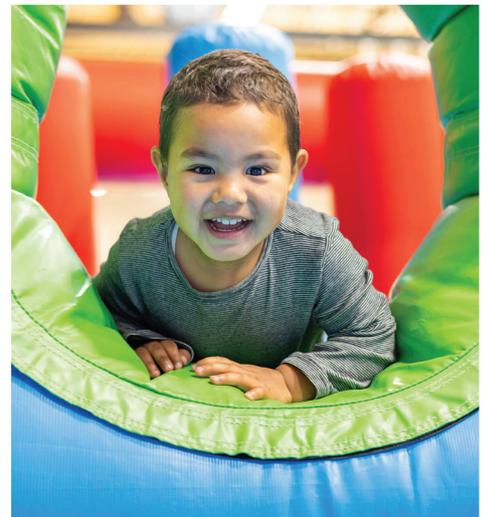




BAY VENUES REPORT

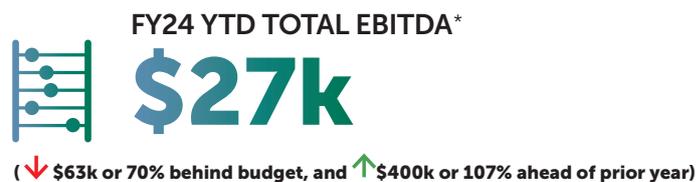
Prepared for
Tauranga City Council
Q1 FY25 (Jul - Sep 2024)



 **Bay Venues**


Tauranga City

1. Executive Summary



Welcome to the Bay Venues Q1 report for FY25.

There were more than 570,000 visits to Bay Venues' network of community facilities in the first quarter of the year, with a wide variety of events and activities – from community and cultural celebrations, to sports tournaments, business conferences, and entertainment expos.

The 2024 Zespri AIMS Games was a highlight of Q1, bringing thousands of intermediate-aged athletes and their families from towns and cities all around the country and overseas to our venues in September. This major annual event is one of the busiest weeks of the year in Tauranga and many of our facilities and teams play an important role, providing venue operation, event, catering, and audio visual support.

In Q1 we also hosted large cheerleading, taekwondo, and basketball events, as well as expos, shows, and business conferences encompassing everything from food and lifestyle, to birds and building, horticulture, agriculture, and careers.

Our new sign language swimming lessons got underway at BaySwim, a new series of family water safety workshops were held at Baywave, our popular Tumble Time preschool play programme expanded into Pāpāmoa, and an array of cultural events – celebrating language, dance, music, and food – brought communities together at centres and halls across the city.

All of this has been happening despite the tough economic conditions and sustained pressure on household discretionary spending, which are having an ongoing effect on event volumes, event-related business, as well as overall visitation and the amount customers are spending at our venues. These challenges are driving us to be better. We finished the quarter with revenue slightly behind budget, however with tight cost control measures in place and new revenue generating initiatives underway, we are working hard to re-position the cost base of the business and are determined to meet our end of year budget targets.

We have progressed with several organisation change proposals, including a small number of proposed redundancies, and have introduced a series of sustainability initiatives to further improve our energy efficiency and the cost of running our venues.

Key projects and future planning for Tauranga's indoor court and aquatic facilities continue to progress in partnership with Tauranga City Council. We are working closely with Council staff and the new elected members to explore ways to future-proof our venue network for the city's growing population in the most "value for money" way.

It is the rapid growth in Tauranga, and the increasing demand for space to play sports and hold events and recreational activities, that has led to a new commercial partnership with the University of Waikato, which has joined forces with Bay Venues to help support and drive activation and growth across our sports and fitness venues.

We are both committed to placemaking in Tauranga and a separate catering contract and new cafe at the University's central-city campus is yet another example of how our two organisations are working together to create spaces where people can come together and connect.

Having Bay Venues as a standalone Council Controlled Organisation (CCO) means that we can run a commercial organisation singularly focused on providing cost efficient and excellent services and experiences for our Tauranga Moana community.



Chad Hooker, CEO



Simon Clarke, Board Chair

*Tauranga City Council (our shareholder) has facilitated the return of Bay Venues to a cash-flow break-even position via increased operational funding in the Long-Term Plan.

**Numbers are at the time of reporting and are subject to minor changes over time.

Key Achievements

- Two new commercial agreements signed with the University of Waikato – a Sports & Fitness partnership, and a Bay Catering events contract including opening a new cafe, 101 Cafe Experiment, at the University's Tauranga campus.
- Thousands of young athletes and their families were hosted across several indoor sports and aquatic venues during the 2024 Zespri AIMS Games, including two opening ceremony shows at Mercury Baypark Arena.
- Pāpāmoa Sports & Recreation Centre celebrated its 30th birthday with a day of family fun, attracting more than 300 members of the community. This coincided with a Brazilian Fair and a Chilean Festival, which brought more than 2,000 additional visitors to Gordon Spratt Reserve and demonstrated the range of activities hosted at the venue.
- Security assessments have been completed for every Bay Venues site, with enhancements identified and implementation underway.
- The popular Tumble Time play programme for preschoolers started at Pāpāmoa Sports & Recreation Centre and the weekly sessions are already exceeding attendance targets.
- Positive and constructive user forums were held for Aquatics, Indoor Sports, and Community Centres & Halls.
- The Mount Hot Pools retained its Qualmark Gold Sustainable Tourism Accreditation.

Key Challenges

- Cost-of-living pressure continues to impact revenue, which finished below budget for the quarter. The challenging economic environment is particularly affecting the volume of events and event visitation (as well as event-related business such as catering). Spend per head at aquatic venues is also being impacted by the increased pressure on household discretionary spending.
- To enable Bay Venues to achieve budget for the year, the organisation has had a strong focus on cost control. This has included progressing with nine proposals for change, including a small number of proposed redundancies.
- The project to convert Pavilion 3 at Mercury Baypark into an indoor roller skating rink for Bay Roller Sports faced challenges related to issues with the preparation of the floor surface and the venue opening was delayed until Q2.

