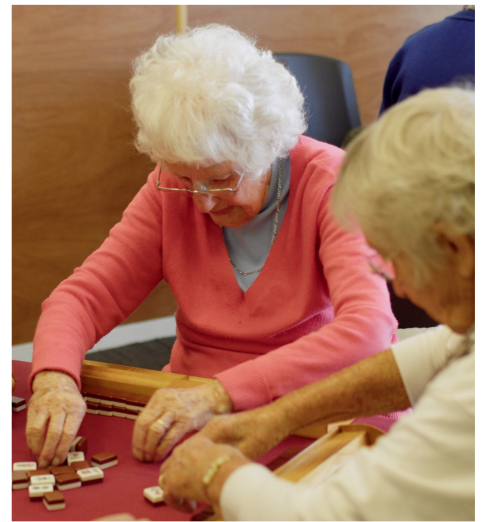




BAY VENUES REPORT

PREPARED FOR TAURANGA CITY COUNCIL

H1 (JUL - DEC) 2021



 Bay Venues


Tauranga City

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1. Executive Summary

Welcome to the Bay Venues Half Year Report.

The purpose of this report is to inform Tauranga City Council (TCC) and the community about activity across the city's portfolio of community facilities managed by Bay Venues. In future Bay Venues will report quarterly to update TCC on progress.

Attendance numbers across the Bay Venues network of facilities shows that total visitors for H1 were 803,599. This is a 25% reduction on the previous period last year and is a result of a three week lockdown and ongoing Covid restrictions.

Visits (Jul-Dec 2021)

279,037 -25%*	200,074 -40%*	132,360 -39%*	192,128 25%*
Aquatics	Indoor Sports	Community Centres & Halls	Other Business Units**

Covid has continued to dominate management time as we have worked through a lockdown, changes in Alert Levels, the move to the Covid Protection Framework, mandatory staff vaccinations, the postponement and cancellation of events and supporting our user groups and customers to understand and respond to the rapidly changing environment.

The new Bay Venues Board is committed to ensuring that Bay Venues delivers on its role as kaitiaki of Tauranga's community facilities. A primary focus of the Board and new CEO has been on building strong relationships with TCC and key stakeholders. Bay Venues is actively contributing to TCC workstreams across a range of significant city projects and brings a high level of expertise.

We are refreshing the Bay Venues strategy including the Vision, Purpose and Values. Positive engagement with TCC is underway to define Bay Venues core community outcomes and this is expected to focus on the range of activity within the venues and the number of people using the facilities.

We are working closely with TCC and other stakeholders to assess the network and develop a Venue Strategy to guide the future planning and development of all facilities within the portfolio. A key upcoming project will be to develop a master plan for Baypark to help guide the future development of this site.

Financial results for H1 have been significantly impacted by Covid restrictions, delivering an EBITDA loss of \$1.2m (a decline of \$1.4m against budget). This is in line with the forecast that was presented to TCC in October 2021.

Events and associated activities have been hit hardest over the past 6 months with a combined decline of \$1.26m across Events, Catering and Audio Visual.

With moving to the 'Red' traffic light setting, we have re-forecast our result to -\$3.61m for FY22, a further decline of \$1.56m. Most of this decline has again come through our events business as we have assumed that no significant events will take place during Q3 and Q4.

We have a renewed focus on cost management following the latest revenue projections.

The outlook for the rest of the financial year remains uncertain. The emergence of Omicron and an escalation of the pandemic is expected to put significant strain on customers, staff and the bottom line. Beyond that it is difficult to predict what will happen. However, the pandemic has reaffirmed that people need social connection and the facilities that Bay Venues operates have a key role to play in connecting communities across Tauranga Moana.

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

**Business units include Clubfit, Adams Cnt, BayStation, Stadium.

Simon Clarke, Chair

Chad Hooker, CEO

1.1 Key Achievements

- A new Board has been established and is settling in well. Chad Hooker has been appointed as CEO and started with Bay Venues on November 8, 2021.
- The new Board & CEO have been focused on building strong relationships with TCC and other community stakeholders.
- The Bay Venues team did an exceptional job of implementing Covid Vaccine Passes. This involved staff from across the business and was delivered within a tight timeframe.
- In December we unveiled a Pou outside the Mount Hot Pools. Titled *He Pou Rarama*, it tells the story of the four sacred springs of Mauao and recognises the history of the area.
- We were pleased to become a Living Wage employer, with all staff being paid at least the minimum living wage from January 2022.
- There has been a strong focus on health and safety reporting, analysis and systems to support staff and customer safety and wellbeing.
- Healthy School Kai re-signed all but one contract for the Ministry of Education's Ka Ora, Ka Ako | healthy school lunches programme.



1.2 Key Challenges

- Covid remains a threat to business continuity and the move to Red has again shut down events and put restrictions on most community facilities. This puts financial pressure on the business as events and the associated business units drive a large portion of revenue.
- The recruitment market continues to be challenging and attracting good quality staff is difficult.
- Rising construction costs and further upward pressure on costs due to inflation are expected to put pressure on both capital projects and operating costs.

1.3 Emerging Risks and Opportunities

- We are experiencing an increasing number of minor security incidents around our venues relating primarily to theft and anti-social behaviour. We will monitor this and put in place initiatives to ensure the safety of staff and patrons.
- Planning on significant city projects (e.g. new Stadium at the Domain; Memorial Park redevelopment; Blake Park Master Plan, Adams Centre for High Performance) present exciting opportunities to support the future development of these regional facilities. A master plan will be created for Baypark to guide its future development.

