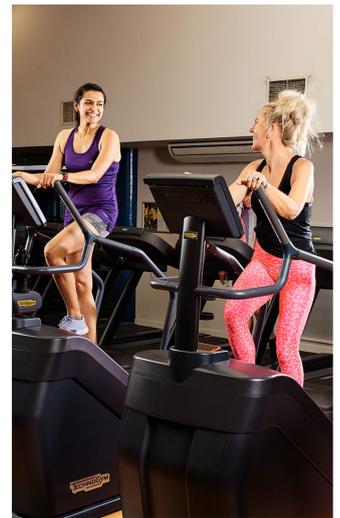




BAY VENUES REPORT

PREPARED FOR TAURANGA CITY COUNCIL

Q3 (Jan - Mar) 2022



 BayVenues


Tauranga City

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1. Executive Summary

Welcome to the Bay Venues Quarterly Report for Quarter 3 (Jan to Mar) in the 2022 Financial Year (FY22). The purpose of this report is to inform TCC and the community about activity across the city's portfolio of community facilities managed by Bay Venues.

Year to date attendance numbers across the Bay Venues network of facilities totals 1,071,364 visitors. In comparison to the same period of the previous year, visits are down by nearly 31% (or nearly 500,000 patrons.) This is attributed to the extended period of Covid restrictions that have been in place since August 2021 and escalated during Q3.

Visits (Jan-Mar 22)*

416,720	243,896	175,132	235,616	1,071,364
-24%	-46%	-43%	-4%	-31%
Aquatics	Indoor Sports	Community Centres & Halls	Other Business Units**	Total

Hours of use (space booked across indoor recreational facilities) was also down 37% in Indoor Sports Centres on the previous 3-year average, 39% down in Community Centres and down 28% in Community Halls.

We are close to finalising the refreshed Bay Venues strategy including an updated Vision, Mission and Purpose along with updating our organisational Values. We will formally record this in our Final Statement of Intent to be submitted to TCC in June 2022.

Covid has put significant pressure on the business operationally and financially. The move to the Red setting of the Covid Protection Framework has hit the business hard. The impact on the team has been significant as we have had to keep business units and facilities operating with significant staff absences due to Covid. Fortunately, we have been able to largely maintain our level of service other than some managed closures of aquatic facilities.

The financial result for Q3 has again been significantly impacted by Covid restrictions and the move to the Red setting that prevented almost all events from proceeding. While the total financial result for Q3 was an EBITDA loss of \$860k this is in line with the forecast that was presented to Council in October 2021. Events and associated activities have been hit hardest during Q3 with a combined EBITDA loss of over \$500k across Events, Catering and Audio Visual.

We had previously re-forecast our FY22 result to -\$3.61m based on no significant events taking place during Q3 and Q4. While there may be some events coming back later in Q4 (that may see a minor improvement in the FY22 financial position) the lead time on events means that this is not expected to make a big difference to the overall year end position. We continue to keep a strong focus on managing costs where possible to offset the lost revenue.

The outlook for FY23 looks more positive with good booking enquiry coming through for the second half of 2022 and people seeming more positive about getting back to 'normal'.



Chad Hooker, CEO



Simon Clarke, Chair

*Percentage calculated in comparison to the same period in the previous year.

**Business units include Clubfit, Adams Centre for High Performance, BayStation, Baypark Stadium.

1.1 Key Achievements

- Bay Venues was awarded the Recreation Aotearoa 2021 Aquatic Innovation Award for our Keep Me Safe child supervision strategy (see 2.1 Aquatic Facilities for more details).
- The first stage of the Greerton Aquatic & Leisure Centre upgrade has been completed with new non-slip flooring and all pools being repainted.
- We managed to largely maintain our level of service and kept most of our venues open despite significant staff absences during Q3.

1.2 Key Challenges

- Recruitment and retention of staff remains a key challenging in a tight labour market. As the borders open this will increase pressure and we are already seeing some staff leave to head overseas.
- With inflation running at a high level the impact of increasing costs on the business will continue to be challenging.
- Rebuilding our events business will be a key focus for the next 6-12 months as Covid restrictions are eased.

1.3 Emerging Risks and Opportunities

- The return of events presents positive opportunities, but we will also need to carefully manage this as our teams and event organisers will need to gear back up for hosting larger events. Fortunately, the larger events we host will come later in 2022 giving us a chance to get back into the swing of things.
- While things seem to have settled there remains a risk that a new strain of Covid could see restrictions imposed again in the future.