Emerging Risks and Opportunities

- Tauranga City Council has slowed down its approval of the Memorial Park Aquatic Centre project to take time to consider options.
- The project to build a new indoor sport and recreation centre on Cameron Road has been slightly delayed due to complexities with strengthening work. Queen Elizabeth Youth Centre (QEYC) – including Memorial Hall – will stay open until the Cameron Road facility is ready.
- The Government's Ka Ora, Ka Ako | Healthy School Lunches programme is undergoing changes earlier than expected. We will continue to operate the programme for the rest of 2024 and 2025 before the new operating model is introduced for primary schools from 2026.
- Contractors encountered unexpected issues during a planned renewals and maintenance project at Greerton Aquatic & Leisure Centre and the venue did not re-open on schedule. Additional remedial work on the learner pool has been required.
- New revenue generating initiatives are underway or being explored, including additional billboard advertising, upselling and bundling products/services, as well as leasing spare space at Mercury Baypark.
- Bay Venues is working with Tauranga City Council, the Ōtūmoetai community, as well as key user groups and stakeholders, as part of a working group that is exploring the current state of Ōtūmoetai Pool and options going forward. We are awaiting details of geotechnical investigations to get a better understanding of the underlying ground conditions at the facility.



Community Outcomes

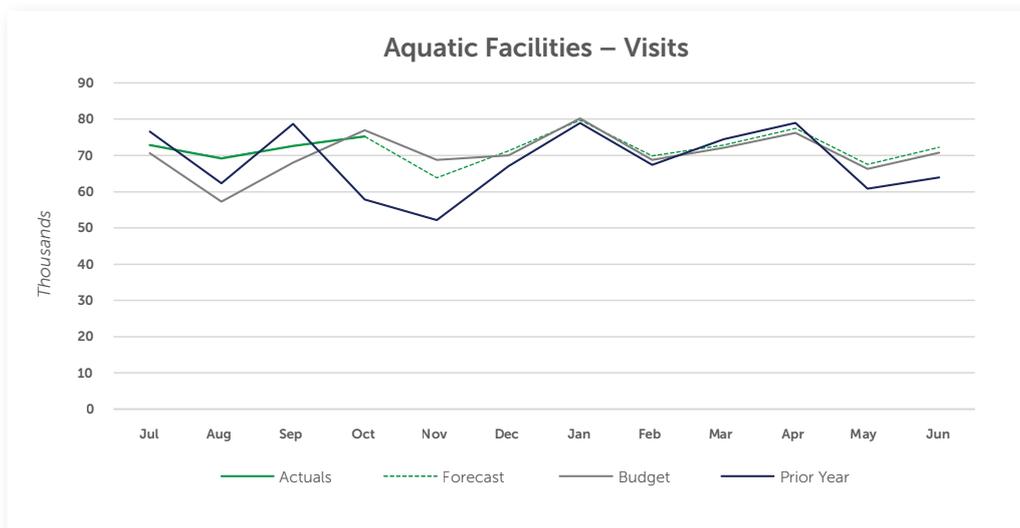
VISITS*

	Q1 FY24 YTD	Q1 FY25 YTD	Variance
Aquatics	220,137	217,303	-1%
Community Centres & Halls	92,187	92,188	0%
Sports & Fitness	228,256	224,718	-2%
Events	54,933	40,056	-27%
Total	595,513	574,265	-3.6%

FY24 YTD REVENUE

\$7.48m TOTAL OPERATING REVENUE (3% behind budget and 12% ahead of prior year)**	\$0.23m COMMUNITY CENTRES & HALLS	\$1.34m SPORTS & FITNESS	\$1.71m AQUATICS
	\$2.25m EVENTS & ASSOCIATED ACTIVITIES	\$0.06m BUSINESS SUPPORT	\$1.90m TCC OPERATING GRANT**
NON-OPERATING REVENUE:		\$5.49m TCC RENEWAL FUNDING	\$0.28m TCC DEBT SERVICING

2.1 Aquatic Facilities



1,070
TAMARIKI ATTENDING WATER SAFETY LESSONS YTD

2,605
DISABILITY AQUATIC MEMBERSHIPS

2,411
BAYSWIM TERM ENROLMENTS YTD

Aquatics had a steady performance in the first quarter of the year. Aquatics hosted 217,303 visits in Q1, which was 18,821 (9%) ahead of its conservative target. Baywave stood out by being 12,881 visits (12%) ahead of target.

In contrast, compared to the same period last year, overall visits were down by 1% with a reduction in visits primarily at the Mount Hot Pools, followed by Ōtūmoetai Pool.

Additionally, spend per head was 11% below budget and 9% lower compared to the same period last year, reflecting the impact of challenging economic conditions. This trend was particularly noticeable at the Mount Hot Pools, where visitors appear to be opting for more affordable aquatic experiences in response to cost-of-living pressure.

*Numbers are at the time of reporting and are subject to minor changes over time. **Tauranga City Council (our shareholder) has facilitated the return of Bay Venues to a cash-flow break-even position via increased operational funding in the Long-Term Plan.

Greerton renews and maintenance

Each of our aquatic facilities is required to close every few years for important preventive maintenance and renewals work. A scheduled project began at Greerton Aquatic & Leisure Centre on 16 September. As part of this project, all the pools were emptied, and the internal pool tanks and exterior pool surrounds were resurfaced. The entire plant room was shut down for a mechanical service and deep clean, and maintenance was carried out on the filter tank surfaces. The temporary ramp next to the hydrotherapy pool was replaced with a permanent ramp, and the floor in the entry lobby area was levelled out. A new hot water (geothermal) bore was also drilled outside the venue to replace the original bore which was coming to the end of its useful life.

A few days before the venue was scheduled to re-open, in the process of refilling the main pool, contractors encountered an unexpected issue with the concrete pool floor and the connection between the lap pool and learner pool. This required investigation by structural engineers, followed by remedial work, which delayed the re-opening of the venue.



