

Group Quarterly Performance Pack

Quarter ending: 31 March 2019

Finance and performance committee

Content page

Group Performance Overview	Page 16
Group summary	Page 17
Group capital performance	Page 18
Group balance sheet	Page 19
Group operating performance	Page 20
Other key finance and performance areas	Page 21 - 27
Auckland Council and CCOs	
Auckland Council	Page 29 – 44
Auckland Transport	Page 45 – 58
Panuku Development Auckland	Page 59 – 71
Auckland Tourism, Events & Economic Development	Page 73 – 79
Watercare	Page 81 – 90
Regional Facilities Auckland	Page 91 - 98

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 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
Māori outcomes delivered across the group	Regulatory	Public transport			Wastewater investment	Aotea Centre development
	Waste	Active modes				
	Community investment (including one local initiatives)	Key projects				
		Asset management				

Group Performance Overview

Context:

- *Auckland is growing with pressure on transport, water, environment, and community infrastructure*
- *\$26 billion capital investment was provided in the 10-year budget (LTP)*
- *New funding tools such as Regional Fuel Tax, Natural Environment and Water Quality targeted rates introduced to fund key LTP initiatives*

This report marks the third quarter of the first year within the LTP and provides an overview of the Council's overall financial management and performance against the LTP. It does not replace detailed reporting that is provided to other council committees.

Group summary

9 months into the 10-year budget



Solid capital progress

Capital investment of \$1.3 billion



\$213m (19%) increase compared to the same period last year



\$234m below budget with 85% delivered



Strong operating performance

\$56 million favourable to budget

Direct Revenue



\$24m favourable to budget

Direct Expenditure



\$32m favourable to budget



Prudent debt management

Net debt at \$8.4 billion

- on track to be under year-end budget of \$9.0b

Net debt to total assets at 16%

- below year-end LTP projection of 18%

Gross debt to adjusted revenue 243%

- below year-end LTP projection of 254%

Stable AA/Aa2 credit rating from S&P/Moody's



Outlook


- Solid operational performance to continue

Risks

- Rising construction costs and capacity constraints

Note: For the following pages within the Group Performance Overview, the prior period is defined as the nine months to 31 March 2018.

Group capital performance

 Capital expenditure & funding sources						
(\$ million)		FY 18	FY 19 Quarter 3 YTD			FY 19
	Notes	Actual	Actual	Budget ¹	Variance	Budget ¹
Capital expenditure	A	1,670	1,328	1,562	(234)	2,271
Auckland Council (<i>exc. Commercial Property</i>)		427	367	427	(60)	548
Auckland Transport		687	438	464	(26)	744
ATEED		8	3	3	-	4
Panuku (<i>inc. Commercial Property</i>)		49	59	89	(30)	200
Ports of Auckland		130	113	151	(38)	180
Regional Facilities Auckland		45	70	89	(19)	121
Watercare		324	278	339	(61)	474
City Rail Link investment (<i>Auckland Council share</i>)	B	93	45			235
Capital funding sources		1,763	1,373			2,506
Development contributions		182	143	144	(1)	204
Capital grants and government subsidies	C	211	181	313	(132)	411
Asset sales		257	66			177
Change in net debt ²		253	201			819
Operating funding		860	782			895

Commentary

A: Capital investment was \$1.33 billion for the nine-month period, which was up 19% or \$213 million from the same period last year. This compares to the budget of \$1.56 billion with 85% of the budget delivered.

Highest percentage underspend against budget were from:

- Panuku (inc. Commercial Property) with underspend of 34% (\$30m) largely due to delays from its Waterfront programme and Transform and Unlock locations.
- Ports of Auckland with underspend of 25% (\$38m) mainly due to project reprioritisations and delays in their Automation project.
- RFA with underspend of 21% (\$19m) largely due to delays from the Zoo redevelopment and Aotea Refurbishment.

B: Investment into CRL is currently below expected levels due to timing differences in its procurement programme. Project costs and funding have since been updated, and procurement of the main contract (C3) is nearing finalisation.

C: The majority of the shortfall in capital grants and government subsidies relates to NZTA capital subsidies which were \$95 million lower than expected. This is largely due to projects not achieving milestones that would allow them to qualify for capital subsidies. Auckland Transport is working with NZTA to facilitate special funding arrangements to increase funding for future years. This financial year's forecast is expected to remain below target.

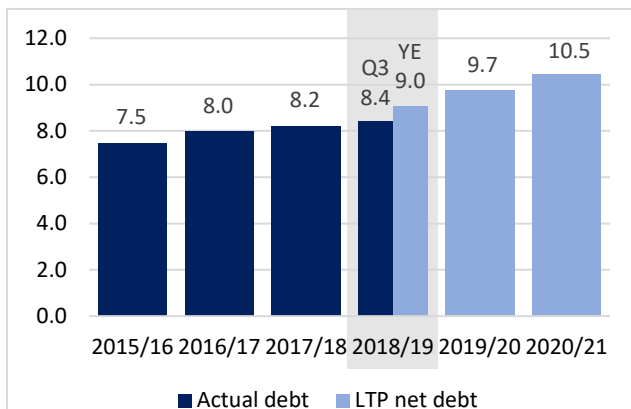
America's Cup government subsidies were also behind budget by \$37 due a change in the capital programme timing.

1. Annual Plan budget adjusted for F&P approved carry-forwards and other items (AP \$2,178m + \$93m)

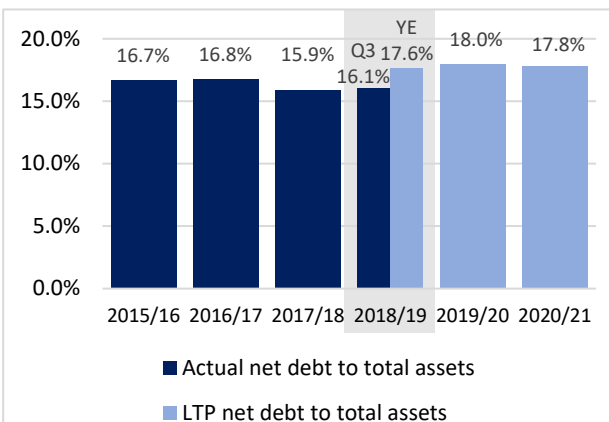
2. Change from 30 June 2018 net debt position for FY19

Group balance sheet

Net debt



Net debt to total assets



Commentary

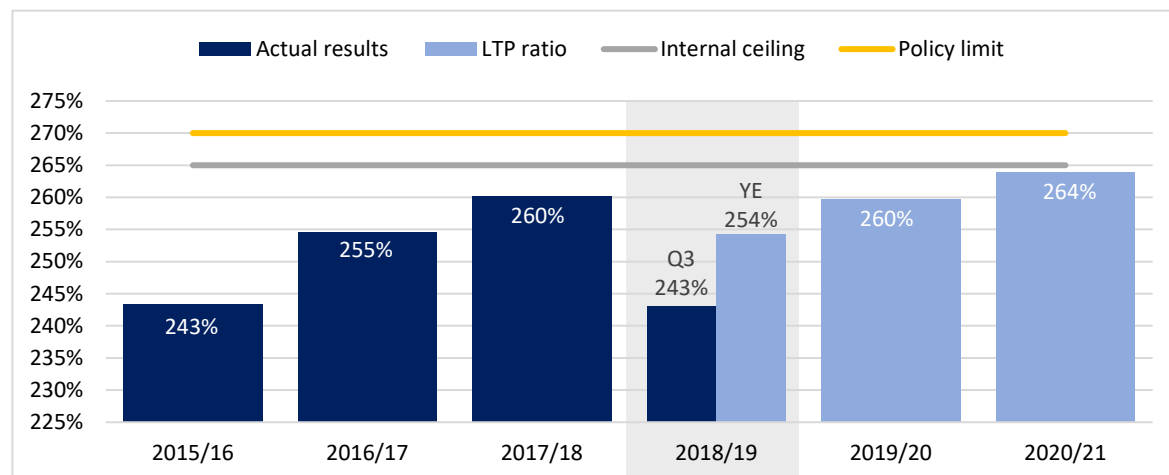
Capital expenditure over the nine-month period was \$1.3 billion. 85% was funded through operating cash-flows, grants and other sources with the remaining 15% financed via debt. This has resulted in a net debt to total assets ratio of 16.1%.

Net debt over the nine-month period increased by \$201 million. This was due to a reduction in gross debt of \$212 million from maturing debt not being refinanced and cash balances falling by \$413 million through the utilisation of cash balances.

Gross debt is forecast to increase over the remainder of the financial year with the majority of financing to be sourced from the Local Government Funding Agency and possibly through a further Green Bond issue.

Council was awarded the “New Zealand Innovative Debt Deal of the Year” by KangaNews the leading Australasian fixed income markets commentator for the Green Bond issued in June 2018 as its was first Green Bond issued by a New Zealand entity.

Gross debt to adjusted revenue



Notes to gross debt to adjusted revenue:

Gross debt to adjusted revenue was calculated using a methodology similar to S&P's. 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 grant/subsidies.

Group operating performance



Direct operating performance

(\$ million)

	Notes	FY 18	FY 19 Quarter 3 YTD			FY 19
		Actual	Actual	Budget	Variance	Budget
Net direct expenditure	A	616	452	508	56	684
Direct revenue	B	1,830	1,450	1,426	24	1,903
Fees & user charges		1,261	1,001	1,002	(1)	1,348
Operating grants and subsidies		286	234	215	19	287
Other direct revenue		283	215	209	6	268
Direct expenditure	C	2,446	1,902	1,934	32	2,587
Employee benefits		866	663	679	16	905
Grants, contributions & sponsorship		133	120	119	(1)	141
Other direct expenditure		1,447	1,119	1,136	17	1,541
Other key operating lines						
General rates		1,514	1576	1,585	(9)	1,588
Targeted rates		193	208	208	-	208
Vested assets	D	572	351	197	154	284
Finance revenue		37	13	12	1	12
Non-direct revenue	E	4	128	100	28	150
Depreciation and amortisation		865	685	707	22	953
Finance costs		472	354	353	(1)	473
Non-direct expenditure	F	101	66	-	(66)	-

Commentary

A: Net direct expenditure was \$56 million favourable to budget. Net direct expenditure includes operating revenue and costs from day-to-day operations and excludes accounting and finance factors such as depreciation, interest, and rates income.

B: Direct revenue was \$24 million favourable primarily due to earlier than anticipated receipt of NZTA operating subsidies (\$19m) on approved public transport related programmes. Other direct revenue was \$6 million favourable mainly due to higher than expected rental income, particularly within Community Facilities and Commercial Property Portfolio.

Fees & user charges for the Group remain neutral. Watercare, Regulatory Services and Auckland Transport are well ahead of budget by \$19m, but this is offset by lower than budgeted revenue from RFA and Ports of Auckland.

C: Direct expenditure was \$32 million favourable with \$16 million mainly due to underspend from unfilled staff vacancies across the Group and capitalisation of staff costs to capital projects ahead of budget.

Other direct expenditure was favourable partly due to timing changes of projects which deferred spending to Q4 and next year.

D: Vested assets revenue continued to be high at \$351 million, reflecting strong development activity in Auckland.

E: The favourable variance relates to higher than expected regional fuel tax (\$17m) and other accounting adjustments.

F: The unfavourable variance primarily relate to weathertightness costs of \$63 million.

Other key finance areas

Ports of Auckland

(\$ million)	12 months to 30 Jun 2018	9 Months to 31 Mar 2019	9 months to 31 Mar 2018	Change from prior period
Revenue	243.2	185.9	182.6	↑ 3.3
Net profit after tax	76.8	37.6	46.0	↓ 8.4
Net debt	383.6	479.7	368.0	↑ 111.7
Net assets	757.7	740.1	688.5	↑ 51.6

Commentary

Ports of Auckland 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. This investment has resulted in an increase in debt from \$368.0 million to \$479.7 million.

Container volumes fell due to a combination of reduced terminal capacity during the automation works and the loss of a major contract. Car volumes declined due to lower car sales and the impact of new biosecurity measures. This is having an adverse impact on the net profit after tax for 2018/2019.

As more capacity is created from the accelerated capital investment, the outlook is projected to improve in 2021/22.

Auckland Int. Airport

\$	31 Mar 2019	30 Jun 2018	Change	Council value
Share Price	8.14	6.78	↑ 20%	2.2b
\$	12 months to 30 Jun 2018	6 months to 31 Dec 2018	6 months to 31 Dec 2017	Change from prior period
Revenue	684m	371m	332m	↑ 39m
Net profit after tax	650m	147m	166m	↓ 19m
Dividend – Council	56.6m	29.3m	28.0m	↑ 1.3m
Cash dividend yield ¹	2.53%	2.66%	2.55%	↑ 0.11%

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 March 2019, Auckland Council holds approximately \$2.2 billion worth of AIAL shares. Over the nine-month period, AIAL share price has increased from \$6.78 per share to \$8.14 per share. Annualised cash dividend yield as at 31 March 2019 was at 2.66% (\$58.6m).

AIAL is a NZX listed company and provides an interim and annual report each year. Financial statements for the nine months to 31 March 2019 are not publicly available.

1. Cash dividend yield annualised based on the 31 March 2019 share price of \$8.14

Other key performance areas

Group FTEs

Entity FTEs	30 June 2018	31 Mar 2019	Variance
Group	10,258	10,706	448
Auckland Council	6,120	6521	401
ATEED	167	178	11
Auckland Transport	1,676	1,644	(32)
Panuku	175	198	23
RFA	561	568	7
Watercare	918	920	2
POAL	641	677	36

Commentary

Auckland Council Group has a 448 increase in FTEs (4.4%) since 30 June 2018.

Notable increases were in Auckland Council's Regulatory, Community, Infrastructure & environmental services directorates. The increase was primarily related to the increased activity in consenting and regulatory engineering, asset and maintenance of community assets and Natural Environment and Water Quality targeted rate work programmes.

Auckland Transport FTEs have decreased primarily due to tight FTE control as Auckland Transport realigns its capabilities to deliver on their transport programme.

Panuku's FTEs have increased mainly due to new project management roles to work on priority Transform and Unlock projects.

Ports of Auckland FTEs have seen increases in its cybersecurity and IT areas along with a smaller increase in operations staffing numbers mainly as a result of the automation project, but also to support the company's strategy of improving efficiency through better use of data.

Key targeted rates & RFT

(\$ million)	YTD revenue	YTD spend ²	YTD budget	Variance	Reserve
Water quality¹	40.9	6.1	7.6	(1.5)	34.8
Natural environment¹	29.1	7.4	13.0	(5.6)	21.7
City Centre¹	21.5	10.1	18.2	(8.1)	52.8
Accommodation provider¹	13.5	7.8			5.7
Regional Fuel Tax	117.3	68.5			48.9

Commentary

The Natural Environment and Water Quality targeted rates are targeted rates introduced to provide additional 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 is to help 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. Staff are working with the Auckland City Centre Advisory Board to review the projects in the current targeted rate budget portfolio. A revised budget portfolio will be made available for the F&P Committee by September 2019.

The Accommodation Provider targeted rate (APTR) was introduced to fund 50% of ATEEDs activities towards growing the visitor economy, including tourism marketing and events. More information on the APTR is provided in ATEEDs strategic focus area – Destination.

The Regional Fuel Tax (RFT) was introduced to support 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 section of this pack.

1. Targeted rate revenues are recognised in full at the start of the financial year.

2. Includes capital and operating expenditure

Group strategic focus area – City Centre programme

Key commentary

For the nine months to 31 March 2019, a total of \$105.2m was spent on the City Centre programme against a budget of \$259.9m.

Highlights

1. The Victoria Linear Park professional services contract has been awarded to Jacobs New Zealand Ltd. for development of the business case and conceptual design. The project will be developed alongside the Wellesley Street bus project being delivered by Auckland Transport.
2. Staff are undertaking a review of the city centre targeted rate portfolio with input from the Auckland City Centre Advisory Board. This could lead to recommendations for the reallocation of budget for existing and new initiatives.

Issues/Risks

1. Construction programme unable to be completed on time for scheduled events (Asia-Pacific Economic Forum (APEC), Te Matatini and America's Cup 36). Staff are analysing the construction schedule and staging to avoid significant construction activities and disruption during events.
2. Stakeholder opposition to projects may result in resourcing consent delay and legal challenges. Staff are engaging with stakeholders to mitigate concerns.
3. There is a risk of budget overrun across a number of programmes - staff are undertaking cost reduction exercises to manage costs without compromising programme outcomes.

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 <small>Actual/Budget</small>	Description	Outlook
Waterfront development (delivered by Panuku)	\$9.6m / \$57.2m On track	Leading the transformation of the Wynyard Quarter from a former industrial area to a vibrant new waterfront city neighbourhood. The key objectives are increasing access to the marina for Aucklanders and maintaining Westhaven as a premier marina, with a wider range of complementary businesses and services.	<ul style="list-style-type: none"> • Vos Shed construction has been affected by the discovery of asbestos. An asbestos remediation plan has been completed and the building is now wrapped prior to starting works on removal. Scheduled completion of this work will be the end of December 2019. • Construction works are on programme for the development of 30 Madden (90 residences). Work is programmed for completion in December 2020. • Westhaven Promenade Stage 2 resource consent awaited during the quarter and received early April, contractor has been engaged. Work continues on lease negotiations for the Marine Centre. • Procurement for the civil works design and build contractor and the floating pontoon manufacturer and installer for the Marina Pile Moorings project commenced immediately post the settlement of the substantive Environment Court appeal on the consent. Auckland Council will be taking a leading role in the remaining appeal on mana whenua primacy issues, with Panuku participating only as necessary as applicant for the consent. The environment court process is expected to result in a hearing in August with a decision before Christmas. The remaining appeal does not impact upon the delivery of the project.

Portfolio of works	YTD ^{Actual} / _{Budget}	Description	Outlook
Downtown programme (delivered by Auckland Transport)	\$38.6m / \$64.9m On track	<p>Over the next 10 years, Auckland Council has a 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, APEC, and Te Matatini in 2021.</p> <p>The programme includes seismic strengthening to improve the resilience of critical infrastructure on Quay Street water's edge.</p>	<ul style="list-style-type: none"> • A successful value engineering process has been completed to ensure that the programme is affordable and within budget and delivering value for ratepayers. • Key milestones to date, such as the price exchange, have occurred in line with the programme. However, the project remains on a critical path with limited scope for slippage. • The project team is currently working on its last detailed design packages whilst also completing the resource consent process.
Downtown auxiliary works	\$26.9m / \$27.5m On track	<p>Delivers a connected and accessible waterfront and leverage outcomes from the America's cup event, consisting of Wharf Upgrades, including stormwater infrastructure, Wynyard Bridge and streetscapes.</p>	<ul style="list-style-type: none"> • Hobson Wharf – Slight delay in installation of breakwater 8 but still expected to meet agreed handover date (May 2019). • Daldy Street – the Strategic Procurement Committee approved awarding of the construction contract for the project to the Wynyard Edge Alliance in May 2019. • Wynyard Bridge – design to be reviewed by Panuku's Technical Advisory Group with preliminary design due end of May. • Sealink – staff are finalising design issues before investigating construction related issues. • Lower Queen Street- discussions are underway regarding potential for the Lower Queen Street urban realm project to be delivered by City Rail Link as part of their C1 contract
AC36 shared infrastructure	\$27.7m / \$98.4m On track	<p>Construction of essential infrastructure to host the 36th America's Cup including syndicate base platforms.</p>	<ul style="list-style-type: none"> • Construction programme continuing momentum - first three challenger base platforms will be completed by August 2019.
Midtown / Karangahape quarter	\$2.8m / \$12.5m Delayed	<p>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.</p>	<ul style="list-style-type: none"> • Design and construction sequence for the midtown project will be progressed once the City Rail Link C3 contract has been awarded, as it is a significant driver for these works. • The Karangahape Road Enhancement project has been delayed due to prolonged tender evaluation period, construction likely to begin in mid-2019. • The Victoria Linear Park professional services contract has been awarded to Jacobs New Zealand Ltd. for development of the business case and conceptual design. The project will be developed alongside the Wellesley Street bus project to ensure alignment. • An agreement has been executed between council, Auckland Transport and City Rail Link Limited to deliver the Albert Street urban realm project, from Custom to Wyndham Street, as part of the City Rail Link C2 contract.

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

Key commentary

For the nine months to 31 March 2019, a total of \$27.7m was spent against the Auckland Council's approved 36th America's Cup Infrastructure capital budget of \$152m.

Highlights

1. Host Venue Agreement (including Master Base Supply Agreement and Superyacht Agreement) signed by all parties.
2. Arbitration between Emirates Team New Zealand (ETNZ) and the Challenger of Record has settled dispute over the late challengers and six challengers are now officially accepted to compete for the right to challenge for the America's Cup.
3. Briefing workshops held with four directly impacted local boards (Devonport-Takapuna, Ōrākei, Waiheke and Waitematā) as well as the Auckland City Centre Advisory Board.
4. Amendment to Wynyard-Hobson resource consent approved by Auckland Council and independent commissioner.
5. Title sponsor Prada and concept architect Renzo Piano presented event village concept to Minister and Mayor – currently being refined.
6. Challenger team base site visits from three teams - DutchSail AC36, INEOS Team UK and American Magic (New York Yacht Club).
7. Inter-agency Steering Group is now progressing detailed city planning leading up to 2021 AC36 events – this includes government agencies and Americas Cup Event Limited.
8. America's Cup 36 legacy and leverage outcomes frameworks and plans are under development, including mana whenua's desired AC36 outcomes signed off by Mana Whenua Kaitiaki Forum in April.
9. Construction of Hobson Wharf extension progressing well.
10. Challenger of Record is discussing with Emirates Team New Zealand the potential to hold an additional America's Cup World Series preliminary event in Tāmaki Makaurau in November 2020 (to be confirmed).

Issues/Risks

1. The three late challengers (Malta Altus, DutchSail, and Stars and Stripes), although now officially accepted, have funding and construction timeline hurdles to overcome to participate in the Prada Cup Challenger Selection Series but have the support of ETNZ.

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	Description	Outlook
AC36 Infrastructure project	On Track	Construction of essential infrastructure to host the 36 th America's Cup including syndicate base platforms.	Construction programme on track - first three challenger double-base platforms will be completed by August 2019.
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.	Negotiations with final Panuku tenants progressing well.
AC36 Event (planning and city integration) project	Delayed	National and city-wide planning and coordination, governed by the Event Steering Group, to ensure AC36 events roll out safely and successfully.	Detailed event planning with Americas Cup Event Limited re-commenced April 2019 and is underway.
AC36 Legacy and Leverage Project	Delayed	Identifying, capturing and tracking of benefits related to AC36 pre, during and post the event.	Finalisation of outcomes with mana whenua will guide legacy and leverage frameworks and plans.
Commercial agreements with Emirates Team New Zealand/America's Cup Event Limited	On Track	Formal documentation of hosts' relationship with Emirates Team New Zealand/America's Cup Event Limited (ACE) and the event responsibilities, rights, benefits and funding.	The final formal agreements with ETNZ/ACE were executed in May 2019.

Group strategic focus area – Māori outcomes

Key commentary

Initiatives delivered through dedicated Māori outcomes LTP funding / Te Toa Takitini

For the nine months to 31 March 2019 (YTD), approximately \$4.0 million of the dedicated Māori outcomes LTP funding was spent against a budget of \$8.9 million. Of the \$8.9 million budget, \$2.2 million was unallocated to any specific initiatives. Allocated budget was committed to a total of 23 initiatives with 1 initiative completed.

