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# Chief Executive Report – December 2019

Report to Auckland Tourism, Events and Economic Development Chairperson and Board

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## Chief Executive Overview

We have received the Mayor's Letter of Expectation for 2020/21 (attached). In addition to a number of common expectations across all CCOs, the four key areas of focus for ATEED, signalled by the Mayor are:

1. The council expects ATEED to continue implementing its strategy which focusses on quality jobs for all Aucklanders, through its economic development and destination activities. This includes the following priority projects:
  - planning and preparation, in partnership with the council group and others, for the successful delivery of Auckland's 2021 events year, including the leverage and legacy components
  - delivery of a coordinated Auckland Investment Story (InvestAKL)
  - south and west regeneration, in partnership with the council group and others.
2. ATEED should ensure that where not already captured, the SOI three-year work programme includes at a high level the planned priority initiatives, deliverables or projects for each major programme area, to facilitate enhanced alignment with the performance reporting process.
3. ATEED should continue to embed its SOI key performance indicator framework within the organisation, with a view to establishing numeric targets for, KPI1, KPI3 and KPI5 through the development of the 10-year Budget 2021-31.
4. ATEED should complete a board performance review in the next 12 months. Such a review was postponed for 2019. This review should be undertaken in line with the board performance review process adopted by the council.

These points, in addition to the broader CCO expectations, will be incorporated (as appropriate) into our draft Statement of Intent 2020-23 which will be presented to the Board at the February meeting for delivery to Council by 1 March 2020.

## **Strategic issues/opportunities**

### **36<sup>th</sup> America's Cup**

Implementation of the Host Venue Agreement is moving to a focus on event delivery and leverage and legacy, and away from the building the bases and the infrastructure (which is now largely complete). ATEED is becoming much more central to the implementation. As a result, the AC36 programme office and budget is moving from the Council to ATEED. The programme management and ATEED AC36 event delivery staff plan to relocate to an Auckland Transport site in the Old Ferry Building along with the APEC programme and other seconded Auckland Council Group staff to create a dedicated office for the 2021 events. In support of these changes and the shift in emphasis, I have agreed to take over as chair of the Joint Chief Executives Group (JCEG). Steve Armitage will take over ATEED's seat on JCEG from me. These are important step towards creating an organisation-wide focus on 2021 delivery for ATEED.

### **New Zealand International Convention Centre**

NZICC have advised the next formal update will be available end of February 2020.

### **Go with Tourism**

Following MBIE's announcement to award \$5.2m from the new International Visitor Levy fund to support the implementation of the attract/promote workstream on the Go with Tourism (GWT) jobs platform, the funding agreement between Tourism Industry New Zealand Trust and ATEED is currently being finalised. In the new year, GWT will build a national hub to manage the initiative along with regional coordinators. The national rollout of GWT will see it offered in all 17 regions by March 2021.

The GM Destination and the Senior Project Manager – GWT attended the Australian Tourism Export Council (ATEC) Meeting Place 2019 in Brisbane to attend multiple industry meetings.

GWT signed an MOU with Global Travel & Tourism Partnership (GTTP) securing the exclusive rights to their Passport program. GTTP's Passport program is an international industry-supported program to foster future talent and help young people develop the skills they need for future careers in the Travel & Tourism industry. The Passport program teaches structure of the Travel & Tourism industry and how it operates. This program will be offered to secondary schools, and industry for free via GWT.

Lastly, GWT was recognised at the Economic Development New Zealand (EDNZ) annual awards on 1 November with a commendation in the EDNZ Best Practice Award for Innovation category.

### **GridAKL**

ATEED continues to negotiate with Precinct Properties and Generator over space.

## Cross-cutting themes

### Māori economic growth

ATEEDs updated Māori Responsiveness Plan was presented to the Board in November. The governance and management structure for Māori Outcomes is in place, with the Head of Māori Outcomes & Relationships appointed and the Strategy Specialist (Māori Economy) role now open.

The Auckland 2021 Māori Outcomes Programme is in progress with a team and workstreams being stood up during December and January 2020. The Feasibility Study for a Māori Cultural Centre is being finalised with a penultimate draft expected this side of Christmas for distribution and feedback during January 2020. We expect the progress of the City Centre Master Plan work to coincide so to give a fuller picture. Of interest and a related [article](#) by Ngarimu Blair (Ngāti Whātua Ōrākei) demonstrates the continued strong interest in the future and development of Auckland's waterfront, not exclusively by Ngāti Whātua but all Mana Whenua.