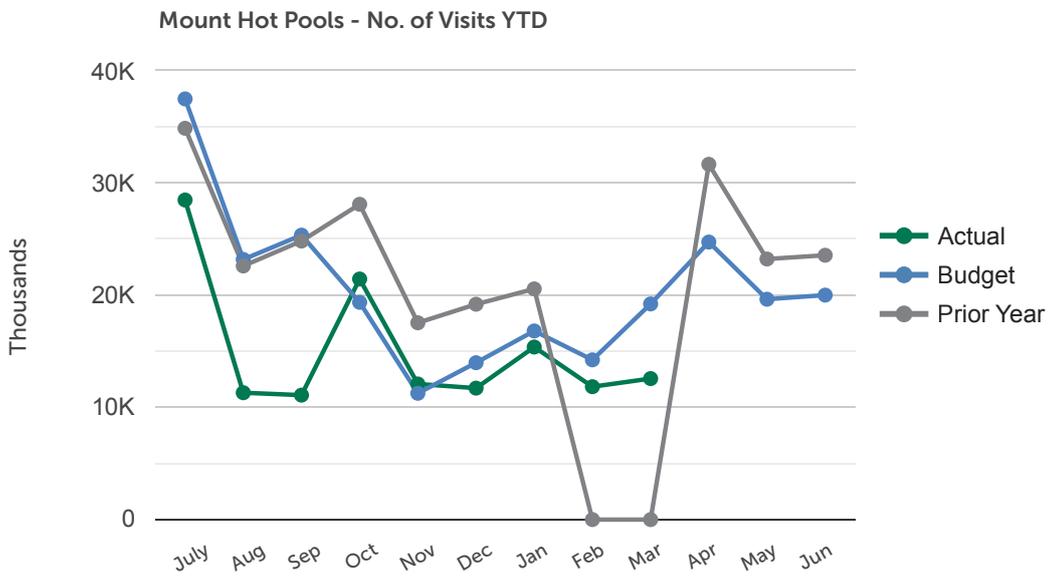


2. Community

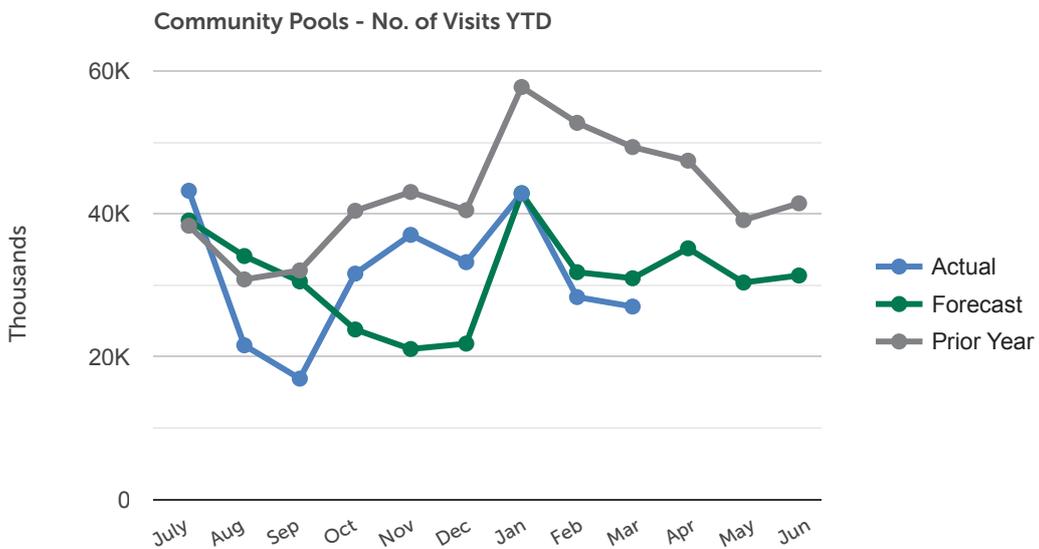
2.1 Aquatic Facilities

The effects of Covid were felt primarily at our busier aquatic venues (Baywave & Mount Hot Pools) due to the restrictions on capacity and cancellation of swim meets. The number of visits across the Community Pools YTD totalled 281,000, in line with forecast expectations. However compared to the previous year, visits were down 27% (approx. 384,000 visits).

Visits to the Mount Hot Pools YTD totalled 135,740 visits. This is lower than forecast by 25% (45,000 visits). This is in line with other tourist destinations around the country who have felt the full brunt of Covid disruptions. Compared to the prior year and despite the Mount Hot Pools being closed for maintenance Feb-Mar 21, visits were still down 19% (31,800 visits).



Note: the Mount Hot Pools 10-weeks maintenance closure occurred in Feb & Mar 21.



Community Pools include Baywave, Greerton, Otumoetai and Memorial. Note: Greerton was closed Feb-Apr 22.



Bay Venues was awarded the Recreation Aotearoa 2021 Aquatic Innovation Award for our Keep Me Safe pool supervision rules. Since the 2020 implementation of Keep Me Safe, a campaign designed to encourage caregivers to take ownership of their child's safety in and around the water, there has been a 38% decrease in wet rescues across all our aquatic sites.

A critical incident that occurred at the Mount Hot Pools in January 2020 was the catalyst for making change to our pool supervision rules. The success of implementing Keep Me Safe is due to the buy-in of multiple business units all collaboratively working together to ensure there is consistency and repetitive reinforcement, aided by some standout marketing collateral to drive the message home to parents.

The volume and calibre of the other nominees made this award even more prestigious.

Weather is a key factor that influences patronage across the aquatic venues; inclement weather sees an increase in visits noticeably at the Mount Hot Pools and Baywave, while hot sunny days will result in a busy day at Memorial Pool. The Mount Hot Pools has lowered their temperatures and been advertised as the Mount Cool Pools during the summer months in an attempt to entice visitors, as well as hosting live music poolside on Sunday evenings.

The escalation of the Omicron outbreak in Q3 affected the aquatic facilities with significant challenges maintaining the number of lifeguards and reception staff to keep the facilities open. In addition, the Learn to Swim team were forced to cancel some classes as a last resort.

In planning for staff absences, we made the decision to close Memorial Pool to the public a month earlier than scheduled on 24 February. With the impact of Greerton also being closed at the same time, Memorial Pool was kept open to accommodate Evolution Swim Club and Tauranga Water Polo Mini League only.

To keep Baywave and the Mount Hot Pools operating, staff were redeployed from other venues and we had to reduce services on some occasions or, without compromising health and safety, operate with reduced staff. For one weekend the Otumoetai Pool also had to be closed to the public.

The Greerton Aquatics maintenance closure and upgrade is well underway (progress photos below). The popular aqua aerobic classes held at Greerton were relocated to Otumoetai Pool.

We are working collaboratively with Evolution Aquatics Tauranga to enhance their offices and surrounds located at the Greerton Aquatics, to support the Club and raise its awareness to the general public.



Q3 Highlights

- ➔ During Q3, over 300 children from three schools participated in water safety lessons. Year to date, this brings the total number of children participating in vital water skills training to over 2,230 students from 11 schools.
- ➔ The Massage business has received a 4.82/5-star average in customer satisfaction through Bay Venues AskNicely customer sentiment platform.
- ➔ Sponsorship, in the way of free entry, has been provided to a recipient of the Make A Wish Foundation; Big Buddy (a mentoring programme for children needing positive role models); and the ICC Women's Cricket World Cup.