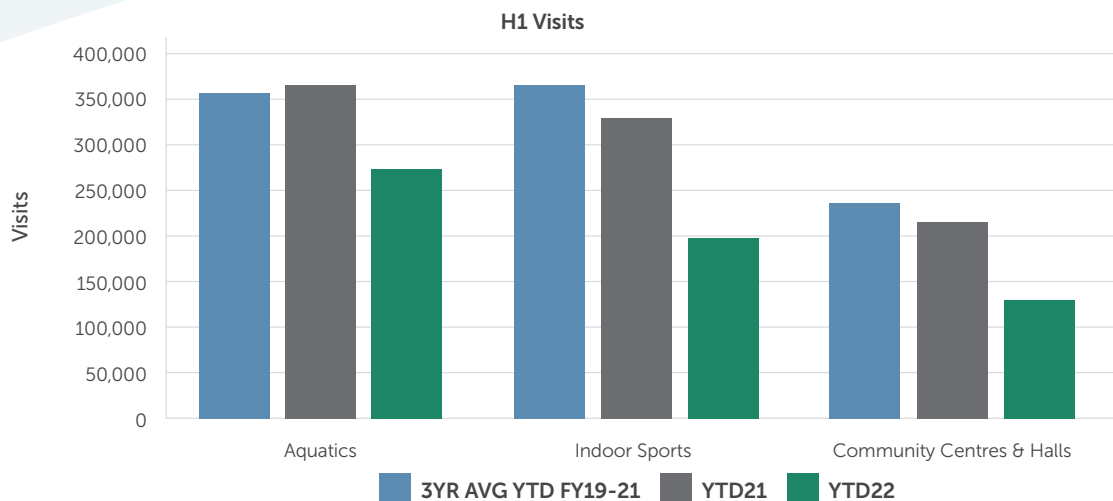


2. Community Outcomes

The half-year started well with total visits across the Bay Venues network up 12% in July. The venues then closed for 21-days in August and September due to Covid, before physical distancing requirements and gathering limits restricted venue capacity for a further 12-weeks.

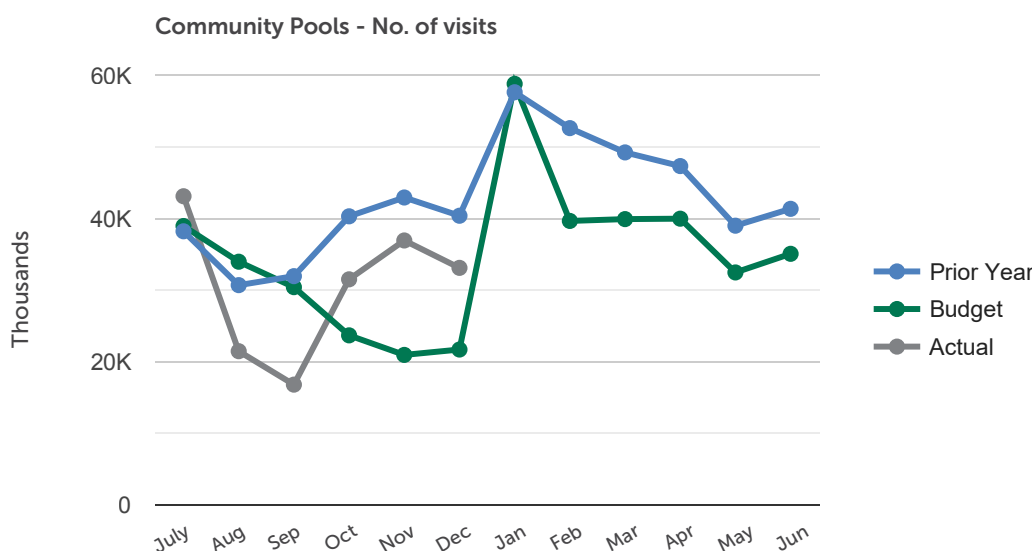
For the second year in a row, the AIMS Games did not go ahead which took a heavy toll on utilisation in September across several venues. The graph below outlines the impact that Covid-19 has had on public facilities. At the end of H1 total visits were down by 34% compared to the previous year and 37% down on the previous 3-year period.

2.1. Aquatic Facilities



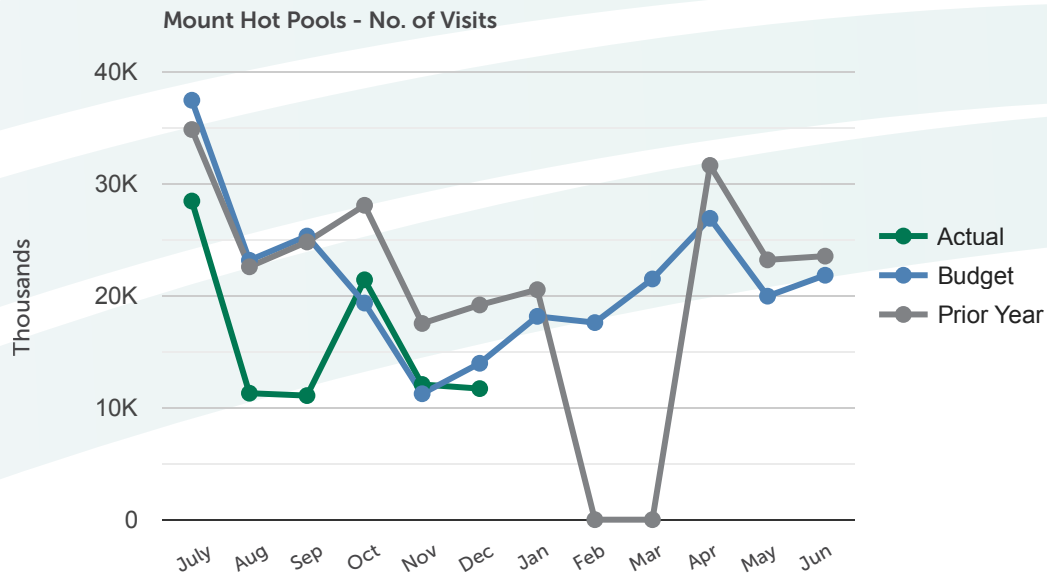
Note: Indoor Sports includes Trustpower Arena visits including commercial activity.

The year started well but the lockdown and physical distancing requirements have hit visitation. As more services began to open, visit numbers started to increase. For H1 total visit numbers were 19% down on the prior year, but 8% ahead of forecast.



Community Pools include Baywave, Greerton, Otumoetai and Memorial. Note: Greerton closure is forecast for Feb-Apr 22.

With the borders closed and extended lockdowns occurring in Auckland and Waikato, coupled with a hotter than normal December, the Mount Hot Pools visits are well down on the prior year and did not achieve forecast. **For H1, total visit numbers were 35% down on the prior year and 26% down on forecast.**



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

Aquatic events started the year well including the Swimming BOP Short Course Championships (350+ competitors) and the North Island Artistic Swimming Champs (130 competitors). Post Lockdown, events were severely affected due to gathering restrictions. The events that did manage to proceed included Swimming NZ Tri Series Tour, Tauranga Water Polo Bay Festival and Swimming BOP Junior Clash Meet.