Key highlights include Hikoia te Kōrero and the Whare for Life project that have strongly contributed to Reo Māori and Māori Housing & Papakāinga outcomes respectively. However, there remain delivery risks on some key projects. The Māori Outcomes Steering Group is working with relevant units to respond accordingly.

Initiatives delivered through other funding sources

Across the council group, there were several initiatives that also contributed towards Māori outcomes in addition to the dedicated LTP funding. Key highlights include increased Māori employment opportunities via AC36 infrastructure build led by Panuku, and the consistent application of Te Aranga Design principles led by Auckland Transport. More examples of such initiatives are highlighted in each organisation's pack.

Key Statistics

Initiatives delivered through Māori outcomes LTP funding

No. of initiatives committed	23
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No. of initiatives completed	1
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Performance measures for Māori outcomes LTP funding

Total no. of measures ¹	6
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Measures for this period	
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Met	N/A
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Unmet	N/A
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Overall financial progress for Māori outcomes LTP funding

YTD expenditure	\$4.0m
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YTD budget	\$8.9m
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Strategic context

The council group programme to achieve improved outcomes for Māori is Te Toa Takitini. Adopted strategic priorities are:

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

The first four are the focus for the first 3 years of the 10-year budget. The table below focuses on initiatives being progressed through dedicated Māori outcomes LTP funding.

Strategic priority areas	YTD Actual/Budget	Key deliverables & outlook
Marae development	\$948k/\$2,310k Delayed	<p>The cultural initiatives fund is an annual contestable grant available for marae and papakāinga covering capital works, maintenance, feasibility and concept design, strategic financial planning, governance and asset management. \$730k spent. \$200k expected to be spent by year-end and remaining amount to be carried over with extensions to funding agreements, largely due to marae working through processes beyond their direct control (e.g. land tenure, Treaty settlement).</p> <p>Marae infrastructure programme has \$2.5m allocated with the pilot programme now underway but behind due to the need for more comprehensive engagement on scoping agreements. Planned physical works will now start next financial year and budget will be carried over.</p>
Kaitiakitanga outcomes (particularly water)	-\$14k Delayed	<p>The development of Te Tāruke-ā-Tāwhiri: Auckland's climate action plan is partly funded by dedicated Māori outcomes LTP funding to enable mana whenua and mataawaka contribution to decision-making on climate change actions for Auckland. There was an underspend for Q3, with delay developing a risk assessment process, currently being resolved and this work will begin in FY19/20.</p>
Reo Māori outcomes	\$37k/\$60k Delivered	<p>Hikoia te Kōrero: Māori Language Week parades held in central city and Manukau provided Māori language-focussed events giving residents and visitors a sense of Māori identity through the indigenous language being seen, spoken, heard and celebrated in a public setting. Only \$37K of the \$60K budget was spent with a range of assistance, both financial and non-financial, from other organisations such as Te Puni Kokiri to help reduce the overall cost of the event.</p>

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 focus area – Māori outcomes Continued

Strategic priority areas	YTD <small>Actual</small> / <small>Budget</small>	Key deliverables & outlook
Māori Business, Tourism & Employment	\$10k / \$10k Delayed	Following extensive consultation with the Mana Whenua Kaitiaki Forum, it was agreed to defer the Tāmaki Herenga Waka Festival from January 2019, to a date outside of the 18/19 financial year. The approved budget for the delivery of the remaining two festivals (five to be delivered in total) will be available in FY19/20 and FY20/21.
Realising Rangatahi potential	\$119k / \$159k On track	The Rangatahi engagement / Māori education plan programme developed in partnership with The Southern Initiative, Democracy Services, Local Boards, Chief Sustainability Office, Healthy Waters and Māori communities is piloting new ways to enhance rangatahi capability and leadership, to embed practice long-term in engagement and decision-making practices. A Q3 highlight was successful delivery of a 100 strong rangatahi-led climate action summit, leading to a rangatahi authored chapter in Auckland Climate Action Plan.
Māori Identity and Culture	\$836k / \$1,407k On track	The largest spend was in the Māori Cultural Heritage programme, a working partnership with Mana Whenua, council departments and local boards to identify, protect and manage sites and places of significance to Mana Whenua. The scope was recently increased to include an incentives programme for sites of significance which are located on private land. Te Kete Rukuruku project, Maori stories and naming of parks and places, is a significant initiative toward this outcome. It is currently behind budget due to delays in project resourcing due to the project starting late. This has been addressed this quarter and delivery is now expected to speed -up by the end of this financial year.
Māori Housing & Papakāinga	\$75k / \$75k On track	The Whare for Life - Māori Housing project sought to provide opportunities, enhanced support, and facilitation for Māori organisations that are developing affordable and Papakāinga housing. This is the final year of the project, and it has significantly improved internal processes to build capacity within council teams and Māori organisations to fast-track the development process.
Effective Māori participation (internal)	\$1,702k / \$2,205k On track	The largest spend went towards the Kaitiakitanga of Tāmaki Makaurau (Capacity Contracts) initiative. 18 of 19 iwi have signed contracts this financial year, enabling mana whenua capacity to build relationships with council and contribute to decision-making. \$465K has been invested in a mataawaka engagement partnership programme to improve Māori community contribution to council decision-making, and achieving good results with Māori submissions totalling 18% for the recent water strategy consultation.
Organisational Effectiveness (internal)	\$302k / \$420k On track	MAHI is council's internal strategy to ensure we recruit, retain, and develop Māori staff. Ngā Kete Akoranga is one of the initiatives: to grow and develop a talented and thriving Māori workforce, better serve obligations to Māori, build organisational competence in tiro ā-Māori ki tōna ake ao (Māori world view), tikanga and te reo. Graduate and internship programmes have developed marketing material. Coaching for staff involved in recruitment of graduates is underway. Applications for 2020 graduates closed, with an increase in the percentage of Māori applicants - the highest yet compared to previous 3 years. Current focus is on selection for graduate programme positions.

Auckland Council

Quarter 3 Performance Report

For the period ending 31 March 2019

This report outlines the key performance of the Council, which includes regulatory, community, stormwater, environmental, and corporate support related activities and investments

Auckland Council Q3 summary*

Highlights, issues & risks for the quarter

Highlights:

1. As-salāmu 'alaykum (Peace be upon you) -In the wake of the Christchurch terrorist attack, support was offered to our Muslim community and staff. Support was also provided to our emergency management response and in helping and organising the Eden Park remembrance event and the Mayor's attendance at Auckland Mosques. The tightened security measures are expected to remain in place for the foreseeable future with the commensurate increase in costs, staff time and disruption not just for events but for much of our community-facing activity across the region.
2. Realising Rangatahi Potential - We continue to partner with the Solomon Group and WINZ to bring new staff into our contact centre in Manukau and improve job opportunities in South Auckland. We are strengthening the recruitment and onboarding process as we become the biggest employer for the Solomon Group's contact centre training programme.
3. Our temporary suspension of Lime scooters due to safety concerns, garnered considerable media attention and generated a high volume of positive coverage for the Council. The suspension has since been lifted on the basis that Lime works within council's new guidelines.

Issues/Risks:

1. AC have identified risks around berm mowing & weed control and town centre cleaning & litter bins collection. Existing contracts will have to be demobilised as current contract service levels are not being met. Auckland Council will continue to work with Auckland Transport to minimise this risk.

Financials (\$million)	YTD actual	YTD budget	Actual vs Budget
Capital delivery	367	427	(60)
Direct revenue ¹	249	233	↑ 16
Direct expenditure	874	886	↓ 12
Net direct expenditure ¹	626	654	↓ 28

Financial Commentary

- **Capital delivery:** AC36 infrastructure delays account for \$23m of the underspend, with other significant underspends being ICT projects (\$7m) and corporate property (\$9m).
- **Direct revenue:** Regulatory services was ahead of budget by \$8m due to increased volumes and complexity of resource consents, as well as a focus on clearing billing backlogs. Community facilities was also ahead of budget, which is offset by higher directly related costs
- **Direct expenditure:** there is a \$10m underspend in staff costs due to vacancies across the Council, offset by a \$3m overspend in outsourced works to cover those vacancies

Key performance indicators (Refer to pg. 40 for complete list)	Previous Quarter	FY 19 Quarter 3		Status	Commentary
		Actual	Target		
Percentage of complainants satisfied with the noise control services	54%	53%	51%	Met	
The percentage of building consent applications processed within 20 statutory working days	66%	75%	100%	Not met	Significant improvement in Q3 FY2019 over Q3 FY2018. Indications are that this will continue as April draft results are better.
The percentage of response time during storms to close storm water manholes that are within two hours	97%	99%	90%	Met	
The volume of domestic kerbside refuse per capita per annum	143kg	135kg	150kg	Met	Result includes estimates of privately collected refuse volumes and market share.

* All financials in the Auckland Council section excludes Commercial Property Portfolio, which are assets owned by Auckland Council but managed by Panuku Ltd.

1. Excludes regional fuel tax

Strategic focus area – Water quality programme

Key commentary

For the nine months to 31 March 2019, a total of \$6.1 million was spent towards the water quality programme against a budget of \$7.6 million.

Highlights

1. The first three major water quality projects in the city centre are on track for delivery before the 2021 America's Cup event. The Picton Street stormwater network extension contract was awarded to March Construction Ltd at a value of \$15.6 million and the Daldy Street outfall extension contract to the Wynyard Edge Alliance in May 2019 for up to \$34 million. Staff are in discussion with community members regarding the St Marys Bay Masefield Beach stormwater project after the resource consent for the works was appealed.
2. The private onsite wastewater systems of 417 properties in the Little Oneroa catchment (Waiheke) were inspected in February 2019 for maintenance compliance. At the time of inspection sixty-two properties (15 per cent) were found to be compliant with maintenance requirements, a further sixty properties (14 per cent) had incomplete inspection and service records, and the remaining 295 properties (71 per cent) had maintenance or other system issues. Staff are currently working with these property owners to address these issues.
3. The safe networks programme initiated water quality sampling investigations in 24 catchments. These investigations will enable council and Watercare to develop solutions to improve water quality in these areas.

Issues/Risks

1. There is a compressed timeline for the delivery of major stormwater improvement projects in city centre before the America's Cup event. Staff are managing the risks around this timeline through early contractor involvement and shared procurement with the Wynyard Edge Alliance enabling works.
2. Delays in resource consenting continue to be a risk to delivery timeframes, however Healthy Waters and Regulatory staff are working together to minimise this risk.
3. Limited contractor capacity to deliver major infrastructure works continues to be a concern. This is being mitigated through early engagement with suppliers and a strategic procurement approach.

Strategic context

Auckland has a significant challenge to address regarding pollution of waterways across the region from overflows, sediment and other pollutants. Many waterways and beaches are unsafe for swimming after storm events, and some beaches have permanent poor water quality warning signage.

The water quality improvement targeted rate programme aims to reduce overflows and contaminants flowing into Auckland's waterways and harbours, rehabilitate streams to improve their ecological health and reduce bank erosion caused by rural and urban land use changes.

Key programme of works	Status	Description	Outlook
Western isthmus water quality improvement programme	On track	Delivery of improved infrastructure to reduce wastewater overflows into Waitematā Harbour and reduce stormwater volumes into Manukau Harbour.	Healthy Waters and Watercare staff are progressing business cases for network upgrades and separation in areas of Blockhouse Bay, Ōwairaka, St Marys Bay, and Herne Bay.
Contaminant reduction	Delayed	Programme to reduce the amount of contaminants (including litter, sediment and road pollutants) entering waterways across the region.	Previously scoped projects are on track and new projects are being developed, including funding water quality projects as part of the Glen Innes and Ōtāhuhu town centre upgrades.
Urban and rural stream rehabilitation	At risk	Stream restoration projects to improve ecological health of streams and reduce flow of contaminants into harbours.	Following the successful uptake of the Waterways Protection Fund in the Waiora catchment, staff are identifying the next catchments to roll this programme out in.
Onsite wastewater systems	On track	Compliance programme to ensure private onsite wastewater systems are regularly inspected and maintained to reduce amount of wastewater overflows.	Additional compliance staff have been recruited, and the next areas for investigation are being agreed internally. Staff will continue to support onsite wastewater industry through the development of online reporting tools.
Safe networks	On track	Investigate and eliminate sources of faecal contaminants that are discharging from the stormwater network and watercourses at popular swimming spots.	Significant progress has been made in 2018/2019, with sampling investigations undertaken in 24 catchments across Auckland, and detailed investigations in three catchments nearing completion.

Strategic focus area – Natural environment programme

Key commentary

For the nine months to 31 March 2019, a total of \$7.4 million was spent towards the natural environment programme against a budget of \$13.0 million.

Highlights

1. The programme of track works to minimise the spread of kauri dieback is underway with 12.5 kilometres of tracks upgraded and a further 22 kilometres in design and construction phases. The distribution of kauri across local parks has been mapped alongside recreational status and track conditions. This data has been used to prioritise track upgrades, and the 13 impacted local boards have been consulted.
2. Over 7,000 high priority kauri trees have received experimental phosphite treatment, which is intended to prolong the life of the trees.
3. 45 community groups and projects have received pest control equipment, nursery supplies and pest animal monitoring equipment. Schools delivering local pest free initiatives have also received tools and resources including trap tunnels made through a partnership with Department of Corrections.
4. Additional pest plant control is occurring across high priority local parks and additional pest animal control (including possums, stoats, rats, goats, pigs, and deer) is occurring across the mainland and the Hauraki Gulf islands.
5. A significantly expanded programme to minimise spread of pests to the Hauraki Gulf islands is in place including 16 active biosecurity ambassadors and additional predator detection dogs deployed to patrol ferries and other high-risk vectors.

Issues/Risks

1. Delays in upgrades to the local park track network (to minimise risk of kauri dieback spread) have been caused by higher levels of consultation required for track prioritisation and design of track upgrades.
2. Limited contractor capacity to deliver some works continues to be a concern. This is being mitigated through early engagement with suppliers and strategic procurement approach.

Strategic context

Auckland's rapid growth is putting pressure on our environment and kauri dieback disease is threatening one of our most iconic species. Many other species are also in rapid decline and need a concerted effort to manage the pests and weeds that threaten them.

The natural environment targeted rate programme will significantly reduce the risk of kauri dieback spreading, provide more support for communities, schools, and private landowners to engage in conservation, and increase the number of significant ecological areas that council is actively managing to control pest plants and animals.

Key programme of works	Status	Description	Outlook
Plant pathogens	Delayed	To reduce the risk of spread of plant pathogens including kauri dieback. Key tools include track upgrades, monitoring and education.	24 kilometres of track upgrades will be delivered by the end of June 2019. The forward work programme for upgrades across all parks will also be completed by the end of the financial year.
Expanding community action	On track	To provide a high level of support to over 600 community groups, iwi, households	Community coordination funding has been allocated to recipients, and the allocation of tools and resources continues. A regional funding strategy is being co-designed with key stakeholders, to be rolled out in the next financial year.
Protecting our parks	On track	To protect 66 per cent (from current 30 per cent) of highest ecological value areas on regional and local parkland.	Increased weed control on regional and local parks is underway. This work will see an increased number of parks receiving additional maintenance to protect native biodiversity.
Islands biosecurity	On track	To either control, or where possible, eradicate plant and animal pests from Hauraki Gulf islands.	Pest plant and predator control has exceeded year one targets, with a greater area under management. Auditing will be conducted in quarter four. There is a greater presence of detector dogs patrolling high risk vectors such as boat ramps and ferry terminals, to decrease pest pathways.
Region-wide biosecurity	On track	To protect the Auckland region from animal and plant pests.	An additional 37,000ha of possum control contracts has been completed with auditing to be conducted in quarter four. The release of biocontrol agents for pest plants is continuing.

Strategic focus area – Regulatory

Key commentary

For the nine months to 31 March 2019, a total of \$126 million was spent towards Regulatory Services against a budget of \$123 million. Revenue for the nine months amounted to \$150 million against a budget of \$142 million.

Highlights

1. Direct income and overall surplus are ahead of budget by \$7.7 million and \$3.2 million respectively, due to improved billable time in Regulatory Engineering and higher animal management revenue.
2. Launched Regulatory Service Maori Responsiveness Plan – Te Patatai.
3. Building Consents almost meeting all IANZ accreditation requirements including statutory timeframes with March 2018 reaching 80% (highest for financial year). Internal systems audits confirm compliance against key requirements.
4. Licensing & Regulatory Compliance are doing great work collaborating on projects with other parts of council such as Kauri Die Back and providing advice and support to environmental initiatives.
5. Resource Consents have commenced a timeliness improvement work programme focusing on eight key areas such as specialist inputs and RMA tools.

Issues/Risks

1. Meeting resource and building consent statutory timeliness targets. While ongoing initiatives to improve timeliness will mitigate the risk timeliness has been below targets for some time.
2. A competitive employment market and the establishment of the Housing and Urban Development Authority will result in pressures on staff retention. The directorate is developing strategy and framework to retain non-technical and technical staff.
3. Regulatory Compliance are investigating Imperial Homes for potential breaches of the KiwiBuild pricing protocols. We are awaiting judicial review of what constitutes a “dwelling”, as this will determine the likely success of a prosecution.
4. Resource Consents has a large customer invoices backlog. A project team and plan has been implemented to reduce this by year end.
5. Data Integrity is an issue across the directorate. Regulatory Engineering and Building Consents have commenced a project to clean up their operational data.

Strategic context

Regulatory ensures that Aucklanders live in secure, healthy, and affordable homes by managing the risk associated with the built form for Auckland.

It also enables Aucklanders preserve, protect and care for the natural environment and to maximise the many opportunities for Auckland to deliver a better standard of living.

Ensuring Aucklanders are kept safe and well; through compliance work, animal control, alcohol licensing and environmental health.

Key programme of works	Status	Description	Outlook
Meeting Demand Programme	On track	To ensure we have sufficient building consents capacity and capability to meet increasing complexity and volume	Performance improvements already apparent. New remuneration scheme linked to individual performance in place.
SAP/Hybris Integration	Delivered	To integrate the customer-facing system online with internal Council systems to improve efficiency	This was a complex technical project with change impact for several hundred staff. Now closed for Regulatory Services. Some document management functionality remains to be delivered separately by ICT
Customer Enabled Compliance Phase 3	On track	A programme involving modified responses to public-non-compliance with the goal of making Auckland safer.	In full implementation. Over next two months approx. 6,000 requests for service will be transferred to compliance response team. One RMA prosecution was laid in March, two alcohol licences were withdrawn, and one EH prosecution was undertaken.
Inspect Project	Delivered	A project to enhance the scheduling and delivery of building inspections	Delivered successfully and recipient of Chief Executive award for team contribution / collaboration. Early results are showing an increase in daily inspection volumes.

Strategic focus area – Waste

Key commentary

For the nine months to 31 March 2019, a total of \$79.8 million was spent to deliver waste management against a budget of \$75.2 million. Highlights

1. Enforcement officers are actively issuing more infringement notices for illegal dumping, resulting in fewer illegal dumping reports and waste volumes dumped. In this quarter, 264 infringement notices were issued, up 190 per cent on the same period last year. Requests for service are down two per cent and tonnes of waste dumped are down 30 per cent, as a result of the increase in enforcement and infringements issued.
2. A cost benefit analysis showing the financial and economic cases for construction and demolition waste diversion and an education toolkit were developed for the construction and demolition sector. Work has begun with Homes Land Communities (HLC) and the Pirirahi Alliance on relocation and deconstruction of 8,000 homes over the next five years.
3. An integrated waste collections procurement plan was approved by the Strategic Procurement Committee in March 2019. A notice of information has now been issued to potential suppliers for collections for the three waste streams – food, recycling and refuse.

Issues/Risks

1. Overseas markets remain unstable for mixed plastic types sorted at VISY. There is a risk these materials may be land-filled if alternative markets cannot be found. To address this an Auckland Council recycling working group has been formed to review overseas solutions and whether they can be applied in New Zealand, and a consultant has been engaged to look at VISY's operation to improve the quality of recycling.
2. The deficit against budget is a result of the increased costs in recycling, which is related to the overseas market changes and the restricted overseas markets that now accept waste recycled materials.

Strategic context

To achieve the overarching goals of the Waste Management and Minimisation Plan and minimise Auckland's increasing waste to landfill volumes, a priority programme of works has been identified with a focus on construction and demolition, the resource recovery network and reducing food waste. The council also has an increased focus on illegal dumping and enforcement. Expected outcomes are a reduction in dumping and increased awareness of alternatives. Offshore processing of some types of plastic and paper waste has ceased in some countries, creating a need to actively manage recyclables onshore.

Key programme of works	Status	Description	Outlook
Resource recovery network	On track	Establishing a network of 12 community recycling centres operating throughout the region by 2025.	Work on the resource consent for the central site at Western Springs continues. Land is being sought for sites in South Auckland via a request for expression of interest.
Food scraps	On Track	Rates-funded, weekly kerbside collection of food scraps provided to all households in urban areas from 2021.	Food scraps collection services are currently being procured together with refuse and recycling as part of the integrated waste collection service procurement plan.
Construction and demolition	On Track	Focus on advocacy, brokerage and strategic influence. Work with industry to support minimisation of Auckland's increasing volume of landfill waste.	Development of toolkits and financial cases will demonstrate to the construction industry and developers future cost savings associated with deconstruction and diversion.
Illegal dumping and enforcement	On Track	Actively enforce litter and illegal dumping infringements under the Litter Act.	Customers reports remain steady via the 0800 NO DUMP hotline to report illegal dumping with 1,618 calls this quarter. Waste Solutions staff will continue to resource enforcement activity.
Markets for recyclables	On Track	All processed, recyclable material is diverted from landfill and recycled through reputable companies. Sustainable processing options ensured through reporting to council.	Council is focusing on alternative markets, operational changes at VISY, and developing a communications strategy to reduce contamination in kerbside recycling bins.

Strategic focus area – Community investment

Key commentary

For the nine months to 31 March 2019, a total of \$569million was spent towards Community Investment against a budget of \$585million. Highlights

1. Auckland's response to the Christchurch mosque tragedy included support for events, memorial services and the collection and recording of all tributes from locations across the city. Timely cross agency delivery was achieved through commitment by staff and contractors from Community Services and Community Facilities teams.
2. The sod turning ceremony for the Waiuku Trails project took place in March. The project has a large investment from individuals and is supported by New Zealand Steel. The ongoing success will be documented and reported.
3. AKL Paths - digital service launched and exceeds the target of 10,000 web page hits, gaining 42,000 hits in the first month. The service enables more Aucklanders and their whanau to get active their way and, in their time, using existing community paths and parks.
4. Kura Heritage Collections Online launched with 650,000 plus local history/heritage records at the reach of Aucklanders, making more local heritage content more easily discoverable to more people. Kura and AKL Paths increase access to and use of existing public assets.

Issues/Risks

1. In the capital procurement space, the increased activity in the construction market is resulting in higher price submissions through tenders as well as fewer submissions thereby causing the cost of delivering projects to increase and putting pressure on capital budgets.
2. Vandalism continues to be a significant issue across the region. Playgrounds suffer greatly over other asset types which has a big impact on the community. Increased antisocial behavior is also being monitored with security and safety costs rising as a result.
3. Two maintenance contractors are on performance notice and is being closely managed to ensure we receive value through contracts.

Strategic context

Community investment both regional and local, contributes to community wellbeing and a sense of belonging by increasing participation in events, programmes and activities, across all our community and recreational spaces.

These services are provided through the provision of services, programmes, facilities and spaces that are owned or managed by the council, contracted third parties and through community group partnerships.

Investment in community also occurs through grants, leases, capacity building, partnerships and sharing resources.