Family water safety workshops

BaySwim partnered with contracting firm Apollo Projects to deliver a new series of family water safety workshops, with 12 families attending 90-minute sessions at Baywave where they learned and practised as a family unit how to remain safe and help each other in and around the water.

SUSTAINABILITY

The Mount Hot Pools officially retained its Qualmark Gold Sustainable Tourism Accreditation, a mark of excellence in the New Zealand tourism industry, recognising businesses that are delivering exceptional visitor experiences and demonstrating leading sustainable practices across key areas such as energy efficiency, waste management, community engagement, and environmental responsibility. Other criteria such as health and safety and business systems are also evaluated.

The Zespri AIMS Games brought approximately 7,000 visits to Baywave over the course of six days in September, with 530 swimmers and 310 water polo players competing and the grandstands packed with supporters from all around the country. We are working closely with the AIMS Games Tournament Director to explore how we can better utilise the space, ensuring it meets the needs of patrons in a thoughtful, safe, and welcoming way, while addressing the increasing demand that exceeds our current capacity. The Mount Hot Pools also benefitted from the AIMS Games, with more than 2,700 competitors visiting for a hot soak during the week. Both venues recorded their highest numbers in recent years during this event.

BaySwim continues to deliver high quality swimming lessons that are very popular, with an overall customer satisfaction rating of 86% for the quarter. BaySwim had 2,411 term enrolments in Q1, which was up on the same period last year and was 5% ahead of target.

Bay Venues has partnered with Health New Zealand and Touch Papamoa to offer Baywave child entry passes as Player of the Day prizes. The initiative, instigated by Health NZ, promotes children receiving a healthy active lifestyle prize through their sport, rather than the common fast-food voucher.

Fourteen senior lifeguards and aquatic supervisors attended a three-day Pre-Hospital Emergency Care course, ensuring our high-risk aquatic environments continue to have highly skilled staff who can respond competently in high pressure medical situations.

A working group continues to investigate the current state of Ōtūmoetai Pool and options going forward. The working group is made up of representatives from the Ōtūmoetai community, Evolution Swim Club, Ōtūmoetai College, Tauranga City Council, Bay Venues, and an external independent aquatics expert. A facility review, condition assessment, and accessibility report has been completed, and will be considered alongside a geotechnical review and final report which is expected to be completed by the end of 2024.



Learning to swim, one sign at a time

In the learner pool at Baywave, Emily McCall’s eyes are locked on her swim teacher. She is completely focused. The five-year-old dives under the water and then pops back up to the surface, watching intently for her next instruction, which is delivered in sign language. Emily smiles and signs back. This is their own special way of communicating in the pool. Emily was born with progressive hearing loss. She has a cochlear implant in her right ear and wears a hearing aid in her left. When she takes them off to swim, it means she cannot hear her teacher. So, they use sign language in the pool instead. Emily was the first student to sign up for BaySwim’s new sign-supported swimming lessons, which began in August. The lessons are the brainchild of senior swim teacher Heidi Dixon, who wanted to be able to teach deaf and hard-of-hearing children how to swim safely and independently. “I want them to feel welcome in this environment and to feel like they can learn to swim safely and without judgement,” she says.



Aquatics

“The lovely people at Greerton pools and Baywave are so genuine in talking with me as a person and not just a number that walked through the door.”

– Baywave Customer, August 2024

85%

Overall Customer Satisfaction

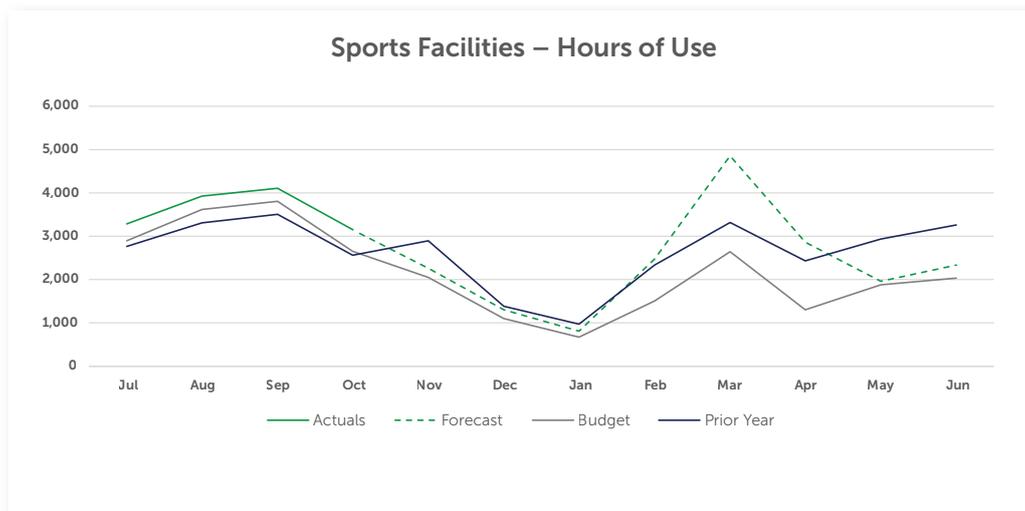
53,337

Website Visitors

519,241

Social Media Reach

2.2 Sports & Fitness Facilities



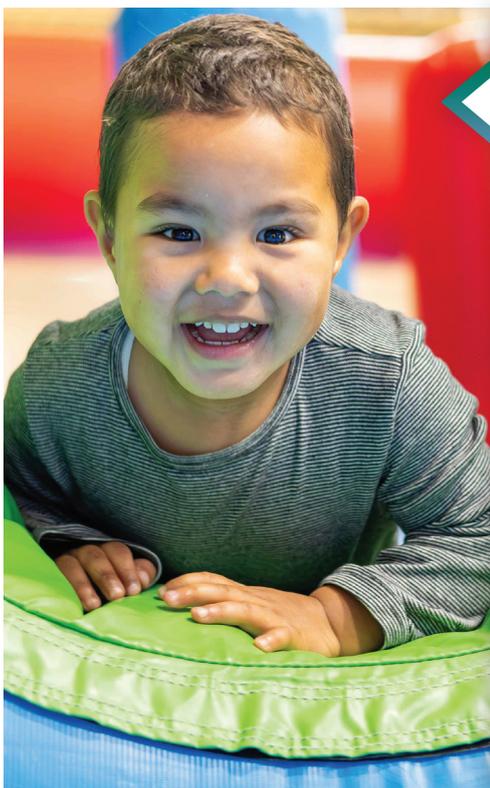
Note: Sports Facilities include Mercury Baypark Arena six court, Queen Elizabeth Youth Centre and Memorial Hall, Mount Sports Centre, Aquinas Action Centre, and Merivale Action Centre.