Financial Result

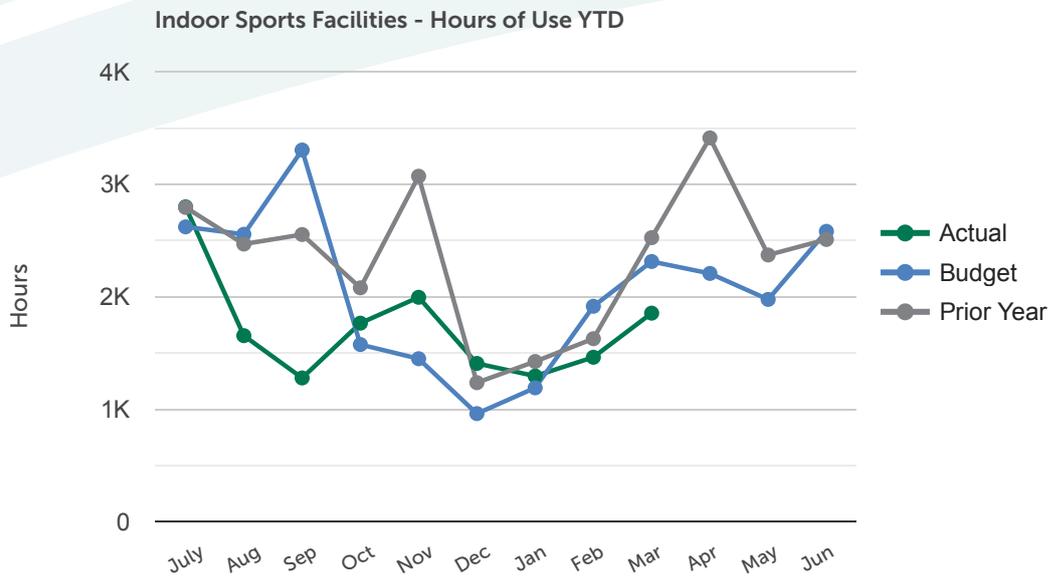
Lower visitor numbers at aquatic facilities under the Red Traffic Light have resulted in user fees revenue \$424k lower than budget. Cost reduction has been challenging with significant staff isolations meaning we have had to bring in additional cover to keep facilities open, however direct expenses are still \$53k better than budget.

PROFIT & LOSS

JAN '22 - MAR '22 (3 Months)	Aquatics			
000's	Actual	Budget	Prior Year	YTD
Revenue				
User Fees	1,027	1,450	1,028	3,351
Other Income	23	8	26	61
TCC Operating Subsidy	416	372	369	1,248
Total Revenue	1,465	1,831	1,423	4,660
Direct Expenses				
Cost of Goods Sold	0	0	0	0
Employee Expense	867	932	704	2,665
Administrative Expense	36	34	49	105
Advertising and Marketing	18	18	15	43
Operating Expenses	293	304	275	826
Repairs & Maintenance	83	62	110	216
Total Direct Expenses	1,296	1,350	1,153	3,856
Shared Service Allocations	468	537	456	1,389
EBITDA Profit/(Loss)	(299)	(56)	(186)	(585)

2.2 Indoor Sports Facilities

The impact of Covid restrictions through Q3 stopped most scheduled events and tournaments from occurring, hence YTD actual hours of use totalled just over 15,500hrs, down 13% (or 2,375hrs) on the previous year and down 22% (or nearly 4,300hrs) compared to the previous 3-year average.



On a positive note, the downturn in bookings enabled all nine courts at Trustpower Arena to be re-surfaced during January with minimal disruption.

Queen Elizabeth Youth Centre

While we were still in Orange, the QEYC hosted two cultural events in January – a Tongan traditional dance afternoon with 65 people attending.

Next was a show hosted by the Association of Tauranga Malayalee Aotearoa Inc where families got to perform in front of one another followed by an evening dinner with approximately 300 attending.

Despite moving into Red, the QEYC hosted a pre-wedding Indian event in early March, adhering to gathering limits.

Parafed have made a return to the QEYC after a period away due to most of their participants being unvaccinated, but now the majority are.



Trustpower Arena

At Trustpower Arena, in partnership with sporting codes, 185 children participated in the Summer holiday programme activities including hungerball, basketball and football.

Sports leagues got off to a good start this calendar year with Football at capacity with 60 teams registered.

One sporting event that we did manage to host at the Arena was the Volleyball BOP Junior Secondary School champs held over weekends in February and March. Due to Covid restrictions attendance was limited to 450 per day split over two defined spaces.



In contrast, numbers would typically be approximately 1,500 per day.

Tumble Time is feeling the effects of Covid with only 35-50% of normal participants attending.

Whilst large events were not able to go ahead, the BayActive team jumped on the opportunity to host a small football tournament. The opportunity to play an extra night of football was well received with 16 teams entering. The tournament was split across both sides of Trustpower Arena to maintain physical distancing.



The BayActive team at Trustpower Baypark partnered with Parafed BOP and Sport BOP to deliver a more inclusive Funky Fun Day programme for Bellevue School. The learnings will ensure we can provide a more diverse and inclusive programme going forward. Welcome Bay School attended the first Tū Manawa programme of the year in late March with 60 tamariki visiting Trustpower Arena for a day full of active play and having a go at different sports. Tamariki also got to stretch their imaginations and try the new 'Magic Play Box' which consists of loose-parts play equipment.

We have received positive feedback from the Pickleball fraternity following the inclusion of line markings at the Arena and Mt Sports Centre:

“It’s fantastic for our members to be able to use the correct ‘kitchen’ lines in our morning sessions. They’ll help everyone to become better players and to prepare properly for external tournaments. Adding these lines will see us as serious contenders for an open tournament in Tauranga.”



Pickleball club wins big in the capital

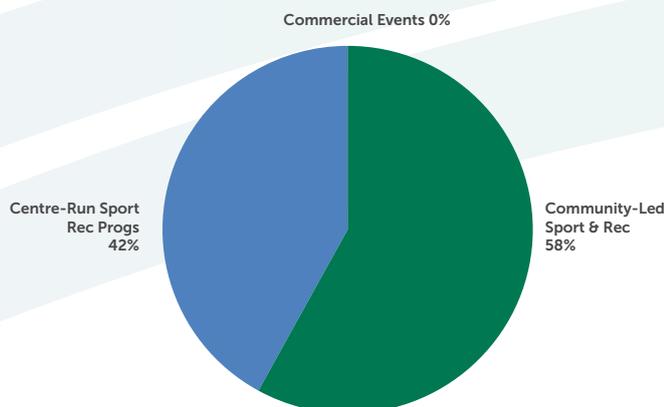
The Mount Pickleball Club, which uses Mount Sports Centre, the Queen Elizabeth Youth Centre and Trustpower Arena, was the most successful club at the 2022 Wellington Pickleball Cup held over Waitangi weekend. They came away with ten medals; four golds, four silvers and two bronze. The club has over 80 active members and continues to grow.

Mount Pickleball Club at the Mount Sports Centre.

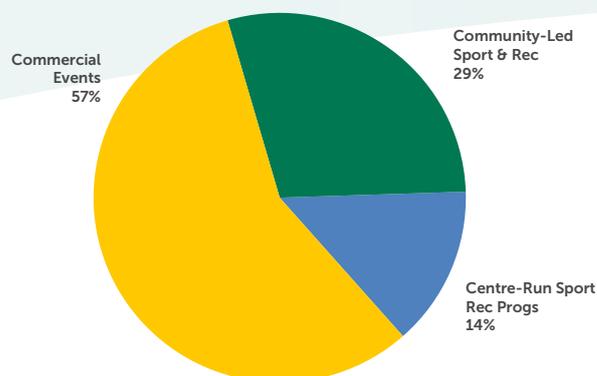
Plans are in place to include these additional floor markings during the next scheduled maintenance at QEYC to support this growing sport.