“The Mount Maunganui Swim Club board wanted to take the time to acknowledge the support and assistance from all the Baywave staff over the latest weeks of level 2 and the work prior to the latest level announcement, enabling our swim programme to continue. Your team’s efforts have ensured all our swimmers can continue to train with minimal disruption, which is appreciated. On behalf of the board and all our swimmers, a huge thank you.”

Mount Maunganui Swim Club National Swim Team in Auckland, August 2021 for the NZ Short Course Championships.

The Memorial Pool season commenced mid-November. Mini Water Polo league ran on Tuesday nights with approximately 300 primary school children participating. Like many other sporting codes, visits were limited to players and officials only. School end of year visits were significantly down on last year due to education vaccine mandate challenges.

Patronage of the hydrotherapy pool at Greerton Aquatic & Leisure Centre has steadily increased over the last six-months. Easy accessibility (via pool ramp), warmer pool temperatures and a peaceful environment has attracted more visits from retirement villages, physiotherapists delivering rehabilitation sessions and individuals using the pool to exercise.



Building on the appeal of the Greerton hydrotherapy pool, venue staff have been hosting weekly Sensory Sessions. On Wednesday evenings the hydrotherapy pool is cordoned off and lights dimmed to create a calm environment. On average 15 participants attend and plans are underway to open an additional session each week.

"My family attended our sensory session last Wednesday. I just wanted to share how great this was for my boys. I have twin 8yr olds with ASD who love swimming, but it is really difficult to bring them to do anything including lessons."

Riley Reynolds and the Martin Whanau

Despite the COVID lockdown and many schools withdrawing in December due to the introduction of vaccine pass requirements, nearly 2,000 primary school students from eight schools participated in the Water Skills for Life programme in 2021. The programme establishes broad fundamental competencies for life-long water safety. This programme is partially funded by Water Safety NZ and the Acorn Foundation while NZCT funding offsets the cost of bus transportation.

"BaySwim offers the best [Water Skills for Life] programme in the country by far!"

Phil Waggott, Water Safety NZ



Children from Arataki Primary taking part in the programme

OVER 4000
LEARN TO SWIM LESSONS

OVER 2000
WATER SAFETY LESSONS

NEARLY 1,500
FREE DISABILITY MEMBERSHIPS

1,500 FREE VOUCHERS
TCC LIBRARIES READING PROGRAMME

1,000+
AQUA AEROBICS CLASSES



On December 8, 2021 key representatives gathered with the Ngāi Tūkairangi Hapu to officially unveil He Pou Rarama, a culturally significant contemporary Pou outside the Mount Hot Pools.

He Pou Rarama translates to Reflection of the Light and is an expression of local history, culture and people manifested in a physical form, signifying connection to the four traditional sacred springs of Mauao, designed by local artist Tiare Dickson and brought to life by Mark & Abigail Wassung. A grant from Ministry for Culture & Heritage subsidised the cost.

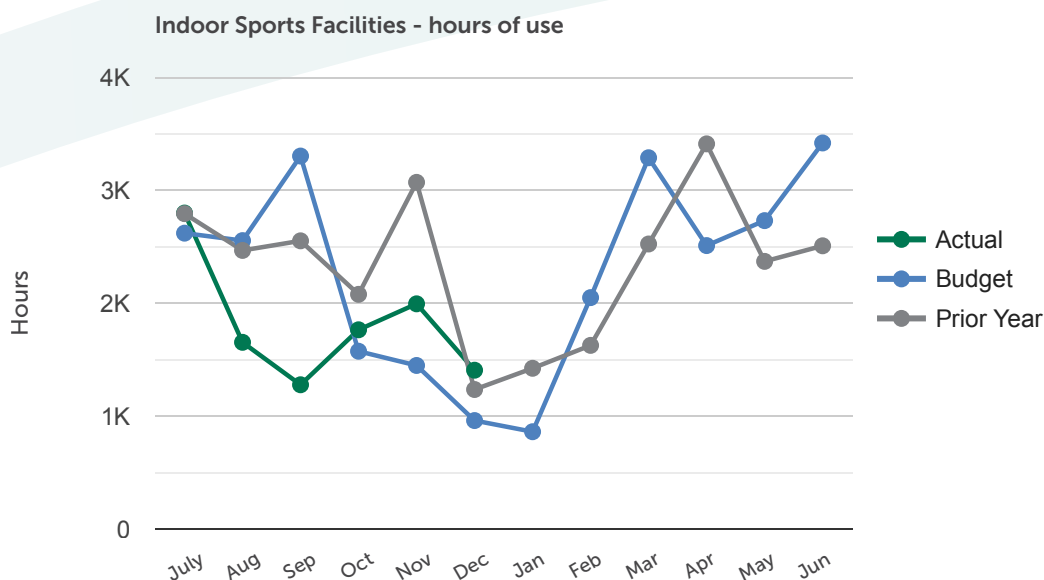
Less visitors at our swimming pools in H1 has led to a revenue being down \$457k against budget. However, direct expenses have been well managed in response and savings of \$105k helped offset the lost revenue.

PROFIT & LOSS			
JUL -21 - DEC '21 (6 Months)	Aquatics		
000's	Actual	Budget	Prior Year
Revenue			
User Fees	2,325	2,874	2,985
Other Income	39	33	45
TCC Operating Subsidy	832	745	738
Total Revenue	3,195	3,652	3,768
Direct Expenses			
Employee Expense	1,798	1,821	1,482
Administrative Expense	69	66	61
Advertising and Marketing	25	32	26
Operating Expenses	533	600	581
Repairs & Maintenance	133	146	141
Total Direct Expenses	2,560	2,665	2,290
Shared Service Allocations	918	1,014	820
EBITDA Profit/(Loss)	(283)	(27)	657



2.2. Indoor Sports Facilities

After a good start to the year the lockdown and the loss of AIMS Games in September, hours of use dipped even further. Sporting codes and centre-run programmes have continued within the limits imposed and with the introduction of vaccine passes, community sport returned to relative normal. **For H1, total hours of use were 23% down on the prior year and 13% down on forecast.**



The most spectacular recent event was the Kapa Haka festival held at the QEYC in July. The event comprised of Te Haka a Toi (Secondary Schools) on Friday and Tawharautia Mataatua (Ngahau groups) on Saturday. This regional event is a key highlight on the Maori calendar with 12 schools competing and large numbers attending. In total over 5,000 performers and spectators attended the event that was live-streamed and featured on television.