The hours of use trends at our sports facilities are in line with expectations for Q1, finishing slightly ahead of target by 4%, largely due to increased court activity primarily from tournaments. However, the overall number of Sports & Fitness visits was down 2% compared to the same period last year as it appears that not as many people were in attendance at tournaments, and likewise during community sport bookings.

In Q1 there was a 14% increase in visits to the preschool Tumble Time play programme at Mercury Baypark Arena and Queen Elizabeth Youth Centre. In September, Tumble Time weekly sessions were launched at Pāpāmoa Sports & Recreation Centre, with 70 preschool children and their caregivers turning up to the first session.

There has also been a 50% year on year increase in the number of teams participating in our primary school Funky Fun Day programme.

The Adams Centre for High Performance has had a slight drop in overall visits, which can be attributed to the seasonal fluctuation of athlete attendance. External groups that utilised the Adams Centre included the Black Caps, White Ferns, Surfing NZ, Northern Districts Cricket, Tauranga Hockey, and Sport Bay of Plenty. Adams Academy membership remains strong, up 35% year on year.



Tumble Time launches in Pāpāmoa

Monday mornings can be tough but for parents and preschoolers living in Pāpāmoa, the start of each new week now means something totally different and exciting – Tumble Time. The popular play programme is being held every Monday morning from 9.30am-12pm at Pāpāmoa Sports & Recreation Centre (PSRC). Each year there are more than 17,000 visits to Tumble Time at Mercury Baypark Arena and Queen Elizabeth Youth Centre. “We love seeing so many happy little faces each week and are stoked to bring Tumble Time a bit closer to home for the Pāpāmoa community and become part of their weekly routine,” Sport & Community Activation Manager Annalise Klay says. Monique O’Reilly, Venue Supervisor & Event Coordinator at PSRC, is equally thrilled. “The Pāpāmoa community is constantly expanding and is full of families who will benefit from this programme and what it offers – a safe, relaxed, and affordable space where children and parents can play and connect.” Pāpāmoa mum Juliet Hume and her two daughters Sophie and Charlotte, who are 20 months old and 3 years old respectively, are regulars at the new Pāpāmoa Tumble Time. “We only missed one week because we were away; we’re quite committed to Tumble Time,” Juliet says. “It’s fantastic, it’s part of the community.” She says the Tumble Time set-up allows her to balance the needs of her “high risk taking, energetic toddler” with the needs of her older daughter who has disabilities.



New Sports & Fitness partnership with the University of Waikato

Bay Venues has partnered with the University of Waikato to help drive activation and growth across Tauranga's sports and fitness venues, including the city's newest indoor sport and recreation centre on Cameron Road. The partnership gives the University naming rights to the six-court indoor sport facility at Mercury Baypark Arena, as well as the new indoor sport and recreation centre being built inside the old Warehouse building at Cameron Road. It will see the University connect with programmes delivered in the venues and give students access to the facilities, enhancing the community experience and engaging Tauranga's student population. "We are so excited to work alongside the University of Waikato over the coming years and have its support as Tauranga continues to develop," Bay Venues Chief Executive Chad Hooker says. "As partners, we share many of the same values and are both committed to this city." University of Waikato Deputy Vice-Chancellor Professor Alister Jones said the strategic partnership is part of the University's long-term commitment to the Bay of Plenty region and its focus on enhancing student experiences through recreation and events. "I'm excited at the possibilities this new partnership offers and look forward to our students being able to enjoy the access to sports facilities and get involved in new campus events delivered alongside the Bay Venues team."

Members of both New Zealand Sevens teams, triathlete Hayden Wilde, 1500m runner Sam Tanner, artistic swimmer Eva Morris, and hockey umpire Rachel Williams, all trained at the Adams Centre ahead of the Paris 2024 Olympics in July and August, with the Black Ferns Sevens team winning gold and Hayden Wilde winning silver.

Adams Centre tenant Bay of Plenty Rugby Union had a successful 2024 NPC season, with the Steamers making it all the way to the final, narrowly losing to Wellington in extra-time.

The Adams Centre has successfully secured ongoing sponsorship from the Carrus Corporation for its Academy programme for an additional 12 months. Additionally, the Adams Centre has renewed its Memorandum of Understanding (MOU) with High Performance Sport NZ, extending our partnership until early 2025.

Clubfit membership has remained steady despite the economic downturn, with a small 10-member decline overall in Q1. Green Prescription membership remains stable, representing approximately 15% of total membership.

The planned renewals and maintenance project that began at Greerton Aquatic & Leisure Centre in September also provided Clubfit Greerton gym with an opportunity to make some facility improvements. As well as getting a new roof, Clubfit Greerton will soon have upgraded changing rooms, toilets and showers, as well as new and updated equipment. The gym was able to remain open for most of the project, with an alternative entrance and reduced hours for some periods.

Following a period of venue improvements, the paintball and laser tag operation at Mercury Baypark re-opened under the BayActive brand in time for the September/October school holiday period.

SUSTAINABILITY

The Clubfit Baywave team has begun turning off all electrical gym equipment overnight to eliminate standby mode, aiming to reduce electricity consumption and improve overall energy efficiency and reduce operational costs. This trial, based on the findings of an energy audit, will help collect data and assess actual energy and cost savings and determine the initiative's long-term viability before being implemented across other sites.