Key programme of works	Status	Description	Outlook
Renewals programme	On track	Renewals programme across all local board community assets and community regional assets.	Delivery of \$70.9 million at the end of Q3 represents 62% of the full year budgets. Forecast for year end is \$113.5 million (99%).
Growth programme	On track	Growth projects in the parks, play, sports and walkway recreation space and new development in regional parks.	Delivery of \$66.4 million at the end of Q3 represents 62% of the full year budget. Forecast for year end is \$92.9 million (87%) due to delays.
Land acquisition	On track	Acquisition of open space programme.	Delivery of \$40.4 million at the end of Q3 represents 67% of the full year budget. Forecast for year end is \$50.4 million (83%) due to delays in settlements.
Sport Facilities Investment Fund	Delayed	A \$120M, 10-year fund approved through the LTP to invest and partner with organisations who are developing significant sport and recreation facilities.	Report to Committee to confirm investment criteria and approach in line with the draft Sport Investment Plan and Facility Partnership Policy, has been moved to Q4.
Streetscapes	On track	'Green' services went live 1 April and are in transition phase, with no issues. Mobilisation of 'clean' services has commenced with transition date as 1 July.	As the 'green' Streetscapes services are newly transitioned from AT, financial reporting will be provided in Q4.

ONE LOCAL INITIATIVE 10 YEAR PROGRAMME

ALBERT-EDEN – Chamberlain Park
A) Council investment and operation of reconfigured golf course, driving range and sports field. B) Delivery of approved masterplan.

DEVONPORT-TAKAPUNA – Lake Road*
Address Lake Road congestion issues.

FRANKLIN – Karaka Multi Sport and Community Hub
Park Development and Multi-sports hub. Upgrading playing surfaces and facilities.

GREAT BARRIER ISLAND – Solar and EV Infrastructure
Installation of solar panels at offices on Great Barrier and electric vehicle with charger and carport.

HENDERSON-MASSEY – Land Purchase & Sports Field
Acquire land in the North West to prepare for a swimming pool and create a new sports suburb park within the Redhills precinct.

HIBISCUS & BAYS – Orewa Beach Northern (N) & Southern (S)
Protection of the Northern public reserve from the effects of coastal erosion including provision for improved pedestrian access. Investigation and implementation of management options for the Southern extent of Orewa Beach incl. Orewa Estuary.

HOWICK – Flat Bush Community Facilities
Advanced planning for community facilities including library, and art/community and aquatic centres.

KAIPATIKI – Birkenhead War Memorial Park
Phase 1: demolition of grandstand – completed.
Phase 2: regeneration of the site as per the masterplan.

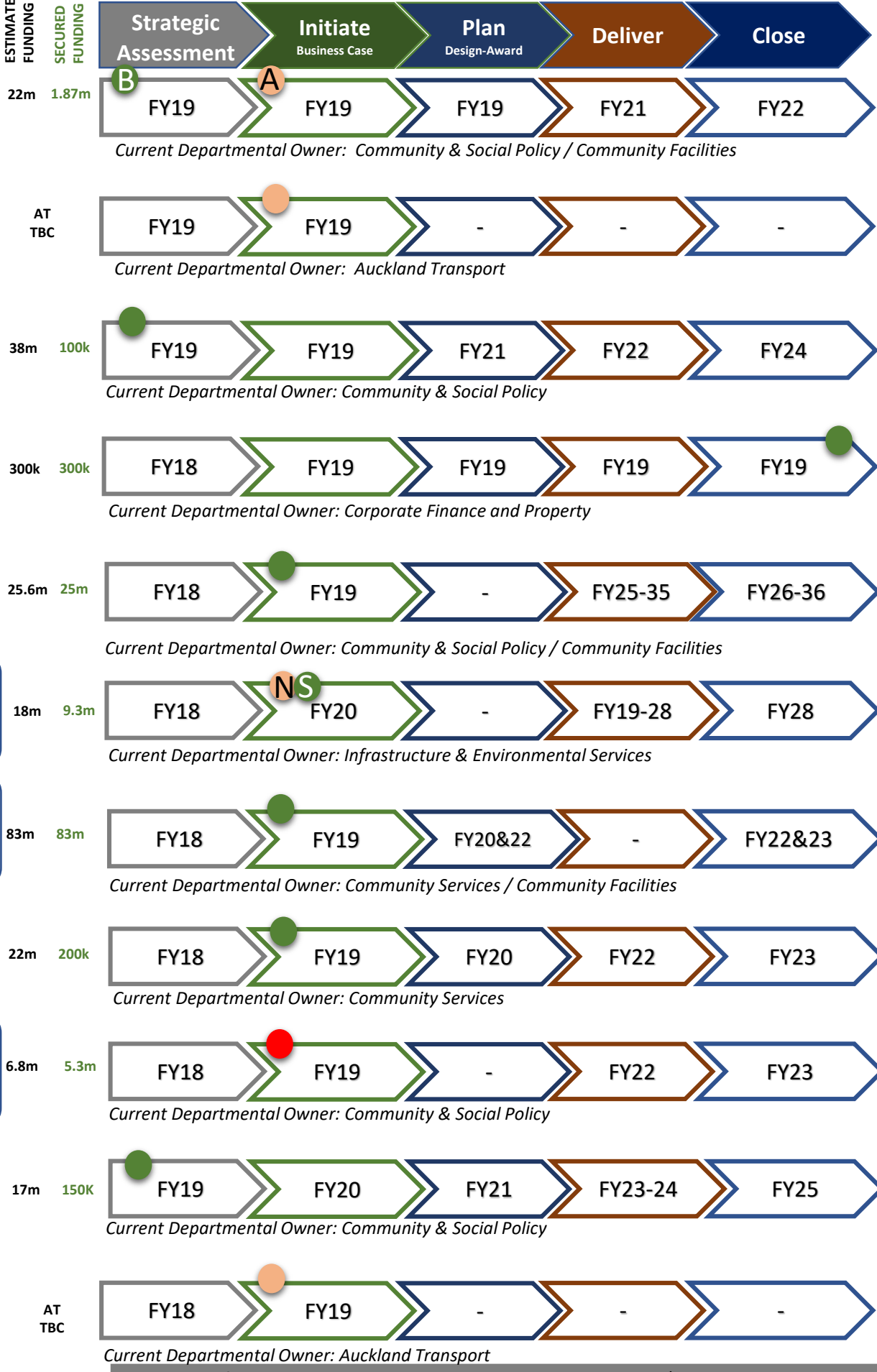
MANGERE-OTAHUHU – Mangere East Town Centre
Purchase 374 Massey Road and develop a concept plan and detailed business plan for redevelopment.

MANUREWA – War Memorial Park
Refresh of needs assessment and generation of park master plan. Enable the development into a multi-purpose shared space.

MAUNGAKIEKIE-TAMAKI – Onehunga Transport Interchange*
Development of a multi-transport interchange at the current Onehunga train station / car park.

* Description confirmed by Auckland Transport

WORKFLOW PIPELINE



Note: Workflow timeline to be developed once strategic assessment/initiate phase complete
Timelines are as indicated at Committee on September 2017 or forecasted guestimate

KEY: Progress & RAG Status
On track – Monitor – Issue

COMMENTS

Timing delay A) Notified resource consent process to be undertaken.
Timing on track with potential for delay as indicative business cases are socialised and worked through with Local Board in June.

Timing on track. Project requires Monitoring
Detailed business case underway due Q3 of 2019
Local Board have requested project scope be provided that reflects their scope view clear deliverables.

Timing on track with potential for delay as indicative business cases are socialised and worked through with Local Board in June.

Complete

Timing on track. Investigation and options analysis ongoing for land acquisition. Indicative Business Case update to be provided in July. Local Board concerned that aquatic component has not progressed.

Timing delay for Northern due to resource consent refusal. May 2019 Hearing decision due.
Timing on track for Southern. Business case for Local Board consultation June 2019.

Timing on track
Locations are under analysis for best service delivery.

Timing on track
Public consultation process has closed. Submissions are under review.
August 2019 Completion of Masterplan.

Timing delays due to land acquisition
A critical land acquisition has fallen through. Rescoping of OLI under consideration.

Timing on track with potential for delay as indicative business cases are socialised and worked through with Local Board in June.

Timing delays due to Project Clarification
Local Board have requested pre-feasibility options be carried out and for AT to provide clear milestones.

ONE LOCAL INITIATIVE 10 YEAR PROGRAMME

ORAKEI – Spine Shared Path Connection*

Gowing Drive area walking and cycling connection to the Glen Innes to Tamaki Drive Shared Path (Eastern Connections Urban Cycleway).

OTARA PAPATOETOE – Ngāti Ōtara Park

Design and construction of the multipurpose facility in Ngāti Ōtara Park including storeroom and commercial laundry.

OTARA PAPATOETOE – Colin Dale Motorsport Park

Remove or reduce the burden of OPEX annual charge for Colin Dale Motorsports Park.

PAPAKURA – Train Station Park & Ride*

Construction of a multi-storey car parking building for Park and Ride at the Papakura Train Station.

PUKETAPAPA – Liston Village & Open Space

Retain seniors’ housing on the site and allow the entrance to Monte Cecilia Park to be expanded.

RODNEY – Local Indoor Courts

A Local multi-sport, multi use indoor court facility plus squash and cricket. Align build with Rodney’s greenways plans.

UPPER HARBOUR – Sub-Regional Indoor Courts

Construct a sub-regional four court multi-story facility. Recommended locations are Whenuapai or Hobsonville.

WAITAKERE RANGES – Glen Eden Town Centre

Refresh the implementation plan. Construct town square and improve civic space. Develop new multi-story mixed use building.

WAITEMATA – Ponsonby Park

Develop full site. Demolish buildings and develop a civic space and provide toilet facilities.

WHAU – Pool & Recreation Centre & Land

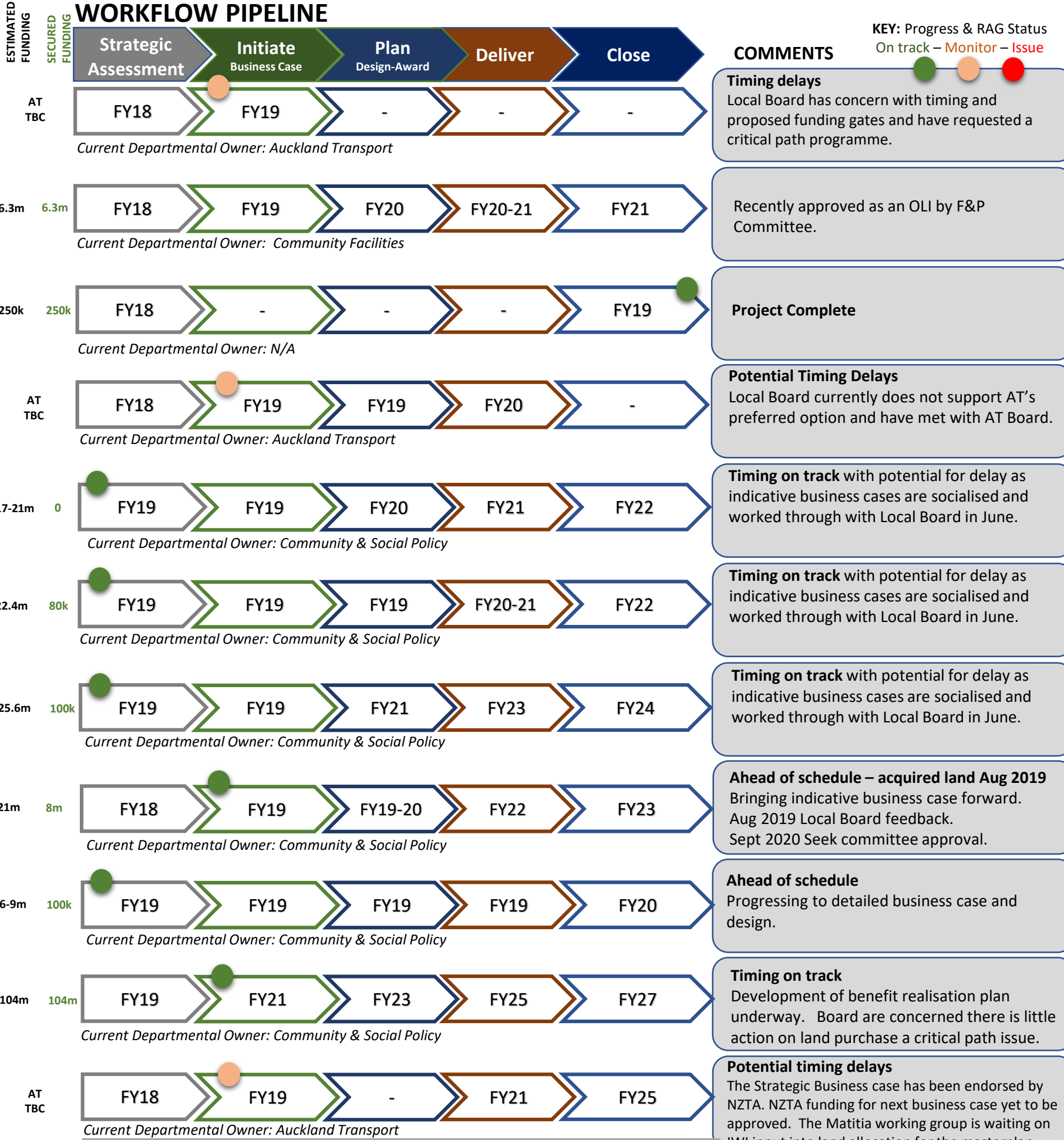
Aquatic and recreation facility in Whau.

WAIHEKE – Matiatia*

Development of a masterplan for Matiatia and implementation.

* Description confirmed by Auckland Transport

WORKFLOW PIPELINE



Note: Workflow timeline to be developed once strategic assessment/initiate phase complete
Timelines are as indicated at Committee September 2017 or forecasted guestimate

Other focus areas

Customer experience

Auckland Council has recently created a new division, Customer and Community Services, which will bring together Customer Services, Community Facilities and Community Services.

The new structure will bring council closer to its customers and help the organisation shift the dial on our customer metrics and meet the ambitious targets set.

- Customer satisfaction for services associated with Libraries, Parks, Pools & Leisure Centres ranges between 80-94%.
- Commencing with Pools & Leisure, Community Venues and elements of Libraries, customer experience assessments are being carried out. These assessments are based on a range of drivers including staff, service, condition of the facility. They are carried out frequently (daily, weekly) which permits deployment of responses to identified issues.
- As more services such as bookings are made available online, customer experience assessments can be undertaken efficiently and frequently targeting recent users.

Climate change

• In March 2019, the Auckland Climate Symposium brought together around 600 delegates over three days from across sectors to discuss and provide input into the emerging priorities of the regional climate action plan, under development. The symposium commenced with a conference on Day 1 followed by two days of action development sprint sessions and parallel events, including community hui, youth and MfE-led sessions through to the launch of Auckland's Climate Change Risk Assessment series undertaken by RIMU.

• The draft action plan is being readied for approval by the Environment and Community Committee in June for public consultation in July/August. It will include actions that dramatically reduce emissions and dramatically increase resilience to climate impacts. A plan for Auckland, not just for Auckland Council, it requires broad cross-sector implementation for its success.

Contribution towards Māori outcomes (Auckland Council)

Marae development: Marae Infrastructure Programme - Four Marae are participating in the pilot. Programme will incur an underspend of 33k for FY 18/19 which will be carried over for FY 19/20.

Kaitiakitanga outcomes: Auckland Climate Action Plan - Engagement with Mana Whenua and subject matter experts underway, to enable contributions and support for Auckland's Climate action plan.

Reo Māori outcomes: - Level Finder Exam - A National exam developed in conjunction with Te Taura Whiri i Te Reo (Māori Language Commission) to acknowledge Reo capability across Auckland Council to recognise this capacity. 40 staff have been assessed to date.

Māori Economic Development: He Waka Eke Noa (social procurement programme) - Currently drafting a proposal to be considered for funding from the centralised Maori Outcomes budget to scale up the current successful approach being run out of The Southern Initiative

Realising Rangatahi potential: Rangatahi engagement/Māori Education Plan - Programme developed in partnership with The Southern Initiative, Democracy Services, Local Boards, Auckland Climate Action Plan, Water Strategy and Māori Communities is on track with a forward work programme to increase Council's capability.

Māori Identity and Culture: Māori Sites of Significance - Programme scope has increased to include incentives for sites of significance located on private land to be recognised, identified, protected and managed.

Māori Housing & Papakāinga: Whare for Life, Māori Housing - Ontrack with final year of project to improve internal processes for Māori Housing and Papakainga. Transitioning to BAU in FY2020 with a full FTE 3-year fixed term costed to project.

Effective Māori participation (internal): Mana Whenua Kaitiaki Forum support - Successful discussions with the forum on potential new operating model. Moving towards a proposal for scaling up the resourcing of the Forum.

Organisational Effectiveness (internal): Te Mātāpuna – Māori information portal - internal and Māori facing systems, tools and training to enable consistent, efficient and effective Council whanau work with and for Māori. Project is delayed by two months due to a specialist staff member leaving which will mean that by August 2019 phase 1 internal portal will be completed. The Stage 2 proof of concept (external iwi participation) is underway with Auckland Transport.

Auckland Council Q3 financials



Direct operating performance

(\$ million)	Notes	FY 18	FY 19 Quarter 3 YTD			FY 19
		Actual	Actual	Budget	Variance	Budget
Net direct expenditure¹	A	799	626	654	28	884
Direct revenue²	B	321	249	233	16	315
Fees & user charges		267	212	203	9	273
Operating grants and subsidies		18	12	12	-	18
Other direct revenue		36	25	18	7	24
Direct expenditure¹	C	1,120	875	887	12	1,199
Employee benefits		500	390	402	12	537
Grants, contributions & sponsorship		119	113	114	1	134
Other direct expenditure		501	372	371	(1)	528
Other key operating lines						
Vested assets	D	226	91	63	28	84
Depreciation and amortisation		261	199	206	8	275
Net interest expense		301	240	238	(2)	323

1. All financials on this page excludes Commercial Property Portfolio

2. Excludes regional fuel tax



Financial Commentary

A: Net direct expenditure continues to be favourable to the revised budget and is expected to remain favourable for the remainder of the year. This was mainly driven from increased regulatory services revenue and lower than expected staff costs due to vacancies.

B: Direct revenue continues to increase ahead of revised budget.

- Fees and user charges revenue was \$9m favourable driven by increases in volumes and complexity of resource consents, increases in planner charge out rates, increased billable hours in regulatory engineering and an overall focus on clearing billing backlogs.
- Other direct revenue was \$7m favourable primarily to the accounting of community facilities revenues which were offset by higher directly related costs.

C: Direct expenditure continues to be favourable to revised budget, mainly as a result of underspend in employee benefits. Employee benefits were favourable by \$12m due to vacancies, timing of living wage implementation, higher than budgeted capitalisation of employee benefits, reduced ACC levies (\$2m) and lower training costs (\$2m). This was offset against a \$6m overspend on outsourced works, principally in the regulatory division.

D: Vested assets are significantly up this year. Of the \$28m favourable to revised budget, \$27m relates to Healthy Waters. During the current year Healthy Waters had \$62m of assets vested, including pipes (\$35m), manholes (\$16m) and water quality devices (\$4m).

Auckland Council Q3 performance measures

Key performance indicators	Previous	FY 19 Quarter 3		Status	Commentary
	Quarter	Actual	Target		
Note: 31 of 78 Auckland Council LTP measures have been updated since quarter one and are presented below.					
47 of 78 Auckland Council LTP measures are measured annually and not included in the below table. These measures can be found in the LTP document in this link .					
Community Services					
The number of internet session at libraries (unique sessions over public computing or public WIFI networks)	3,666,069	5,356,975	5,930,000	Not met	Internet sessions are under target. Both PC and WiFi sessions continue declining towards FY16/17 levels. WiFi sessions, which account for 83% of FYTD internet sessions, have declined by 5% (-233,000 sessions for the FYTD), thus driving the total decline. This may reflect lower demand, possibly due to increasing availability of free WiFi services. More investigations are required to ascertain possible drivers.
The number of visits to library facilities	5,673,836	8,324,989	8,250,000	Met	
The number of participants in activities at art facilities, community centres and hire venues	3,298,989	4,696,052	4,460,168	Met	
The percentage of arts, and culture programmes, grants and activities that are community led	100%				Measured half yearly
The number of library items checked out (including e-items)	7,688,543	11,363,040	10,950,000	Met	
The number of website sessions on Auckland Libraries website (corrected for the percentage of bounces, or non-productive page landings)	3,844,268	5,431,948	5,250,000	Met	

Key performance indicators	Previous	FY 19 Quarter 3		Status	Commentary
	Quarter	Actual	Target		
The percentage of all assets that are graffiti free across the city	96%				Measured half yearly
The number of active library members (members who have used their membership account at least once in the past 12 months)	401,419	402,984	390,000	Met	
Auckland Emergency Management					
The percentage of Aucklanders who are prepared for an emergency	67%				Measured half yearly
The percentage of Aucklanders that have a good understanding of the types of emergencies that could occur in Auckland	79%				Measured half yearly
Waste services					
The volume of domestic kerbside refuse per capita per annum	143kg	135kg	150kg	Met	Result includes estimates of privately collected refuse volumes and market share.
The total number of Resource Recovery Facilities	5	5	6	Not Met	Resource Recovery Network (the network of community recycling centres) development progressing well with Waiuku Community Recycling Centre (CRC) operational since October 2014, Helensville CRC since July 2015, Devonport CRC since March 2016, Waitakere since June 2016, Whangaparoa since August 2017. However, we are slightly behind target due to issues with finding suitable land and obtaining the necessary resource consents for additional sites.
Stormwater Management					
The number of complaints received about the performance of the stormwater system per 1000 properties connected to Auckland Council's stormwater system	0.65	0.75	3	Met	21 faults & blockages reported for March, with a total of 363 faults & blockages reported for FY19. Stormwater network performing as expected.

Key performance indicators	Previous Quarter	FY 19 Quarter 3		Status	Commentary
		Actual	Target		
The percentage of response time during storms to close storm water manholes that are within two hours	97%	99%	90%	Met	The reported actual is a year-to-date result. The result for the quarter of Jan-19 to Mar-19 is 100 percent.
The median response time to attend a flooding event, measured from the time that Auckland Council receives notification to the time that service personnel reach the site	1.08	1.05	2	Met	
Auckland Council stormwater compliance with resource consents for the discharge for its stormwater system, measured by the number of a) abatement notices, b) infringement notices, c) enforcement orders, and d) successful prosecutions, received in relation to those resource consents	0	0	0	Met	No abatement notices were received in Q3, and there have been no previous Abatement notices received to have escalated to infringement, enforcement or prosecution.
The number of flooding events that occur and the associated number of habitable floors affected per 1000 properties connect to Auckland Council's stormwater network	0.25	0.28	1	Met	4 habitable floor flood Work Orders were closed in March with a total of 136 for FY19 so far. Of these, 67 were attended to as emergencies and the remaining 69 were identified through investigations. Note: does not include events attended to by NZ Fire Service unless customer also requested flooding investigation afterwards.
Regulatory Services					
The percentage of verified noise complaints issued with a formal notice	93%	94%	90%	Met	

Key performance indicators	Previous Quarter	FY 19 Quarter 3		Status	Commentary
		Actual	Target		
Percentage of complainants satisfied with the noise control services	54%	53%	51%	Met	
The percentage of customers satisfied with overall quality of resource consents service delivery	50%	57%	55%	Met	Recent months have seen a general improvement (with the exception of February 2019) followed by a significant improvement in March.
The percentage of non-notified resource consent applications processed within 20 statutory days	67%	69%	100%	Not met	Performance stable compared to previous FY Q3. Significant work underway to enhance operational management of timeliness with training, guidance, and regular reporting.
The percentage of non-notified resource consent applications processed within 10 statutory working days	22%	17%	20%	Not met	Performance stable compared to previous FY Q3. Significant work underway to re-engineer Streamline workstream. Likely to meet year-end LTP target
The percentage of notified resource consent applications processed within statutory time frame	36%	36%	100%	Not met	Performance improved during March to 50%. March is the first month of improvement after four consecutive months of worsening. The small number of notified consents (1% of all consents) and their lengthy and diverse timeframes means that this measure oscillates dramatically month on month.
The percentage of cases of non-compliance for menacing dogs that reach compliance within 3 months	86%	87%	90%	Not met	Results continue to be high. Likely to reach target by the end of the year.
Percentage of licensees satisfied with the food and hygiene licensing service	84%	80%	70%	Met	
The percentage of food premises that improve from a D or E grade to an A, B or C grade when revisited	100%	95%	95%	Met	
Percentage of licensees satisfied with the alcohol licensing service	86%	84%	67%	Met	A small drop in satisfaction this month. Customers are happy with our friendly and helpful staff, but there were a few complaints in relation to our online systems, where customers were unable to pay or submit their application correctly.

