

ATEED Quarterly Report to Auckland Council

For the quarter ending 31 December 2017



He Mihi

E tu noa ana nga maunga whakahii i te riu o Tāmaki Makaurau.

E whakaruruhau ana i nga ahikaa mai tawhiti.

E maumahara ana i te nguha a Mataoho.

Ratou kua poto ki tua o te arai, e moe e okioki

Tatou te hunga ora e kawea ana i te aronganui mo te pai me te whai rawa o Tāmaki, tena ra tatou katoa.

The volcanic cones of Tāmaki Makaurau stand as sheltering monoliths to the people from an ancient heritage who have kept the home fires burning as a symbol of remembrance of Mataoho whose rage created this beautiful landscape.

To those who have passed into the night, may you find eternal rest.

For those of us who have been left behind to build the most liveable city in the world, greetings to us all.

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Executive summary

This report summarises ATEED's performance for the second quarter of 2017/18 against the key performance indicators in the Statement of Intent (SOI) 2017-2020.

Q2 saw the successful delivery of a number of initiatives on behalf of Auckland Council. Good progress has been made towards the achievement of ATEED's targets, notably:

- The Regional Business Partner Network programme continues to experience strong demand with 524 clients actively engaged – almost 75 per cent of the annual target.
- GridAKL's 12 Madden Street was officially opened in October. There are now 91 businesses located across all GridAKL properties.
- The Media Design School has signed a lease in the Wynyard innovation precinct. ATEED also supported the deal for the Chemist Warehouse opening in Auckland.
- YTD total GDP contribution of investment attraction deals effected with ATEED involvement is \$51.9m against an annual target of \$59.6m. Total YTD value of investment deals effected by ATEED is \$89.7m against an annual target of \$292m.
- Auckland Convention Bureau YTD wins of \$21m, \$12m for the Australian and domestic market, and \$9m for international associations. The SOI target captures only international bids.
- Auckland i-SITEs Net Promotor Score for customer satisfaction averages 98 per cent across all three centres.

Operational highlights

- The Tripartite Economic Summit took place in Guangzhou, China in November, and 70 businesses were part of Auckland's delegation. A post-summit survey showed that 97 per cent of survey respondents rated the pre-departure assistance from Council/ATEED as either 'very good' or 'good' and 81 per cent of the delegates indicated that they are likely to attend an Auckland Council/ATEED-led trade delegation in 2018. The alliance has been renewed for a further three years.
- Completion of the Lion Foundation Young Enterprise Scheme (YES) programme for the 2017 academic year, with two Auckland schools winning awards.
- JobFest was delivered during the quarter, with 70 employers attending. Of the 845 JobFest attendees, approximately 200 were in receipt of a Work and Income benefit prior to the event. About 30 of these are no longer receiving a benefit six weeks after JobFest¹.
- The YES programme delivery was transferred to the Auckland Chamber of Commerce. ATEED will remain a sponsor for the next three years. The Westpac Auckland Business Awards programme was also transferred to the Chamber.
- ATEED and Immigration New Zealand reviewed the three-year regional partnership agreement (ARPA) during the quarter. The new regional partnership agreement is expected to be signed at the end of Q3.
- Five-year lease signed between ATEED and Pānuku for ATEED to manage Auckland Film Studios (AFS).
- A process to develop a request for proposal for the management of the AFS and Kumeu Film Studio (KFS) was initiated at the end of October. KFS and AFS will be part of the management contract – pending signing of the lease on KFS' new sound stages.
- Delivery of the Auckland Diwali festival. Planning for the Tāmaki Herenga Waka Festival in Q3.
- Successful arrival of Ovation of the Seas, with passengers given the opportunity to engage with Māori performers from Ngāti Whātua Ōrākei when re-boarding the ship (organised by ATEED).
- Three destination marketing campaigns went live in Australia with partners The Urban List, Expedia and TripAdvisor.

Financial performance

ATEED completed a forecast in December which accounts for deferrals from the 2016/17 financial year, and has also reprioritised funding where applicable. At the end of Q2, operational expenditure is \$0.3m lower than forecast, and depreciation is \$0.4m higher than forecast.

¹ It is yet to be determined if this result is directly due to JobFest, or whether these young people are reflected in the statistics provided by the employers above.

Revenue is lower than the budget due to lower rental revenue for the two new GridAKL buildings, as a result of delayed opening of the buildings. The capital expenditure full year forecast has increased from budget due to the carry forward of underspent capex from FY17.

Risk management

A number of risks and issues were also actively managed, with the overall risk profile relatively stable. Over the period, there was one high risk after the application of mitigations, which relates to BizDojo going into voluntary liquidation.

ATEED continues to embed health and safety into day-to-day operations, and H&S is now also considered as part of all business cases. There is also a continued focus on sensitive expenditure.