Sports & Fitness

“Love coming to play netball on a Monday night, staff are all very friendly and welcoming.”

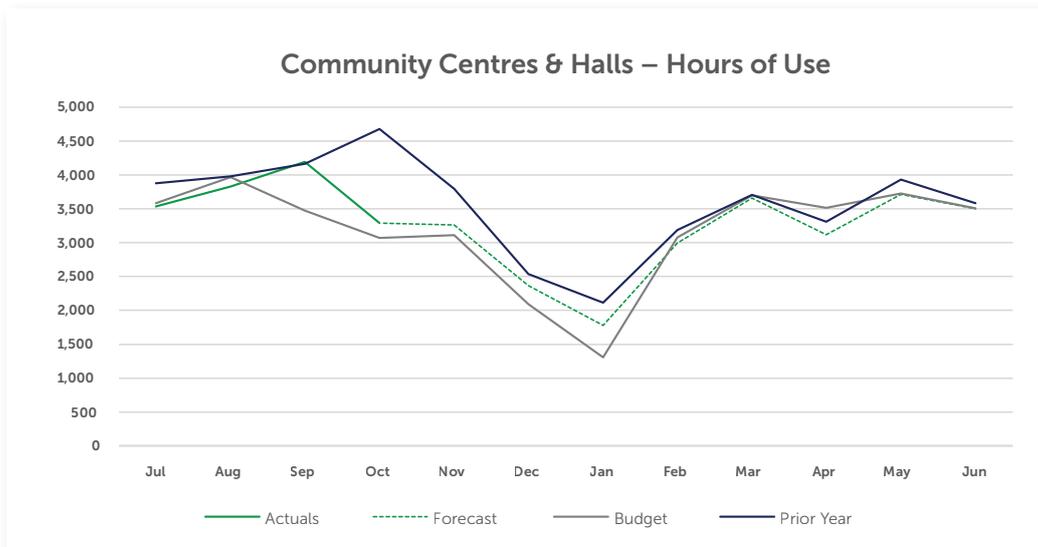
– BayActive Customer, August 2024

90%
Overall Customer Satisfaction

16,321
Website Visitors

338,597
Social Media Reach

2.3 Community Centres & Halls



Venue utilisation across the Community Centres & Halls remained stable despite the loss of some key anchor tenants during Q1. Hours of use fluctuated throughout the quarter but finished 5% ahead of target. Visitation reached 92,188, which was consistent with the same period last year.

There was a diverse range of events and activities held in our Community Centres & Halls in Q1, including a Multicultural Tauranga family picnic day at Matua Hall, a Tauranga Deaf Society sign language workshop and AGM at Bethlehem Hall, and a regional chess championship event at Greerton Hall.

Greerton Hall also hosted market stalls as part of the annual Spring Fling festival, there was a Folklore Dance event at Elizabeth Street Community & Arts Centre, and a steampunk-themed ball at Bethlehem Hall.

There were several cultural events – celebrating language, dance, music, and food – for the Cook Islands, Vanuatu, and Nepalese communities at Pāpāmoa Community Centre, Arataki Community Centre, Waipuna Park Pavilion, and Pāpāmoa Sports & Recreation Centre.

Several sporting events and organisations also booked our Community Centres & Halls in Q1, including the Zespri AIMS Games in September, with Pāpāmoa Sports & Recreation Centre, Waipuna Park Pavilion, and Pāpāmoa Community Centre all supporting the event and various visiting schools.

Tauriko Hall has been decommissioned. Built in the late 1930s and in poor condition due to its age, the hall was demolished in September, timed to align with the SH29 Tauriko Enabling Works. Bay Venues worked with Tauranga City Council and all regular users of the hall to help find alternative locations for their bookings in advance of the hall closing and kept key stakeholders up to date.

Four of our community halls (Greerton, Matua, Bethlehem, and Welcome Bay) will be refurbished over the Christmas/New Year period. The work is planned for January as this is the quietest time of the year and work is going to be phased during that time to minimise the impact on our user groups. Work includes painting, floor re-surfacing, minor building works, lighting and bathroom upgrades.





Pāpāmoa Sports & Recreation Centre turns 30

Hundreds of people attended the Pāpāmoa Sports & Recreation Centre 30th birthday party in September. The celebration reflected the diversity of groups that use the community centre every week, as well as the hundreds more that have played a part in the facility's history over the past three decades. The event showcased the venue's importance to the Pāpāmoa community, with locals of all ages taking part in pop-up activities and demonstrations. There were also food trucks, music and dancing, face painting, cupcakes, and a new mural was unveiled. A display board honoured the facility's founders with historical photos and newspaper clippings. The birthday celebration also coincided with a Brazilian Fair and a Chilean Festival on the same day, bringing more than a thousand additional people to Gordon Spratt Reserve and through the venue over the course of the day and evening. Local artist, Jasmine Kroeze, was commissioned to create a mural in the entrance foyer to mark the anniversary and her patchwork piece celebrates Pāpāmoa Sports & Recreation Centre and the surrounding landscape and community.



Community Centres & Halls

“ Good parking. Easy to get to. ”

– Greerton Hall Customer, September 2024

94%

Overall Customer Satisfaction

23,869

Website Visitors

139,153

Social Media Reach

2.4 Events

20

Sporting & Aquatic
Tournaments YTD

15

Significant Events
(over 500 pax) YTD

10

Cultural Activities
& Events YTD

10

Diversity & Inclusion
Initiatives YTD

Q1 was a testing quarter for events at Mercury Baypark with visit numbers down 27% compared to the first quarter of last year. The squeeze on discretionary income has continued to impact the events industry, with several large future events at Mercury Baypark either cancelled, relocated, or downsized, with organisers citing a lack of confidence in the economy to ensure a financially viable event.

Conversely, some vibrant and exciting new and established content was delivered at Mercury Baypark in Q1, including a range of sporting, entertainment, and business events.