Key performance indicators	Previous Quarter	FY 19 Quarter 3		Status	Commentary
		Actual	Target		
The percentage of off-licence premises that pass a Controlled Purchase Operation targeting underage drinkers	97%	96%	90%	Met	
The percentage of customers satisfied with the overall quality of building consent service delivery	46%	44%	60%	Not met	Satisfaction dropped significantly late 2018/early 2019 but has recovered in latest month. We have recently added property information memoranda to the survey list.
The percentage of building consent applications processed within 20 statutory working days	66%	75%	100%	Not met	Significant improvement in Q3 FY2019 over Q3 FY2018. Indications are that this will continue as April draft results are better.
The percentage of building consent applications processed within 10 statutory working days	5%	8%	20%	Not met	Consistent performance compared to previous financial year. Focus on Qualified Partner applications affects this measure as it is based on volume, not value, and Qualified Paper high value applications are prioritised for more rapid processing

Auckland Transport

Quarter 3 Performance Report

For the period ending 31 March 2019

This report outlines the key performance of Auckland Transport which includes public transport, parking & enforcement, roads & footpaths related activities and investments

Auckland Transport Q3 summary

Highlights, issues & risks for the quarter

Highlights:

- For the 12 months to March 2019, Auckland public transport boardings totalled 98.2 million exceeding the full year target of 96.3 million. This is an increase of 6.9% on the previous year.
- The number of people now using public transport has reached record levels and the distance travelled by Auckland buses as a result of the implementation of the new public transport network over the last two and a half years has increased 32%.
- The increased capacity provided by the New Network to over 12,700 trips per week has contributed to effective management of seasonal increase in demand during “March Madness”.
- Te kura Kaupapa Māori a Rohe o Māngere went live on 25 March 2019 patrolling Bader Drive pedestrian crossing near their KURA. This is the first Road Patrol trained and conducted fully in Te Reo Māori in Tāmaki Makaurau and we believe this is also the first of its kind in Aotearoa.

Issues/Risks:

- Persistent bus driver shortage and pending changes to rules governing the bus drivers’ rests and meal breaks have the potential to affect service delivery. 41 trips or 0.3% of the 13,043 services run daily were cancelled when the Employment Relations Act changes came into effect on Monday 6 May.
- NZTA funding for new capital projects is behind budget mainly due to the assumption that Auckland Transport’s programme would be funded 50/50 from Auckland Council and NZTA.
- Meeting public transport capacity demands due to budget constraints and the uplift in patronage post new network implementation.
- High level of construction activity within the market could cause resource constraints with our suppliers and affect the speed of capital project delivery.

Financials (\$million)	YTD	YTD budget	Actual vs Budget
Capital delivery	438	464	(26)
Operating revenue	675	646	↑ 29
Operating expenditure	902	901	↑ (1)
Net operating surplus/ (deficit)	(227)	(255)	↓ 28
NZTA capital co-investment	179	273	↓ (94)

Financial Commentary

- **Capital delivery:** Full year forecast expected to be around \$650 million, below the \$744 million budget.
- **Operating revenue:** Full year forecast is \$26 million higher than budget mainly due to additional revenue from NZTA, higher patronage and infringements.
- **Operating expenditure:** Full year forecast is \$22 million higher than budget due to increased public transport and IT costs.
- **Net operating deficit** is favourable year to date principally due to budget phasing differences. The full year forecast is expected to be favourable to budget primarily due to lower depreciation.

Key performance indicators (Refer to pg. 56 for complete list)	Previous Quarter	FY 19 Quarter 3		Status	Commentary
		Actual	Full Year Target		
Percentage of public transport passengers satisfied with their public transport service	91%	91%	85%	Met	Overall satisfaction with public transport has remained at 91% since September 2017. Full year result is expected to exceed the SOI target.
Change from the previous financial year in the number of fatalities and serious injury crashes on the local road network, expressed as a number	550	553	Reduce by at least 9 (681)	Met	12-month total to December 2017: 690 12-month total to December 2018: 553
Total annual public transport boardings	95.9 million	98.2 million	96.3 million	Met	Actual boardings of 98.2 million is for the 12 months to 31 March 2019. Public transport patronage increased by 6.9% in the year to March 2019 and was 74.4 million by the end of the quarter. Public transport boardings are expected to exceed the annual SOI target.
Number of cycle movements past selected count sites	1.732 million	2.851 million	3.644 million	On track	Year to date cycle movements are 3.9% ahead of forecast and on track to exceed the SOI target.

Strategic focus area – Customer Experience

Key commentary

Highlights

- Completion of staff engagement to connect staff to the Customer Experience strategy and delivery model.
- Completed the mobilisation of:
 - Community Living, Commuter Experience cross functional teams to deliver prioritised improvements.
 - Newmarket Experience cross-functional team focussed on delivery of integrated network operational readiness for Westfield Newmarket.
- Maintained achievement of Local Government Official Information and Meetings Act (LGOIMA) statutory Service Level Agreement.
- The Customer Relationship Management Change Management team are engaging with business units and customers to confirm high level requirements.
- Auckland Transport Omni channel scoping quick wins implemented on Auckland Transport website which will deliver improvements to customers.

Strategic context

Better delivery of transport services, infrastructure and information by giving greater focus to customer needs and improving the customer experience.

Key programme of works	Status	Description	Outlook
Customer Experience (CX) Strategy	On track	Deliver the CX Strategy and Blueprint and delivery model.	Auckland Transport Board committee review in February 2019 outlined the detailed organisational design for the following quarter.
Contact Centre Technology	On track	Identify key technology enablers and feasibility to deliver channel migration to digital channels.	To determine what future requirements are needed to deliver in the next reporting period.
Auckland Transport Omni Channel Strategy and Programme of Work	On track	Design and deliver the Auckland Transport Omni channel strategy and roadmap for customers to interact with Auckland Transport with confidence across all channels.	Roadmap complete. Focus is now on improving priority areas i.e. HOP machine signage, proactive social media updates and real time and standardised channel reporting.
CX Organisational Design	On track	Design CX organisation to align with strategy and blueprint.	High level organisational design is complete. Detailed organisational design to be worked up in the next reporting period.
CRM Case Management	On track	Design case management / change approach for organisation wide case management system to improve responsiveness and timely resolution of customer requests.	Change management plan is complete. Key changes shared with employees in March 2019.

Strategic focus area – Road Safety

Key commentary

Highlights

- Te kura Kaupapa Māori a Rohe o Māngere went live on 25 March 2019 patrolling Bader Drive pedestrian crossing near their KURA. This is the first Road Patrol trained and conducted fully in Te Reo Māori in Tāmaki Makaurau and we believe this is also the first of its kind in Aotearoa.
- Consultation of the Speed Bylaw is complete with over 11,500 submissions received.
- Auckland Transport hosted 120 teachers at the Travelwise Conference to support their professional development and planning for the implementation of the Travelwise Programme in their schools to encourage improved road safety behaviour and increased active transport.
- Auckland Transport partnered with Kiwi stuntwoman and actress, Zoe Bell, to create a short video for social media and cinema advertising to highlight the dangers of driver distraction. The campaign was supported by the NZ Police who delivered a distraction enforcement programme throughout the Auckland Region.

Risks

- Land take, consents and design issues have delayed overall delivery of the Coatesville Riverhead / Dairy Flat Highway roundabout. The current forecast is for construction to commence around June / July.

Strategic context

Addressing the very disturbing and continued upward trend in local road deaths and serious injuries, through a comprehensive programme of safety improvements, including improvements to high risk intersections and corridors and speed management.

The Auckland Plan highlights road safety as a key priority for the region including moving to a safe transport network free from death and serious injury by:

- introducing appropriate speed limits in high-risk locations, particularly residential streets, rural roads and areas with high numbers of pedestrians and cyclists
- making necessary regulatory changes to promote safety, such as targeted speed limit reductions.

Key programme of works	Status	Description	Outlook
High Risk Rural Roads and Intersections	On track	Deliver five high risk urban and five high risk rural road upgrades, 20 pedestrian upgrades, 500 km signage, 150 high risk bend treatments and 20 intersection upgrades.	All deliverables are on track to be completed. 93% of projects have completed final designs with the rest in the preliminary design phase.
Speed Safety Management programme	On track	Implement speed management on 150 km of roads and three town centres, areas identified as posing the greatest safety risk to people.	On track to deliver in full. Three town centre projects are in final design.
Red Light Camera programme	On track	Installation of eight new red-light cameras to reduce crashes at high risk intersections.	Eight cameras are planned to be commissioned this year. The sites are currently in their final design phase.
Road Safety Education	On track	Deliver over 600 campaigns, events, training and checkpoints targeting high risk groups and communities. Assist young drivers with the Graduated Licensing System.	Delivered 3 campaigns, 11 events, 47 checkpoints, 23 community interventions for high risk groups and young drivers, 11 Te Ara Haepapa Māori interventions and a social media campaign 'Being Prepared' in the third quarter.
School Safety	On track	<ul style="list-style-type: none"> • Work with 250 schools to increase safety awareness, active travel and public transport use. • Lower speed limits and deliver improvements around schools. • Assist young drivers with the Graduated Licensing System. 	Completed 268 Travelwise events, 45 cycle and 12 scooter activities, 97 speed activities, 150 Walking School Bus (WSB) events, 21 new WSB routes and 9 Te Ara Haepapa Māori promotions in the third quarter.

Strategic focus area – Public Transport

Key commentary

Highlights

- For the 12 months to March 2019, Auckland public transport boardings totalled 98.2 million passengers exceeding the full year target of 96.3 million. This is an increase of 6.9% on the previous year.
- The number of people now using public transport has reached record levels and the distance travelled by Auckland buses as a result of the implementation of the new public transport network over the last two and a half years has increased 32%.
- The increased capacity provided by the New Network to over 12,700 trips per week has contributed to effective management of seasonal increase in demand during “March Madness”.
- Multiple safety improvements on the rail network including implementing pedestrian level crossing gating at six sites and the closure of two pedestrian level crossings.

Risks

- Meeting capacity demands due to budget constraints and the uplift in public transport patronage post the new network implementation.
- Persistent bus driver shortage and pending changes to rules governing the bus drivers’ rests and meal breaks have the potential to affect service delivery. 41 trips or 0.3% of the 13,043 services run daily were cancelled when the Employment Relations Act changes came into effect on Monday 6 May.
- Potential for public transport operator industrial action, affecting service delivery.
- Public Transport growth and additional services creates cost challenges, which are exacerbated by low fare box recovery.

Strategic context

Moving away from a city where the dominant mode of transport is by single-occupant private vehicle to a city where public transport and walking and cycling play an important role, by improving public transport services and travel options to increase patronage and mode share.

Key programme of works	Status	Description	Outlook
Bus Priority	On track	New and extended hours of bus priority on key corridors to improve customer journey times.	Planning for the integrated corridor programme for frequent network corridors is on track. 4.2 km delivered year to date. Remaining 1.5 km of bus priority to be completed in the fourth quarter.
Double decker mitigation works	On track	Mitigating works on key corridors for double decker implementation increasing public transport capacity.	Dominion Road was completed and operational in January 2019. Remuera Road was completed and operational for March.
Rail pedestrian gating works	On track	Pedestrian level crossing gating across the rail corridor improving pedestrian safety.	Four additional pedestrian level crossing gating projects, two at St Georges Road and two at Portage Road, were completed and operational for March.
New network implementation Waiheke	On track	Infrastructure enablement and operator implementation. Outcome is an enhanced bus network for Waiheke and completion of the new bus network.	Infrastructure on track to enable late 2019 mobilisation.
Train station ticket gating	On track	Installation of ticket gating at Middlemore, Papakura and Parnell programmed for Q3 to reduce fare evasion.	Gating at Middlemore and Papakura Stations are delayed for a design review required due to increases in patronage. Parnell Station gating will be delayed by approximately one month due to resource constraints within the canopy supplier.

Strategic focus area – Active Modes

Key commentary

Highlights

- 'Live the Bike' was a summer campaign aimed at mobilising more people on bikes. Early results showed a 15.1% and 20% increase in cycle trips in January and February respectively (when compared to 2018). Cycle trips on the Nelson Street Cycleway increased by 54% in January compared to January 2018.
- At Sells and Spencer Roads, Auckland Transport provided a walking facility for school children to reach local schools after a strong desire for a footpath was expressed by local schools and the community.
- Auckland Transport constructed a new 1.8m wide footway at Parerekau Road to provide safe pedestrian access along a higher speed road, which allowed residents of a retirement village, amongst others, to access their local shops and facilities.
- Completed 1.1km of new footpath in the third quarter.

Risks

- High community expectations to treat other deficiencies in the street environment while delivering cycling infrastructure. Mitigation includes continuous two-way conversations with the community through Community Liaison Groups to confirm the clear scope of a particular project.
- Programme cost creep as a result of project cost escalations and increased stakeholder expectations. Mitigations are inclusion of service relocation costs and sufficient contingency for project cost estimates.

Strategic context

Improving access and contributing to a more effective transport system by increasing mode share and reducing deaths and serious injuries among cyclists and making walking safer and easier.

Key programme of works	Status	Description	Outlook
New cycleways	Delayed	SOI target to complete 10 km of new cycleways in the 2018/19 financial year.	7.24 km completed year to date. The full year forecast is 7.9 km, below the SOI target of 10 km, due to delays in the Northcote Bridge, Waitemata Safe Routes and New Lynn to Avondale Bridge.
Walking	On track	Deliver 6 km of new and improved footpaths.	On track for delivery. Construction has commenced with completion expected in June.
Cycling campaigns and training	On track	Deliver 50 events, trainings, campaigns and activities that promote cycling and cycle safety. Deliver cycle skills training to 9000 school students.	Delivered 26 training courses, 5 events and supported 17 community events in the third quarter. Delivered cycle training to 1129 school students and supported events reaching 748 students in the third quarter.

Strategic focus area – Key Projects

Key commentary

Highlights

- Downtown Programme enabling works completed over the Christmas break.
- AMETI Eastern Busway Panmure to Pakuranga (EB1) contract awarded to Fulton Hogan, construction work started in April 2019.
- Completion of the Ian McKinnon cycleway and Links to New Lynn cycleway.

Risks

- Community expectations around engagement and a greater level of amenity may result in project timelines slipping. Mitigation includes continuous two-way conversations with the community through Community Liaison Groups to confirm the clear scope of a particular project.
- High level of construction activity within the market could cause resource constraints with our suppliers and impact the speed of capital project delivery.
- Disruption impacts of Downtown Programme and the AMETI Eastern Busway Panmure to Pakuranga (EB1) construction will attract complaints from the public. Mitigants include:
 - Regular communication including face to face engagement, videos, social media and engagement pop ups
 - Temporary traffic management - maximising people movement during peak hour demand by increasing public transport options or suggesting alternative routes / travel times and optimisation of intersection signals

Strategic context

Providing new transport infrastructure, on the rapid transport network (RTN) that forms the backbone of the public transport network, and also through infrastructure that optimises the performance of the existing network, supports urban development and enables new housing in greenfields areas.

Key programme	Status	Description	Outlook
Sylvia Park Bus Improvements	Delayed	Improvements being made in the Sylvia Park area will speed up bus journey times by creating a new route that avoids the more congested Mt Wellington Highway's intersections. Works include a new bus station.	Business case and project objectives are under review following significant external changes to the project environment.
Downtown Programme	On Track	Over the next 10 years, Auckland Council has a 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 (APEC), 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"> • A successful value engineering process has been completed to ensure that the programme is affordable and within budget and delivering value for ratepayers. • Key milestones to date, such as the price exchange, have occurred in line with the programme. However, the project remains on a critical path with limited scope for slippage. • The project team is currently working on its last detailed design packages whilst also completing the resource consent process.
Eastern Busway: Panmure to Pakuranga	On track	The Panmure to Pakuranga stage of AMETI Eastern Busway includes the first section of the busway, along the north side of Lagoon Drive and Pakuranga Road and an upgrade of the Panmure roundabout.	AMETI Eastern Busway Panmure to Pakuranga (EB1) construction works started 19 April 2019.
Eastern Busway: Ti Rakau Busway	On track	The Ti Rakau Drive busway is part of the Pakuranga to Botany stage of the AMETI Eastern Busway.	Specimen design completed, and land take requirements identified. Public and targeted consultation completed. Value engineering exercise ongoing.
Lincoln Road	Delayed	Lincoln Road is a major arterial connection for West Auckland and is a major component in the regional major roads network. It is also a highly congested route. It will be future proofed with a T3 lane and cycle lanes and an improved motorway interchange.	The project is currently being reviewed to ensure that the original proposal still aligns with other strategic priorities within the region.

Strategic focus area – Asset Management

Key commentary

Highlights

- SCRIM (skid resistance) survey of rural road network substantially complete. Condition data obtained will be used to assist in safety improvements and forward works programming.
- Exploratory meeting held with WDM Ltd, to look at the potential to undertake full pavement cracking survey to supplement existing pavement condition monitoring techniques.
- The Criticality Framework for both Roding and Public Transport assets is nearing completion. Commenced discussions with the University of Auckland to develop a Resilience Management Framework.

Risks

- Informative meetings held with HLC (formerly Hobsonville Land Company) regarding future housing intensification. Severity of strain on road infrastructure emerging from all developments and extension of freight network will be a major focus area for the Asset Management team going forward.
- Funding constraint inhibiting exploration of new condition assessment methods and technologies. This does not impact on the current condition assessment of Auckland Transport infrastructure assets.

Strategic context

Maintaining the \$19 billion transport network of roads, footpaths and cycleways, streetlights, traffic systems and public transport assets that is the responsibility of Auckland Transport, to ensure that the overall condition of the network is maintained in a stable state over the next ten years.

Key programme of works	Status	Description	Outlook
Forward Works Programme: Development Roding and Public Transport assets	On track	Programme of renewals and maintenance works for roading and public transport assets.	Programme is advancing well in both areas. Programme optimisation work to mitigate disruption to the transport network nears completion.
Seal Extension Guideline Review	On track	Tri-Annual review of Seal Extension Guideline used to prioritise the seal extension programme.	Currently engaging with local boards, ATEED and other internal and external stakeholders.
Enterprise Asset Management	On track	Implementation of a new Enterprise Asset Management system (EAM). EAM encompasses both business processes and the management of data and information to help align traditional asset management and organisational requirements.	Currently in discovery phase with vendor pending board approval.
Quay Street seawall	On track	Seismic strengthening project to improve resilience of critical infrastructure.	The project is currently in the design phase.
Tiverton Wolverson main culverts' replacements	On track	Replacement of two culverts under Wolverson Road which are reaching the end of their design life. The new larger culverts can contend with greater amounts of rainfall and more frequent storm events, reducing the risk of flooding.	Investigation and options review to replace the culverts are nearly complete.

Other statement of intent focus outcomes

Contribution towards Māori outcomes

- Mana whenua engagement (Māori Identity and Culture, Māori Business, Tourism & Employment, Realising Rangatahi potential)**
Auckland Transport contribute to mana whenua engagement through engagement forums for operations and governance matters. The forums are resourced by Auckland Transport in Partnership with NZTA and Mana Whenua.
- Te Aranga Māori design (Māori Identity and Culture)**
Te Aranga Design Principles are applied in collaboration with mana whenua in Auckland Transport infrastructure projects (Public Transport, Walking & Cycling, Roads & Footpaths).
- Road safety programmes – Māori drivers, passengers and pedestrians (Māori Business, Tourism & Employment, Realising Rangatahi potential)**
Auckland Transport contributes to road safety through the Te Ara Haepapa programme that delivers driver licensing, child restraint training, speed management, drug and alcohol education and promoting walking and safe cycling.
- Māori wardens on trains (Māori Business, Tourism & Employment)**
Maori wardens provide safety for public transport users on trains.
- Marae and Papakainga development road safety (Marae development)**
Auckland Transport engage with marae on the safety of entering and exiting Marae and other forms of Māori freehold or Māori designated land (urupa, reserves, and Māori use designations).
- Māori values and storm water (Māori Identity and Culture, Kaitiakitanga outcomes)**
Auckland Transport engage with iwi and implement storm water systems that are above standard and supported by mana whenua.
- Te reo Māori framework (Reo Māori outcomes)**
Te reo Māori is being implemented on buses, signage and in infrastructure projects.
- Organisational Effectiveness - Māori Identity (Māori Identity and Culture)**
Te Waharoa Māori portal (One stop geo spatial / share point application) to record, store and monitor engagement outcomes.

Local board engagement

Auckland Transport has continued to engage with all Local Boards in a variety of fora including regular workshops and via formal monthly reports. Auckland Transport has delivered presentations to the Local Board Chairs Forum.

Local Boards have shown a high level of interest in the proposed Speed Limit Bylaw consultation with nine making formal submissions.

Local Boards are also focused on allocating any money that remains in their Local Board Transport Capital Fund. Auckland Transport staff are working alongside Local Board staff to assist Local Boards in making good decisions on spending their allocated budgets.

Climate change

Auckland Transport's greenhouse gas inventory has been compiled ready for independent verification by Enviromark.

An emissions reduction plan and associated target for Auckland Transport is under development.

A climate change risk screening process is underway to identify the range of risks from the predicted impacts of climate change.

Also delivered the final milestone for Auckland Transport's Collaboration Agreement with EECA. The savings target set in the Agreement was 2.85GWh savings target and this was exceeded, with 2.99GWh of verified savings reported to EECA.

Auckland Transport Q3 financials



Key financial metrics

(\$ million)		FY 18	FY 19 Quarter 3 YTD			FY 19
	Notes	Actual	Actual	Budget	Variance	Budget
Net surplus/(deficit) from operations	A	(321)	(227)	(255)	28	(348)
Operating revenue	B	824	675	646	29	867
AC operating funding (CCO only)		275	216	216	-	288
NZTA operating funding		261	219	201	18	267
Fees & user charges		239	201	194	7	265
Other direct revenue		49	39	35	4	47
Operating expenditure		1,145	902	901	(1)	1,215
Employee benefits	C	124	95	93	(2)	123
Grants, contributions & sponsorship		-	-	-	-	-
Other direct expenditure	D	666	530	526	(4)	707
Depreciation		325	254	259	5	354
Interest expense		30	23	23	-	31
Capital revenue		1,002	669	583	86	924
AC capital grant (CCO only)		480	259	191	68	385
NZTA capital co-investment	E	205	179	273	(94)	359
Vested assets	F	316	230	119	111	180
Other Capital Grants		1	1	-	1	-



Financial Commentary

A: The net deficit from operations is \$227 million year to date, which is \$28 million favourable to budget mainly due to budget phasing. The full year forecast is expected to be favourable to budget primarily due to lower depreciation.