Ngai Tai ki Tamaki/Te Haerenga have been awarded \$25,000 from the Māori Tourism Innovation Partnership Programme which has been established to enable sustainable growth of Maori Tourism in Tāmaki Makaurau. Ngai Tai ki Tamaki/Te Haerenga will use the funding to develop and promote one day tours to Rangitoto and Motutapu through walking and e-bike tours.

A series of two-day animation workshops for rangatahi were delivered in South and West Auckland high schools by Nikora Ngaporo and the Young Animators team. Participating schools included, Hoani Waititi Kura Kaupapa, Papakura and Manurewa High Schools, and Sir Edmund Hillary College. An optional tour of Department of Post post-production facility was also included as part of the programme.

The final Whāriki event of the year which will be delivered on 12 Dec at Eden Park on the theme of Te Matatini and He Waka Eke Noa (procurement) with a performance by Ngā Tūmanako the reigning Te Matatini champions, all of whom are ex-students of Te Kura Kaupapa Māori o Hoani Waititi Marae.

On 2 – 9 November, ATEED hosted five international women from the Women of Impact programme to showcase New Zealand, its opportunities and its female changemakers. The Women of Impact programme, founded in California, was designed to unearth stories of women who are creating positive social, cultural and economic impact around the world. The trip included a visit to Ihumatao, screen sector site tour, lunch with the US Consul General and a panel session at Hatchbox, GridAKL. Connections were made with Callaghan, The Southern Initiative, Asia NZ Foundation and more.

Work has commenced towards developing a project for multiple stakeholders, including NZTE, Callaghan and TPK, to work collectively towards increasing Māori business owner participation and engagement in business support programmes. Workshops and training opportunities to create pathways for Māori businesses will be launched at the end of January 2020, with a different sector focus each month. In November a workshop for Māori businesses with high growth ambitions was delivered by SPRING utilising their newly developed D/srupt platform.

ATEED has engaged with 43 Māori business owners through the Regional Business Partnership Network programme YTD (on target). Aroha Te Kanawa began her role of Māori Growth Programme Specialist on 25 November, and will be assisting in the design and delivery of the Māori Economic Development Programme.

## **Enhanced spatial focus**

### **Manukau Collaborative**

Phase two of the 'Unleash the Potential of South Auckland' approach is underway, with key members of the Southern Initiative and ATEED booked for a workshop session in December to advance working together collaboratively alongside the anchor institutions.

### **Tāmaki Employment Precinct (TEP) strategy**

The Tāmaki Regeneration Company (TRC) are due to commence the procurement process for the master planning of Neighbourhood 7, which will enable TRC to consider the infrastructure required to attract new businesses into the Tamaki Employment Precinct (TEP). ATEED and TRC have begun working towards delivery of the business support campaign in March 2020. ATEED is also in the process of contracting Sida Consulting to undertake the feasibility study for an innovation hub in Tamaki, which will explore potential scenarios for the innovation hub based on local and international examples.

### **Sustainable development**

An ATEED working group has been formed to work together to develop our sustainability and climate program of work under the emerging sustainability framework. This will foster collaboration across ED and Destination and will gain buy-in and build momentum for implementation. The next meeting in January will focus on measures and indicators.

The first draft of the sustainability framework for ATEED has been socialised. Next step is to develop a program of activity for implementation of the framework and develop the key indicators that can help ATEED. Then measure progress.

We have begun an assessment of the requirement to achieve diamond certification and are currently working on closing the gaps in order to do so.

### **Circular Economy**

XLabs received 40 registrations of interest prior to closing on 15 November. 14 businesses have confirmed their participation in the labs to date, including Foodstuffs, Fletcher Building, HEB Construction, Harrison Grierson, Haka Tourism and EV Maritime.

Five experts have also been confirmed to date, which are Scion, Blender, Toitū, Osynlig and Milk.

Marketing activity continues with the filming of an Auckland's circular economy video, due for release by 13 December. Events on Khyber has been confirmed for the five labs, and work continues towards securing a venue for the launch event on 27 February. The focus moves towards confirming all 25 businesses by 20 December.

## **Business Plan progress**

[Attachment 1](#) details progress against business plan key deliverables for quarters 1 and 2.