With the announcement of the move from Red to Orange, the Mel Young Easter Basketball Tournament scheduled to play at the Trustpower Arena, QEYC and Mt Sports Centre, had a bigger turnout with supporters able to attend.

Trustpower Arena 6-court - Hours of Use YTD



Trustpower Arena 3-court - Hours of Use YTD



Hours of Use

The following pie graphs provide a breakdown of the various types of use that occurs in the Trustpower Arena 6-court and 3-court areas.

Year to date hours of use in the 6-court totalled close to 6,550hrs. Community-led activity totalled 58% (or 3,810hrs) of use, of which tournaments contributed to 12% (or 780hrs) of booked hours with visit numbers significantly reduced as a result of gathering limits. Centre-Run activation totalled 42% (or 2,740hrs). There were no commercial-type events occurring in the 6-court due to Covid restrictions.

The Trustpower Arena 3-court area is primarily utilised for commercial-type events in line with *TCC's Prioritising Use of Indoor Facilities* developed in 2011 (ahead of the opening of Trustpower Arena). In the 3-court area, the policy prioritises "international, national and regional events including centre court sport, events and exhibitions; then regular community sport leagues and tournaments."

Year to date hours of use in the 3-court totalled just over 2,830hrs. At the start of the year, the 3-court area was in high demand from event organisers and since then, those events that have managed to proceed have had significantly reduced numbers due to gathering limits resulting in 57% (or 1630hrs) of use. There was one professional sporting fixture held in late Q3 which was the ANZ Premiership Netball game between the Magic and Tactix. Community-Led activity made up 29% (or 810hrs) of utilisation, followed by Centre-Run activation of 14% (or close to 400hrs).

Financial Result

The Indoor Sports Facilities financial result is slightly worse than budget which is predominantly driven by a decline in user volumes due to Covid restrictions.

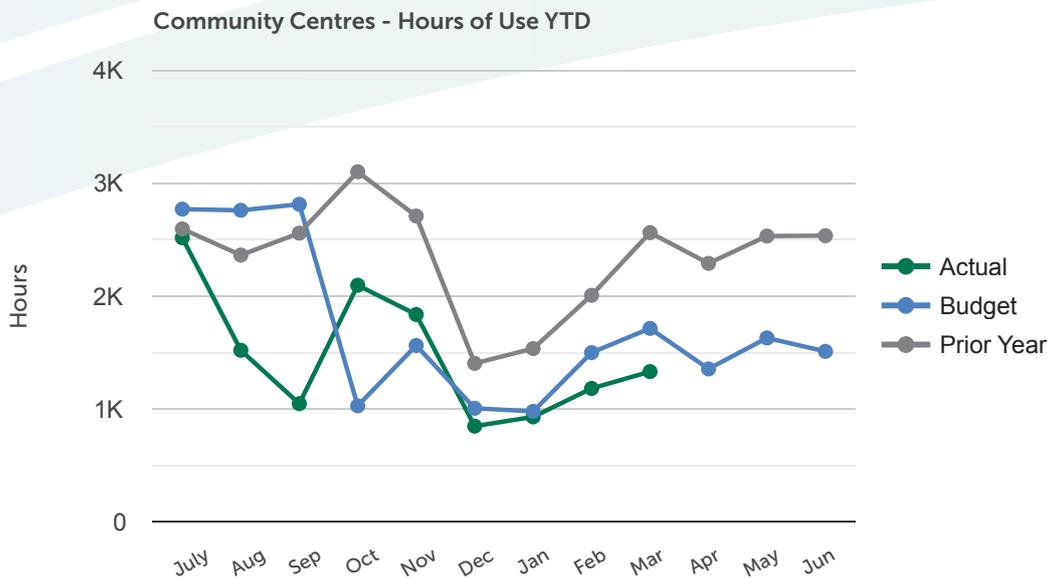
PROFIT & LOSS

JAN '22 - MAR '22 (3 Months)	Indoor Sports Facilities			
000's	Actual	Budget	Prior Year	YTD
Revenue				
User Fees	135	204	190	528
Other Income	1	0	0	8
TCC Operating Subsidy	311	278	275	940
Total Revenue	446	482	465	1,476
Direct Expenses				
Cost of Goods Sold	0	0	0	0
Employee Expense	114	131	108	391
Administrative Expense	3	5	4	16
Advertising and Marketing	2	5	6	6
Operating Expenses	42	45	49	136
Repairs & Maintenance	6	8	12	19
Total Direct Expenses	167	194	177	569
Shared Service Allocations	298	343	291	884
EBITDA Profit/(Loss)	(19)	(55)	(3)	23

2.3 Community Centres and Halls

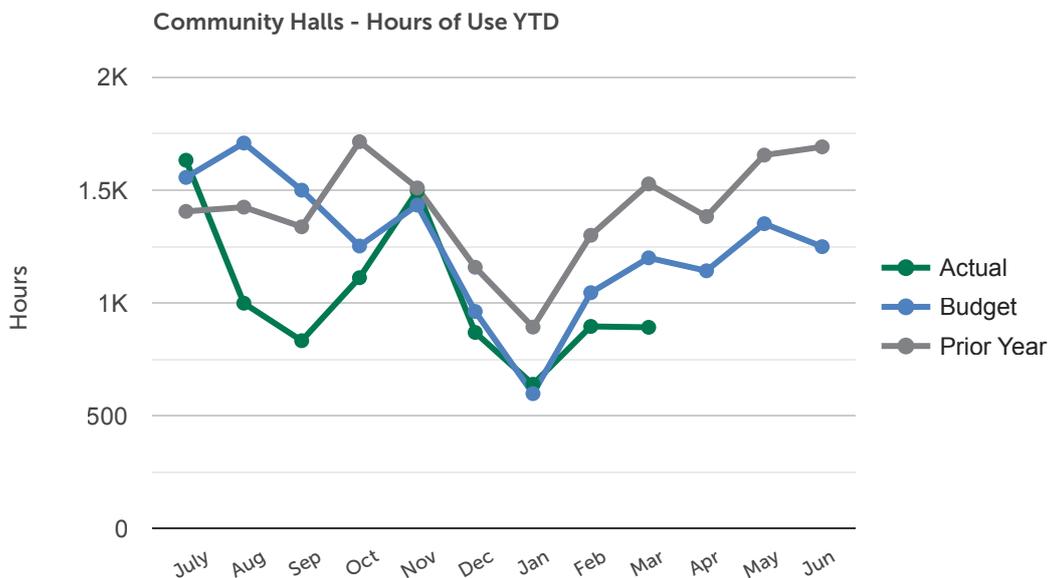
Year to date hours of use across the Community Centres network totalled over 13,300hrs, down 36% on the previous year.