B: Operating revenue is higher than budget due to:

- NZTA operating grant of \$18 million received earlier than budgeted. The favourable variance will partially reverse as NZTA funding is capped;
- infringement revenue of \$5.6 million; and
- other revenue (e.g. rental) of \$4 million.

C: Employee benefits is slightly above budget due to lower than budgeted capitalised personnel cost of \$2.7 million. This is partly offset by lower than budgeted training cost and salaries.

D: Other direct expenditure is above budget by \$4 million mainly from software maintenance, security and public transport costs.

E: NZTA funding for new capital projects is behind budget mainly due to the assumption in the budget that Auckland Transport's programme would be funded 50/50 from Auckland Council and NZTA. Actual NZTA funding claimed is lower than 50% because:

- A number of Auckland Transport projects are not eligible for NZTA funding and require 100% Auckland Council funding.
- Some eligible projects are not yet approved for funding but will receive funding in due course.
- Property purchases are not funded by NZTA until construction starts.
- Delays in some capital projects have delayed claiming NZTA funding.

Auckland Transport is working with NZTA to facilitate special funding arrangements aimed at increasing funding for this financial year.

F: Vested assets received from property developments is \$230 million, \$111 million favourable to budget. This is mainly from property developments in Long Bay, Red Beach, Flat Bush, Mount Wellington, Glenbrook, Redvale, Kaukapakapa, Paerata and Whangaparua. Increased vested assets also bring additional future consequential operating costs for Auckland Transport.

Regional Fuel Tax (RFT) Q3 Summary



Financial performance

(\$ million)

	FY 19 Quarter 3 YTD			FY 19 Budget
	Actual	Budget	Variance	
Total RFT-enabled capital expenditure	101	126	25	251
Project 1: Bus priority improvements	7	14	7	24
Project 2: City centre bus infrastructure	8	3	(5)	5
Project 3: Improving airport access	4	3	(1)	6
Project 4: Eastern Busway	32	29	(3)	79
Project 5: Park & Ride facilities	-	-	-	-
Project 6: Electric trains and stabling	-	-	-	-
Project 7: Downtown ferry terminal and redevelopment	9	5	(4)	11
Project 8: Road safety	14	30	16	46
Project 9: Active transport	-	-	-	-
Project 10: Penlink	2	2	-	2
Project 11: Mill Road corridor	8	2	(7)	6
Project 12: Road corridor improvements	11	24	13	50
Project 13: Network capacity and performance improvement	4	7	2	9
Project 14: Growth-related transport infrastructure	1	7	6	12
Total RFT-enabled operating expenditure	1.65	2.25	0.60	3
Project 8: Road safety	1.65	2.25	0.60	3



RFT Commentary

The RFT-enabled capital programme is a ten-year programme covering 14 separate project groups. The focus in the initial years is completing existing committed projects. The programme ramps up over the ten years when projects move into the construction phase, and new projects such as a further tranche of EMUs and stabling, Penlink, Mill Road, commence in earnest.

Year-to-date capital expenditure was \$101 million against a forecast of \$126 million, reflecting the time required for Auckland Transport to gear up to the higher investment levels. Items to note:

- Planning is underway for the Connected Communities and Airport Access Improvements including Puhinui Interchange.
- The Main Works contract for the Downtown Programme, which includes the RFT-enabled ferry basin redevelopment, is expected to be signed in April.
- Design, consultation and land purchase are underway for the RFT-enabled stages of the Eastern Busway that follow the Panmure to Pakuranga stage.
- Penlink business case is complete
- Auckland Transport is continuing to develop the proposal for dynamic lane controls on the northern section of the Mill Road corridor at Redoubt Road Manukau.

Full year expenditure is expected to be lower than the RLTP forecast, with the larger reductions being in Bus Priority Improvements (Whole of Route bus priority and Sylvia Park Bus Improvements), Eastern Busway, and Corridors Improvements (Lincoln Road, Matakana Link Road). Sylvia Park Bus Improvements (part of Bus Priority Improvements) and Lincoln Road (part of Road Corridor Improvements) are both under review.

Auckland Transport Q3 performance measures

Note: Auckland Transport has a total of 22 SOI measures, 16 of which are also LTP measures. SOI measures have annual targets. Progress reporting is based on an assessment whether or not the measures are on track to meet the annual target.

For the nine months to 31 March 2019, 15 have met or are on track to meet the annual target/ 3 are not on track to meet the annual target/ 4 have not yet been reported.

**Refer to Attachment H: Auckland Transport's cover letter for more details on performance measures*

Key performance indicators	Previous Quarter	FY 19 Quarter 3		Status	Commentary
		Actual	Full Year Target		
Total annual public transport boardings	95,872,547	98,173,115	96,300,000	Met	Actual boarding of 98.2 million is for the 12 months to 31 March 2019. Public transport patronage increased by 6.9% in the year to March 2019 and was 74.4 million by the end of the quarter. Public transport boardings is expected to exceed the annual SOI target.
Total annual rail boardings	20,645,549	20,951,431	21,110,000	On track	Actual rail boarding of 30.6 million is for the 12 months to 31 March 2019. Rail patronage increased by 3.2% in the year to March 2019 and was 15.8 million by the end of the quarter. Total annual rail boardings is on track to meet the SOI target.
Boardings on the Rapid and Frequent Network	20.3% annual growth	21.8% annual growth	Increase faster than total boardings	On track	21.9% growth in the year to March 2019, vs 6.9% growth in total boardings. On track to meet the SOI target.
New cycleways added to regional cycle network	7.2 km	7.2 km	10 km	Not met	7.24 km completed year to date. The SOI forecast of 10 km is not expected to be met with only 7.9 km of new cycleway forecasted to be completed by the end of the year.
Number of cycle movements past selected count sites	1.732 million	2.851 million	3.644 million	On track	Year to date cycle movements are 3.9% ahead of forecast. On track to exceed the SOI target.
Active and sustainable transport mode share at schools where the Travelwise programme is implemented	N/A	N/A	40%	Not yet measured	Survey to be conducted in June 2019.
Active and sustainable transport mode share at schools where the Travelwise programme is implemented	N/A	N/A	40%	Not yet measured	Survey to be conducted in June 2019.

Key performance indicators	Previous Quarter	FY 19 Quarter 3		Status	Commentary
		Actual	Full Year Target		
Average AM peak arterial productivity	30,458	31,022	21,000	On track	On track to exceed the SOI target.
Proportion of the freight network operating at Level of Service C or better during the interpeak	93%	93%	85%	On track	Expected to exceed the SOI target.
Percentage of public transport passengers satisfied with their public transport service	91%	91%	85%	Met	Overall satisfaction with public transport has remained at 91% since September 2017. Full year result expected to exceed the SOI target.
Public transport punctuality (weighted average across all modes)	97.3%	97.0%	94.5%	Met	On track to exceed the SOI target.
Percentage of local board members satisfied with Auckland Transport engagement: Reporting to Local Board	N/A	N/A	70%	Not yet measured	Next survey yet to be finalised and reported.
Percentage of local board members satisfied with Auckland Transport engagement: Consultation with Local Board	N/A	N/A	70%	Not yet measured	Next survey yet to be finalised and reported.
Percentage of customer service requests relating to roads and footpaths which receive a response within specified time frames	81.1%	81.5%	85%	Not met	Auckland Transport's Improved Customer Journey project is addressing the impediments and barriers impacting on response time.
Number of high risk intersections and sections of road addressed by the safety programme	N/A	0	10	On track	Auckland Transport is confident that at least 10 projects addressing high risk intersections and sections of road will be delivered in 2018/19.

Key performance indicators	Previous Quarter	FY 19 Quarter 3		Status	Commentary
		Actual	Full Year Target		
Change from the previous financial year in the number of fatalities and serious injury crashes on the local road network, expressed as a number	550	553	Reduce by at least 9 (681)	Met	12-month total to December 2017: 690 12-month total to December 2018: 553
Public transport farebox recovery	44.7%	44.3	46-50%	Not met	Year-end projection is 45.1%.
Percentage of the sealed local road network that is resurfaced	2.9%	5.0%	6%	On track	Road resurfacing programme is on track to meet the SOI target.
Percentage of road assets in acceptable condition (as defined by Auckland Transport's Asset Management Plans)	N/A	94%	95%	On track	The 2018/19 result is expected to be within 2.5% of the SOI target.
Percentage of footpaths in acceptable condition (as defined by Auckland Transport's Asset Management Plans)	N/A	96%	95%	Met	The 2018/19 result has met the SOI target of 95%.
Road maintenance standards (ride quality) as measured by smooth travel exposure (STE) for all urban roads	N/A	87%	81%	Met	The 2018/19 result has exceeded the SOI target of 81%.
Road maintenance standards (ride quality) as measured by smooth travel exposure (STE) for all rural roads	N/A	94%	92%	Met	The 2018/19 result has met the SOI target of 92%.

Panuku Development Auckland

Quarter 3 Performance Report

For the period ending 31 March 2019

This report outlines the key performance of Panuku which includes urban redevelopment related activities and investments

Panuku Q3 summary

Highlights, issues & risks for the quarter

Highlights:

1. A conditional agreement for the sale of 35 Graham Street building for \$58 million was progressed throughout the quarter, following a marketing campaign in February. The agreement was executed in April and the sale is expected to be confirmed at the purchaser's shareholder meeting in June.
2. Three resource consents for the Waterfront projects were granted in April as a result of work carried out during the quarter - Cruise Ship Mooring Dolphin (subject to appeal), Westhaven Pile Moorings and Westhaven Promenade Stage 2.
3. Remaining AC36 enabling works are on track and the America's Cup Host Venue Agreement negotiations have been completed.
4. Work on the Northcote masterplan was progressed during the quarter enabling the publishing of the masterplan in April. The Public Works Act process is also progressing for the acquisition programme.

Issues/Risks:

1. Delays to AC36 early works could impact on Wynyard Edge Alliance construction timeframes.
2. Evolving crown relationships and partnerships can impact on timing of projects and also delivery of property sales.
3. Challenging market conditions impact physical works delivery or property sales.

Financials (\$million)

	YTD actual	YTD budget	Actual vs Budget
Capital delivery	59.1*	89.0	(29.9)
Direct revenue	50.5	46.8	↑ 3.7
Direct expenditure	45.4	47.1	↓ 1.7
Net direct revenue	5.1	(0.3)	↑ 5.4

Financial Commentary

Capital delivery: Total capex YTD is \$29.9m behind budget. The total annual capex (excluding SDF - a facility for funding acquisitions, but including development fund & renewals) is forecast to be \$78m against the total budget of \$129m, a variance of \$51m. This is a significant increase in capital project delivery compared to last year. Of the total, \$23m underspend relates to the Waterfront programme primarily due to consenting and other delays, and the remaining \$28m is spread over other Transform and Unlock locations.

(*YTD Capex \$59.1m includes Waterfront \$11.3m, Transform/Unlock \$26.6m, SDF \$20.6m and Property Renewals \$0.6m).

Direct revenue: Ahead of budget. Year end forecast is similar to actual.

Direct expenditure: Underspend to date is mainly due to timing differences. Year end budget is forecast to be met.

Key performance indicators

(Refer to pg. 70 for complete list)

	Previous Quarter	FY 19 Quarter 3		Status	Commentary
		Actual	Target		
Net Surplus achieves budget for 2018/19. (Properties managed on behalf of Council)	\$13.8m	\$21.12	\$18.58m	Met	Year to date surplus targets met in the first 9 months.
Meet or exceed forecast property disposal annual target of \$24 million. (Asset sales)	\$40.3m	\$42m	\$24m	Met	General asset sales target met.
List of properties recommended for disposal submitted to Council valued at \$30 million	\$4.8m	\$9.4m	N/A	Met	Annual target is forecast to be met. (The year-end target is \$30m).

*All financials on this page include Commercial Property Portfolio which is owned by Auckland Council, but managed by Panuku.

Strategic focus area – Waterfront development

Key commentary

For the nine months to 31 March 2019, a total of \$11.3m was spent towards Waterfront development against a budget of \$28.5m.

Highlights

1. Cruise Ship Mooring Dolphin – following a hearings process the resource consent has now been granted subject to an appeal period ending mid-May.
2. Pile Moorings resource consent has been granted – a single appeal lodged in relation to mana whenua primacy issues is to be heard by the environment court. The court process is underway with an estimated hearing date in August. Due to the agreement with the appellant the appeal does not impact on the delivery of the project.
3. Resource consent has been granted for Westhaven Promenade Stage 2.
4. Panuku publicly announced the Wynyard Crossing project on 3 April.
5. The Host Venue Agreement negotiations have been completed for AC36 between Auckland Council, the Crown (MBIE) and America's Cup Limited.

Issues/Risks

1. Tight timeframes for AC36 early works, particularly negotiation with tenants and stakeholders. Any delays could impact on Wynyard Edge Alliance (WEA) construction timeframes.
2. Volume of work taking place in and around the waterfront involving a number of different agencies.
3. Wynyard Crossing Bridge replacement project timeframes for delivery prior to AC36 are tight.

Strategic context

Panuku is leading the realisation of the Waterfront Plan's five goals, being:

1. A blue-green Waterfront
2. A public Waterfront
3. A smart working Waterfront
4. A connected Waterfront
5. A liveable Waterfront

Panuku leads the planning and implementation of the Waterfront Plan, facilitating residential and commercial development, enhancing public amenity and access, and managing the wide range of activities and requirements within the waterfront area including marine activity.

Key programme of works	Status	Description	Outlook
Overall Waterfront programme is on track with the delivery of physical projects but financial phasing is behind on a number of projects due to external dependencies, resource consents or commercial issues.			
AC36 Enabling Works	On track	The key role of Panuku is to conclude commercial agreements with waterfront tenants enabling AC36 construction; facilitate resource consents and progress the subsequent project works including tenant relocations in line with agreed AC36 programme.	<p>The America's Cup tenant relocation/early works projects are progressing, although they all have their challenges with regard to smooth implementation. The key updates are:</p> <ul style="list-style-type: none"> • The Auckland Seaplanes relocation project is time constrained and legal negotiations are underway. A resource consent for relocation has been lodged with Auckland Council. • Sealink relocation project is tracking well with detailed design coming to a conclusion and Wynyard Edge Alliance (WEA) mobilisations on site. This project has formally moved into the WEA scope. • For the BST site, designers have been engaged to consider the future of the tanks and what work is required to incorporate the design into the new public space adjoining Silo Park. Panuku will hand over the site to WEA in early October 2019. <p>AC36 event preparation is underway, with the Events Business Case confirming capital works required to ensure Wynyard Quarter is ready for an international standard event. Panuku and ATEED are working closely on the costs associated with the event as one package, so that Auckland Council can direct resources appropriately.</p>

Key programme of works	Status	Description	Outlook
Wynyard Quarter	On track	In leading the transformation of the Wynyard Quarter from a former industrial area to a vibrant new waterfront city neighbourhood, Panuku facilitates significant outcomes for Auckland: new housing, business and employment opportunities, visitor and resident satisfaction, economic impact, enhanced public amenity and access, place activation and community engagement.	<ul style="list-style-type: none"> • Vos Shed construction has been affected by the discovery of asbestos. An asbestos remediation plan has been completed and the building is now wrapped prior to starting works on removal. Scheduled completion of this work will be the end of December 2019. • Construction works are on programme for the development of 30 Madden (90 residences). Work is programmed for completion in December 2020. • Westhaven Promenade Stage 2 resource consent awaited during the quarter and received early April, contractor has been engaged. Work continues on lease negotiations for the Marine Centre.
Other e.g. Marinas	On track	The key objectives are increasing access to the marina for Aucklanders and maintaining Westhaven as a premier marina, with a wider range of complementary businesses and services. This includes redevelopment of the pile mooring area, and completing the waterfront promenade to improve the profitability, quality, and public amenity of the marina.	<ul style="list-style-type: none"> • Procurement for the civil works design and build contractor and the floating pontoon manufacturer and installer for the Marina Pile Moorings project commenced immediately post the settlement of the substantive Environment Court appeal on the consent. Auckland Council will be taking a leading role in the remaining appeal on mana whenua primacy issues, with Panuku participating only as necessary as applicant for the consent. The environment court process is expected to result in a hearing in August with a decision before Christmas. The remaining appeal does not impact upon the delivery of the project.

Strategic focus area – Other Transforms and Unlocks

Key commentary

For the nine months to 31 March 2019, a total of \$26.6m was spent towards other Transforms and Unlocks against a budget of \$32.5m.

Highlights

1. Transform Manukau – Ongoing discussions with the crown and further work undertaken on Panuku sites to ensure alignment. A large site has been conditionally sold for an expanded MIT campus in Manukau, thus freeing up its large Otara site.
2. Transform Onehunga – Panuku is progressing master planning on the Port and Waiapu Lane precinct to advance these for development and the first laneway project beside the Onehunga Police Station is underway. The laneway is the first of eight spaces in the town centre being upgraded with new paving, artwork, lighting and landscaping.
3. Unlock Takapuna – Marketing process has started for 40 Anzac Street and 30-34 Hurstmere Road to enable mixed use development and bring vitality to the area around the new town square.
4. Unlock Papatoetoe – The Papatoetoe Shopping Mall is about to be marketed for sale. It has been substantially upgraded as part of town centre plan.
5. Henderson, Avondale, Onehunga, Panmure, Papatoetoe and Manukau work to align programmes with Crown and Council.

Issues/Risks

1. Evolving crown relationships and partnerships can impact on timing of projects and also delivery of asset sales.
2. Challenging market conditions impact physical works delivery or asset sales.
3. Supplier scarcity resulting in price escalations and or programme delays.

Strategic context

Panuku plays a significant role in achieving the Homes and Places and Belonging and Participation outcomes in the Auckland Plan.

Panuku will lead the redevelopment of town centres, the creation of public spaces for the future and facilitate housing development which are fundamental elements of comprehensive redevelopment.

The priority location HLPPs, Precinct Plans and the LTP funded Priority Location Programme provides a redevelopment roadmap for priority locations.

Key programme of works	Status	Description	Outlook
Transform Manukau	On track	Starting from the heart, the regeneration has a people focus driving social outcomes through partnerships and community participation. New education, training and employment opportunities, housing choices, government services and public amenity, building on a successful transport hub and retail centre, will restore the economic mana of Manukau and enable the local community to thrive.	<ul style="list-style-type: none"> • Panuku's property marketing testing EOI process was completed in November 2018. Further negotiations will follow the development of a precinct strategy for central Manukau with the Crown. • The agreement with Hayden & Rollett to develop 52-54 Manukau Station Road has been executed (MIT campus). • Panuku is working closely with Healthy Waters to plan the regeneration of the Puhinui Stream catchment area for amenity and environmental benefits. • Negotiations with CMDHB are underway for the walkway/cycleway to support the Puhinui stream project. • Panuku, Healthy Waters and Community Facilities are working together to develop a plan for the improvement of Hayman Park. • Panuku is progressing work with TSI and ATEED to enhance joint working. Approval is being sought for capital expenditure to replace a playground in Wiri.

Key programme of works	Status	Description	Outlook
Transform Onehunga	On track	Planning the mixed use redevelopment of the wharf and advocating for integrated infrastructure solutions to better connect Onehunga Mall to the Onehunga wharf and Manukau Harbour. Enhancing public spaces with great design, facilitating new retail and housing choices and optimizing council service sites.	<ul style="list-style-type: none"> The current planning focus is on the Onehunga Port. This includes the formulation of a draft plan change and masterplan in the first quarter of 2020 to enable the eventual redevelopment at the Port. Laneway 7 beside the Onehunga Police Station is underway. This upgrades the public space and improves walkability and safety. Waiapu Lane Precinct - Procurement of a Landscape Architect to lead the master plan underway. DressSmart - Terms agreed with development partner including the development masterplan to improve connectivity to the main street and public space upgrade. Road closure progressing with AT including removal of a right of way requirement which improves the design. Municipal Precinct - Needs assessment for the Onehunga indoor recreation facility requirement has been scoped by Council. HLC / HNZ - Panuku are working in the Jordan and Oranga areas with these agencies and Council to reconfigure parks and road closures for an improved amenity and housing outcomes.
Unlock Takapuna	On track	Engaging closely with the community to unlock the opportunity to create a new active public heart for Takapuna and to provide new housing choices, amenity and enhanced economic vitality.	<ul style="list-style-type: none"> Construction of the Gasometer car park is progressing well and is on track for completion in mid-2020. There is currently no developer interest in the Gasometer development site. The site will be marketed again after the adjacent new car park building is completed. CBRE is marketing the development opportunities at 40 Anzac Street and 30-34 Hurstmere Road to enable mixed use development and bring vitality to the area around the new town square. The marketing process started 2 March 2019. Isthmus Group has been appointed as the design team for the town square / public space at 40 Anzac Street and 38 Hurstmere Road. Demolition of 38 Hurstmere Road is complete. The site is being used as temporary public space and to test and trial design and event ideas to guide the design of the permanent public space.
Unlock Avondale	On track	Facilitating a new multi-purpose community centre and development of vacant central sites in partnership with the Crown and private sector will bring Avondale to life, with more housing choices, people, activity and business prosperity.	<ul style="list-style-type: none"> The Panuku Unlock Programme is supporting the council led Community Services project to rebuild and relocate a new community centre and library in Avondale by providing specialist development expertise. Panuku are leading the planned streetscape upgrade for Crayford Street West. This opportunity was proposed as a cornerstone to signal the overall integrated design and development with Unlock Avondale. It links train station with main street. The Ockham SET apartment buildings at 24-26 Racecourse Parade have been completed. Panuku has begun working with the Crown agencies that will be part of the proposed Housing and Urban Development Authority (HNZ, KiwiBuild, HLC) to develop shared objectives for Avondale and to enable development programmes to be aligned, in order to optimise the combined landholdings and leverage investment.

Key programme of works	Status	Description	Outlook
Unlock Haumaru	On track	Improving the quality, location and design of the Council's social housing stock for older residents, led by Haumaru, a partnership with the Selwyn Foundation. Panuku leads the multi-year, multi-location redevelopment programme.	<ul style="list-style-type: none"> The 33 Henderson Valley Road development of a new 40 unit apartment is tracking on programme. Alaska Construction is making good progress on site and achieved critical milestone of completing third level structure and roof framing. The 21 Henderson Valley Road site sale was marketed in September 2018 and the tender closed on 6 November 2018. Panuku has entered into a Conditional Agreement with a selected development partner for housing. The developer has been actively working with Kiwibuild since November 2018 to secure underwrite for the site. In April 2019, Kiwibuild determined they will not proceed with the underwrite for the site. Panuku will be evaluating alternative development options for the site over the next six months to determine the preferred direction forward in current market conditions. Greenslade Court – Strategic partnership agreement negotiation is being progressed with Housing New Zealand Corporation to enable the redevelopment of the aged Greenslade Court into a new village that will deliver a minimum 28 net new units to increase the supply and quality of affordable homes in Northcote for older people.
Unlock Henderson	On track	To create an urban eco centre with a family focus, to enhance the mauri of the twin streams Wai o Panuku and Wai Horotiu, and to demonstrate sustainability and climate responses.	<ul style="list-style-type: none"> 2-4 Henderson Valley Road site (former council building) - subdivision consent has been granted. Outlook is to target October 2019 for construction of subdivision. We are progressing negotiations for the sale of this site. Opanuku Link - A high level concept design has been approved. The project is moving into detail design phase for the road, play area and bridge to Corban Estate. C40 low carbon development bids have been received and is being reviewed for feasibility (Alderman car park site).
Unlock Panmure	On track	Reviving the town centre with new housing options, enhanced amenity, local connections and community facilities, building on the natural landscape (the Maunga and the Basin) and the great transport infrastructure.	<ul style="list-style-type: none"> 3 Mountwell Crescent – The site was marketed for sale in November 2018 and the tender closed on 11 February 2019. Panuku has entered into a Conditional Agreement with the selected preferred development partner to enable a mixed-use development. The Unconditional Agreement date is scheduled for 31 May 2019. Commercial Precinct – Conditional agreement negotiation is being progressed with a developer to enable a mixed-use development that will bring a new local supermarket, hotel, and housing as a western anchor into the Panmure town centre. Community Hub – In collaboration with the Community Services team, Panuku is in the process of investigating the feasibility for a new multipurpose community facility in Panmure.