## Media Summary

The most prominent themes in the media in November were the Auckland WeChat international programme launch; a proposed pop-up convention centre to host conferences and business events following of the NZICC fire; and Auckland wins best trans-Tasman cruise destination. The WeChat international programme generated some very positive media coverage in China, including coverage in the People's Daily, Xinhua News Agency, Xinhua Net, and China Daily. A full media summary is included as [Attachment 2](#).

## Key Performance Indicators

SOI KPI results are included as [Attachment 3](#) where results are available. Second quarter results will be collected and submitted to Council as part of ATEED's quarter two report in January.

## Finance

Net operating expenditure for YTD Nov-19 result is \$17.5m, \$1.9m under Q1 forecast of \$19.4m.

## Health and Safety

The health and safety scorecard for November is included as Attachment 4.

## Recommendations

1. The report is received.

## Attachments

1. Progress against business plan key deliverables – Quarter 1 & 2
2. Media summary – November 2019
3. SOI KPI Scorecard – as of 3 December 2019
4. Health and safety scorecard – November 2019
5. Upcoming events/activity (next three months)

## Signatory

Nick Hill, Chief Executive

## Attachment 1: Progress against business plan key deliverables – Quarter 1 & 2

KEY:  Not started  On track  At risk  Critical  Complete

Work programme	Target quarter	Key deliverable	Status		Outlook
			Previous	Current	
<b>Economic Development</b>					
Local economic development	1	Employment Land Research – Onehunga, Wiri, Penrose			Activity proposed in response to the recommendations, including development of employment land profiles and monitoring implementation of the Unitary Plan.
Innovation	2	GridAKL Strategy and Economic Impact			Final version of the strategic blueprint reports was presented at the November Board meeting.
	2	Productivity Insights Report			Report awaiting publication and media publicity.
<b>Destination</b>					
Tourism	2	<i>Go with Tourism</i> (GWT) – Queenstown launch			<i>Go with Tourism</i> Queenstown launched on 10 October following official industry announcement on 12 September.
	2	Māori cultural centre feasibility completed			Consultant engaged and feasibility on track for delivery in Q2.
	2	WeChat Programme – China launch			Successfully launched the <i>Auckland WeChat Mini Program</i> in Guangzhou on 11 November.
Major Events	2	<i>Elemental AKL</i> 2020 Application Round 1			Application round 1 ran from 1 October until 31 October. 22 applications were

Work programme	Target quarter	Key deliverable	Status		Outlook
			Previous	Current	
Major Events					received and the evaluation of these are underway.
	2	Auckland Diwali Festival 2019			Successfully delivered on 12 – 13 October. There were 65,000 attendees, up from 59,900 in 2018.
	2	National Programme Application Round 1			Application round 1 ran from 1 October until 31 October. 12 applications were received and the evaluation of these are underway.
	2	NYE programme			The key focus of the 2019 NYE programme will address crowd management, safety and transport concerns. There will also be a focus on generating positive media exposure for the region. All activities are on track.
	2	AC36 Summer Festival Application Round 1			AC36 Summer Festival Application Round 1 opened 10 October and runs until 15 November. Eight applications were received and are currently being assessed with decisions expected to be communicated in December.
Business Events	2	Auckland International Business Events Advisory Group (AIBEAG) 2019 Auckland visit			Members of AIBEAG were in Auckland from 21 to 24 October.

Work programme	Target quarter	Key deliverable	Status		Outlook
			Previous	Current	
<b>Strategy</b>					
Māori Economic Growth	1	Auckland 2021 Māori Outcomes Delivery Programme			Workstreams are being stood up with recruitment into five fixed-term roles in progress.
	2	ATEED Māori Responsiveness Plan (MRP)			The updated MRP was presented to the Board in November. Governance & Management structure is in place.
Strategy	1	Auckland Positioning and Narrative Project			The Auckland 'Playbook' version one has been designed by a Maori designer and is available for use. It is being shared with various audiences and has been well received. Te reo translations and additional content examples are being added. New video and photography assets will be available in the asset library end November. A video to help scale the sharing of this work has been briefed.
	1	Road to 2021 plan			The creative agency and creative territory for Road to 2021 has been selected through an ACG Creative & Media Services panel RFP. Stanley St are the successful agency and "2021: A year like no other is calling" inspired by tomokanga and karanga is the creative territory. Funding from Te Toa Takitini is included in the budget and Māori outcomes prioritised. The creative idea will be woven into key ATEED campaign activity starting with the

