report outlines the key performance of  
Regional Facilities Auckland

# Regional Facilities Auckland Summary

## Highlights, issues & risks for the quarter

### Highlights:

- Auckland Stadiums:** Australasia's largest Marquee was erected at Mt Smart Stadium for the sold-out Listen in concert, with 20,000 people attending. The first night of U2 sold out in two minutes, and at Western Springs ZM Friday Jams had 35,000 patrons attending. Mt Smart Stadium also hosted the SX Open.
- Auckland Conventions:** 126 events were attended by around 46,000 people, including graduations, Huawei Mate30 Pro NZTV Awards Show, Women and Inclusion Summit, DevOps Day 2019, AIMES Awards Gala Dinner, Women in Leadership Summit, Southern Cross Being Well Conference, Retail & Business Banking Leaders Conference and more.
- Auckland Live:** In November, renaming of the Aotea Centre's ASB Theatre was celebrated with the sold-out Gala Concert in the Presence of Dame Kiri Te Kanawa. The Civic turned 90 years old in December, marked with sold-out public tours.
- NZMM:** On 12 October, the Museum opened Tākiri: An Unfurling, a contemporary art exhibition as part of the Tuia 250 national commemoration, commissioning seven new works by Māori and Pacific artists. It hosted vessels from the Tuia 250 flotilla on Labour Weekend, with 9000 visitors coming through for deck-tours and Museum activities.

### Issues/Risks:

- Stadiums:** Four patrons were hospitalised at Listen In due to drug taking, resulting in significant media scrutiny.
- Conventions:** The Cloud is unavailable for bookings until 29 February due to construction. Te Pae Christchurch opens in October 2020, and NZICC is now likely opening in 2023
- Zoo:** November and December visitation were much stronger than the first part of the financial year, helping us recover some ground from a very wet Q1 and start to the year.

Financials (\$million)	YTD actual	YTD budget	Actual vs Budget
Capital delivery	42.9	44.1	97%
Direct revenue	30.7	31.7	↓ (1.0)
Direct expenditure	51.9	52.2	↓ 0.3
Net direct expenditure	21.2	20.5	↓ (0.7)

## Financial Commentary

**Capital delivery:** The RFA capital programme for YTD delivered \$42.9m 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 \$0.7m unfavourable variance primarily reflects the loss of two major stadium concerts.

**Forecast FY20:** FY20 forecasts indicate that RFA will miss the FY20 revenue target in particular as a result of the 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). 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, professional fees and RFA's technology investment programme.

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	778,688	1,801,064	1,850,000	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	44	43	19	Met	
Percentage of operating costs funded through non-rates revenues	55%	56%	60%	Not 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.
Number of programmes contributing to the visibility and presence of Māori in Auckland, Tamaki Makaurua	20	31	8	Met	

# Strategic focus area – Stadia

## Key commentary

For six months ended 31 December 2019, a total of \$7.2m was spent towards stadia against a budget of \$6.3m.

### Highlights

1. North Harbour Stadium: Works to reconfigure the field to create Auckland's main baseball field were completed in time for the stadium to host the Auckland Tuatara's successful 2019/20 season.
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. The new entry structure is well advanced, as is the upgrade of Stadium Road, including completion of substantial components of the bus and car parking facility. Completion is expected by May 2020.

### 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 and these works are now in the planning stage.
2. **Toilet, works facility and entry road renewals at Western Springs Stadium:** The discovery of unknown services near the surface and unexpectedly rocky ground conditions has 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	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)	The stand's seismic assessment has been confirmed as 34% NBS, and therefore compliant. 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	Works are well progressed. However, the discovery of unidentified services and difficult ground conditions has delayed the project. Nevertheless, project completion remains planned for the current year.

# Strategic focus area – Auckland Zoo development

## Key commentary

For six months ended 31 December 2019, a total of \$18.9m was spent towards zoo development against a budget of \$20.0m.

### 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 January 2020. The overall programme is scheduled for completion in 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. Overall visitor numbers are down, with visitors expected to be 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

Key programme of works	Status	Description	Outlook
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 2020.

# Strategic focus area – Aotea precinct development

## Key commentary

For six months ended 31 December 2019, a total of \$11.6m was spent towards the Aotea Centre development against a budget of \$13m.