Governance

In December, the Governing Body approved governance arrangements for the Accommodation Providers Targeted Rate. Through these arrangements, Auckland Council will appoint a director with accommodation sector expertise to fill a future ATEED board vacancy, and ATEED will established a subcommittee of the ATEED Board (Destination Committee) to make recommendations on visitor attraction and major events activities.

Strategic framework and focus areas

ATEED's Strategic Framework (Figure 1 below), clearly articulates ATEED's role in enabling Auckland to be a world-class city where talent wants to live, by focussing on five key priorities:

1. Grow the visitor economy
2. Build a culture of innovation and entrepreneurship
3. Attract business and investment
4. Grow and attract skilled talent
5. Build Auckland's global identity.

Through these objectives, we can connect Auckland-wide strategies (the Auckland Plan and Economic Development Strategy) and ATEED's ongoing strategic interventions, growth programmes and projects. The framework below provides the organisation with focus on those areas of our role that will make a difference to Auckland both regionally and locally. The key strategic objectives are supported by more detailed action plans, investment proposals and delivery partnerships.



Figure 1 – ATEED's Strategic Framework²

² As per ATEED's Statement of Intent 2017-20

Statement of Intent Key Performance Indicators

As at 31 December, ATEED made progress on the targets set out in the Statement of Intent (SOI) 2017-20.

Of ATEED's 26 KPIs:

- Fifteen measures are on track to meet the annual target.
- Seven KPIs are annual measures that will be measured at the end of the financial year.
- Two have the potential to not meet the target based on current projections and two will not meet their targets by 30 June 2018. Commentary on these KPIs that have been classed as either amber or red are below.

ATEED SOI KPI	Date of measure / latest available result date	Latest result	Annual Target to 30 June 2018	Status	Comments
Build a culture of innovation and entrepreneurship					
Number of businesses taking up tenancy at GridAKL (Wynyard Quarter Innovation Precinct) (cumulative) and percentage "innovation-led" ¹	31-Dec-17	86 (80%)	100 (70%)		91 businesses located across the Lysaght (62), 12 Madden Street (27) and Mason Bros (2) buildings.
Number of individual entrepreneurs supported through an ATEED delivered or funded entrepreneurship programme	30-Jun-17		1500	Annual measure	Interim results pending.
Level of advocacy by stakeholders involved in the provision of business advice, start-up, training & mentoring programmes ²	31-Dec-17	+45 (index)	+50 (index)		The level of advocacy by stakeholders expressed as a NPS score rose 1% in Q2 to +45 which remains "good". The target (+50) is considered "excellent". ATEED's review of stakeholder feedback will be complete by the end of Q3 and recommendations will be duly actioned.
Number of actively managed businesses through Regional Business Partner programme	31-Dec-17	524	750		As at 31 Jan, a total of 540 businesses had been managed through the programme.
Number of businesses that have been through an ATEED programme or benefitted from an ATEED intervention (LTP Measure)	30-Jun-17		3000	Annual measure	Interim results pending.
Number of Māori businesses that have been through an ATEED programme or benefitted from an ATEED intervention (LTP measure)	30-Jun-17		120	Annual measure	Interim results pending.
Attract business and investment					
Facilitation of the establishment,	31-Dec-17	0	5		Results were unavailable as at 31

ATEED SOI KPI	Date of measure / latest available result date	Latest result	Annual Target to 30 June 2018	Status	Comments
or significant expansion, of multinational and local companies in target sectors (LTP Measure)					December. Since then, ATEED has confirmed that one company from each of the screen/creative, ICT/Digital, and automotive sectors (a total of three companies), meet the definition of this measure.
Number of intensively account managed customers in ATEED Aftercare programme (Aroha Auckland)	6-Dec-17	60	85		Result now back on track having been identified as being at risk in Q1.
Total GDP contribution of deals effected with ATEED involvement	6-Dec-17	\$51.9m	\$59.6m		On track.
Value of investment deals effected by ATEED within the financial year	6-Dec-17	\$89.7m	\$292m		A review of deals completed before and since 31 December confirms that \$222.5m of investment has been effected by ATEED.
Grow and retain skilled talent					
Number of 'live' signatories to the Youth Traction Hub Employers Pledge (LTP Measure)	30-Oct-17	69	50		No change since Q1 result.
Number of young people enabled into employment as a result of ATEED and partner activity (Youth - incl. Māori and Pacific youth)	31-Dec-17	265	500		On track, 140 young people employed at JobFest (Oct 2017) in addition to strong results from ATEED's BuildAKL campaign, and involvement in the CBD Jobs and Skills Hub.
Number of expressions of interest from skilled migrants in working and living in Auckland resulting from ATEED Marketing activity (Talent)	31-Dec-17	1315	1500 (via LinkedIn)	Annual measure	Interim results at the time of reporting have grown to 1315 expressions of interest.
Growth in value of international student spend to Auckland	31-Dec-16		\$2.306m	Annual measure	The result will be provided to ATEED by Education New Zealand in August 2018.
Grow the visitor economy					
Number of international business event bids submitted or supported	31-Dec-17	23	35		On track.
Business event bid win/loss ratio (based on results received in financial year) ⁴	31-Dec-17	56	60		On track.
Value of business event bids won in financial year	31-Dec-17	\$8.9m	\$22m		This measure was changed to amber at the end of Q2, however decisions on bids totalling \$13.2m are pending.