Work programme	Target quarter	Key deliverable	Status		Outlook
			Previous	Current	
Strategy					2020 New Year's Eve broadcast, Tamaki Herenga Waka etc.
	2	Digital Strategy Reset			The Digital Strategy was presented to ALT on 8 October and 5 November. Recommendations included further investment to raise ATEED's digital maturity, establishment of a product and content development process, a digital governance group and a contestable fund for digital development. Alpherio, the strategic partner that has been assisting ATEED with this work is on standby awaiting ALT feedback on next steps. Internal communications to share the strategy with staff are being planned.
	2	Local Board Engagement Plan			A proposed framework for a local board engagement plan has been provided to Auckland Council. This was agreed by ALT in November, and will be rolled out by ATEED's External Relations Advisor.
	2	Central Government Engagement Plan			As part of ATEED's external relationship management plan, a workshop with management took place on 29 November to develop a strategic approach to central government engagement for 2020.

Work programme	Target quarter	Key deliverable	Status		Outlook
			Previous	Current	
Strategy	2	High Level Business Planning 2020/21			The first round of business planning for FY20/21 to start in November using the approved Strategy Framework and Investment Logic Mapping approach. Initial business planning updates have commenced with the teams for monthly and operational reporting purposes.
	2	AC36 Communications, Marketing and Engagement (CME) Plan			ATEED is leading the development of the CME framework and plans on behalf of crown and council. Feedback is being sought from the broader workstream prior to presentation to the Joint CE Group for America's Cup in February
	2	Prioritisation Framework			The prioritisation criteria is being socialised, and the accompanying Economic Measurement Framework is being developed for modelling attributions across business.
<b>Operational Support</b>					
	1	Safe365 Roll out (H&S)			ATEED is implementing Safe365, with the first review complete. It has been introduced to Screen and will be implemented with Major Events following the new Head of ME settling in.
	1	Data Security follow-up audit			ATEED continues to work with Council ICT and Assurance Services (internal audit) to carry out a data security review of the Council ICT system that ATEED uses. The cost will be shared across the groups and takes time to progress.

Work programme	Target quarter	Key deliverable	Status		Outlook
			Previous	Current	
Operational Support	1	Performance reporting			Q1 Forecast reviewed and advised to board no issues 2020/21 Annual Plan being prepared for board approval at January 2020 board meeting – pending Strategic Framework confirmation. Ongoing review of New Board Finance report format to provide Board clarity on funding etc. being drafted Q1 Performance presented to CCO Oversight Committee on 12 December report successfully received by Council on the 1 <sup>st</sup> November
	2	Sensitive Expenditure follow-up audit			Finalised scope of audit with ATEED finalising the scope with EY and audit is in progress. Expect to be commenced prior to 25 Dec

### Key deliverables completed this month

Work programme	Key deliverable	Target quarter	Completed (month)
Major Events	AC36 Summer Festival application round 1	2	November
Tourism	WeChat programme launch in China	2	November

### Key deliverables deferred

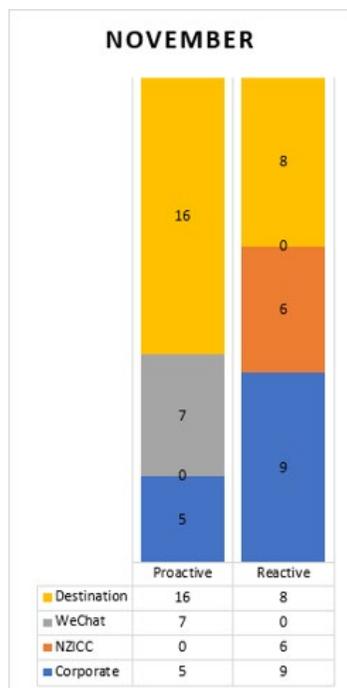
Work programme	Key deliverable	Target quarter	Deferred to (quarter)	Reason
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## Attachment 2: Media summary – November 2019

### Summary

In November, the team made:

- 32 proactive media engagements/requests
- 23 reactive media engagements/requests
- 4 media releases issues



### Favourability

Tone of voice

	Neutral	Positive	Negative
Nov 2019	21%	57%	21%
Oct 2019	14%	51%	*35%
Sept 2019	9%	90%	1%

\*Impact on NZICC hosting APEC21 and other business events

### Top Themes for November 2019

Auckland received the 'Best Trans-Tasman Cruise Destination' accolade from the readers of *Porthole Cruise*. Coverage and reaction included comments from Steve Armitage.