Pre-August Lockdown, two basketball tournaments were held at Trustpower Arena by Tauranga City Basketball and Sport BOP (combined 1,200+ participants and spectators).

The inaugural Tauranga Netball Inter-Centre Premier Competition was also held at Trustpower Arena early August (600+ participants and spectators).

The cancellation of the AIMS Games had a significant impact with the Opening Ceremony, basketball, futsal and indoor bowls normally held at Trustpower Baypark while QEYC hosts table tennis and badminton.

Some sporting events endeavoured to go ahead, with reduced numbers, including the Mid-North Zone Basketball Champs held at Trustpower Arena in October. However, on the second day when the announcement was made that Waikato was moving into Level 3, three Hamilton teams immediately left, and the tournament was called off.

To support the growth of Pickle Ball, permanent floor markings have recently been added to the Trustpower Arena courts and lines will soon be added to the Mount Sports Centre.



Two long standing regular user groups have wound up – the Welcome Bay Indoor Bowls Club who have been operating for 65-years have gone into recess and the Tauranga Classic Leisure Marchers who have

been training at the QEYC for the last ten years have decided to retire their club.

Over 7,000

TUMBLE TIME ATTENDEES

Over 1,900

FUNDED ACTIVE PLAY PARTICIPANTS

Nearly 7,000

SPORTS LEAGUES VISITS

The Indoor Sports Facility financial result is in line with budget, although lower user fees have been offset by an increase in the TCC Operating Subsidy.



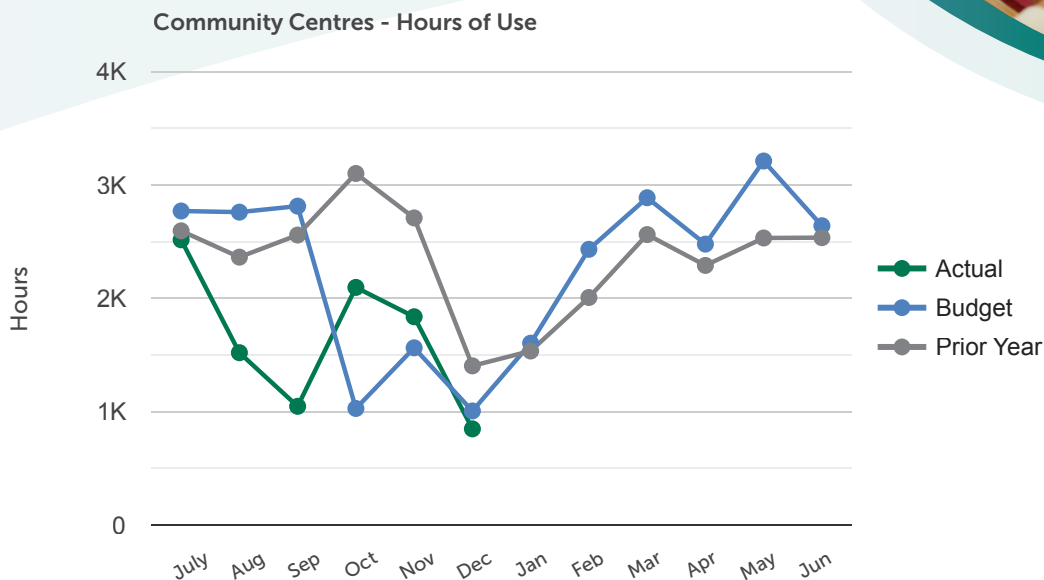
Tauranga City Basketball (TCB) hosted their annual Midnight Madness event at Trustpower Arena on December 18 with over 250 people attending. The event starts at 5pm and concluded at midnight with lots of fun had by tamariki and rangatahi. Bay Venues gives them the court hire free of charge as a recognition for their contribution throughout the year to activate space.

PROFIT & LOSS

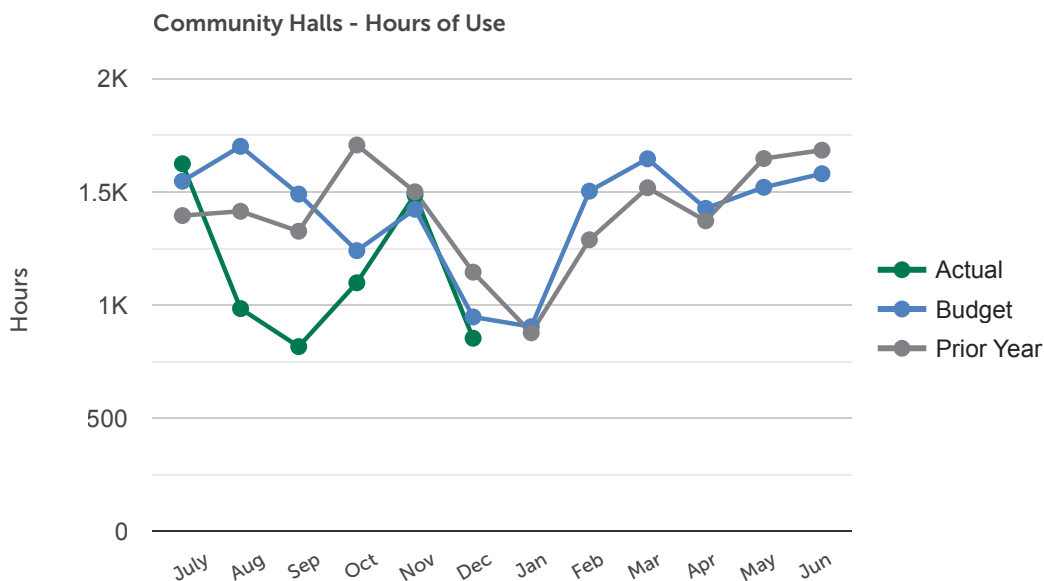
JUL -21 - DEC '21 (6 Months)	Indoor Sports Facilities		
000's	Actual	Budget	Prior Year
Revenue			
User Fees	393	470	534
Other Income	7	12	0
TCC Operating Subsidy	1,021	1,038	1,085
Total Revenue	1,021	1,038	1,085
Direct Expenses			
Employee Expense	277	279	265
Administrative Expense	13	9	8
Advertising and Marketing	4	6	8
Operating Expenses	95	89	82
Repairs & Maintenance	13	14	14
Total Direct Expenses	402	397	377
Shared Service Allocations	586	647	523
EBITDA Profit/(Loss)	34	(6)	185

2.3. Community Centres and Halls

Community Centres have been hard hit by COVID requirements. Physical distancing rules made it difficult for many user groups to operate safely. October utilisation was better than forecast due to a Ministry of Justice booking at Pāpāmoa Sport & Recreation Centre. **For H1, total hours of use were 33% down on the prior year and 17% down on forecast.**



The Community Halls got off to a good start in July before lockdown impacted on users. Since then, vulnerable groups have been more cautious about returning and gathering limits meant private functions were cancelled. For H1, total hours of use were 18% down on budget and 19% down on the prior year.