Key programme of works	Status	Description	Outlook
Unlock Papatoetoe	Delayed	Developing new housing choices around the completed commercial developments of a shopping mall, supermarket and carpark, to enable the centre to flourish and the community to thrive.	<ul style="list-style-type: none"> The market process for Tavern Lane, undertaken in 2018 did not achieve a development partner. Panuku is in discussion with the crown to progress the sale of Tavern Lane for a mixed use development. However, possible legal challenge to the sale from the former preferred developer has the potential to impact the overall programme. The property sale is intended to include 7 St Georges Road, which was acquired to augment and improve the street frontage of the Tavern Lane property, and 17 St Georges St. Other site sales are awaiting the resolution of this deal. Works on the carpark and supermarket (21 Wallace Road) have been completed and a market process on the redeveloped Papatoetoe Shopping Mall has commenced.
Unlock Hobsonville	On track	Facilitating the creation of an employment hub “the airfields” to compliment the greenfields master planned community at Hobsonville Point led by HLC and the residential precincts facilitated by Panuku and currently underway.	<p>The Airfields is 20 hectare Council-owned site in the heart of Hobsonville Point is being transformed in to a new residential and mixed use development.</p> <ul style="list-style-type: none"> Airfields Stage 1 was sold to, and is being developed for residential purposes by AV Jennings. The development is running to programme. Airfields Stage 2 was sold to the Avanda Group in February 2017 for housing (minimum of 510 homes). Housing construction is due to start, but market conditions may result in delays to this programme. Airfields Stage 3 Employment Precinct - Work is underway with HLC to confirm the go to market strategy for this site.
Unlock Northcote	Delayed	Regenerating the shopping centre into an accessible, modern mixed use town centre, where people can live, work, play and stay, and where cultures are celebrated and connected by the Awataha Stream.	<ul style="list-style-type: none"> The market process to identify a development partner for Northcote has been delayed while treaty settlement-related opportunity was explored with the Crown in late 2018. Panuku has started the acquisition programme under the Public Works Act to acquire the remaining town centre interests required to start the urban renewal programme. The Northcote Town Centre Benchmark masterplan has been published. Initial response to this has been positive. The Local Board has endorsed the masterplan and the Northcote Business Association has been supportive of the masterplan.
Unlock Pukehohe	On track	Completing the High Level Project Plan, working with the Local Board. Identifying development opportunities to strengthen the local economy and bring communities together. Piloting an exemplar partnership with Mana Whenua.	The Franklin Local Board endorsed the Draft High Level Project Plan to proceed to the Planning Committee to seek approval.
Unlock City Centre	Delayed	Managing city centre redevelopment projects on behalf of Council, including the Civic Administration Building (CAB), Central Post Office (CPO) Station Plaza and others.	Continued process to secure development partner for CAB project.

Other statement of intent focus areas

Local board engagement

- Panuku continues to engage with local boards on optimisation opportunities, asset sales and overall programme.
- Council approved Pukekohe as an additional location to the Panuku Priority Location Programme in November 2018. The Pukekohe High-Level Project Plan was completed following close engagement with the Franklin Local Board who endorsed the HLPP in April 2019.
- A joint political reference group was established to explore issues on divestment of council assets. This is a Council led initiative which Panuku supports. A report in March 2019 to Joint Governance Political Working Party set out recommendations for improvements to the divestment processes, policies and will inform a programme going forward.
- Local board and councillor interactions in the quarter included more than 40 workshops or meetings to consider proposals for rationalisation, optimisation, programme approvals and/or programme information sharing.
- Work has commenced internally with local board services, to provide local board members information/induction packs outlining Panuku's activity and remit across the city post-election.

Climate change

- We have engaged closely with developers to advance Homestar, our low carbon residential tool. This has included championing innovations to increase uptake and market understanding.
- We have engaged with CCOs, industry, government and developers to create a low carbon framework for new commercial buildings. We are about to pilot this on three projects, including one that Panuku will develop directly. We are now using learnings from this to inform a low carbon framework for public realm projects.
- Panuku has advanced two Green Star Community projects, compiling evidence for projects in Henderson and Takapuna. This has included developing approaches to greenhouse gas modelling and climate resilience. We have provided significant input to adapt Green Star for New Zealand, which will benefit community projects beyond Panuku influence.
- Panuku has played a key role in supporting the emerging Auckland Climate Action Plan flagships, contributing to a zero emission city centre, and progressing blue-green infrastructure in Manukau.
- Panuku has leveraged its membership of C40 to drive low carbon initiatives in several locations. This includes the innovative Reinventing Cities proposal in Henderson, and behaviour research to support Fossil Fuel Free Streets in Wynyard Quarter.
- Panuku continues to progress its climate change response, working across Council and CCOs.
- After achieving a 4 star 'excellent' NABERSNZ rating for our corporate accommodation tenancy, Panuku has set a target of 4.5 stars and established a cross-tenant committee to address energy use. Panuku has set a target to reduce landfill waste by 20% by the end of 2019.
- As part of the Climate Leaders Coalition, Panuku is working towards reporting our overall carbon footprint this year.

Working with Central Government

- Panuku is continuing to work closely with Central Government in our priority development locations. In Manukau we are in discussion with the crown on Panuku sites to ensure alignment. A large site has been sold for an expanded MIT campus.
- Several properties are also in discussion, in Henderson, Papatoetoe, Flat Bush and Avondale as part of precinct development planning.
- We are working with Housing New Zealand, KiwiBuild and HLC that will all be part of the future proposed Housing and Urban Development Authority (HUDA).
- Regular monthly meetings with KiwiBuild are continuing as an opportunity to discuss the pipeline and progress on projects.
- Exploring the concept of an umbrella agreement between the crown entities and Panuku to inform how we work collaboratively together in several locations.

Contribution towards Māori outcomes

The council group programme to achieve improved outcomes for Māori is Te Toa Takitini. Adopted strategic priorities are:

- **Kaitiakitanga outcomes** – were achieved in the following projects, Unlock Northcote - Awataha Greenway, Manukau Puhinui stream and Westhaven Marina Pile Mooring project.
- **Māori Business, Tourism & Employment** – employment opportunities are being offered regularly via AC36 infrastructure build. Also increase in number of Maori staff employed at Panuku, regular support of Maori business via catering, provision of native plants, maintenance works, Maori consultancy, artists, and technical specialists to support mana whenua.
- **Realising Rangatahi potential** – the He Pia He Tauira pilot place project that supports the development of Rangatahi / youth is being extended in order to work in with AC36, as well as to provide more time for development.
- **Māori Identity and Culture** – of note this quarter is progression of a number of significant art and design opportunities for mana whenua artists to give effect to a gifted cultural narrative, Park Hyatt Pou Carving, 30 Madden St building design, Takapuna carpark design, Promenade projects, Opanuku playground and Onehunga mural to name a few.
- **Effective Māori participation** – we are co-designing partnership strategies with Mana Whenua for the Onehunga Wharf and Unlock Pukekohe.

Panuku Q3 financials



Direct operating performance

(\$ million)	Notes	FY 18	FY 19 Quarter 3 YTD			FY 19
		Actual	Actual	Budget	Variance	Budget
Net direct expenditure		7.7	5.4	8.5	3.1	11.8
Direct revenue²		37.4	27.5	25.9	1.6	34.8
Fees & user charges		3.1	1.5	1.4	0.1	2.3
Operating grants and subsidies		-	-	-	-	-
Other direct revenue	A	34.3	26.0	24.5	1.5	32.5
Direct expenditure	B	45.1	32.9	34.4	1.5	46.6
Employee benefits		22.1	17.9	17.3	(0.6)	23.7
Grants, contributions & sponsorship		0	0	0	0	0
Other direct expenditure		23.0	15.0	17.1	2.1	22.9
Other key operating lines						
AC operating funding		17.9	12.7	12.7	-	18.0
AC capital funding	C	8.0	4.3	13.8	9.5	30.3
Vested assets		-	-	-	-	-
Depreciation		7.9	6.3	6.4	0.1	8.5
Net interest expense		(0.7)	(0.5)	(0)	0.5	(0.6)



Financial Commentary

Overall the operating performance of Panuku is ahead of budget, net direct expenditure is projected to be ahead of budget at year end by \$1.7m.

A: Other direct revenue is \$1.5m ahead of budget due to Marina revenue at the Viaduct Marina not being impacted to the extent initially forecast by AC36 \$0.5m. Commercial Property income \$1.0m ahead of budget as the timing of lease exit of tenants affected by AC36 was pushed out later than budgeted and car park revenue is ahead of budget.

B: Direct expenditure is currently \$1.5m behind budget largely due to timing differences; this position is forecast to be on budget by year end.

C: AC Capital funding is behind budget \$9.5m due to external dependencies, resource consents or commercial issues.

Commercial Property Portfolio Q3 financials



Direct operating performance

(\$ million)	Notes	FY 18	FY 19 Quarter 3 YTD			FY 19
		Actual	Actual	Budget	Variance	Budget
Net direct revenue		18.9	10.6	8.2	2.4	10.5
Direct revenue²	A	33.9	23.1	20.9	2.2	27.7
Fees & user charges		1.4	1.5	1.0	0.5	1.3
Operating grants and subsidies		-	-	-	-	-
Other direct revenue		32.5	21.6	19.9	1.7	26.4
Direct expenditure	B	15.0	12.5	12.7	0.2	17.2
Employee benefits		0	0.1	0	(0.1)	0
Grants, contributions & sponsorship		-	-	-	-	-
Other direct expenditure		15.0	12.4	12.7	0.3	17.2
Other key operating lines						
AC operating funding		-	-	-	-	-
AC capital funding		-	-	-	-	-
Vested assets		-	-	-	-	-
Depreciation		0	0.2	1.1	0.9	1.5
Net interest expense		0	0	0	0	0



Financial Commentary

The numbers in the table are the numbers consolidated at Auckland Council, they do not include the net direct revenue of \$4.7m year to date that we have generated for properties managed for Auckland Transport.

The Commercial Property portfolio is currently \$2.4m ahead of budget, net direct revenue is projected to hold this position until year end.

A: Direct revenue is \$2.2m ahead of budget, the non-service property portfolio managed by Panuku for Council is \$2.2m ahead due to negotiation of new rent increases and back dated rent across the portfolio and a number of new acquisitions (Onehunga Wharf, Northcote Town Centre) that were not included in the budget.

B: Direct expenditure is tracking close to budget.

Panuku Q3 performance measures

Key performance indicators	Previous	FY 19 Quarter 3		Status	Commentary
	Quarter	Actual	Target		
Note: Panuku has a total of 6 LTP measures and 15 SOI measures. For the nine months to 31 March 2019, 6 of a total of 15 measures have been measured against a quarterly target. The rest of the measures are only measured annually. 7 has been met / 1 has not been met					
1. Transform and Unlock location initiatives completed.	-	3/14 completed	N/A	Not Met	Annual target. Actual result for the quarter is 3 out of 14 initiatives completed. There are 6 amber and 5 green statuses. The annual target is forecast not to be met at year end because the criteria for not met has a tolerance of only 2%. (The year-end target is 90%). <i>(Initiatives include key project milestones for the 2018/19 year such as taking sites to the market, unconditional sale of sites for development and other).</i>
2. Percentage of attendees surveyed satisfied with key Transform and Unlock place programmes and activities	-	N/A	N/A	N/A	No quarterly target, this performance indicator is measured annually. The year-end target is to set baseline.
3. Percentage of visitors surveyed satisfied with their experience of the public spaces on the city or town centres (LTP)	-	N/A	N/A	N/A	No quarterly target, this performance indicator is measured annually. The year-end target is 80%
4. Percentage of Aucklanders surveyed who have visited the city or town centres in the past year (LTP)	-	N/A	N/A	N/A	No quarterly target, this performance indicator is measured annually. The year-end target is 73%
5. Percentage of customers surveyed satisfied overall with marina facilities and services (LTP)	-	N/A	N/A	N/A	No quarterly target, this performance indicator is measured annually. The year-end target is 88%
6. Number of significant Māori initiatives implemented or active per annum (LTP)	-	57	50	Met	Annual target achieved in the quarter.

Key performance indicators	Previous Quarter	FY 19 Quarter 3		Status	Commentary
		Actual	Target		
7. % Mana whenua groups satisfied with quality of engagement	-	N/A	N/A	N/A	No quarterly target, this performance indicator is measured annually. The year-end target is to set baseline % from the survey.
8. Written evidence that opportunities have been identified and assessed, to be progressed or not.	46	72	70	Met	Annual target is forecast to be met. (The year-end target is 100).
9. Net Surplus achieves budget for 2018/19. (Properties managed on behalf of Council)	\$13.8m	\$21.12	\$18.58m	Met	Annual target is forecast to be met.
10. The average of monthly % occupancy for the year is 95% or more	98%	97%	95%	Met	Annual target is forecast to be met.
11. ROI on properties on a like for like basis (LTP).	-	N/A	N/A	N/A	No quarterly target, this performance indicator is measured annually. The year-end target is 2.25%
12. Return on Equity on commercial assets and services (LTP) at Waterfront.	-	N/A	N/A	N/A	No quarterly target, this performance indicator is measured annually. The year-end target is 8.25%
13. List of properties recommended for disposal submitted to Council valued at \$30 million	\$4.8m	\$9.4m	N/A	Met	Annual target is forecast to be met. (The year-end target is \$30m).
14. Meet or exceed forecast property disposal annual target of \$24 million. (Asset sales)	\$40.3m	\$42m	\$24m	Met	General asset sales target met.
15. Acquisitions are delivered within the timeline agreed with Auckland Council	100%	100%	80%	Met	Met acquisitions delivery timeline.

Auckland Tourism, Events and Economic Development

Quarter 3 Performance Report

For the period ending 31 March 2019

This report outlines the key performance of Auckland Tourism, Events & Economic Development, which includes economic development and visitor economy-related activities and investments

ATEED Q3 summary

Highlights, issues & risks for the quarter

During Q3, ATEED continued to deliver a more focussed portfolio of activity to drive its vision of quality jobs for all Aucklanders. Highlights for the quarter:

1. The America's Cup 36 (AC36) Host Venue Agreement was signed – a significant project milestone.
2. The *Auckland. We're Hiring* campaign launched in January to attract high-skilled migrants to Auckland.
3. ATEED's Net Promoter Score for the Regional Business Partner Network (RBP) programme with NZTE and Callaghan Innovation was +81, above the national average of +73.
4. The 20th Auckland Lantern Festival was successfully delivered together with the signing of the NZ Year of Tourism 2019 MoU with UnionPay International and Immigration NZ, and the launch of the official Auckland WeChat account.
5. The *Go with Tourism* skills campaign attracted more than 100 'quality employer' business registrations.
6. A short break campaign went live in Australia targeting independent professionals (25-54 years).
7. Auckland's new winter festival – *Elemental AKL* was announced in February and will run through July.
8. ATEED participated in the Te Matatini 2019 delegation to Wellington in February, supporting Auckland Council's sponsorship of Te Matatini in Auckland in 2021.
9. The Pasifika Festival, due to be held 23-24 March, was cancelled due to the Christchurch terrorist attacks. In response, ATEED is leading a council-wide initiative to address public safety and venue security concerns.
10. A Pop-up Business School was delivered in Albany, with support from the Upper Harbour, and the Hibiscus and Bays local boards.

Issues/Risks:

11. Significant work was carried out to enable all parties to complete the AC36 Host Venue Agreement.
12. A number of sensitive issues were managed in pursuit of significant screen production opportunities.

Financials (\$m)	YTD actual	YTD budget	Actual vs Budget
Capital delivery	3.1	3.4	(0.4)
Direct revenue	13.3	14.7	↓ (1.4)
Direct expenditure	43.7	49.8	↓ 6.2
Net direct expenditure	30.4	35.2	↓ 4.8

Financial Commentary

- **Capital delivery:** Costs relate to the move of ATEED to 167b Victoria Street.
- **Direct revenue:** Reduced revenue from Kumeu Film Studios, delayed Tāmaki Herenga Waka Festival to FY21, and cancelled Pasifika Festival.
- **Direct expenditure:** Impacted by changes in events and project resourcing.

Key performance indicators (Refer to pg. 79 for complete list)	Previous Quarter	FY 19 Quarter 3			Commentary
		Actual	Target	Status	
KPI1: Contribution to regional GDP from ATEED interventions	No result	No result	Benchmark	N/A	No quarterly target. Benchmark in development with Market Economics.
KPI2: Number of businesses that have been through an ATEED programme or benefited from an ATEED intervention	1,931	2,642	3,000	Met	On track to meet year-end target. Target for contributory measure related to the number of Māori businesses has been exceeded.
KPI3: Number of new jobs created, safeguarded or retained in Auckland as a result of an ATEED	No result	No result	Benchmark	N/A	No quarterly target. Benchmark in development with Market Economics.
KPI4: Number of visitor nights resulting from an ATEED intervention	78,010	186,620	340,000	Not met	It is expected that the year-end target will not be achieved. This is primarily due to changes in the major events portfolio and timing of business events.
KPI5: Customer satisfaction of customers, partners and stakeholders who have interacted with ATEED	No result	No result	Benchmark	N/A	No quarterly target. Benchmark in development with Nielsen.

Strategic focus area – Economic Development

Key commentary

For the nine months to 31 March 2019, total net direct expenditure of \$14.0m was spent on Economic Development against a budget of \$16.8m (including associated operational support costs and excluding depreciation). Highlights were:

1. The [Auckland. We're Hiring](#) campaign to attract high-skilled construction and technology talent launched on 7 January. Preliminary results show that more than 2000 job applications and 45 visa applications have been made.
2. The [Go with Tourism](#) skills campaign launch was postponed to 5 April due to the Christchurch attacks. At the end of Q3, more than 100 'quality employer' business registrations were made. The Auckland network of jobs and skills hubs will provide backstop support to tourism job candidates and employers and an MoU has been signed with the New Zealand Careers Expo for a *Go with Tourism* pavilion at the ASB Showgrounds on 23-25 May.
3. A *Future of Work* insights report has been commissioned on Auckland's future skills needs. Focus groups and key informant interviews are underway with business stakeholders – many of which will be panellists at the ATEED delivered Future Ready Summit on 26 June.
4. Concept development is underway in partnership with The University of Auckland and Siemens for an Industry 4.0 lab located at the university's Newmarket Innovation Precinct. The lab will be focussed on food and beverage (F&B) manufacturing.
5. Tripartite 2019, to be held 20-21 May in Auckland, celebrates the fifth anniversary of the Tripartite Economic Alliance between Guangzhou, Los Angeles and Auckland. ATEED, in partnership with Auckland Council, is leading planning activity for the compact two-day programme. The event will align with Techweek19 and is expected to attract 90 international delegates, including 13 international speakers.
6. ATEED participated in three consultation events for the Government's Review of Vocational Education with Tertiary Education Commission officials, MIT, UNITEC and the EMA. A formal submission was not made, but ATEED will remain engaged with the TEC as the review develops.

Issues/Risks:

7. In collaboration with industry partners, ATEED is managing a number of sensitive issues regarding the pursuit of a significant screen production.

Strategic context

ATEED's economic development activities include business support, business attraction and investment, local economic development, trade and industry development, skills employment and talent, and innovation and entrepreneurship. The economic growth of the wider economy reinforces Auckland as a destination by creating supply chain opportunities, international links, talent and student attraction, and by making the city attractive to international business events and conventions.

Key programme of works	Status	Description	Outlook
Local economic regeneration (incl. Manukau)	On track	Providing guidance to local boards to support local initiatives and focusing future activity and investment on enhancing economic outcomes for south and west Auckland, working with Pānuku, Auckland Transport and The Southern Initiative (TSI).	A Creative Industries workstream has been established with TSI and Pānuku. A concept is being developed for a south Auckland F&B manufacturing cluster to accelerate growth of value-add export products. Government ministers will open the new Manukau and Northern (Glenfield) Jobs and Skills Hubs on 28 June. MBIE is assuming the leases for the new hubs and will take over the CBD Hub by June. ATEED is leading business / employer engagement and marketing / communications for the hubs.
Innovation	On track	Supporting business to innovate and supporting innovation across the Council group. Leveraging ATEED's role to grow Auckland's innovation ecosystem, including through ongoing development of GridAKL, AR/VR Garage and The FoodBowl - Te Ipu Kai.	To the end of Q3, GridAKL was home to 148 businesses, 927 individuals and 317 Tech Café members. More than 1000 events and 34,240 attendees have also been hosted YTD. An MoU was signed with Pam Fergusson Charitable Trust – which is developing a platform to connect corporate volunteers with low-decile classrooms. Precinct Properties has acquired 100 per cent of Generator (operator for 12 Madden Street and the Mason Brothers building).
Supporting small and medium enterprise growth	On track	An enhanced focus on existing small businesses, raising their capability, encouraging business networking, connecting them to talent and facilitating access to export markets.	To the end of Q3, more than 730 businesses were actively engaged by ATEED through the RBP Programme. About \$1.13m of NZTE Capability Vouchers and \$2.83m of Callaghan Innovation R&D grants were issued. ATEED's Net Promoter Score remains high at +81, ahead of the national average of +73 and target of +50.
Business and investment attraction	On track	Attracting high-value business and investment to the city (including screen investment) to maximise economic opportunities associated with infrastructure investment for long-term impacts at a local and regional level.	To the end of Q3, more than 140 Auckland Council film permits were issued and 480 enquiries captured. ATEED continues to collaborate with industry partners on significant screen production opportunities for the Auckland region.

Strategic focus area – Destination

Key commentary

For the nine months to 31 March 2019, total net direct expenditure of \$16.4m was spent on Destination against a budget of \$18.4m (including associated operational support costs and excluding depreciation). Highlights were:

1. The 20th Auckland Lantern Festival was successfully delivered 14-17 February. The overall customer satisfaction rating was 98 per cent, up 9 per cent.
2. The Lantern Festival coincided with the 30th anniversary of the Auckland Council-Guangzhou Sister City relationship and involved the signing of the NZ Year of Tourism 2019 MoU between ATEED, UnionPay International and Immigration New Zealand. The Auckland WeChat official account was also launched attracting more than 300 registrations from local Chinese advocates.
3. The [Elemental AKL](#) winter festival announced on 28 February will run through all of July, coinciding with Matariki. RFA will deliver a festival hub in Aotea Square with a mix of ticketed and free events. The hub will also showcase other festival activity across the region. Events are continuing to sign up to the festival on a marketing-only basis and through the menu activation programme.
4. Destination Think! presented research findings of Auckland's Place DNA™, including presentations to Auckland residents and industry leaders.
5. The Pasifika Festival, due to be held the weekend of 23-24 March, was cancelled due to the Christchurch terrorist attacks. This has resulted in financial, operational and other implications which are being worked through. ATEED is leading a council-wide initiative to address public safety and venue security concerns following the Christchurch attacks and the approach is being adopted by MBIE as a model of best practice.
6. The Host Venue Agreement for AC36 has been signed marking a significant milestone for the project.
7. APEC21 activity continues to focus on governance, operational and leverage planning with Auckland Council and MFAT. Auckland programme delivery via the APEC21 Auckland project management office, based at ATEED, will commence in FY21/22.