Sporting events included the final games of the Tauranga Whai Men's Basketball team's inaugural Sal's NBL season. Mercury Baypark Arena also hosted the Kukkiwon Cup – Taekwondo New Zealand National Championships over a weekend in August.

The Zespri AIMS Games opening ceremonies were once again an extravaganza attracting a full house for both shows, with appearances from Prime Minister Christopher Luxon, newly elected Tauranga Mayor Mahé Drysdale, New Zealand Olympic athletes, as well as musicians and entertainers. Mercury Baypark was transformed into an Athletes' Village, with a local school band playing from a makeshift soundshell and various activations from event partners.



This year was the biggest ever Zespri AIMS Games, with nearly 13,000 athletes competing – more than the Paris 2024 Olympics. More than 390 schools from across New Zealand and overseas entered across 27 sporting codes, with young athletes and their families travelling from Northland, Southland, and everywhere in between, as well as from eight schools across the Pacific.

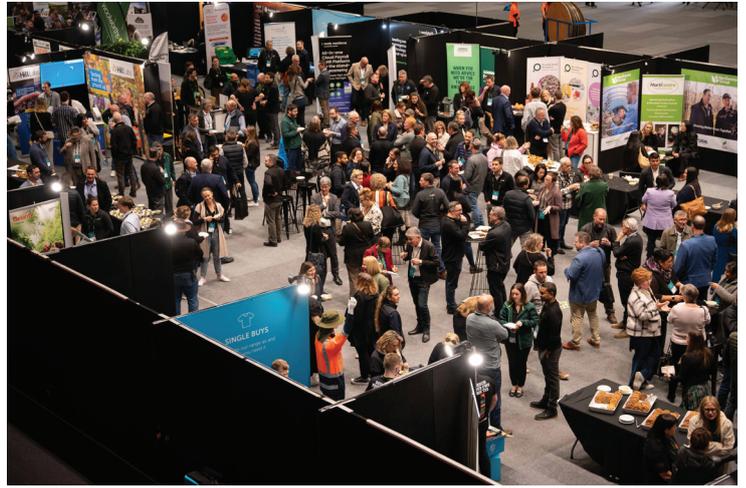
Mercury Baypark was home to the opening ceremony shows, the hip hop competition, as well as futsal, 5x5 basketball, and indoor bowls. Queen Elizabeth Youth Centre hosted the 3x3 basketball, badminton, and table tennis.

Entertainment events at Mercury Baypark Arena in Q1 included the return of popular cheerleading fixture Battle in the Bay for the eighth time, with 65 teams from across New Zealand showcasing their skills. The annual Tauranga Food Show also returned for another tasty weekend, as did the Women's Lifestyle Expo as part of its nationwide tour.

The National Bird Show was held in the Mercury Baypark Stadium Lounge in July. Approximately 2,000 people attended, and local kura contributed art walls for the event.

Mercury Baypark also successfully hosted a three-week ice rink pop up over the July school holidays.





Events

“All staff involved were exceptional and went out of their way to make sure the event was a success even with last minute changes.”

– Mercury Baypark Event Client, September 2024

89%
Overall Customer Satisfaction

15,088
Website Visitors

233,722
Social Media Reach

Business events in Q1 included celebrations for Master Builder House of the Year, as well as multi-day conference activities for the Franchise Association and Horticulture New Zealand, the latter with around 700 delegates in attendance. Popular expo events delivered by Priority One included the Tauranga Careers & Business Expo, and for the first time Cultivate Your Career with a focus on pathways into the horticulture and agriculture sectors.

Three entertainment shows inside Mercury Baypark Arena were announced for the summer holiday period, including a visit from renowned Australian family entertainers The Wiggles, Sublime with Rome on their final ever tour, and Famous Last Words – the New Year’s Eve drum and bass concert that sold out last year.

As part of the Mercury Baypark Arena renewals programme, the drapes in the Lion Foundation Centre were upgraded in Q1. In line with our commitment to sustainability, we took proactive measures to donate the old drapes, which weighed approximately 400kg, to Pāpāmoa College, which plans to utilise the material in its theatre.

SUSTAINABILITY

Wi-Fi-enabled lighting controllers were installed in the carparks at Mercury Baypark, our highest energy-consuming site. The new system, managed through an app, allows for remote control and monitoring of lighting via smart devices, enabling us to adjust schedules in real-time based on actual needs. This will help reduce unnecessary energy usage, lower our carbon footprint, provide greater flexibility, all while maintaining safety and visibility for visitors.



2.5 Associated Activities

Healthy School Kai

70,685 Lunches YTD **9** Schools

The Zespri AIMS Games returned this quarter and our Healthy School Kai team provided packed lunches for participants, resulting in the sale of 700 lunches. While this was minimal relative to the total number of participants, it has led to a January booking to supply morning meals for the Eastern Region Surf Lifesaving Championships.

The Healthy School Kai team continues to develop new warm dishes for students and is receiving positive feedback from schools as part of the Government's Ka Ora, Ka Ako | Healthy School Lunches programme. The programme will be undergoing changes earlier than expected, with new programme savings targets recently announced. This will see changes for our operation in future. We will continue to provide lunches to local primary schools through the rest of 2024 and 2025 until a new operating model is introduced in 2026.

Bay Catering

Q1 EBITDA was \$38k below budget. The events catering business performed better than expected, however retail catering fell behind as we continue to see low customer spend through our Baywave and Mercury Baypark Arena cafes.

Large catering events during Q1 included the Master Builder House of the Year awards dinner, as well as conferences for the Franchise Association and Horticulture New Zealand.

The Bay Catering team worked hard on the launch of a new cafe at the University of Waikato Tauranga campus. The 101 Cafe Experiment is part of a wider commercial contract with the University that also includes event catering at the central city campus. The cafe opened in October and has been trading steadily since opening.

Q2 is looking strong with a very busy November for Bay Catering and several indoor concerts booked at Mercury Baypark Arena over the summer season.