There continues to be a diverse range of activity across the community halls and centres including dance, performing arts, music, martial arts, exercise, church groups, wellness, table tennis, indoor bowls and training courses.



Te Tuinga Whanau's social enterprise arm, Happy Puku, uses the Greerton Hall kitchen four days a week, preparing meals to feed under privileged members of society. Other community meal providers are active across the Bay Venues network including Under the Stars, Kai Aroha and C3 Church.

Happy Puku team in action preparing over 100 meals for people in need.

There are currently five OSCAR programmes operating daily across all three community centres and two community halls (on average 130+ children per day).

The Greerton Hall has become a popular venue to host roller-skating with six bookings occurring weekly and also hosted an ethnic wedding in early November adhering to gathering limits. Fortnightly Craft Markets have continued utilising indoor and outdoor areas of this facility.

Justice of the Peace clinics are hosted weekly at the Arataki Community Centre and Pāpāmoa Community Centre. The clinics are popular drop-in sites for those requiring their services and we provide the facility free of charge.

The Papamoa football, rugby league and rugby clubs hosted a triple header sports function at the Pāpāmoa Sport & Recreation Centre in July (400+ attendees). This is the first time all three clubs have worked collaboratively together to host an event at Gordon Spratt Reserve.

A one-day Filipino event was held at Pāpāmoa Sport & Recreation Centre in July to celebrate and recognise local accomplishments (350+ attendees).

For seven weeks, most of the Pāpāmoa Sport & Recreation Centre was turned into a courtroom to accommodate a Ministry of Justice Environmental Hearing. The hearing involved 11 local hapu and with the strong connection the parties have to the area, it was important that this hearing was held as close as possible to the area under consideration. Regular user groups were relocated to nearby venues to minimise disruption.

The Community Centres and Halls **financial result is in line with budget, although lower user fees have been offset by an increase in the TCC Operating Subsidy.**

PROFIT & LOSS			
JUL -21 - DEC '21 (6 Months)	Community Centres & Halls		
000's	Actual	Budget	Prior Year
Revenue			
User Fees	215	258	278
Other Income	0	0	0
TCC Operating Subsidy	175	157	155
Total Revenue	390	414	433
Direct Expenses			
Employee Expense	160	178	158
Administrative Expense	12	8	8
Advertising and Marketing	2	2	0
Operating Expenses	83	98	95
Repairs & Maintenance	20	18	19
Total Direct Expenses	277	305	280
Shared Service Allocations	109	121	98
EBITDA Profit/(Loss)	4	(11)	56

2.4. Events

Event activity is one of the major drivers of occupancy at Trustpower Arena and Trustpower Stadium. It provides revenue streams from venue and equipment hire and the use of ancillary services such as AV production and catering. It also provides many benefits to the wider community including economic benefits, social cohesion, and civic pride. The event industry has been extremely hard hit by restrictions in response to the pandemic.

The pandemic and subsequent government response has seen all event activity put through a debilitating cycle of postponements, rebooking and cancellations. It was hoped that the return to Alert Level 2 and subsequent move into the Covid Protection Framework might restore confidence. However, the constantly shifting rules and uncertainty as to whether planned activity can take place, and now the emergence of Omicron, has further impacted on the confidence of event organisers.

Overall, in excess of 50 events cancelled during H1 with a revenue value of around \$600k to Bay Venues inclusive of venue rental and associated services. Cancellations have continued into 2022 and no significant events are expected for the rest of FY22.

Examples of impacted events include:

- The Bay Dreams festival was cancelled by the promoter in October. The main reason for this was their inability to achieve MIQ positions for their overseas acts and/or the unwillingness of the acts to undertake MIQ.
- A concert featuring a major international artist scheduled for November 2021 has been rescheduled for late 2022 but is yet to be announced by the promoter.
- Several smaller Arena based concerts have postponed or cancelled.
- The speedway season did not start as scheduled in October and the first speedway meeting of the season wasn't held until 18 December 2021. Speedway NZ have cancelled their major championship events for this season. They have since trialled live streaming of their events.
- The internationally renowned Nitro Circus show was postponed until November 2022.
- The annual Labour Weekend Hoop Nation Basketball tournament along with national bridge and weightlifting competitions were called off.
- The regular Womens Lifestyle Expo, the Tauranga Home Show and the much-anticipated National Mustang Car convention (six years in the planning) all had to be put off as did the Federation of Maori Authorities Conference.

Looking forward:

- While the DHB closed their Vaccination Centre at the Stadium in November they will continue to use some of the corporate boxes as an administrative hub and car park areas for testing and "pop up" vaccinations centres.
- We have secured an international netball fixture involving the White Ferns v Australia.
- We have received confirmation that a new Tauranga based basketball franchise the 'Stingrays' has been accepted into the NZ National Basketball League, commencing the Men's league in 2024 and the Women's competition later this year. Bay Venues assisted this group with their bid, and it will result in ten matches being played at Trustpower Arena and another five at the QEYC annually.
- We are working with local squash administrators, to host the World Teams Cup event followed by the NZ Open Championships at Trustpower Arena over two weeks in November 2022. This will be followed by the World Men's Championships in 2023 at QEYC.
- The events team are working hard to reschedule events around existing future bookings. Forward bookings are looking positive for the next financial year if events can proceed.

While revenue from event hire is down this has been offset by long term tenancies at Baypark including the DHB vaccination and testing centres as well as Envirowaste.



PROFIT & LOSS

JUL -21 - DEC '21 (6 Months)	Baypark Events		
000's	Actual	Budget	Prior Year
Revenue			
User Fees	788	767	689
Other Income	0	0	0
TCC Operating Subsidy	0	0	0
Total Revenue	788	767	689
Direct Expenses			
Employee Expense	553	621	478
Administrative Expense	13	23	17
Advertising and Marketing	32	34	41
Operating Expenses	474	338	337
Repairs & Maintenance	96	113	124
Total Direct Expenses	1,168	1,130	996
Shared Service Allocations	291	322	260
EBITDA Profit/(Loss)	(671)	(685)	(567)

2.5. Associated Activities

Healthy School Kai

We have retained all Healthy School Lunches contracts for next year (except for Trident College in Whakatane). We have generated new work due to increasing school rolls and new schools asking for aspects of our service, e.g. hot lunches to complement their own offer.