The U2 Joshua Tree Album Tour at Mt Smart generated significant media coverage.

We secured a Newshub exclusive (5 December) confirming that The Ocean Race (formerly Volvo Ocean Race) will return to Auckland in 2022. The story included interviews with Steve Armitage.

The Nacra49ers coverage included four paid 2 minute segments that have featured as part of Sky's Nacra 49er coverage and shared with international media.

The Comms and Media team secured TVNZ's live coverage of Auckland's New Year's Eve celebrations.

### Corporate communications

Teresa Ramsey (Stuff) enquired about a payment in 2016 for scoping work for a U2 concert at One Tree Hill.

There was coverage of new ATEED board appointments from several industry publications, and online articles regarding the appointment of Richard Clarke, the new Head of Major Events.

Radio New Zealand wanted clarification from ATEED on funding received from charitable trusts or similar funding bodies in the past two financial years; and Todd Niall from Stuff wanted confirmation that ATEED funding paid to support the Santa Parade was transferred to Council.

### Auckland WeChat Mini Programme

In November, ATEED launched the Auckland WeChat Mini Programme in Guangzhou, China. The programme is a platform for Chinese visitors to source information on Auckland as a destination, with the local Chinese community acting as advocates to relay visitor information in a real time, live chat environment. The launch was an opportunity to garner awareness with New Zealand and Chinese tourism operators, strengthen the relationship between ATEED and WeChat Global, and secure media coverage in China and New Zealand. There was representation from Chinese news agencies which resulted in positive media coverage.

### NZICC

Confirmation that Auckland was considering building a pop-up convention centre to host conferences and business events following the impact of the NZICC fire dominated the news cycle this month.

The Comms and Media team worked closely with MFAT, RFA and Auckland Council on agreed messaging and responding to media requests for information.

The story prompted questions from Tom Dillane and Anne Gibson (*NZ Herald*), and Amanda Cropp from Stuff regarding the impact the Viaduct Events Centre lease agreement with Emirates Team New Zealand had on alternate venue availability during APEC.

### Other stories of interest:

Helen Shaw is working with The Hits (a station of NZME) on a Lantern Festival podcast series which starts next month. Liv Young secured an Auckland Food Story feature in *Our Auckland*, encouraging Aucklanders and visitors to explore the region's culinary offering over the summer season.

## Attachment 3: SOI KPI Scorecard – at 3 December 2019

KEY:



Not met or no monthly target



Met

KEY PERFORMANCE INDICATOR	TARGET FY20	LATEST RESULT	DATE OF MEASURE / LATEST AVAILABLE RESULT	PREVIOUS RESULT FY19	STATUS	COMMENTS
<b>KPI 1:</b> Contribution to regional GDP from ATEED interventions. <sup>1,2</sup>	>\$103m	<b>No Result to date</b>	N/A	\$103m		No monthly target, this performance indicator is measured six-monthly and a result will be included in the January CE report and the Q2 report. The year-end target is to grow the FY19 benchmark. Result includes contributory measure.
<i>Contributory measure: Contribution to regional GDP from major and business events attracted or supported (LTP measure)</i>	\$52.5m	<b>\$9.9m</b>	03-Dec-19	\$43.9m		No monthly target.
<b>KPI 2:</b> Number of businesses that have been through an ATEED programme or benefited from an ATEED intervention (LTP measure). <sup>1,2</sup>	3000	<b>823</b>	3-Oct-19	3303		On track to meet year-end target of 3000. An updated result will be included in the January CE report and the Q2 report.
<i>Contributory measure: Number of Māori businesses that have been through an ATEED programme or benefitted from an ATEED intervention (LTP measure)</i>	120	<b>72</b>	3-Oct-19	244		60% of target achieved at end of Q1. On track to meet year-end target of 120. An updated result will be included in the January CE report and the Q2 report.
<b>KPI 3:</b> Number of new jobs created, safeguarded or retained in Auckland as a result of an ATEED intervention. <sup>1,2</sup>	>1280	<b>No result to date</b>	N/A	1280		No quarterly target, this performance indicator is measured six-monthly and a result will be included in the January CE report and the Q2 report. The year-end target is to grow the FY19 benchmark.
<b>KPI 4:</b> Number of visitor nights resulting from an ATEED intervention. (LTP measure) <sup>2,4,5</sup>	370,000	<b>78,850</b>	03-Dec-19	295,282		No monthly target.
<b>KPI 5:</b> Customer satisfaction of customers, partners and stakeholders who have interacted with ATEED	≥77%	<b>No result</b>	N/A	77%		No quarterly target, this performance indicator is measured six-monthly and a result will be included in the January CE report and the Q2 report. The year-end target is to grow or maintain the FY19 benchmark.