As reported last time, Community Centres have been hard hit by Covid requirements. Physical distancing rules made it extremely difficult for many user groups to operate safely and viably. In Q3 actual hours were 18% lower than forecast and 44% lower than the same period last year.



Year to date actual hours of use across the Community Halls network totalled 9,250hrs, down 24% on the previous year.

In Q3 the hours of use were down 15% on forecast due to remaining in Red longer than anticipated. This translated to a reduction of 35% in comparison to the same period last year.



February saw the return for many of our regular user groups. Community Meal Providers are operating across the network including Greerton Hall, Cliff Rd Clubrooms, Arataki CC and Papamoa Sport & Recreation Centre (PSRC).

Indoor skating demand has increased with the Skate Kool returning to Greerton Hall after a period time in their own facility. We have also seen an increase in casual skate bookings occurring where families or friends book out space to train.

New user groups in Q3 include Ceroc Dance at the Elizabeth St Centre as well as French and Spanish classes held at the Arataki CC. Also at Arataki CC, Access Community Health have been hosting training clinics to upskill their community workers.



Geoffrey Nicholson, President, Papamoa Bowling Club.

Bowling Back at Papamoa Sport & Rec Centre

The Papamoa Senior Indoor Bowls group have been playing at the Papamoa Sport & Rec Centre (PSRC) for over 25 years. They have 80 members who range from 50 to 90 years in age. Due to Covid restrictions they could only play 27 times in 2021 out of a possible 43, finishing up the year early in August. The group stores their equipment at PSRC, and the venue is big enough to host up to seven mats, so it's not possible to play elsewhere.

Thankfully with the changes to the Covid Protection Framework, they have been able to start back up in early 2022. "Everyone couldn't get back fast enough" says President Geoff Nicholson "it's two and half hours of exercise and socialising."

At PSRC a private function with 80 people managed to go ahead, and the Papamoa Rugby Club junior muster attracted over 100 children.

The Arataki Sports Club junior rugby muster also attracted over 100 children to the Arataki Community Centre.

Many church groups opted to cease services due to vaccine mandates throughout Q3.

U3A is an existing group who host over 65 activity groups utilising Arataki and PSRC, and they are 'bucking the trend' with their membership base steadily growing.

Staff are keeping in regular contact with user groups who have yet to return to encourage them back to our venues as soon as possible.

The new Bay Venues website is improving the service for customers who can go online to check the booking calendar for venue availability and make their initial enquiry.

Work is underway to support the proposed outcomes of TCC's Community Centres Strategic Plan. The aim is to increase community-led development and activation of the community centres and halls Bay Venues manage, as well as provide support (where appropriate) to other community centre providers.

Financial Result

The Community Centres and Halls financial result is slightly ahead of budget, a good result given challenges with visitor numbers under the Red Traffic Light. Cost control has been strong, more than offsetting the revenue declines.

PROFIT & LOSS				
JAN '22 - MAR '22 (3 Months)	Community Centres and Halls			
000's	Actual	Budget	Prior Year	YTD
Revenue				
User Fees	78	115	124	293
Other Income	0	0	0	0
TCC Operating Subsidy	88	78	78	263
Total Revenue	165	193	202	556
Direct Expenses				
Cost of Goods Sold	0	0	0	0
Employee Expense	63	84	74	223
Administrative Expense	4	6	4	16
Advertising and Marketing	1	1	0	2
Operating Expenses	49	49	52	133
Repairs & Maintenance	6	15	17	25
Total Direct Expenses	123	155	148	400
Shared Service Allocations	56	64	54	165
EBITDA Profit/(Loss)	(13)	(26)	(0)	(9)

2.4 Events

The change back to the Orange Traffic Light will be a catalyst for the re-emergence of event activity, following the quietest period in Bay Venues and Baypark history. The restriction on attendance numbers has led to operational challenges even for those events that did take place.

Speedway was able to operate in Q3 using either live streaming or operating with separate “pods” of one hundred or less spectators to distance their use of concessions and amenities. This along with a discernible reluctance by the public to come to events in the early stages of the Omicron outbreak resulted in attendance levels at around 10% of normal volumes.

As with Speedway the Magic netball team conducted their first game of the season at Trustpower Arena with a limitation on numbers allowed to attend as can be seen from the photo.

The DHB finally wound up their testing centre at Trustpower Baypark at the end of March after being almost a permanent tenant there since the initial outbreak of the Covid pandemic in New Zealand just over two years ago.



Looking Forward

The previous report touched on the impact of event inactivity on our financial performance as it affects several normally busy business units that support events with their services.

However, we are optimistic about the future. In Q3 many event organisers have been in contact as they wait for the time when we can return to a more normal operating environment.

As we move forward into the last quarter of the year, and looking forward into the next financial year, we are starting to ramp up from very little activity to considerable activity.

PROFIT & LOSS				
JAN '22 - MAR '22 (3 Months)	Baypark Events			
000's	Actual	Budget	Prior Year	YTD
Revenue				
User Fees	398	584	727	1,187
Other Income	0	0	0	0
TCC Operating Subsidy	0	0	0	0
Total Revenue	398	584	727	1,187
Direct Expenses				
Cost of Goods Sold	0	0	0	0
Employee Expense	236	312	241	789
Administrative Expense	6	9	4	19
Advertising and Marketing	12	23	26	44
Operating Expenses	200	221	410	661
Repairs & Maintenance	82	59	76	178
Total Direct Expenses	535	624	757	1,690
Shared Service Allocations	148	170	145	440
EBITDA Profit/(Loss)	(286)	(210)	(175)	(943)

2.5 Associated Activities

Catering

Lack of event activity at Trustpower Baypark significantly impacted both AV and catering teams revenue generation during Q3. It is noteworthy however to report the positive feedback received from both NZ Cricket (formally) and anecdotally from international attendees at Women's Cricket World Cup matches held in Tauranga during March.

The catering team was on duty for 18 days straight during this event and attracted high praise, even though there were times when key staff were forced to isolate and/or recover from Omicron. The ability and willingness of a wide range of Bay Venues staff to either help or work long hours to ensure we delivered was incredibly encouraging.