The Healthy School Lunches team hosted Jan Tinetti, Associate Minister of Education, in November. She was briefed on the programme and viewed the lunch kitchen in operation and was impressed by the work being done.

The University of Waikato Adams Centre

The NZ Rugby Sevens programme is to remain in the city for the next Olympic Games cycle. The Centre is being kept busy with NZ Sevens teams not currently competing overseas.

Further interest in using training space at the facility has emerged and is expected to lead to a review of how the venue can meet this demand. This has included discussions with organisations like the Waikato Bay of Plenty Magic.

The Adams Centre continues to provide high quality training opportunities for aspiring young athletes and their annual Awards Prizegiving was held in December.



Catering/AV/Clubfit/BayStation

Bay Catering catered several events over the holiday period with speedway operating and the cricket test match at Bay Oval, while Bay AV has been quiet due to event cancellations and postponements.

Clubfit was impacted slightly by the move to Covid Vaccine Passes being required but overall membership numbers have remained stable.

BayStation experienced solid trading pre-Christmas despite several corporate and school bookings rescheduling their bookings to 2022.

The EBITDA decline has been driven by the Catering and Audio Visual business units being impacted by the lack of events in H1 due to Covid restrictions.

PROFIT & LOSS			
JUL -21 - DEC '21 (6 Months)	Associated Activities		
000's	Actual	Budget	Prior Year
Revenue			
User Fees	4,427	6,531	4,489
Other Income	20	22	77
TCC Operating Subsidy	0	0	0
Total Revenue	4,447	6,553	4,566
Direct Expenses			
Cost of Goods Sold	1,162	1,844	851
Employee Expense	2,075	2,117	1,810
Administrative Expense	65	125	110
Advertising and Marketing	32	45	50
Operating Expenses	384	377	292
Repairs & Maintenance	55	56	69
Total Direct Expenses	3,772	4,564	3,182
Shared Service Allocations	971	1,073	867
EBITDA Profit/(Loss)	(296)	916	516

PROFIT & LOSS - Associated Activities							
JUL -21 - DEC '21 (6 Months)	Associated Activities						
000's	Catering	A/Visual	BayStation	Clubfit	High Performance Centre	Merchandise	Total Assoc Activities
Revenue							
User Fees	2,452	328	225	998	271	153	4,427
Other Income	0	0	0	3	16	0	20
TCC Operating Subsidy	0	0	0	0	0	0	0
Total Revenue	2,452	328	225	1,002	288	153	4,447
Direct Expenses							
Cost of Goods Sold	1,058	0	3	0	0	101	1,162
Employee Expense	1,050	241	103	551	122	6	2,075
Administrative Expense	31	17	3	11	2	0	65
Advertising and Marketing	4	2	8	12	6	0	32
Operating Expenses	121	102	17	66	77	1	384
Repairs & Maintenance	17	12	0	7	17	0	55
Total Direct Expenses	2,281	374	135	647	226	109	3,772
Shared Service Allocations	491	70	48	215	62	33	971
EBITDA Profit/(Loss)	(320)	(117)	42	140	0	11	(296)

3. Management Update

New Board and New CEO

The new Bay Venues Board has come together well and is working constructively to ensure Bay Venues delivers on its role as kaitiaki of Tauranga's community facilities. The commencement in November of new CEO, Chad Hooker, provides further leadership to the organisation. A primary focus of the Board and CEO has been on building strong relationships with TCC and stakeholders with feedback to date being positive.

In November the new Board visited a selection of Bay Venues facilities to better understand the role of these facilities in the community and the opportunities and challenges that exist in maximising community outcomes. The Board were impressed with the quality of the staff that they met, and the range of activity hosted across the Bay Venues network.

Relationship Building

Bay Venues staff have been actively contributing to TCC workstreams including the Community Centres Strategic Plan, Blake Park Master Plan and Gordon Spratt Reserve Master Plan. We are also represented on the Multi-Use Arena governance and working groups and will be represented on TCC's Civic Whare, Exhibition and Events Centre Steering Group - part of the Civic Amenities Precinct planning.

Several Board members and many key staff members have attended TCC's Cultural Connections course during H1. The feedback from this has been overwhelmingly positive.

Bay Venues management are working with the TCC Community Development team to ensure that there is an ongoing focus on ensuring diversity and inclusion across our network of facilities.

A joint team building event between TCC, Sport BOP and Bay Venues was hosted by Bay Venues at Trustpower Arena in July to help build relationships between staff across those organisations.

Co-Naming & Branding

Bay Venues have implemented a co-branding approach across its network to recognise the financial contribution TCC makes to the facilities. This involved adding the TCC logo to venue signage and facility websites. This has been done cost effectively through adding to existing signage and will be included as part of any future facility signage renewals across the network.

Covid

The Covid pandemic continues to present significant challenges to the Events and Sport and Recreation sectors. As an organisation that is focused on social connection, physical distancing and restrictions on gatherings and events have been incredibly challenging.

The emergence of Omicron will further test the organisation with the impact upon both business continuity and customer behaviour being uncertain.

In recent months several Bay Venues facilities have been identified as 'Locations of Interest' by the Ministry of Health. We expect this to continue as case numbers increase through 2022.

We recently had our first staff member confirmed as testing positive for Covid and many others have had to isolate as close contacts. This included 16 staff that worked at the Polo in the Bay event in January that was attended by a Covid positive attendee. We expect further cases and close contacts among staff in the coming months and have contingency plans ready to ensure business continuity. If we are unable to open facilities safely then contingency plans are in place to reduce service levels and, as a last resort, close smaller facilities.

Due to changes in Covid restrictions the staff Christmas function that was originally scheduled for November and then postponed to January has had to be cancelled.

Strategy

We are updating the strategy for Bay Venues and refreshing our Vision, Purpose and Values. Positive engagement with Council is underway to define Bay Venues core community outcomes and key performance measures. These will be included in the Draft Statement of Intent to be submitted in Q3. Community Outcomes are expected to focus on the range of activity within the venues along with the number of people using the facilities.