1. Also able to be analysed and reported by target sectors. 2. Also able to be analysed and reported by target locations. 4. Also able to be analysed and reported by commercial and non-commercial nights. 5. Also able to be analysed and reported by peak, shoulder and off-peak season nights

## Attachment 4: Health and Safety scorecard – November 2019

### Health & Safety Update

#### ATEED Wide

- **Business & Innovation Advisors** attended Customer Conflict Awareness and lone working training.
- **Accredited Employer Programme transition.** ATEED have now received clarified from ACC and AC that we no longer need to transition from ACC to an Accredited Employer Programme (AEP) as part of the Auckland Council transition to the scheme. A paper will be presented to ALT to show the potential pros and cons of joining the scheme accompanied by a recommendation on future actions.
- **GRD AKL.** Consultant H&S resource being discontinued at GRIDAKL as systems and processes now established and running well. H&S rep training to be undertaken by two representatives from GRIDAKL. H&S Advisor will continue to attend quarterly meetings and be available as needed. Handover meeting taking place on 11 December.

#### Screen

- BAU Film production Site visits with Film Facilitators – completing H&S Audits. Studios Monthly H&S Audits completed with Studio Site Managers, Production client management and Production H&S – AFS, KFS, HFS
- Attended Engagement meeting with Worksafe to brief on size and scale of Amazon.
- Meeting with Worksafe
- Screen facilitation team attended Customer Conflict Awareness and lone working training.

#### CCO / AC relationship

- ATEED H&S advisor facilitated Learning Group workshop on behalf of RFA Stadiums team after incident at a Western Springs Stadium event
- AC Head of H&S departed role. ATEED and all CCOs continuing to attend Heads of H&S meetings to continue sharing learnings and updates.

### Risk Manager



**Unsafe condition; 1** – request for ergonomic assessment



**Incidents; 1** – Talent used on shoot for International Education fell off scooter during an activity in Northland. Received a cut to the arm. On site first aid applied and paper stitches recommended then obtained at nearby medical services. Participant fine and went swimming that afternoon, progress checked and all good. All safety briefings, safety gear had been delivered correctly by activity provider. Communications worked well within the IE team.



**Near Misses; 1** – dropped water glass.

## Attachment 5: Upcoming events / activity (December – March)

Key events / activity	Date	Location
Pop-Up Business School (Manukau)	25 November – 6 December	Te Haa O Manukau
49er, 49er FX & NACRA 17 World Sailing Champs	29 November – 8 December	Waitemata Harbour
Young Animators programme – Papakura High School	2-3 December	Papakura High School
Wellington Phoenix v Western Sydney Wanderers	7 December	Eden Park
ASB Classic	6 – 18 January	ASB Tennis Arena
Whariki event	12 December	Eden Park
Cricket NZ vs India and NZ vs South Africa	24 – 27 January 2020	Eden Park
Tamaki Herenga Waka Festival	31 January 2020	Captain Cook Wharf
NZ Motor Cup	8 – 9 February	Pukekohe Park
Wellington Phoenix v Melbourne City	15 February	Eden Park
Auckland Lantern Festival	13 – 16 February	Auckland Domain
Splore Music & Arts Festival	20 – 23 February	Tapapakanga Regional Park
XLabs Launch Event	27 February	NZME iHeart Lounge (tbc)
XLabs series (five consecutive Fridays)	28 February – 27 March	Events on Khyber
Pasifika Festival	14 – 15 March	Western Springs

<b>Super Rugby and NRL Double Header</b>	21 March	Eden Park
<b>The Book of Mormon</b>	16 March – 26 April	The Civic Theatre
<b>XLabs Pitch Event</b>	31 March	Events on Khyber (tbc)