Issues/Risks

8. Reputational risk associated with delayed signing of AC36 Host Venue Agreement. Resolved over Q3.

Strategic context

Destination work includes a focus on destination marketing and management, major events, business events (meetings and conventions), and international student attraction and retention – and driving the implementation of the [Destination AKL 2025](#) strategy. Auckland's visitor economy is an important part of the city's wider economy that underwrites the amenity of the city, making it more attractive to residents and visitors alike.

Key programme of works	Status	Description	Outlook
Major events (incl. AC36)	On track	Driven by ATEED's Major Events Strategy, ATEED intervenes on behalf of Auckland in the events landscape through strategic influencing, investment in major events, event production, event facilitation and event activation, leverage and marketing.	Lantern Festival customer survey respondents were very positive about what the event meant for the city, with 96 per cent agreeing that Council should continue to support events such as the Lantern Festival (support similar to last year); 94 per cent saw the event as bringing different ethnic and cultural groups together, compared to 91 per cent for last year. Rugby League fixtures were announced with five tests to be held in Auckland in June and November. Industry communications have been completed for the second round of national programme funding opening 1-30 April.
Tourism	On track	ATEED's Tourism team has two key areas of focus: leading and partnering in destination marketing, and advocating or co-ordinating in destination management	A short break campaign focussed on nature, food and wine and ultimate things to do in Auckland, went live on 18 February targeting independent professionals (25-54 years) in Queensland, New South Wales and Victoria. Campaign results will be available next quarter. An Auckland-specific tourism investment prospectus has been launched to connect project owners with investors. The Auckland WeChat official account app will be launched to the Chinese market in April.
Business events	On track	Sales and marketing activity to grow the value and volume of business events in Auckland, and position Auckland as a premium business events destination (delivered by the Auckland Convention Bureau (ACB)).	Year-to-date business events opportunities won will result in future total tourism spend of \$22.7m, generating 42,045 delegates and 57,938 visitor nights. A total of 248 opportunities have been submitted YTD, with a projected tourism spend value of \$105.9m, with 119,795 delegates and 378,589 visitor nights projected. ACB is working with clients impacted by the NZICC construction delays.
Study Auckland	On track	Growing the reputation of Auckland as an innovative international education hub through the delivery of interventions that attract international students and ensure they can access high-value tourism services and experiences.	Tokyo has been selected for the first Study Auckland alumni programme. Key objectives are to showcase new Japanese alumni ambassadors and use their profiles to support 'NZ Inc.' destination marketing activity, and accelerate ATEED's partnership with Air New Zealand to grow the education travel market. Japan is as a priority market for education, tourism, trade and investment. The first session of the Talent Solutions' Career Accelerator Programme was held on 12 March at AUT with more than 100 students.

Other statement of intent focus areas

Auckland investment story: Invest AKL

A project re-scope, including a revised project completion date of June 2020, was presented to the CCO Chief Executives' meeting on 20 March. This included agreement that each CE would appoint appropriate team member/s to a cross-Council working group.

Key milestones for Q4 include establishment of the CCO working group, including working terms of reference and governance framework.

Climate change

ATEED participated in Auckland Council Climate Action Plan workshops held in March with a focus on the climate innovation system.

Scoping work is underway to highlight opportunities in the 'green economy'. These include: a series of circular economy innovation workshops, support of aligned Sustainable Business Network initiatives, potential collaboration with Callaghan Innovation Energy and Environment team, and an insights paper with BIOTech New Zealand with a focus on clean tech.

GridAKL's Hatchbox hosted Council's climate change wānanga with iwi in March.

Local board engagement

ATEED completed its six-monthly reporting to Local Boards over Q3 and the Local Economic Development team continue to progress the current year's locally driven initiatives work programme. This has seen:

- The delivery of a Pop-up Business School in Albany from 18-29 March, with support from the Upper Harbour, and the Hibiscus and Bays local boards, attracting more than 50 people. A west Auckland Pop-up Business School with support from Henderson-Massey, Whau and Puketapapa local boards will be delivered in May.
- The delivery of the Albert-Eden Business Sustainability Kick Up programme in February attracting 10 local businesses. Participants reported high levels of programme satisfaction and a number of businesses have taken action to improve their business sustainability practises.

Consultation on the Auckland Film Protocol revision is being progressed, with initial local board consultation complete.

Contribution towards Māori outcomes

ATEED continues to provide programme leadership to the Economic Development workstream of Te Toa Takitini. All ATEED activities contribute to the implementation of the Māori Business, Tourism & Employment strategic priority.

Māori Business, Tourism & Employment

ATEED is working with the Whāriki Kaitiaki Roopu to establish new, more ambitious and network owned goals for the Whāriki Māori Business Network, with a view of strengthening governance and network autonomy from ATEED. Work is also underway with the Young Enterprise Scheme and Te Wananga o Aotearoa to develop a strategy to expand DigMyIdea nationally, support Māori tech business development and encourage more Māori into the tech sector.

A range of activity has been progressed as part of ATEED's Māori tourism and iwi development programme, notably in building partnerships with DOC through Te kete reo o Tāmaki Makaurau and with Māori businesses on Great Barrier Island. ATEED attended a workshop with Ngāi Tai ki Tāmaki on the development of the iwi's tourism strategy and vision.

Six Māori culture and leadership days are being hosted at Ōrākei marae between January and June as part of the Rukuhia Global Leadership Programme. Following success of the programme to-date, delivery is intended to be transferred to Ngāti Whātua Ōrākei later this year.

Māori outcomes are being woven into the multiple workstreams that make up the Manukau priority project. GridAKL is providing support to Ngāhere Communities' TUKUA startup programme, supporting Māori and Pasifika business in south Auckland.

ATEED participated in the Te Matatini 2019 delegation to Wellington in February, supporting Auckland Council's sponsorship of Te Matatini in Auckland in 2021.

Risks

As previously reported, the delivery of the Tāmaki Herenga Waka Festival was deferred from Q3. The approved budget for the remaining two festivals (five to be delivered in total) will be available in FY19/20 and FY20/21. All other projects and activities are on track to be delivered in line with forecast budget.

ATEED Q3 financials



Direct operating performance

(\$ million)	Notes	FY 18	FY 19 Quarter 3 YTD			FY 19
		Actual	Actual	Budget	Variance	Budget
Net direct expenditure	A	48.5	30.4	35.2	4.8	50.9
Direct revenue	B	14.8	13.3	14.7	(1.4)	18.1
Fees & user charges		2.0	0.5	0.5	0.0	0.6
Operating grants and subsidies		2.5	1.7	1.1	0.6	0.4
Other direct revenue		10.3	11.1	13.1	(2.0)	17.1
Direct expenditure	C	63.3	43.7	49.8	6.2	69.0
Employee benefits		21.9	15.8	16.9	1.1	22.5
Grants, contributions & sponsorship		10.2	5.4	5.3	(0.1)	9.2
Other direct expenditure		31.3	22.5	27.6	5.1	37.3
Other key operating lines						
AC operating funding		49.1	30.2	35.1	(4.9)	50.9
AC capital funding		7.9	3.1	3.4	(0.4)	3.4
Vested assets		-	-	-	-	-
Depreciation		2.6	2.3	2.0	(0.3)	2.8
Net interest expense		0.1	-	-	-	-



Financial Commentary

A: Our forecast phasing sees ATEED landing on Annual Plan (excluding the Tāmaki Herenga Waka Festival) with a lot of activity falling in the last quarter of FY19.

B: Reduced revenue from Kumeu Film Studios due to new licensee building up production activity, delayed Tāmaki Herenga Waka Festival to FY21, and cancelled Pasifika Festival.

C: During the first 6 months, there has been a reorganisation to the new structure/strategy and the business is now working to recruit to deliver key initiatives, with these largely falling in the latter part of the financial year.

ATEED Q3 performance measures

Key performance indicators	Previous	FY 19 Quarter 3			Commentary
	Quarter	Actual	Target	Status	
Note: ATEED has a total of 4 LTP measures among 7 SOI measures. For the nine months to 31 March 2019, 4 of the 7 measures have been measured against a quarterly target. The rest of the measures are being benchmarked. 2 have been met and 2 have not been met.					
KPI1: Contribution to regional GDP from ATEED interventions	No result	No result	Benchmark	N/A	No quarterly target. Benchmark in development, working with Market Economics.
Contributory measure: Contribution to regional GDP from major and business events attracted or supported (LTP measure)	\$9.15m	\$23m	\$49m	Not met	Result does not include impact of business events but will at year end. Despite this, it is expected that the year-end target will not be achieved due to fewer major events in portfolio, the cancelling of Pasifika Festival, the exclusion of Auckland franchises from the portfolio and movement of some business events.
KPI2: Number of businesses that have been through an ATEED programme or benefited from an ATEED intervention (LTP measure)	1,931	2,642	3,000	Met	On track to meet year-end target. Businesses include those that have been through the Regional Business Partner programme, Auckland Skills & Job Hub employers, GridAKL residents, businesses that have benefitted from tourism promotion, ACB members and major event stallholders.
Contributory measure: Number of Māori businesses that have been through an ATEED programme or benefitted from an ATEED intervention (LTP measure)	81	147	120	Met	Target exceeded. Businesses include those that have benefitted from Māori tourism product development work, RBP programme and the Whāriki Māori Business Network activity.
KPI3: Number of new jobs created, safeguarded or retained in Auckland as a result of an ATEED intervention	No result	No result	Benchmark	N/A	No quarterly target. Benchmark in development, working with Market Economics.
KPI4: Number of visitor nights resulting from an ATEED intervention (LTP measure)	78,010	186,620	340,000	Not met	Result does not include impact of business events but will at year end. Despite this, it is expected that the year-end target will not be achieved due to fewer major events in portfolio, the cancelling of Pasifika Festival, the exclusion of Auckland franchises from the portfolio and movement of some business events.
KPI5: Customer satisfaction of customers, partners and stakeholders who have interacted with ATEED	No result	No result	Benchmark	N/A	ATEED is working with AC Nielson to develop a comprehensive, cross-organisational Voice of the Customer (VoC) programme on which a benchmark will be developed. A VoC pilot was completed with select teams in Q3. Next steps are to roll out the programme across the business over Q4 to establish a baseline to the end of the FY.

Watercare

Quarter 3 Performance Report

For the period ending 31 March 2019

This report outlines the key performance of Watercare which includes water supply, and wastewater related activities and investments

Watercare Q3 summary

Highlights, issues & risks for the quarter

Highlights:

1. We signed the Central Interceptor (CI) construction contract with Ghella- Abergeldie Joint Venture, which will include the Grey Lynn Wastewater Tunnel extension in the original project budget for CI. It is a great outcome.
2. We launched our 40:20:20 Vision. Our targets are a 40% reduction in our build carbon across Watercare by 2024, a 20% reduction in cost of delivery of our capital programme by 2024 and a 20% year on year reduction in the number of people hurt building our infrastructure.
3. Our H&S Commitment now includes a commitment to employee wellness, including mental health.
4. We launched our Climate Change Strategy.
5. The Tunnel Boring Machine on the Hunua 4 project started a 3km journey under some of Auckland's and New Zealand's busiest roads. The name was chosen through a competition with the children at Starship. The winning name, Amiria, is a te reo Māori version of the name Amelia and means hard-working or industrious.
6. Watercare continued to negotiate a commercial contract with Waikato District Council regarding the provision of water and wastewater services. Commencement is scheduled for 1 July 2019. A paper was presented to the F&P Committee on 21 May 2019, seeking endorsement of this relationship.

Risks

1. Major project cost overrun: In response to this risk, we have developed a new model called the Enterprise Model for the delivery of infrastructure projects. The RFP has been taken to the market to select two construction partners for the new model. Delivery of a \$2.5 billion programme over 10 years.

Financials (\$m)	YTD actual	YTD budget	Actual vs Budget
Capital delivery ¹	291.4	345.0	(53.6)
Direct revenue	485.3	472.6	↑ 12.7
Direct expenditure	167.5	163.7	↑ (3.8)
Net direct revenue	317.8	308.9	↑ 8.9

Financial Commentary

- **Capital delivery:** Capital delivery is running at 84%. 50% of the capex under spend relates to a reduction in spend against budget for CI. The tender process resulted in a re-phasing of the timing of the project costs by the contractor. This does not change our delivery risk/final delivery date for CI.
- **Direct revenue:** Direct revenue is \$12.7m ahead of budget mostly due to higher actual usage volume (117.1 MLD) against budgeted volumes (111.8 MLD).
- **Direct expenditure:** Direct expenditure is \$3.8m or 2.3% over budget mostly due to unforeseen unplanned maintenance required on infrastructure assets.

Key performance indicators (Refer to pg. 88 for complete list)	Previous Quarter	FY 19 Quarter 3		Status	Commentary
		Actual	Target		
The extent to which the local authority's drinking water complies with part 4 of the drinking water standards (bacteria compliance criteria)	100%	100%	100%	Met	
The extent to which the local authority's drinking water complies with part 4 of the drinking water standards (protozoal compliance criteria)	100%	100%	100%	Met	
Median response time for attendance for urgent call-outs: from the time that Watercare receives notification to the time that service personnel reach the site	50 mins	50 mins	≤ 60 mins	Met	
Median response time for resolution of urgent calls-outs: from the time that Watercare receives notification to the time that service personnel confirm resolution	2.90	2.80	≤ 5 hours	Met	

1. Capital delivery numbers include capitalised interest.

Strategic focus area – Central interceptor

Key commentary

Up to 31 March 2019, a total of \$67.1m was spent towards the Central Interceptor against a total CI budget of \$1.269 billion.

Highlights

1. Watercare and Ghella – Abergeldie (GA) Joint Venture signed the construction contract for the CI on 14 March 2019.
2. The Grey Lynn wastewater tunnel (1.4km) has been included in this construction contract, and within the original project budget.
3. The Contract commences on 1 May 2019, with tunnelling to commence in late 2020.

Risks (Note – these risks relate to the Procurement Phase of the project, which have all been closed. For subsequent reports, we will address Construction risks as we move into that phase of the works).

1. Costs exceed approved budget: The risk is closed as the pricing is known, and it can be confirmed that the project will be within budget, including the Grey Lynn Wastewater Tunnel.
2. Watercare resources: The risk of inadequate client side resources in a tight labour market is closed. Jacobs has been confirmed as our partner in the provision of dedicated construction management resources.
3. Delay to Contract Award: This risk is closed as the contract was awarded on 14 March 2019 in line with the schedule.

Strategic context

The CI is a 13km wastewater tunnel, running from Western Springs to the Māngere Wastewater Treatment Plant. The CI will increase the capacity of the wastewater network, replace aging infrastructure and reduce wet weather overflows in the catchment area by around 80%. It will be extended to Grey Lynn, allowing Auckland Council and Watercare to work towards the goals that form part of the Western Isthmus Water Quality Improvement Programme. Construction begins mid-2019 and will be complete in 2025.

Key programme of works	Status	Description	Outlook
Finalise design and lodge consents for the Grey Lynn Tunnel	On track	Consents to be lodged in Q3 of FY2019.	Watercare Board approved the Grey Lynn Wastewater Tunnel business case in November 2018. Consent applications have been lodged.
Commence Physical works	On track	Physical works to commence in Q4 FY2019.	GA takes possession of the sites in the first week of May 2019. This will involve site establishment at Māngere WWTP and May Road, followed by construction of the shafts.
Commence tunnelling	On track	Tunnelling is to commence in late 2020.	Single Tunnel Boring Machine launching from Māngere Wastewater Treatment Plant.
Main works into service	On track	The main works (Central Interceptor) are to go into service in 2026.	This will include Grey Lynn Wastewater Tunnel extension.

Strategic focus area – Water supply investment

Key commentary

For the nine months to 31 March 2019, \$102m was spent towards water supply investment against a year to date budget of \$130m.

Highlights

1. On 29 January 2019, we produced 524m litres of water for Metro Auckland. This was 20m litres more than the previous record set on 14 December 2017. Including non-metro (Warkworth, Waiuku, etc), total peak use was 549m litres. We successfully met this record-level demand.
2. On 22 February 2019, Mayor Goff officially opened the new Warkworth Water Treatment Plant. A powerful moment from the opening was the unveiling of a pouwhenua that stands at the entrance to the plant and depicts Waawaia, the Taniwha of Te Awa Waihe. This signifies the relationship between the land, environment and Ngāti Manuhiri who are Mana Whenua for Puhinui (Warkworth). Staff, iwi and local board members attended.
3. We also officially opened the Tirohanga Whanui Bridge, Albany in conjunction with NZTA. The Bridge provides a walkway and cycleway across the Northern motorway and houses a 2.5km long section of our Albany-Pinehill watermain.

Risks

1. Ardmore Water Treatment Plant is now classified as a “Major Hazard Facility” due to the quantity of chlorine stored. Worksafe has reviewed the Safety Case and recommended the installation of chlorine scrubber which is designed to contain and neutralise chlorine leaks. Planning for this work is underway with completion in July 2021.
2. The high demand remains within our planned peak demand envelope. To ensure sufficient water is available this summer, we are maximising the use of Waikato River, which is part of normal abstraction planning. We are also encouraging water conservation via our Water Efficiency Strategy.

Strategic context

Watercare provides safe, reliable “Aa” grade drinking water to 1.6m Aucklanders. The company collects, treats and distributes water from 27 water sources including the Waikato River, 12 dams, and underground aquifers. We operate 15 water treatment plants, 91 water reservoirs, and over 9,000km of water pipes.

Key programme of works	Status	Description	Outlook
Hunua 4 Watermain	On track	This is a 31km pipe that will connect the reservoirs in Redoubt Road, Manukau to those in Khyber Pass, Newmarket providing security of water supply for a growing Auckland.	Tunnel boring machine is installed, with tunnelling commencing in early May 2019 under Khyber Pass Road (400m). Open cut work is approximately 50% complete.
North Harbour No.2 Watermain	On track	This pipe will service growth in the north. It also provides an alternative route for conveying water from the west to the north to provide security and resilience.	Causeway reclamation has commenced and pipe-laying is underway beside the North-Western motorway.
Huia Water Treatment Plant replacement	On track	The plant is nearing the end of its operational life. It needs to be replaced to continue to supply a growing Auckland with high quality water from our western supply dams.	Following community consultation further changes have been made to the original plan. The Assessment of Environmental Effects, and consent application, will be lodged in May 2019.
Nihotupu No.1 and Huia No.1 watermain replacement	On track	This project involves two critical watermains nearing the end of their design lives, which are being replaced.	Construction due to commence in Golf Road, New Lynn in late May. Detailed design of this section of the pipeline is also being progressed.

Strategic focus area – Wastewater investment

Key commentary

For the nine months to 31 March 2019, \$187m was spent towards wastewater investment against a year to date budget of \$209m.

Highlights

1. We launched a communications campaign in partnership with Plunket to communicate the correct way to dispose of wet wipes. The programme is reaching out to Plunket's networks' clinics and outreach programme.
2. We now have a Western Isthmus Community Liaison Group. We continued our work with Healthy Waters to devise a 12 month work programme for the Western Isthmus. Work is underway in 3 catchments.

Risks

1. The Māngere Wastewater Treatment Plant's anaerobic digestion process suffered a biological upset in January 2019 which resulted in odour issues: Our teams worked hard to bring the digesters back within their normal operational parameters by April 2019. An international expert is conducting a forensic examination so we can identify the cause and develop a mitigation strategy for the future.
2. Failure to treat wastewater to the required standard and convey wastewater flows. The risk relates to environmental impacts and failure to meet consent conditions, with a flow on effect to stakeholder support and confidence. To address this enterprise risk, we continue to invest in our non-metropolitan WWTPs and major WWTP renewal and upgrade programmes have been completed at Māngere and are underway at Rosedale. We are also continuing with network upgrades to address capacity constraints and inflow and infiltration investigations to address illegal and incorrect storm water connections.

Strategic context

Watercare provides safe, reliable wastewater services to 1.6m Aucklanders. We treat that wastewater to a high standard 24/7. The two main wastewater treatment plants servicing Auckland are at Māngere on the Manukau Harbour and Rosedale on the North Shore. We have over 8,000km of wastewater pipes, 514 wastewater pump stations and 18 wastewater treatment plants.

Key programme of works	Status	Description	Outlook
Northern Interceptor	On track	This pipe will divert flows from Māngere to Rosedale. It will replace aged infrastructure, increase capacity of the network and reduce wet weather overflows.	Wainoni Park pipe laying is complete and on schedule. Directional drilling mobilising in May 2019. Harbour reclamation construction is underway. Remaining pipeline design continues.
Pukekohe Wastewater Treatment Plant upgrade	On track	The upgrade will provide capacity for population growth in the Pukekohe, Buckland, Tuakau and Pokeno catchment area.	Main construction works commenced in December 2018. The project is on track to meet the new consent conditions by October 2021.
Sub-regional wastewater servicing – North East	On track	Upgrade will cater for population growth in Warkworth and Snells Beach and will produce high quality wastewater for discharge. Completion is due April 2022.	Warkworth to Snells Transfer Pipeline consent lodged and in tender phase. The Snells Beach WWTP design is complete, with tender due 2020. Snells-Algies Outfall design is underway.
Sub-regional wastewater servicing – South West	On track	Upgrade caters for population growth in Kingseat, Clarks Beach, Glenbrook Beach, Waiuku. The programme includes a new Waiuku WWTP, new outfall pipeline and tidal	Discharge consent for the project was granted in 2018. We now have 8 years to deliver. Concept design is underway with business case approvals targeted for mid-2019.
Western Isthmus Water Quality Improvement Programme (Joint programme with Healthy Waters)	On track	Watercare is investing \$412m over 10 years. Benefits include reduced wastewater overflows into the environment.	Investigation works are continuing in 3 of the 10 catchments. These are Herne Bay/St Mary's Bay, Waterview and Freemans Bay.

Other statement of intent focus areas

Three Waters review

- **Three Waters s17A Value for Money Review:** Watercare continues to work with Council on implementing the recommendation of Council's s17A Value for Money Review into the "Three Waters". Before the end of FY19, the CFOs of Watercare and Auckland Council will take leadership and provide oversight of the implementation of the Three Waters recommendations and transferring the work programme into "BAU".
- **Auckland's Waters:** Watercare continues to work with Council on the Auckland's Waters Strategy, which overlaps with the s17A Three Waters Review. Public consultation occurred in Q3, with the results to be presented to Council and Watercare in Q4.
- **Central Government Three Waters Review:** The DIA hosted a number of workshops around New Zealand to "road-test" their proposed regulation of Three Waters. Stakeholders from the Ministry of Health, Councils, Regional Councils, consultants, private water suppliers attended the sessions. Watercare attended a number of sessions. The workshops highlighted that there was general acceptance that public health was more important than cost, but it was apparent that smaller suppliers lacked the capacity, capability and funding ability to meet the challenges ahead. The DIA is expected to report back to Cabinet in June 2019.

Climate change

- In March 2019, we launched our Climate Change Strategy with internal events and external publication.
- We are now developing 4 value streams to deliver on the Strategy.
- Planning for Māngere Thermal Hydrolysis is underway with a completion date of June 2024. This is a key component supporting our energy neutrality target for Māngere and Rosedale by 2025.
- Our first solar array is now installed in Pukekohe. Wellsford and Redoubt Road arrays will be installed by June 2019.
- We are supporting Auckland Council with the Auckland Climate Action Plan (ACAP) and were involved in the Auckland Climate Symposium (18 – 20 March).
- Watercare presented at the Global Water Summit on the future of the water industry, including net zero emissions.
- Five staff members became accredited Infrastructure Sustainability professionals to support the delivery of the Infrastructure Sustainability of Australasia (ISCA) tool on projects.
- We launched our 40:20:20 Vision for building better infrastructure, reducing carbon and improving health and safety outcomes.