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. with significantly upgrading facility as a result
2. Working with the Auckland Design Office, a draft Aotea Square precinct master plan is now 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. Whilst the internal refurbishment component of the works is concluded, the external re-cladding programme remains subject to re-design and re-consenting before works can re-commence.
2. There will remain 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	<b>Delayed</b>	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	<b>On track</b>	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)	<b>On track</b>	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

- Auckland Art Gallery: The Gallery launched four new artist projects at the end of November: new commissions by NZ artists Sorawit Songsataya and John Reynolds, an interactive exhibition by NZ artist Sara Hughes and a new installation in the North Atrium by Scottish artist Nathan Coley.
- Two new curators were announced in December: Dr Sophie Matthiesson (Senior Curator International Art) and Ane Tonga (Curator Pacific Art).
- Auckland Live presented twenty-four performances of Cubbin Theatre Company's Up and Away in The Civic Wintergarden. The unique show was specifically designed for infants up to one year of age. All shows and extra performances sold out.

## Sustainability and Climate Change

- In December 2019, RFA became a Toitū carbonreduce certified organisation, verifying that RFA's operational greenhouse gas emissions for the financial year 2018-19 have been measured in accordance with ISO 14064-1:2006. Auckland Zoo achieved Toitū carbonzero certification for the fourth consecutive year.
- Measurement through this program enabled calculation of the zoo's water efficiency achievements - a 26% reduction in potable water demand since 2016, and 18% reduction within the 2018-19 financial year compared to the 12 months previous.
- Auckland Zoo was also able to demonstrate a 44% reduction in waste volume to landfill since first measurements were undertaken in the 2015-16 financial year. In October, hand sorting of all waste streams on site was implemented. With the addition of this initiative, the zoo anticipates a 75% absolute reduction of waste within the next 1-2 years.
- The U2 concerts at Mount Smart Stadium saw the largest roll-out of reusable Globelet cups - the use of these cups has now been implemented as business-as-usual across all major events at Mount Smart.
- In November 2019 thirty of RFA's project, facilities and asset management, and procurement staff undertook a full day of green building training to initiate operationalisation of the newly developed RFA Green Building Standards. Environmental impacts are now being considered across all projects from project inception.

## Local Board Engagement

- Early in November the RFA Annual Report and the summary of the year's highlights – 'Our Year', were distributed to all local board members.
- As part of the new local boards' induction programme, the engagement manager arranged meeting times to introduce RFA to board members. Presentations were made to the Mangere-Otahuhu, Hibiscus and Bays Howick and Waitemata boards in December, and all others will be made in the first quarter of 2020.
- In December the Waitemata Local Board was informed of developments at Western Springs regarding Speedway. A press release followed.

## Contribution towards Māori Outcomes

- In recognition of RFA's commitment to Te Ao Māori a new part time role has been established entitled General Manager Kaupapa Māori. This is an important step in the development of our Mahere Aronga Māori- Māori Responsiveness Plan 2018.

### Te Reo Māori

#### Auckland Art Gallery

- A Te reo Māori tours pilot programme has been initiated at the Gallery for Māori Medium Schools.

#### Auckland Live and Conventions

- Whakanoa were held to welcome and support the incoming companies, cast and crew for the following productions: Tu Meke Tui, Zoe and the K Pop Kids, State Highway 48, Chronostasis and Up and Away.
- A new platform has evolved from Auckland Live's waiata group to support Auckland Live and Auckland Conventions' understanding of Te Ao Māori / The Māori world. Te Whanake (to grow, to rise, to develop onwards & upwards) involves weekly Friday morning sessions to continue to develop waiata skills, as well an introduction to basic te reo māori (language) and protocols.
- The Te Whanake group played a key role in the Haka Powhiri blessing ceremony to bless the mauri of the newly named Kiri Te Kanawa Theatre. This ceremony was led by Ngāti Whātua Ōrākei. A specifically recorded voice over in te reo māori was delivered in theatre pre-show to welcome patrons.

### Identity and Culture

#### Auckland Art Gallery:

- The Gallery is progressing planning of an exhibition Toi Tū Toi Ora which will celebrate 70 years of Māori contemporary art which will be held in 2021. The Gallery will display exclusively Māori art and will be promoted as a signature exhibition for 2021. The exhibition will potentially tour to Queensland Gallery of Modern Art, Brisbane.