# Finance Report, month ending November 2019

Report to Auckland Tourism, Events and Economic Development Chairman and Board

Summary Revenue Statement											TABLE 1	
For the Period Ended 30 November 2019											\$000's	
Month			Year to Date				Full Year					
Actual	Forecast	Variance		Actual	Forecast	Variance	Forecast ***	Revised Budget	Approved changes **	Budget	Last Year	
			<b>Net operational expenses:</b>									
1,575	2,030	454	Destination	8,522	9,124	602	23,762	23,762	(75)	23,837	21,680	
557	1,283	726	Economic Development	3,996	5,117	1,121	16,007	14,449	0	14,449	13,951	
64	75	11	Local Board Activity	156	198	42	747	747	175	571	841	
388	536	148	Strategy	2,479	2,688	209	6,107	6,195	377	5,818	5,128	
469	415	(54)	Operational Support	2,335	2,305	(30)	3,984	5,454	(302)	5,756	7,088	
3,052	4,339	1,286	<b>Operating deficit before Council funding</b>	17,489	19,433	1,944	50,606	50,606	175	50,431	48,688	
3,050	4,339	1,289	Approved opex funding	17,489	19,433	1,944	50,606	50,606	175	50,431	48,688	
(3)	0	3	<b>Operating Deficit</b>	0	(0)	(0)	0	(0)	(0)	(0)	0	
0	68	68	Capex funding	12	89	76	198	198	0	198	3,096	
242	243	1	Depreciation and Divestments	1,212	1,214	2	3,023	3,124	0	3,124	5,044	
(245)	(175)	69	<b>Surplus / (Deficit)</b>	(1,199)	(1,125)	74	(2,825)	(2,925)	(0)	(2,925)	(1,947)	

## Key Points

Net operating expenditure for YTD Nov-19 result is \$17.5m, \$1.9m under forecast of \$19.4m with:

- **Destination** under forecast by \$0.6m, sponsorship and stallholder revenue received earlier than planned, expenses for Tourism feasibility study incurred and event milestones now occurring later than expected, with delays in Study Auckland, ACB and Major Events activity offset by the rephasing of Australian Consumer Marketing programme;
- **Economic Development** under forecast by \$1.1m, largely driven by new leases in Auckland and the Film Studios;
- Locally Board Driven Initiatives (**LDIs**) minor variances relates to timing;
- **Strategy** under forecast by \$0.2m, driven by delays of advertising, marketing & research in Brand Services;
- **Operational Support** is on forecast
- Depreciation is excluded from the net operating expenditure as this is a non-cash/non-council funded item.

\*\* Approved change variance relates to additional Local Board funding and internal divisional transfers.

\*\*\* Reporting is against Forecast 1.

## Revenue Statement

Revenue Statement												TABLE 2
For the Period Ended 30 November 2019												\$'000's
Month			Year to Date				Full Year					
Actual	Forecast	Variance		Actual	Forecast	Variance	Forecast ***	Budget	Approved changes **	Budget	Last Year	
			<b>Operational revenue</b>									
47	35	12	Fees and user charges	389	387	2	598	648	0	648	612	
163	193	(31)	Grants and subsidy revenue	1,091	1,115	(24)	2,985	2,714	(35)	2,748	2,229	
67	0	67	Sponsorship	432	375	58	1,914	1,804	0	1,804	1,228	
1,715	1,709	6	Property rental revenue	8,335	8,338	(3)	18,825	14,586	0	14,586	12,418	
635	302	333	Sundry revenue	1,181	906	275	4,609	1,898	0	1,898	1,465	
<b>2,626</b>	<b>2,240</b>	<b>387</b>	<b>Total Operating revenue</b>	<b>11,428</b>	<b>11,121</b>	<b>308</b>	<b>28,931</b>	<b>21,649</b>	<b>(35)</b>	<b>21,684</b>	<b>17,952</b>	
			<b>Operating expenditure</b>									
1,897	2,019	122	Staff costs	9,735	9,775	40	24,809	24,991	(42)	25,033	21,539	
718	742	24	Professional fees, consultancy & contractors	2,714	3,021	306	8,962	6,386	(412)	6,798	7,084	
792	933	141	Grants, contributions, sponsorship	4,063	4,327	264	10,119	9,654	438	9,217	10,917	
1,619	1,797	178	Occupancy	8,116	8,411	296	19,775	16,308	0	16,308	14,278	
116	94	(22)	Travel & entertainment	558	534	(25)	1,658	1,113	8	1,105	1,357	
432	783	351	Advertising, marketing & research	2,383	3,019	636	10,492	10,902	0	10,902	8,337	
105	210	105	Other expenditure on activities	1,348	1,467	118	3,722	2,901	149	2,752	3,129	
<b>5,679</b>	<b>6,578</b>	<b>900</b>	<b>Total Operating expenditure</b>	<b>28,917</b>	<b>30,553</b>	<b>1,636</b>	<b>79,537</b>	<b>72,255</b>	<b>140</b>	<b>72,115</b>	<b>66,640</b>	
<b>3,052</b>	<b>4,339</b>	<b>1,286</b>	<b>Operating deficit before Council funding</b>	<b>17,489</b>	<b>19,433</b>	<b>1,944</b>	<b>50,606</b>	<b>50,606</b>	<b>175</b>	<b>50,431</b>	<b>48,688</b>	
<b>242</b>	<b>243</b>	<b>1</b>	<b>Depreciation and Divestments</b>	<b>1,212</b>	<b>1,214</b>	<b>2</b>	<b>3,023</b>	<b>3,124</b>	<b>0</b>	<b>3,124</b>	<b>5,044</b>	