Bay Audio Visual

Q1 started slowly with an EBITDA profit of \$43.5k, which was \$50k below budget. Q2 is looking much stronger. Highlights for the quarter included delivering audio visual support packages for the Zespri AIMS Games opening ceremonies, Horticulture New Zealand conference, Te Akatea New Zealand Māori Principals' Association event, a wide range of community and commercial events, as well as some other external events including an outdoor projection mapping lighting feature as part of the Tauranga City Council 'Lights on Tauranga - City Centre Light Trail'.



Associated Activities

“Good staff on site and working with Cindie pre-event.”

– Bay Catering Customer, July 2024

86%
Overall Customer Satisfaction

3,549
Website Visitors

Consolidated Statement of Performance – FY25 YTD

YTD Profit & Loss - Jun'24 (S'000s)	Aquatic Facilities			Community Hubs			Sports Facilities			Events Facilities			Associated Activities			Business Support			Grand Total			
	Current Year	Budget	Prior Year	Current Year	Budget	Prior Year	Current Year	Budget	Prior Year	Current Year	Budget	Prior Year	Current Year	Budget	Prior Year	Current Year	Budget	Prior Year	Current Year	Budget	Prior Year	
Revenue																						
User Fees	1,661	1,754	1,746	231	211	172	1,328	1,199	1,094	386	502	472	1,850	2,036	1,833	34	32	(3)	5,489	5,734	5,314	
TCC Operating Subsidy	610	610	660	379	379	139	268	268	493	635	635	0	0	0	0	9	9	0	1,901	1,901	1,292	
Other Income	45	20	58	2	0	1	11	25	6	8	0	5	7	7	16	21	26	93	78	94		
COVID-19 Subsidies	0	0	2	0	0	0	0	0	1	0	0	0	0	0	1	0	0	0	0	0	6	
Total Revenue	2,316	2,384	2,466	612	590	311	1,607	1,493	1,594	1,028	1,137	477	1,856	2,042	1,850	64	67	9	7,483	7,712	6,705	
Expenditure																						
Cost of Goods Sold	0	0	0	3	0	1	2	2	2	0	0	0	650	715	651	0	0	0	655	717	654	
Employee Expense	1,085	1,165	1,076	145	135	135	633	654	605	177	213	188	815	841	900	1,653	1,621	1,448	4,508	4,629	4,352	
Administrative Expense	39	37	53	6	7	8	18	29	18	7	12	4	35	29	26	313	339	298	417	452	407	
Advertising and Marketing	18	24	19	1	1	1	13	14	17	10	15	15	3	7	8	28	26	19	73	87	78	
Consultancy	10	0	0	2	0	0	9	0	0	0	0	0	1	0	4	146	199	190	168	199	194	
Operating Expense	411	366	361	73	70	73	153	153	145	61	55	29	84	66	72	568	541	465	1,348	1,251	1,145	
Repairs & Maintenance	101	108	90	15	10	8	32	27	21	0	0	0	36	37	34	103	105	96	287	287	249	
Total Expenditure	1,664	1,699	1,599	244	223	226	860	879	807	255	295	236	1,623	1,695	1,694	2,811	2,832	2,515	7,456	7,622	7,078	
EBITDA Profit/(Loss) pre-allocations	652	685	866	368	367	85	747	614	786	774	842	240	233	348	155	(2,747)	(2,765)	(2,506)	27	90	(373)	
Business Support Allocations	759	764	693	292	293	266	570	574	520	834	839	761	292	294	267	(2,747)	(2,765)	(2,506)	0	0	0	
% total allocations	28%			11%			21%			30%			11%									
EBITDA Profit/(Loss) post-allocations	(107)	(80)	174	76	74	(181)	176	40	266	(60)	3	(520)	(59)	53	(111)	0	0	0	27	90	(373)	
Non-Funded Depreciation	1	1	1	0	0	0	9	9	5	0	0	0	21	21	20	22	22	10	53	53	36	
Non-Funded Debt Servicing costs	1	1	1	0	0	0	1	1	1	0	0	0	7	7	4	1	1	1	10	10	6	
Surplus/(Deficit) after BVL capital costs	(110)	(82)	172	76	74	(181)	167	30	260	(60)	3	(521)	(86)	26	(135)	(23)	(23)	(11)	(36)	27	(416)	
Other Transactions																						
Renewal Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	5,494	5,504	459	5,494	5,504	459	
Interest Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	275	275	329	275	275	329	
Less:																						
Interest Expense	0	0	0	0	0	0	0	0	0	0	0	0	(0)	0	0	241	263	294	240	263	294	
Depreciation	707	707	538	134	134	85	423	423	350	185	185	185	146	146	107	1,019	1,019	592	2,614	2,614	1,856	
Profit/Loss on Disposal	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Surplus/(deficit)	(816)	(789)	(366)	(58)	(61)	(266)	(256)	(393)	(90)	(245)	(182)	(705)	(233)	(121)	(242)	4,486	4,473	(109)	2,878	2,928	(1,778)	