Healthy School Kai

The first part of the school year was very unsettled due to Omicron, requiring the Healthy School Kai team to be very vigilant and careful as requirements often changed daily both in terms of volume and menu specifics.

The impact of an uncertain supply chain has also required incredibly diligent planning and the flexibility to react to unexpected shortages. Thankfully Covid hasn't disrupted the production team badly and with a catering operation to support them, gaps have been filled when necessary.

It has been most satisfying to see the team is still going out of their way to provide excellent service to our customers as exemplified by the feedback below from a Welcome Bay school teacher.

“Today I received the most amazing school lunch I have seen, and accompanied with it was a lovely handwritten note explaining what she had done and why.

Having dietary needs / requirements is not always easy and having recently been told I need to also be gluten free left me wondering if this would work.

Not only did Natalie make it work, she went over and above and I had the most delicious and nutritious salad I could imagine. Made my day!

I would like to take this opportunity to say thank you to Natalie and the team for going the extra mile, especially for the tamariki and kaiako with special dietary needs.”

The University of Waikato Adams Centre

Adams Academy

The Adams Centre is home to the Adams Academy, a subsidised development programme for aspiring local athletes with high performance potential. There are more than 100 athletes in the Academy that are involved in over 25 different sports. They range from international level and national representatives to regional competitors.

Current Tenants

- NZ Rugby
- BOP Rugby Union
- University of Waikato
- Body in Motion Physiotherapy

Outlook

Elite sports teams and individuals utilise the Adams Centre for training camps. From Jan - Mar 2022 this included numerous Women's international teams during the Cricket World Cup as well as the Black Caps. Looking ahead the NZ Warriors have booked a camp date for early 2023 and the All Blacks are scheduling a training block ahead of the 2022 Steinlager Series in July.



Hayden Wilde's 2022 Winning Streak

New Zealand Olympian triathlete, Hayden Wilde, started his competition year off with a win in his hometown of Mount Maunganui on March 13. He has since gone on to win another two races, three in a row in New Zealand, before he sets his sights on competitions in Singapore & Yokohama mid-year.

Hayden trains at the Adams Centre for High Performance. "I come to the [Adams Centre] all the time, on Tuesday and Thursday to work on strength and conditioning. It's a pretty awesome space."

Clubfit/BayStation

The public reaction to the Omicron wave was nowhere more apparent than in Clubfit and Baystation, where people simply decided to stay out of harms way. Baysation had their worst month for 3 years in March (although it has rebounded since) and Clubfit saw a decline in membership and also experienced a lack of attendance at normally popular sessions.

Financial Result

Associated activities financial result has been significantly impacted by the lack of events under red traffic light settings, particularly Catering and Audio Visual. EBITDA is down \$395k on budget, driven by a revenue decline of decline of \$704k against budget. Cost control has partially mitigated the loss of revenue.

PROFIT & LOSS				
JAN '22 - MAR '22 (3 Months)	Associated Activities			
000's	Actual	Budget	Prior Year	YTD
Revenue				
User Fees	2,012	2,716	2,464	6,439
Other Income	9	10	38	29
TCC Operating Subsidy	0	0	0	0
Total Revenue	2,021	2,725	2,502	6,468
Direct Expenses				
Cost of Goods Sold	591	738	672	1,753
Employee Expense	936	996	874	3,010
Administrative Expense	34	56	84	99
Advertising and Marketing	26	26	16	58
Operating Expenses	158	160	149	542
Repairs & Maintenance	25	30	30	79
Total Direct Expenses	1,770	2,006	1,825	5,543
Shared Service Allocations	495	586	482	1,465
EBITDA Profit/(Loss)	(244)	152	195	(540)

PROFIT & LOSS - Associated Activities								
JAN '22 - MAR '22 (3 Months)	Associated Activities							YTD
000's	Catering	A/Visual	BayStation	Clubfit	High Performance Centre	Merchandise	Total Assoc Activities	YTD
Revenue								
User Fees	1,194	79	68	437	150	85	2,012	6,439
Other Income	0	0	0	2	7	0	9	29
TCC Operating Subsidy	0	0	0	0	0	0	0	0
Total Revenue	1,194	79	68	439	157	85	2,021	6,468
Direct Expenses								
Cost of Goods Sold	537	0	1	0	0	53	591	1,753
Employee Expense	470	100	48	256	56	6	936	3,010
Administrative Expense	16	7	3	7	1	0	34	99
Advertising and Marketing	2	1	4	9	10	0	26	58
Operating Expenses	68	9	7	32	42	0	158	542
Repairs & Maintenance	8	2	0	5	9	0	25	79
Total Direct Expenses	1,101	119	63	309	119	59	1,770	5,543
Shared Service Allocations	250	36	25	110	31	17	495	1,465
EBITDA Profit/(Loss)	(156)	(77)	(20)	20	6	9	(244)	(540)

3. Management Update

Strategy

We are close to finalising the updated strategy for Bay Venues moving forward. The process of updating the strategy has included engagement with management, the Board, selected Bay Venues staff, TCC staff and commissioners (as our shareholder). Our Draft Statement of Intent was submitted to TCC and having received generally positive feedback this will be finalised by the end of the financial year. This has helped inform our strategy and reflects a stronger focus on delivering community outcomes.

Our Vision, Mission and Purpose are:

- ➔ **Vision** – The Best Venues for the Bay.
- ➔ **Mission** – We are the Kaitiaki of Tauranga’s Network of Community Facilities.
- ➔ **Purpose** – Connecting our Community through Exceptional Experiences.

We are also updating our values, and these will be finalised and launched to staff, along with the strategy, in Q4.

With TCC and Sport Bay of Plenty we have initiated a Master Plan for the Baypark site to understand what it will look like in the future and to best understand the future use of the site. Initial conversations have begun, and we are engaging a consultant to prepare the Master Plan.

We have worked with TCC staff on the Community Centres and Halls Strategy that has been presented to and endorsed by our Board.

Initial thinking has commenced on developing a Venue Strategy that will incorporate all Bay Venues facilities and help guide future decision making around these facilities. A full Venue Strategy will be presented to TCC by mid-FY23.

Covid

The move to the Red Traffic Light setting of the Covid Protection Framework has caused significant disruption to the business during Q3. Most notably this has resulted in the cancellation or postponement of all events and the consequential negative impact upon our catering and AV business units. As noted in section 6.4, this has had a significant impact upon our financial result. In addition, this has seen lower attendance at our other community facilities along with a corresponding reduction in revenue.