### Total Operating Revenue:

YTD operating revenue is tracking higher than forecast due to Lantern and Pasifika Festival sponsorship and stallholder revenue being received earlier than planned.

### Total Operating Expenditure:

YTD Operating expenditure is \$1.6m lower than forecast with key variances in:

- **Staff Costs**, on forecast;
- **Professional Fees, consultancy & contractors, \$0.3m lower**, mainly driven by various projects within the investment team;
- **Grants, Contributions, Sponsorship, \$0.3m lower**, ITM Auckland Supersprint 2020 milestone occurring later than expected and lower spend than planned in GridAKL and Business Innovation;
- **Occupancy, \$0.3m lower**, relates to repairs and maintenance at new Film Studios lease premises which are phased evenly but are incurred as maintenance is required;
- **Advertising, marketing & research, \$0.6 lower**, Auckland 2021 and Place DNA within Brand Services are progressing slower than expected due to being complex pieces of work with multiple stakeholders, and minor variances in Study Auckland, Auckland Convention Bureau and Major Events, and across the Economic Development programmes;
- **Other expenditure on activities, \$0.1m lower**, driven by various projects within the Investment team.

## Summary Statement of Financial Position

<b>Statement of Financial Position, ATEED Group</b>		
<b>As at 30 November 2019</b>		
<b>TABLE 4</b>	<b>YTD</b>	<b>\$000's Jun-19</b>
<b>Current assets</b>		
Cash and cash equivalents	1,881	318
Receivables and prepayments	15,425	19,996
<b>Total current assets</b>	<b>17,306</b>	<b>20,313</b>
<b>Current liabilities</b>		
	<b>13,777</b>	<b>16,715</b>
<b>Working capital</b>	<b>3,529</b>	<b>3,598</b>
<b>Non-current assets</b>		
Receivables and prepayments (non-current)	3	4
Property, plant and equipment	16,890	18,147
<b>Total non-current assets</b>	<b>16,893</b>	<b>18,151</b>
<b>Non-current liabilities</b>		
	2,731	2,858
<b>NET ASSETS</b>	<b>17,692</b>	<b>18,891</b>
<b>EQUITY</b>	<b>17,692</b>	<b>18,891</b>
<b>Capex spend</b>	<b>-45</b>	<b>3,096</b>
<b>Total future commitments</b>	<b>102.9m</b>	<b>110m</b>

**Cash and cash equivalents:** Variance due to the timing of cash sweeps to Group Treasury.

**Receivables and prepayments:** Due to decreased Intercompany Receivables with intercompany transactions held and cleared on a quarterly basis, reversal of yearend reclassification of Current Account debit balance from Current Liabilities to Current Assets, decrease in Receivables due to payment collections and increase in GST.

**Current liabilities:** A decrease in Current Liabilities due to reduction of Trade Payables and accruals, offset by Related party payments (including reversal of current account year end reclassification), Revenue in advance and Other Creditors due to passage of time entries.

**Non-current Assets:** Relates to Fixed Asset movements.

**Non-current Liabilities:** Relates to non-current revenue in advance.

**Capex spend:** Relates primarily to FY19 Fixed Asset correction (\$51k) and minor asset additions.

**Total Future Commitments:** Operating lease costs of \$84.5m for GridAKL, 167B Victoria Street, B:Hive at Smales Farm, Film Studio Leases and \$18.4m for operational commitments.

## **Recommendation**

It is recommended that the Board note the Finance Report for the period ended 30 November 2019.

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## **Signatories**

Manager: Claire McCracken, Finance Manager

GM: Jacky Hollingsworth, Chief Financial Officer

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