With a large portfolio of busy and aging facilities we are working closely with TCC and other stakeholders to strategically assess

the future of the network. A Venue Strategy will be developed considering the planning for strategic sites including the Tauranga Domain (the proposed Multi Use Arena); Blake Park Master Plan; and, Memorial Park development plans that include a new aquatics centre and redeveloped QEYC. As part of this a master planning exercise will be undertaken for Baypark to help guide the future development of this strategic site. The Venue Strategy will dovetail the community engagement work that is currently underway led by TCC and Sport BOP.

There is an incredible range of diverse activity that occurs across the Bay Venues network. Much of this goes on unknown to the broader community and we want to share those stories more widely. We will start to regularly publish stories about individuals and groups that use our facilities and showcase how this has enhanced their lives.

Risk Management

Bay Venues manages a significant number of risks, and an updated Risk Management Framework has been adopted. A risk review will be conducted during Q3 to ensure that key risks have been identified and have appropriate controls in place.

Remuneration

The Living Wage was implemented for all areas of the organisation from 10 January 2022, which saw 88 staff across a range of teams have their wage rate increased to \$22.75. We also had a further 17 staff whose wage rate was increased to allow for relativity.

Work has commenced on developing 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

Aside from our Covid response which has been the predominant Health and Safety topic over the last six months, the following trends are of note:

- Staff Wellbeing – with more staff working from home we are ensuring regular check-ins with our people and that communication is effective. Staff are coping very well with the changes, but this will remain an area of risk.
- Venue Security – we are experiencing varying degrees of security issues around the network which has heightened our focus on security.
- Slips, trips and falls have trended up of late, this is normal over the school holiday period with more children active in our aquatic venues, upgrades to our aquatic facilities over the next year will improve this issue.
- Following a series of fainting incidents at the Mount Hot Pools we initiated public address announcements reminding people to stay hydrated and not stay in the hot pools for too long. This has seen these types of incidents reduce significantly.

Total events reported FY22 H1 (Jul – Dec 2021)

Event Type	Bay Venues facility hazard or work-related task		Total
	Yes	No	
All Events Reported	40 (24%)	150 (76%)	191
Workers, Volunteers & Contract Workers			
Total Events Reported	20	15	35
Incidents & Property Damage	8	7	15
Total Injuries	12	8	20
<i>Serious Injuries</i>	4	4	8
<i>Minor Injuries</i>	8	4	12
Customers or Other (non-customer member of public)			
Total Events Reported	23	133	156
Incidents & Property Damage	11	79	90
Total Injuries	12	54	66
<i>Serious Injuries</i>	5	20	25
<i>Minor Injuries</i>	8	34	41

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 the 6 months to Dec 2021.
- Bay Venues had two incidents which were rated as high during this period. One was a concussion sustained on the Aqua Play Station and one was staff who fractured her leg at a Bay Venues function. The two other incidents required medical attention but were not significant injuries.
- For all preventable incidents actions were implemented to retrain staff, update a procedure or implement additional controls.

Continuous H&S Improvements

- We identified 15 new hazards and eliminated 37 hazards during this reporting period.
- We provided further situation Safety Training sessions for our staff in September 2021.
- Aquatics Facility audits continue on a weekly basis.
- 900 Facility Audits were conducted over this period.
- Two major projects have been commenced and are near completion; one is a complete review of our Risk Register and the other on Hazardous Substances

3.2. Assets and Projects

- **The Greerton Aquatic Centre will be closed from early February until early April 2022 to complete 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.**
- We have faced challenges with sub-contractor availability and rising costs that has resulted in a shortfall to budget. We have identified other renewals items across the network that are non-urgent or can be put on hold to offset the additional cost.
- Fluctuating shower temperatures and upset customers continue to be an issue at Baywave. The cause is sub-standard water pipes installed during construction. Attempts to fix this problem have been unsuccessful and planning is underway to permanently rectify the issue with a complete replacement of the undersized pipes during the next scheduled pool closure early in 2023.
- Also planned during the Baywave closure is the replacement of air-conditioning pipework above the gym and electrical plant rooms that has started to fail, along with improved non-slip flooring and the replacement of several skylights.
- The Trustpower Arena sports floors were sanded back and re-varnished over the Christmas holiday period as part of our building renewals programme.
- **TCC has invited Bay Venues to join a Steering Group for the Memorial Park Pool and QEYC Redevelopment project. Construction is expected to be 2-3 years away.**

3.3. People, Performance and Culture

- Chad Hooker began as the new CEO of Bay Venues in November at which point Adam Ellmers (who was Acting CEO), returned to his CFO position. We are recruiting for a People and Performance Manager that is part of the Senior Leadership Team.
- Staff recruitment continues to be a challenge in a very constrained labour market.
- A staff survey completed late last year provided positive feedback, with the highest rating areas being Health and Safety, Culture and Customer Focus.
- Key opportunities for improvement to focus on over the coming months include:
 - Redefining our strategy and communicating this to staff
 - Enhancing our project management capability
 - Improving internal communication across the business



Chad Hooker

26 STAFF

NZQA L4 APPRENTICESHIP

5% STAFF TURNOVER

DUE TO VACCINE MANDATE

3.4. Finance

Financial results for H1 of FY22 have been significantly impacted by the governments Covid restrictions, delivering an EBITDA loss of \$1.2m (a decline of \$1.4m against budget) for the six months ended December 2021. These results are in line with the revised forecast that was presented to Council in October 2021.

Baypark events and associated activities have been hit hardest over the past six months with a combined EBITDA decline of \$1.26m across Events, Catering and Audio Visual.

Despite the challenges of COVID, some business units have performed well with the following areas performing better than budgeted:

- BaySwim – Volumes through our learn to swim classes have continued to build, this has provided challenges operating under alert level restrictions and the team have adapted very well to new ways of working.
- Clubfit – Total memberships have remained stable despite the suspension of some memberships at times due to Covid.
- Overhead Cost Centres – Expenses have been well managed in H1 with all cost centres reporting better than budget results. We have challenged our managers to reduce discretionary expenditure where possible in response to revenue declines.

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

Outlook

Following the latest escalation to the 'Red' traffic light setting, we have re-forecasted our EBITDA result to -\$3.61m for FY22, a further decline of \$1.56m. Most of this decline has again come through our events business as we have assumed that all significant events (greater than 100 ppl) will be cancelled or postponed for the remainder of FY22. The combined EBITDA impact across Events, Catering and Audio Visual is -\$1.66m.