With many of our staff being customer facing this saw many of our frontline staff catch Covid during the initial wave of infections. While we were able to keep venues open almost all the time this put undue pressure on available staff to ensure facilities were adequately staffed. This was a major issue for our aquatic facilities where minimum staffing levels are required to safely operate the pools.

The move to Orange in April will see an increase in use of the facilities. The April school holidays was busier with people returning to our pools and indoor sports facilities. The return to events will be a bit slower as there is a lead time for planning and delivering events, but we are seeing positive signs. We have some bookings in place for May and June and the second half of 2022 looks strong.

Risk Management

A risk review was conducted during Q3 to ensure that key risks have been identified and have appropriate controls in place.

Remuneration

Work continues on a Remuneration Strategy to ensure that we are offering a pay and benefits package that is appropriate for the organisation as a public entity, while also ensuring we can attract and retain staff.

3.1 Health and Safety

Covid has again dominated the health and safety landscape in Q3 with many staff off isolating either with Covid or as a household contact. Staff that have been working from home began returning to the office in April and during the transition phase we kept a mix of people in the office and some working from home throughout the week to minimise contact.

H&S Trends in Q3

- An increase in lack of caregiver supervision in our aquatics facilities resulting in more wet rescues.
- All venues that were Locations of Interest were logged, adding to the total events reported.
- There was an increase in criminal activity resulting in unauthorised entry to our premises after hours and theft of customer property.

Total events reported Q3 (Jan-Mar) 2022

Event Type	Bay Venues facility hazard or work-related task		Total
	Yes	No	
All Events Reported	10 (9.35%)	97 (90.65%)	107
Workers, Volunteers & Contract Workers			
Total Events Reported	5	4	9
<i>Serious Injuries</i>	0	0	0
<i>Minor Injuries/No Injury</i>	5	4	9
Customers or Other (non-customer member of public)			
Total Events Reported	4	94	98
<i>Serious Injuries</i>	0	2	2
<i>Minor Injuries/No Injury</i>	4	92	96

Significant Events/Situations

- Information is provided on any notifiable events or any significant issues or concerns which arise due to a fault in the facility or operations and any remedial action taken.
- There were no WorkSafe notifiable events in Q3.
- There were two serious incidents, one was a wet rescue which resulted in a child being hospitalised for two nights in ICU and the other was a Speedway crash which resulted in the driver being taken to hospital with suspected concussion. They were released later that evening.
- An internal investigation was conducted for the wet rescue and while the rescue procedure was conducted well by staff there were a couple of learnings that have been shared amongst the aquatics team. A lack of caregiver supervision was the contributing factor.
- For all preventable incidents, actions were implemented to retrain staff, update a procedure or implement additional controls.

Continuous H&S Improvements

- 8 new hazards were identified and 12 were eliminated during this reporting period.
- We provided four Mental Health Awareness training sessions for both Managers and staff over February/March.
- Health and Safety peer reviews were rolled out in February. These were designed as a conversation starter with a focus on leadership, risk management and employee engagement. Nine peer reviews were conducted over February/March.
- 450 Facility Audits were conducted over this period.

3.2 Assets and Projects

- The Greerton Aquatic & Leisure Centre closed February 7 and is planned to partially re-open April 25.
- The project includes planned renewal work in the main pool area plus construction of a reconfigured entrance and new changing rooms adjacent to the hydrotherapy pool. Seismic strengthening of the gym floor and existing changing rooms will then follow later in the year once consent has been granted.
- We are approximately two weeks behind with the construction programme. This is primarily due to staffing shortages from Covid isolations requirements. Contractors are working weekends to reduce this delay.
- A contractor error in the Greerton pool line painting led to the pool having to be emptied for 10 days to rectify the issue. The black line marker end points were painted at 1.4m from the wall when they were supposed to be 2m. This resulted in swimmers timing their turns wrong and hitting the walls early. Several alternative options were considered to determine if the issue could be fixed without emptying the pool but these proved inferior to re-painting. An investigation will be held to determine how the mistake was made and what can be done to prevent this happening again.
- An initial seismic assessment has been undertaken at the Trustpower Arena. This has highlighted areas of concern and a full detailed seismic assessment has been recommended. We are currently assessing proposals for this work.
- Otumoetai Pool will be closing from Tuesday April 26 for five weeks. The Otumoetai closure includes a number of renewals and R&M jobs including:
 - Bore pump and motor replacement
 - Pool re-paint
 - Building painting
 - Non-slip flooring in the change rooms
 - Replacement of the old grandstand with more fit for purpose portable seating

3.3 People, Performance and Culture

- Kristen Brown has been appointed as our new People & Performance Manager, she begins on May 23. Kristen is currently with Ballance-Agri Nutrients and we are looking forward the skills and experience she will bring to the role.
- Staff recruitment across the business remains challenging with low numbers of applicants applying for roles (with a few exceptions). Encouragingly we have had three staff return who left due to the vaccine mandates. We will be honouring their original service date and are pleased to see these quality staff return.
- All managers have been provided access to their teams staff survey results. Most teams have completed individual sessions to identify and capture any actions for improvement. Overall, our staff satisfaction results have been very positive, and these feedback sessions are a valuable tool to ensure that all staff have had plenty of opportunity to provide feedback and positively influence their work environment.
- The Bay Venues Board and Management are continuing to drive Gender Pay Reporting, including Māori and Pasifika pay equity. We are aiming to incorporate detailed reporting in our next annual report.

3.4 Finance

Financial results for Q3 have been significantly impacted by the move to the Covid Red Traffic Light on January 23. The restrictions have resulted in a significant decline in user fees across the Bay Venues network, resulting in a revenue deficit of \$1.3m against budget. Most of this decline (\$675k) has come through the Events, Catering and Audio Visual businesses, given Bay Venues were unable to host any significant events during the period. The aquatics network has also seen a significant volume decline, resulting in revenue \$365k below budget.

In response to the revenue impact, costs have been well controlled across the business, with total expense savings of \$635k against budget. Cost reduction has been challenging as we have incurred additional staff costs to keep facilities open during periods of high sickness or self-isolation requirements.

EBITDA for the period was a deficit of \$860k, \$665k behind budget. This is in line with the latest forecast provided to TCC in March.

The Consolidated Statement of Performance table is shown on the next page.