# Regional Facilities Auckland financials



## Direct operating performance

(\$ million)	Notes	FY19	FY20 YTD			FY20
		Actual	Actual	Budget	Variance	Budget
<b>Net direct expenditure</b>	<b>A</b>	<b>39.4</b>	<b>21.2</b>	<b>20.5</b>	<b>(0.7)</b>	<b>40.9</b>
<b>Direct revenue</b>	<b>B</b>	<b>53.8</b>	<b>30.7</b>	<b>31.7</b>	<b>(1.0)</b>	<b>60.8</b>
Fees & user charges		39.4	23.3	23.0	0.3	47.2
Operating grants and subsidies		1.1	0.6	0.7	(0.1)	1.1
Other direct revenue		13.3	6.8	8.0	(1.2)	12.5
<b>Direct expenditure</b>		<b>93.2</b>	<b>51.9</b>	<b>52.2</b>	<b>0.3</b>	<b>101.7</b>
Employee benefits	<b>C</b>	51.2	23.9	22.8	(1.1)	45.7
Grants, contributions & sponsorship		1.1	0.7	0.7	-	1.3
Other direct expenditure	<b>D</b>	40.4	27.3	28.7	1.4	54.7
<b>Other key operating lines</b>						
AC operating funding		36.6	22.3	20.3	2.0	40.6
AC capital funding		92.7	41.5	39.2	2.2	78.5
Holiday Act remediation payments	<b>E</b>	-	2.0	-	2.0	-
Capital Grants paid to RFA Partners	<b>F</b>	-	1.2	-	1.2	-
Depreciation		32.2	17.2	11.8	5.3	33.0
Net interest revenue		0.6	0.3	0.2	0.1	0.3



## Financial Commentary

**A:** The \$0.7m unfavourable variance primarily reflects the loss of two major stadium concerts.

**B:** Direct revenue unfavourable variance is due primarily to the cancellation of the two Metallica concerts which impacted Stadiums revenue by \$600k.

**C&D:** Employee Benefits contains \$5.9m staff costs that are recharged against events. These recharges are budgeted under Cost of Goods Sold (COGS) within Other Direct Expenditure. This resulted in a misalignment between actuals and budget which will be corrected in the next LTP Process. Actual staff costs are favourable to budget due to recruitment for vacancies being put on hold for non-essential roles.

**E:** It was agreed with Auckland Council that the additional expense relating to the Holidays Act remediation payments have been recognised below the line and additional funding provided by Council.

**F:** Capital funded grants of \$1.2m paid to Council and RFA partners including Trust Arena, Eventfinda Stadium, Stardome and MOTAT.

# Regional Facilities Auckland performance measures

Key performance indicators	Previous Quarter	FY20		Status	Commentary
		YTD Actual	YTD Target		
<b>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 six months to 31 December 2019, 3 of the primary measures have been met and 2 have not.</b>					
The number of people who experience Regional Facilities Auckland's arts, environment and sports venues and events  <i>Auckland Zoo visitation</i>  <i>Auckland Art Gallery visitation</i>  <i>NZ Maritime Museum visitation</i>	778,688  138,270  102,145  32,799	1,801,064  314,184  190,657  84,014	1,850,000  365,000  257,500  85,000	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. In addition: <ul style="list-style-type: none"> <li>the major construction programme has impacted the Zoo however commencement of the school holidays in mid-December has had a positive effect.</li> <li>The Gallery saw a continued reduction in international visitor numbers, likely related to the international visitor levy.</li> <li>The Maritime Museum has been impacted by construction within the vicinity offset in part by the start of the cruise season.</li> </ul>
The net promoter score for Regional Facilities Auckland's audiences and participants	44	43	19	Met	
Percentage of operating costs funded through non-rates revenues	54%	56%	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	74%	74%	69%	Met	
Number of programmes contributing to the visibility and presence of Maori in Auckland, Tamaki Makaurau	20	31	8	Met	



# RFA non-financial performance YTD as at 31 December 2019

**977,272**  
people  
experienced free  
or subsidised  
events

**1,290,844**  
patrons/fans  
participated in  
1,740 event days

**3,248** people  
participated in RFA's  
outreach programmes

Inspiring volunteers contributed **25,207 hours**  
supporting RFA activities

**46,785**  
school students participated  
in RFA's curriculum-based  
learning programmes