We have a renewed focus on cost management following the latest revenue projections. Cost reduction initiatives include managing annual leave balances, holding any non-essential recruitment and investigating staff redeployment where possible, reducing discretionary expenditure, and looking for new revenue generating opportunities. Incorporated in the latest forecast is \$340k in expense savings across our business support units.

Consolidated Statement of Performance

Jul'21 - Dec'21 (6 months)	Aquatics			Indoor Sports Facilities			Community Centres and Halls			Baypark Events			Associated Activities			Business Support			Grand 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	2,325	2,874	2,985	393	470	534	215	258	278	788	767	689	4,427	6,531	4,489	148	2	222	8,297	10,902	9,197	
Other Income	39	33	45	7	12	0	0	0	0	0	0	0	20	22	77	11	43	43	77	109	165	
TCC Operating Subsidy	832	745	738	621	556	551	175	157	155	0	0	0	0	0	0	0	0	0	1,628	1,458	1,443	
Total Revenue	3,195	3,652	3,768	1,021	1,038	1,085	390	414	433	788	767	689	4,447	6,553	4,566	159	45	265	10,002	12,469	10,806	
Direct Expenses																						
Cost of Goods Sold	0	0	0	0	0	0	0	0	0	0	0	0	1,162	1,844	851	0	0	0	1,162	1,844	851	
Employee Expense	1,798	1,821	1,482	277	279	265	160	178	158	553	621	478	2,075	2,117	1,810	1,992	2,001	1,718	6,854	7,017	5,909	
Administrative Expense	69	66	61	13	9	8	12	8	8	13	23	17	65	125	110	381	489	392	553	721	597	
Advertising and Marketing	25	32	26	4	6	8	2	2	0	32	34	41	32	45	50	51	35	27	147	153	152	
Operating Expenses	533	600	581	95	89	82	83	98	95	474	338	337	384	377	292	599	660	659	2,168	2,162	2,046	
Repairs & Maintenance	133	146	141	13	14	14	20	18	19	96	113	124	55	56	69	12	36	37	329	383	403	
Total Direct Expenses	2,560	2,665	2,290	402	397	377	277	305	280	1,168	1,130	996	3,772	4,564	3,182	3,034	3,222	2,833	11,213	12,281	9,959	
Shared Service Allocations	918	1,014	820	586	647	523	109	121	98	291	322	260	971	1,073	867	(2,875)	(3,176)	(2,569)	0	0	0	
EBITDA Profit/ (Loss)	(283)	(27)	657	34	(6)	185	4	(11)	56	(671)	(685)	(567)	(296)	916	516	0	0	0	(1,211)	188	847	
Depreciation																			2,788	2,881	2,746	
Debt Servicing costs																			51	67	(305)	
Other Expense																			4	0	161	
Add back: Renewal Funding																			3,645	4,156	958	
Net Surplus/(deficit)																			(409)	1,397	(798)	

3.5. Sustainability

- We are working closely with TCC and Toitu and will be included as a TCC department for our Toitu membership. This will ensure we continue to have good support from TCC while being able to use the reporting tools and software to record our carbon emissions.
- We have commissioned an energy audit at Baywave to be completed in Q3. Through TCC, we have secured 40% funding from Energy Efficiency & Conservation Authority on the condition that we implement energy savings.
- We have drafted a Bay Venues Sustainability Commitment and will use this to guide the development of a Bay Venues Sustainability Plan.

3.6. Marketing

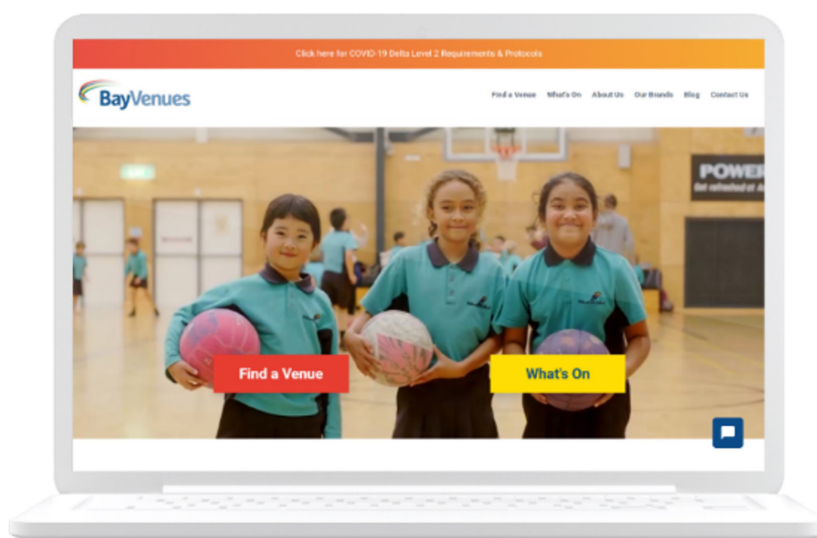
While actively promoting participation in a range of activity within our venues remains a key role for our marketing team, the recent lockdowns and restricted access at some alert/traffic light levels has required prompt communication. The use of in venue signage and digital marketing have been critical channels for informing the community of changes in how our venues operate safely.

OVER 180,000
WEB VISITORS

Website Transformation Project

- The 11 Bay Venues websites have been undergoing a transformation to make it easier for customers to engage online, vastly improve the customer experience, and create a platform to promote what's taking place within our venues.
- The first site to go live in October 2021, was the new Bay Venues website (www.bayvenues.co.nz) as this was the oldest website. The new Bay Venues website is an aggregation of all venues and activities within our network.
- Five websites are now live, with all remaining sites going live in Q3.

OVER 900,000
SOCIAL MEDIA REACH



3.7. Technology

- In H1 we engaged a consultant to conduct an independent cyber security assessment. The results have identified areas for improvement that we are working to resolve with a cyber security roadmap. Good progress has been made on these workstreams and we will re-assess our readiness again in early FY23.
- We are about to go live with a new point of sale system across our Catering business. The new system will deliver significant improvements over the previous systems.
- We are updating our technology roadmap to ensure the IT strategy aligns to the business needs over the next 3-5 years. There is a strong desire to connect better digitally with our customers, which is driving many initiatives on the roadmap.
- We are assessing the technology platforms within the business as limited investment has left some aging legacy systems that are not fit for purpose. Core operational systems are being upgraded to support and enhance the customer experience.