Contribution towards Māori outcomes

Kaitiakitanga outcomes (particularly water):

- In March 2019, Watercare's CE Raveen Jaduram and Richard Waiwai, Watercare's Poutiaki Tikanga Māori (Principal Advisor) led Council family presentations on Te Toa Takitini priorities to Mayor Goff, Councillors and the IMSB.
- The Trade Waste Bylaw 2013 is under review. We updated the Kaitiaki forum on the process and highlighted the next steps.
- The Manukau Harbour hydrodynamic and water quality model is expected for completion in August 2019. Two members of the Kaitiaki forum represent mana whenua on the monthly project management meetings for the model, where all decisions are made.

Identity and Culture

- Mana whenua is being engaged to incorporate Iwi interpretations through signage, artworks (tukutuku panels) whakairo (carvings) at Watercare sites.
- Restoration strategies take a holistic view, maximising mana whenua values and beliefs with mātauranga māori being created and implemented. Warkworth Wastewater Treatment plant in collaboration with Ngāti Manuhiri is a perfect example of this.

Councillor, Local board and community engagement

- We kept the Waitakere Ranges, Whau and Puketapapa Local Boards updated on progress with the Huia No. 1 and Nihotupu No. 1 watermain replacement in the interests of no surprises.
- Community Liaison Group, Local Board and Councillors were kept updated on progress with the consent for the Huia Water Treatment Plant replacement.
- All Local Board members received information on the Trade Waste Bylaw review and the final step in the process involving public submissions.
- Local Board members received updates on Watercare's participation in the consent appeals for proposed water quality upgrades in St Marys Bay and the Western Isthmus water quality improvement programme.
- Updates on odour issues associated with the digesters at the Māngere Wastewater Treatment Plant were sent to Māngere and Puketāpapa Local Board members.
- Major wastewater upgrades in Glen Innes have been causing some disruption. Local Board members have been kept up to date with progress reports. Watercare continues to work with AT. Unfortunately, there is little opportunity to change traffic management and some degree of disruption will continue throughout the year.
- We attended a Franklin Local Board meeting to discuss future development in the area and the Local Board was appreciative of Watercare's attendance.

Watercare Q3 financials



Direct operating performance

(\$ thousands)		FY 18	FY 19 Quarter 3 YTD			FY 19
	Notes	Actual	Actual	Budget	Variance	Budget
Net direct revenue		392,293	317,826	308,872	8,954	412,118
Direct revenue	A	641,586	485,302	472,580	12,722	631,040
Fees & user charges		490,537	393,752	383,804	9,948	508,019
Operating grants and subsidies		-	-	-	-	-
Other direct revenue		120,838	91,550	88,776	2,774	123,021
Direct expenditure		219,082	167,476	163,708	(3,768)	218,922
Employee benefits		74,491	54,929	55,796	867	75,007
Grants, contributions & sponsorship		102	309	572	263	672
Other direct expenditure	B	144,489	112,238	107,340	(4,898)	143,243
Other key operating lines						
AC operating funding		-	-	-	-	-
AC capital funding		-	-	-	-	-
Vested assets		30,201	29,685	15,000	14,685	20,000
Depreciation		218,731	182,322	189,032	6,710	252,300
Net interest expense		93,583	65,799	66,963	1,164	90,861



Financial Commentary

A: Direct revenue is \$12.7m ahead of budget mostly due to higher actual usage volume (117.1 MLD) against budgeted volumes (111.8 MLD).

B: Other direct expenditure is \$4.9m or 4.5% over budget due to unforeseen unplanned maintenance required on infrastructure assets and costs associated with higher actual usage.

Watercare Q3 performance measures

Key performance indicators	Previous Quarter	FY 19 Quarter 3		Status	Commentary
		Actual	Target		
Note: Watercare has a total of 14 LTP measures and 16 SOI measures. Non-LTP measures are marked with an * For the nine months to 31 March 2019, all of our measures are tracked monthly. One measure is a yearly measure. In Q3, we are meeting 13 of the 16 measures and not meeting 2 measures. Our annual measure into wet-weather overflows was tracking above the target, but is now coming down.					
The extent to which the local authority’s drinking water complies with part 4 of the drinking water standards (bacteria compliance criteria)	100%	100%	100%	Met	
The extent to which the local authority’s drinking water complies with part 5 of the drinking water standards (protozoal compliance criteria)	100%	100%	100%	Met	
Average number of wet weather overflows per engineered overflow point per discharge location in the transmission system *	2.63	2.1	<2 per year	N/A	Yearly measure: The adverse result in December 2018 was due to a significant rainfall event. Monthly rainfall in December 2018 was 224mm, compared to March 2017 (Tasman Tempest) rainfall of 269mm.
The number of dry weather overflows from Watercare’s sewerage system, expressed per 1000 sewerage connections to that sewerage system	0.37	0.38	≤ 10	Met	
Median response time for attendance for urgent call-outs: from the time that Watercare receives notification to the time that service personnel reach the site	50 mins	50 mins	≤ 60 mins	Met	
Median response time for resolution of urgent calls-outs: from the time that Watercare receives notification to the time that service personnel confirm resolution of the fault or interruption	2.90	2.80	≤ 5 hours	Met	
Median response time for attendance for non-urgent call-outs: from the time that Watercare receives notification to the time that service personnel reach the site	1.80	1.60	≤ 5 days	Met	

Key performance indicators	Previous Quarter	FY 19 Quarter 3		Status	Commentary
		Actual	Target		
Median response time for resolution of non-urgent call-outs: from the time that Watercare receives notification to the time that service personnel confirm resolution of the fault or interruption	2.7 days	2.2 days	≤ 6 days	Met	
Attendance at sewerage overflows resulting from blockages or other faults: median response time for attendance - from the time that Watercare receives notification to the time that service personnel reach the site	45 mins	44 mins	≤ 60 mins	Met	
The average consumption of drinking water per day per resident (gross PCC) (12 month rolling average)	273	2 month delay	266 + / - 2.5%	Not met	An extremely hot and dry January and February 2019 resulted in record water consumption by Watercare customers and also consumers outside Watercare's jurisdiction via water tanker operators. This will adversely affect this measure for the year.
Attendance at sewerage overflows resulting from blockages or other faults: median response time for resolution - from the time that Watercare receives notification to the time that service personnel confirm resolution of the blockage or other fault	2.9 hours	2.9 hours	≤ 5 hours	Met	
The total number of complaints received by Watercare about any of the following: a) sewerage odour b) sewerage system faults c) sewerage system blockages d) the territorial authority's response to issues with its sewerage system.	18.6	18.6	≤ 50	Met	
The percentage of real water loss from Watercare's networked reticulation system (rolling 12 month average)	13.0%	13.4%	≤ 13%	Not met	2 month lag on data. 13.4% figure is the February 2019 figure. We are continuing our work into the accuracy of our Bulk Supply Points. Our teams are also pursuing theft, replacing old meters with new, accurate meters and ensuring water meters are read in line with our programme.
Net Promoter score – strive to achieve a score of >30*	30	37	>30	Met	In January 2019, we launched our in-house Voice of the Customer survey system, which informs our NPS score. The survey questions have been clarified, which has rendered a higher NPS result.

Key performance indicators	Previous Quarter	FY 19 Quarter 3		Status	Commentary
		Actual	Target		
Compliance with Watercare's resource consents for discharge from its sewerage system measured by the number of: a) abatement notices b) infringement notices c) enforcement orders d) convictions received by Watercare in relation to those resource consents	0	0	a) ≤2 b) ≤2 c) ≤2 d) 0	Met	
The total number of complaints received by Watercare about any of the following: a) drinking water clarity b) drinking water taste c) drinking water odour d) drinking water pressure or flow e) continuity of supply f) Watercare's response to any of these issues.	4.4	4.5	≤ 10	Met	

Regional Facilities Auckland

Quarter 3 Performance Report

For the period ending 31 March 2019

*This report outlines the key performance of
Regional Facilities Auckland*

Regional Facilities Auckland Q3 summary

Highlights, issues & risks for the quarter

Highlights:

- RFA's summer stadium concert line-up boosted the Auckland economy with a visitor spend of \$20 million and a contribution to regional GDP of \$10 million.
- Disney's *Aladdin the Musical* ran for nine weeks at The Civic, with 70 performances drawing theatre-goers from around the country with spectacular sets and costumes, and talented cast.
- New Zealand Maritime Museum welcomed hundreds of Aucklanders on its heritage vessels as part of Auckland Anniversary weekend festivities at the waterfront.

Issues/Risks:

- The financial operational performance is currently forecasted at an unfavourable variance of approximately \$250k. Focus remains on securing revenue opportunities and deferral or cutting non-essential variable costs. The \$250k variance relates to the accelerated visitor security programme.
- Conventions, Stadiums, and Auckland Live revenue remains cyclical and volatile.
- Business interruption caused by the capital works at the Aotea Centre and Auckland Zoo is having a significant negative impact on revenue generation.
- The loss of the VEC as a conventions venue will hamper RFA's ability to grow the conventions market.

Financials (\$m)	YTD actual	YTD budget	Actual vs Budget
Capital delivery	70.5	89.0	(18.5)
Direct revenue	41.3	46.9	↓ (5.6)
Direct expenditure	68.2	73.9	↓ 5.7
Net direct expenditure	26.9	27.0	↓ 0.1

Financial Commentary

Capital delivery: The RFA capital programme for FY19 consists of 247 projects, with a forecast 86% delivery by year end. The delivery lag is primarily driven by changes in phasing of the two major projects – the Aotea Centre refurbishment and the South East Asia Precinct which, collectively, are budgeted at \$113m over several years.

Direct revenue: Revenue is unfavourable to budget due to two large theatre events have been postponed and three outdoor concerts did not proceed as budgeted. This has also had a consequential flow on effect on other revenue.

Direct expenditure: Overall direct expenditure is \$5.7m favourable to budget as costs are actively controlled to offset the unfavourable revenue.

Key performance indicators

(Refer to pg. 98 for complete list)

	Previous Quarter	FY 19 Quarter 3 YTD		Status	Commentary
		Actual	Target		
The number of people who experience RFA's arts, environment and sports venues and events	1,686,306	2,423,215	2,585,627	Not met	The lease of the VEC to Team NZ during the second quarter has negatively impacted the overall visitor numbers. It is unlikely this target will be met by year end.
The net promoter score for Regional Facilities Auckland's audiences and participants	43	45	18	Met	
Percentage of operating costs funded through non-rates revenues	59%	61%	65%	Not met	The forecast shows that revenue targets will not be met this year, however tight control over expenditure means that the expected forecast for the financial year end is that RFA will be unfavourable to budget by only \$250k due to the acceleration of the visitor security programme.
Number of programmes contributing to the visibility and presence of Māori in Auckland, Tamaki Makaurua	26	47	10	Met	

Strategic focus area – Stadia

Key commentary

For the nine months to 31 March 2019, a total of \$4.7m was spent towards stadia against a budget of \$17.9m, with a forecast year end spend of \$15m.

Highlights

1. North Harbour Stadium: reconfiguration of the main field to accommodate baseball has been agreed with stakeholders and design is underway. Works are anticipated to be completed by November 2019. Seismic assessments of the main stand will be concluded shortly and will inform the design of the roof replacement. Detailed design will be completed this financial year.
2. Mt Smart Stadium: works on the lower west stand and the south stand will be completed this financial year.
3. Western Springs: detailed designs will be received by 15 April for the four building renewals, with works projected to be completed by November 2019. In consultation with users, the entry road renewal has been delayed until the end of August, following the conclusion of the rugby season. The building locations and designs have been future proofed to accommodate various alternative future uses of the venue.

Issues/Risks

1. Seismic assessments are currently being undertaken across our stadiums. The outcomes of these assessments will need to be taken account of in the context of future asset management strategies.

Strategic context

RFA's Venue Development Strategy (VDS) identifies the issues facing the current major outdoor stadiums in Auckland, and proposes key focus areas over the next 20 years to address these. These primarily provide more fit for purpose stadia which are more financially sustainable, better utilised and provide improved value for money through less duplication.

Key programme of works	Status	Description	Outlook
Nth Harbour QBE Stadium – baseball reconfiguration	On track	Reconfiguration and construction to enable the hosting of the Auckland Tuatara's home games for next season at QBE Stadium	This project is currently in procurement phase with construction to commence in March and completed by November 2019.
Mt Smart Stadium – seating replacement in the lower west stand	On track	The replacement of the seating area entirely, including seats, structure and decking on the lower west stand of Mt Smart Stadium.	This renewals project for Mt Smart Stadium is required to ensure health and safety and tenancy obligations continue to be met.
Nth Harbour Stadium – main stand roof renewal	Delayed	To construct access to the grandstand roof and undertake roof repairs (renewals)	Awaiting the outcome of seismic assessments.
Western Springs Stadium renewals	On track	The replacement of two toilet blocks, gate entry building, maintenance shed, concourse and Stadium Road upgrade works.	Essential renewals currently in the procurement phase and expected to commence in March with completion due in November 2019.

Strategic focus area – Auckland Zoo development

Key commentary

For the nine months to 31 March 2019, a total of \$20.0m was spent towards zoo development against a budget of \$40.3m.

Highlights

1. Renewal of the Old Elephant House as a restaurant and functions venue to improve visitor amenities has been completed
2. Construction of the South East Asian Precinct and new café is well underway.
3. The new Zoo administration wing has been completed, increasing capacity to accommodate staff and providing permanent location for previously isolated staff. Planning for the Stage 2 renovation of the old administration wing has also begun.
4. A significant programme of general renewals and infrastructure upgrades is 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 are 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%. Visitation numbers are being maintained as a result, although revenues are necessarily impacted.
2. A significant portion of general renewals is planned following the Easter school holidays to avoid visitor impact. This increases the risk of delays due to weather.

Strategic context

RFA is continuing with development of a world class zoo and conservation facility by addressing aging infrastructure at Auckland Zoo and long-term under-investment through a phased programme of works. This has the aim of essential renewals to ensure Auckland Zoo meets the modern standards of animal welfare, visitor amenity, wildlife exhibition and health and safety obligations.

Key programme of works

Status

Description

Outlook

S. E. 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 (\$60m) in the zoo's history. Tracking to budget and expected to be completed in the 2019/20 financial year.

Strategic focus area – Aotea Centre development

Key commentary

For the nine months to 31 March 2019, a total of \$24.3m was spent towards the Aotea Centre development against a budget of \$52.8m. This project remains substantially challenged by delays associated with the need for comprehensive re-design to meet new standards.

Highlights

1. Refurbishment of the interior of the Aotea Centre was sufficiently completed in March 2019 to enable successful hosting of the Auckland Arts Festival.
2. The outdoor “Digital Stage” screen in Aotea Square continues to provide free live and enhanced digital experience for visitors to the Aotea Arts Quarter, playing a significant role during the Auckland Arts Festival.
3. Work on developing a precinct master plan for Aotea Square is well advanced and on track to be presented to the Board mid-2019.

Issues/Risks

1. Changing consenting requirements in relation to the tragic events at Grenfell Tower and Nautilus Orewa have caused significant delays with progressing the façade and external weather-tightness work on the centre. This has resulted in redundant work, the need to re-establish the project design team, and conduct a comprehensive re-design of the building’s cladding and weather protection systems. Some portions of work remain in design. An additional \$14m in additional costs are estimated as a result, and additional funding will be sought as part of the Annual Plan 2019/20 budget process.
2. Delays to completion of the project will reduce revenue potential from the centre for a longer period than previously anticipated. Significant distraction for Aotea and project teams through need to micro-plan access to conclude unfinished portions of work.
3. 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. There are significant additional costs associated with these changes and further funding will be sought through the annual plan process.
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	This project is progressing with input from a broad group of stakeholders and is intended to help guide future investment proposals.
Aotea Centre expansion	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

- *Pacific Sisters: He Toa Tāera | Fashion Activists* opened at Auckland Art Gallery in February. The exhibition, which plays homage to a collective of Pacific and Māori designers, artists and performers that electrified 1990s Auckland, has been extended with an interactive art installation, DiscoVERY, by Rosanna Raymond and Ani O'Neill.
- *Guerilla Girls: Reinventing the 'F' word – Feminism!* opened in March. The anonymous collective's humorous and provocative work has challenged discrimination in the art world, politics, film and music for three decades.
- The first boat built by Sir Peter Blake more than 50 years ago, Bandit, has been restored and put on display at the New Zealand Maritime Museum. A new sustainability-themed space for families was opened, with interactive activities encouraging children to contribute ideas on caring for our oceans.
- Auckland Live produced additional NZ Sign Language-interpreted and Audio described performances for Disney's *Aladdin the Musical*, with positive feedback from hearing and visually-impaired theatre-goers.
- Auckland Zoo announced a partnership with Mazda Foundation for its Outreach Conservation Education programme.

Sustainability and Climate change

- Since the 3rd of January 2019 Auckland Live have been using Globelet reusable wine glasses. Their use for the Aladdin season prevented over 13,500 disposable cups from going to landfill. Globelet cups were also trialled at four of Auckland Stadium's major events over the 2018-2019 summer season.
- A project has been initiated to progressively replace the Art Gallery's 300 Watt halogen external up-lights with 30 Watt LED replacements, resulting in a 10-fold improvement in energy efficiency. 26 of these will be replaced starting in April.
- The New Zealand Maritime Museum hosted a Seaweed breakfast talk in March with Heni Unwin in partnership with Sustainable Seas National Science and Cawthron Institute. The scientist talk was on the development of a new digital tool to track how ocean currents transport plastics.
- The zoo's water savings have been reported as 42300 m3 (\$169k) since April 2017 due to improved metering and real time leak notification allowing for immediate leak repair.
- 0% of the zoo's recycling was rejected (sent to landfill) due to contamination this quarter, following a new initiative to hand sort all recycling.
- Rainwater harvesting tanks installed in the zoo's South East Asia Precinct brings the zoo's total rainwater collection capacity from quarter of a million to half a million litres of water annually.

Contribution towards Māori Outcomes

Te Reo Māori:

- All business units which have direct customers service responsibilities have implemented te reo Māori, waiata and tikanga Māori staff training opportunities.
- Aotea Centre upgrade includes te reo Māori signage in its tri-lingual wayfinding plans.

Identity and Culture

- Internationally renowned artist Lisa Reihana has been commissioned to create a unique world class Māori digital media work for Aotea Centre.

Effective Māori Participation

- Relationships and engagement with iwi, Māori specialists are continuing to be developed and strengthened.
- Auckland Stadiums has met with Te Puna Trust (owners of Raratonga/Mt Smart Land). Arrangements have been made with the Trust to provide access to meeting rooms within the Stadium.
- New Zealand Maritime Museum- Hui Te Ananui ā Tangaroa has a Memorandum of Understanding with Te Toki Voyaging Trust.
- Auckland Live and Conventions staff organised and supported 75 members of the cast and crew from *Aladdin-The Musical* to participate in a formal powhiri at Orākei Marae by Ngāti Whātua Ōrākei.

Local Board Engagement

- In February, the annual function for local boards, hosted by the chair of RFA, was attended by approximately 50 guests as well as RFA board members and senior management. Guests enjoyed informal tours of the New Zealand Maritime Museum and the opportunity to talk with people from RFA, advisory panels and other local boards across the city. Fourteen local boards were represented.
- The RFA Directors of Stadiums and Stadiums Strategy met with Waitemata Local Board, Maungakiekie-Tamaki Local Board and Upper Harbour Local Board to discuss the stadiums within the board areas and the Auckland Stadiums Venue Development Strategy.
- The Deputy Director, Auckland Live, presented an update of activities and developments to the Waitemata Local Board, and is working with the board around developments in Aotea Square, such as the Digital Stage, and citizenship ceremonies at the Auckland Town Hall.
- By the end of the quarter, six boards had placed the second quarter report on meeting agendas, while others are yet to do so or are distributing the report to members for reading.

Regional Facilities Auckland Q3 financials



Direct operating performance

(\$ million)	Notes	FY 18	FY 19 Quarter 3 YTD			FY 19
		Actual	Actual	Budget	Variance	Budget
Net direct expenditure	A	35.8	26.9	27.0	0.1	36.0
Direct revenue		58.4	41.3	46.9	(5.6)	62.5
Fees & user charges	B	46.0	30.0	37.9	(7.8)	53.1
Operating grants and subsidies		1.7	0.9	0.6	0.3	0.8
Other direct revenue		10.7	10.3	8.4	1.9	8.6
Direct expenditure		94.2	68.2	73.9	5.7	98.5
Employee benefits	C	46.8	38.5	33.7	(4.8)	44.9
Grants, contributions & sponsorship		2.0	1.0	1.0	-	1.3
Other direct expenditure	D	45.4	28.7	39.3	10.6	52.3
Other key operating lines						
AC operating funding		27.5	27.4	26.7	0.7	35.6
AC capital funding		44.5	64.6	86.1	(21.6)	120.6
Vested assets		-	-	-	-	-
Depreciation		27.4	24.7	24.6	(0.1)	32.8
Net interest expense		(0.6)	(0.4)	(0.3)	0.1	(0.4)



Financial Commentary

A: The RFA performance for the nine months to 31 March 2019 is tracking to budget. This has been achieved through tight control over expenditure by all the RFA divisions. The forecast for the financial year end is unfavourable to budget by \$250k due to the acceleration of the visitor security programme.

B: Fees and user charges are unfavourable to budget due to planned events not occurring. Two large live theatre events have been postponed and two large outdoor concerts budgeted (but not secured) for this quarter did not proceeded. This has also impacted food and beverage sales.

C: Employee Benefits contains \$7.5m 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

D: Other direct expenses contains COGS which includes salary recharges of \$7.5m. The \$7.5m recovery should offset against employee benefits – RFA will continue to work with Auckland Council officers to rectify this reporting issue going forward.

Regional Facilities Auckland Q3 performance measures

Key performance indicators	Previous Quarter	FY 19 Quarter 3		Status	Commentary
	YTD	YTD Actual	YTD Target		
Note: RFA has a total of 4 LTP measures and 8 SOI measures For the nine months to 31 March 2019, all of the measures have been measured against a quarterly target. 5 have been met / 3 have not been met					
The number of people who experience Regional Facilities Auckland's arts, environment and sports venues and events	1,686,306	2,423,215	2,585,627	Not met	The Viaduct Events Centre was leased to Team NZ during the second quarter. This re-purpose of the facility has had a negative impact on the overall visitor numbers. It is unlikely this target will be met by year end.
Total number of visitors to Auckland Zoo	346,806	551,427	503,833	Met	
Total number of visitors to Auckland Art Gallery	204,151	304,651	374,067	Not met	International visitor numbers did not achieve the targets set for the summer months and it is forecast that the year-end target will not be met due to a lower number of paid exhibitions and potentially also due to the introduction of the international visitor charge.
Total number of visitors to the NZ Maritime Museum	78,570	124,285	121,651	Met	
The net promoter score for Regional Facilities Auckland's audiences and participants	43	45	18	Met	
Percentage of operating costs funded through non-rates revenues	59%	61%	65%	Not met	The forecast shows that revenue targets will not be met this year, however tight control over expenditure means that the expected forecast for the financial year end is that RFA will be unfavourable to budget by only \$250k due to the acceleration of the visitor security programme.
Percentage of Auckland residents surveyed who value RFA venues and events	69%	70%	70%	Met	
Number of programmes contributing to the visibility and presence of Maori in Auckland, Tamaki Makaurau	26	47	10	Met	