3. Management Update

3.1 Finance

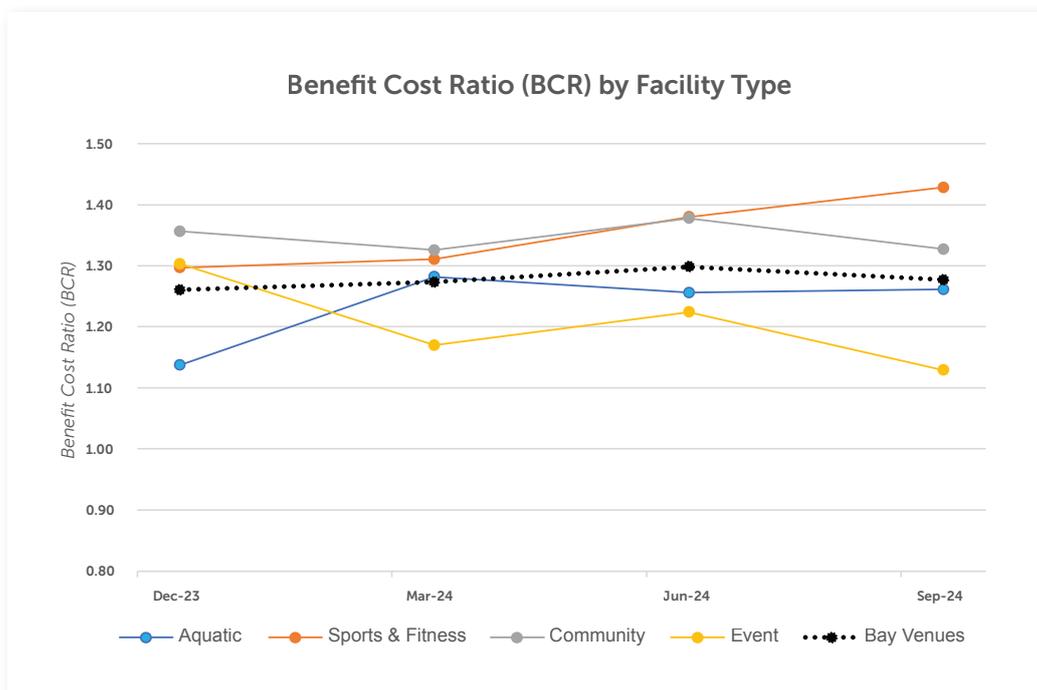
Q1 delivered an EBITDA profit of \$26k which was \$64k below budget.

Revenue of \$7.5m was \$229k or 3% below budget, driven by continued pressure on Aquatics spend per head and event volumes. We believe these are a result of cost-of-living pressure reducing customer discretionary spending.

In response to soft revenues, we have worked hard on cost savings across the organisation, resulting in Q1 operational expense savings of \$165k better than budget.

Looking forward, we expect our financial result to be in line with budget across the full year. Efficiency and cost control will be key themes as we weather the wider economic impacts this year.

Cost Benefit Analysis



Overall benefit cost ratio (BCR) decreased by 2% in Q1 from 1.30 to 1.28, which is in line with the average over the past four quarters. All segments of the organisation had a BCR of greater than one, delivering positive net benefit. Some individual facilities had a BCR of below one during the quarter, including Memorial Pool (which is closed outside of the summer season), Ōtūmoetai Pool, Greerton Aquatic & Leisure Centre, and Mercury Baypark Stadium.

Sports & Fitness - Net benefit increased by \$127k in Q1, this is primarily driven by the Mercury Baypark Arena six-court visitor user hours increasing by 8,000 hours (8%), with several large events including the Tauranga Food Show and Zespri AIMS Games.

The Adams Centre for High Performance has seen a net decrease of \$26k (24%), which is due to a 26% decrease in visitors with costs remaining stable. Volume decline is driven by the timing of international sporting events which means our athlete numbers fluctuate during the winter months.

Events - Net benefit decreased by \$329k in Q1, \$240k of which was from the Mercury Baypark Stadium, with visitor volume down 9k (50%) compared to Q4. Winter is a seasonally quiet period for Mercury Baypark Stadium.

Aquatics - Net benefit increased by \$60k (4%) in Q1 and has held relatively steady over the past three quarters. Of note, visitor hours at Baywave increased by 10,000 hours (9%).

Community Centres & Halls - Q1 net benefit decreased by \$117k (9%) from Q4, however is \$24k up from prior year Q1. Tauriko Hall (now closed), Pāpāmoa Sports & Recreation Centre, and Waipuna Park Pavilion all saw decreases due to lower volume events being held compared to Q4.

3.2 Health, Safety, and Wellbeing

Health & Safety

Lead Indicators	FY24	Q1 FY25
Near misses reported	79	16
Health and safety conversations completed	44	2
Lag Indicators		
Total incidents recorded	701	186
Actual critical consequence incidents under Bay Venues' control	0	0
Actual major consequence incidents under Bay Venues' control	4	1

On 1 July 2024, we updated our incident classification framework. Previously based on severity (consequence x likelihood), it is now consequence-based. Our new reporting framework also includes all consequence types, such as reputational and financial impacts, to better align with our Risk Management Framework (which follows the ISO31000:2018 standard). This standard requires an integrated approach to risk management, ensuring comprehensive consideration of various risk factors in incident management.

During the first quarter, we also enhanced our health and safety software by adding a Security Management module to better address security and anti-social behaviour incidents. We launched the reporting function for this module in September. This update ensures that our Security Manager can maintain effective oversight of these incident types, and that managers have access to high-quality, subject-specific data for informed decision-making. For context, we observed a 21% increase in criminal and anti-social behaviour incidents last financial year, making this an area where we plan to invest and allocate resources appropriately.

We updated our health and safety conversation framework to incorporate all of our management team. Bookings of health and safety conversations are also now self-booked and we are aiming to complete 80 conversations this year.

3.3 HR

We started the new financial year by bringing more than 150 of our people together for our annual All Staff Update. This is an opportunity for us to close our venues for a few hours (during a quiet time) and gather as one group to share relevant organisational updates, provide direction on what is to come, and talk about awesome initiatives that have happened since the last update. This time we revealed our newly created Employer Value Proposition, which was well received by our people.

In the second half of the quarter, we started a review of our organisational structure considering the tough economic environment. This has been the last resort, with a number of successful cost-cutting and revenue generating initiatives explored before reaching the point of reviewing roles. It is possible that a small number of redundancies may occur to ensure that we can deliver our FY25 budget.

3.4 IT

Embedding our new workforce management cloud platform – Humanforce – has gone well with staff benefitting from more streamlined and user-friendly processes. A new AI roadmap is underway with work being done to implement a policy, governance, and training programme, while understanding high-value use cases for the organisation. New online forms for leisure management continue to be developed and deployed to improve online customer experience and reduce printing and administration costs.