Consolidated YTD Statement of Performance

Jan'22 - Mar'22 (3 months)	Aquatics			Indoor Sports Facilities			Community Centres and Halls			Baypark Events			Associated Activities			Business Support			Grand Total			YTD Total
	Actual	Budget	Prior Year	Actual	Budget	Prior Year	Actual	Budget	Prior Year	Actual	Budget	Prior Year	Actual	Budget	Prior Year	Actual	Budget	Prior Year	Actual	Budget	Prior Year	
Revenue																						
User Fees	1,027	1,450	1,028	135	204	190	78	115	124	398	584	727	2,012	2,716	2,464	20	0	2	3,669	5,068	4,535	26,546
Other Income	23	8	26	1	0	0	0	0	0	0	0	0	9	10	38	0	0	0	33	18	63	229
TCC Operating Subsidy	416	372	369	311	278	275	88	78	78	0	0	0	0	0	0	0	0	814	729	722	4,530	
Total Revenue	1,465	1,831	1,423	446	482	465	165	193	202	398	584	727	2,021	2,725	2,502	20	0	2	4,516	5,815	5,320	31,302
Direct Expenses																						
Cost of Goods Sold	0	0	0	0	0	0	0	0	0	0	0	0	591	738	672	0	0	0	591	738	672	4,002
Employee Expense	867	932	704	114	131	108	63	84	74	236	312	241	936	996	874	963	1,093	834	3,180	3,548	2,836	19,126
Administrative Expense	36	34	49	3	5	4	4	6	4	6	9	4	34	56	84	200	247	224	282	357	370	2,018
Advertising and Marketing	18	18	15	2	5	6	1	1	0	12	23	26	26	26	16	22	17	81	90	74	490	
Operating Expenses	293	304	275	42	45	49	49	49	52	200	221	410	158	160	149	296	306	339	1,038	1,086	1,273	6,794
Repairs & Maintenance	83	62	110	6	8	12	6	15	17	82	59	76	25	30	30	4	18	204	193	266	1,327	
Total Direct Expenses	1,296	1,350	1,153	167	194	177	123	155	148	535	624	757	1,770	2,006	1,825	1,485	1,682	1,429	5,376	6,011	5,490	33,753
Shared Service Allocations	468	537	456	298	343	291	56	64	54	148	170	145	495	568	482	(1,465)	(1,427)	0	0	0	0	1
EBITDA Profit / (Loss)	(299)	(56)	(186)	(19)	(55)	(3)	(13)	(26)	(0)	(286)	(210)	(175)	(244)	152	195	0	0	(860)	(196)	(170)	(2,451)	
Depreciation																						
Debt Servicing Costs																						
Other Expense																						
Add back:																						
TCC Renewal Funding																			1,450	1,450	2,627	5,527
TCC Interest Funding																			113	113	321	547
Net Surplus/(deficit)																			(845)	(362)	1,196	(11)

Outlook

Q3 results are in line with the latest forecast provided to TCC, which projected a full year EBITDA loss of \$3.61m for FY22. The recent move to Orange has meant a significant relaxing of restrictions. We are optimistic about getting back to business however it will take time for events to get up and running again therefore may not materially change our full year outlook. Updated forecasts will be provided when we have worked through the full impact of the latest changes. We remain focussed on cost management for the foreseeable future and until business returns to normal.

3.5 Sustainability

Bay Venues have partnered with TCC to become a member of Toitu (previously Enviro-Mark Solutions). Toitu is widely recognised as one of New Zealand's leading organisations for assisting members in becoming more environmentally sustainable. Bay Venues audit is booked for September 2022 and will be based on the FY22 year. The audit will gather data across the Bay Venues network relating to carbon emissions, including energy use, vehicle travel, freight, HVAC refrigerant to name a few. The results from the audit will be used to develop an energy management reduction plan with support from Toitu.

Bay Venues sustainability team meet every six weeks to discuss various topics relating to sustainability. The primary purpose of the team is to share ideas, communicate anything relevant to the wider team and assist in the implementation of initiatives created either through staff feedback or audit results. We have also developed a sustainability commitment that is being rolled out throughout the organisation.

We are also undertaking an energy audit at Baywave which is independent of Toitu. The purpose is to analyse electricity data to see how we can improve energy efficiency at Baywave (our biggest energy user). The Arena will be the next building to be audited (second largest energy user).

Some initiatives that have been completed in recent years to help reduce energy consumption /carbon emissions at Bay Venues sites are the following:

- Replaced all Baywave, Greerton and Otumoetai pool hall lighting with LED
- Installed variable speed drives on the Otumoetai and Baywave bore pumps
- Replaced QEYC court lights with LED
- Replaced the Baypark pit lighting with LED
- Replaced Hot Pools massage heaters with energy efficient heat pumps
- Purchased an electric vehicle and hybrid car
- Installed charging stations at Baypark



3.6 Marketing

Website Transformation Project

The Bay Venues website transformation project is nearing its conclusion; with 11 websites moved to a new platform that make it easier for customers to engage online, vastly improve the customer experience, and make it easier to keep the sites up-to-date. Eight websites are now live. The remaining three will go live over the coming months.

Customer Satisfaction

AskNicely, customer sentiment tool, has been rolled out across Bay Venues facilities and programmes. Year to date over 4,000 customers have been surveyed, with 1,356 taking the time to reply (32.5% response rate). The overall satisfaction rating is at 90% (85% target). Top performing business units include Baywave & Mount Hot Pools massage, Community Centres and BayCatering. Feedback has included:

“I love using the community centres.”

“The facilitators really helped to ensure our day ran smoothly. They were really accommodating and kind.”

“Great venue, gym and pool all in the same place.”

“Both of my children’s confidence and swimming skills have come along way and that is purely down to the fab staff at Baywave.”

“All teachers we have encountered over this very tricky covid time have been amazing and so approachable. Made the whole situation appear seamless and super organised.”

OVER 85,000

WEB VISITORS (JAN - MAR)

NEARLY 250,000

SOCIAL MEDIA REACH
(JAN - MAR)



3.7 IT

- Bay Venues and TCC have been working together to identify opportunities to leverage shared IT support. Initial discussions have identified there may be some good efficiency gains under this model and we will continue to progress this.
- A Microsoft Teams refresh is underway, including a proof-of-concept deployment for use as our future telephone platform.
- Modern Data Platform / Data warehouse: The technical build has been completed and the project team are working through technical testing before we move into finalising report designs and rollout planning.
- Point of Sale (PoS) System: Our new Task PoS system is now live and is achieving desired key benefits – usability and stability. Additional development opportunities on this platform will be assessed in due course.
- A 3-year Technology Roadmap has been adopted to guide future technology decisions. We will share this with key stakeholders, including TCC.