ATEED SOI KPI	Date of measure / latest available result date	Latest result	Annual Target to 30 June 2018	Status	Comments
Percentage of customers satisfied with visitor information centres and services (LTP Measure)	31-Dec-17	98%	85%		On track.
Contribution to regional GDP from major events invested in (LTP measure)	31-Dec-17	\$11.7m	\$49m		Result reflects 11 events for which post event evaluations have been completed.
Percentage of Aucklanders who agree events make Auckland a great place to live (engender pride and sense of place)	30-Jun-17		80%	Annual measure	Result will be available in June as part of the annual Auckland Council Residents' survey.
Visitor nights generated by major events invested in	7-Nov-2017	100,870	165,000		Result reflects 11 events for which post-event evaluations have been completed.
Percentage of customers satisfied with delivered major events (LTP measure)	31-Dec-17	86%	85%		This result was achieved at the Auckland Diwali Festival of Lights. Delivery of the remaining events occurs in Q3.
Build Auckland's global brand identity					
Total visits to www.aucklandnz.com (LTP Measure)	31-Dec-17	1.06m	3.8m		As previously reported, ATEED is unlikely to achieve the target. There will not be any specific action taken to address this given the KPI set will be revised, and we consider there are better, more relevant ways to measure the effectiveness of ATEED's strategies to drive visitation to the website.
Percentage of visitors to www.aucklandnz.com located outside of Auckland	31-Dec-17	46%	50%		Since December, it has become evident that ATEED is likely not to achieve this KPI by year-end.
Local economic development					
Percentage of approved local economic development projects delivered by ATEED using local board "Locally Driven Initiatives" (LDI) funding.	31-Dec-17	40% funding committed YTD	70	Annual measure	19 local boards have approved the Local Board Economic Development work programme for 2017/18. The total value of the work programme for 2017/18 is \$960,000 across 31 projects. At the time of reporting, \$381,427 (or 40%) of the approved programme has been spent.
Mana whenua engagement					
Percentage Mana Whenua satisfaction with quality of engagement	31-Jul-17	29%	Maintain / improve	Annual measure	Results pending annual survey in June 2018.

ATEED SOI KPI	Date of measure / latest available result date	Latest result	Annual Target to 30 June 2018	Status	Comments
Monitoring indicator					
Spend by visitors in Auckland ³	31-Oct-17	\$2,451m	\$6,617m		
<p>Key:</p> <p>  On track / Target exceeded  Off-track  Potential for Slippage  No recent result </p> <ol style="list-style-type: none"> Innovation-led is defined as businesses developing new or improved technologies or services. New measure replacing the previous percentage stakeholders satisfied with provision of business advice, start-up, training and mentoring programmes (LTP Measure). The change reflects the new methodology (Net Promoter Score) adopted by NZTE for the Regional Business Partners programme. The new metric captures stakeholder satisfaction, loyalty and advocacy. A NPS of +50 can be considered as excellent. We are reporting year-to-date figures from July each FY to provide a cumulative view. Calculated as wins divided by wins + losses. Does not account for bids pending, not proceeded with, cancelled or not submitted. 					

Highlights for the quarter

Build a culture of innovation and entrepreneurship

GridAKL programme

GridAKL – at the Wynyard Quarter Innovation Precinct – continues to thrive, creating a cluster to support Auckland to become a major Asia Pacific innovation hub in the next 20 years.

As at the end of Q2, there were 91 businesses located across GridAKL properties. There were about 60 events (including 10 innovative and 12 learning events attracting 355 attendees) held at GridAKL during Q2. A paid-for Tech Cafe membership with extra benefits started in June 2017, and had 24 members by the end of Q2.

As an interim measure, ATEED took possession of the John Lysaght building, formerly operated by BizDojo Auckland Limited, on 20 December, after the business failed to meet rent payments and operational expenses.

The Lysaght building is an important part of GridAKL. It is home to Auckland's entrepreneurs and start-ups which are vital to our region's technology and innovation ecosystem. ATEED's focus is to ensure that there is no disruption to the start-up businesses which reside there.

BizDojo managed tenants within the building, a café, event space and 10 staff. To ensure that tenants continue to operate 'business as usual', ATEED retained six of the BizDojo team on short-term agency temp contracts, and offered tenants new rental contracts with ATEED in the new year.

The action to cancel BizDojo's sublease and the services agreement was taken in close consultation with ATEED's Finance team and Auckland Council Legal following an unsuccessful period during which BizDojo Auckland Limited was unable to secure a rescue package.

Business awards

Following a full review of ATEED's engagement in the Westpac Auckland Business Awards programme, ATEED has agreed a revised agreement for the 2018 programme with the Auckland Chamber of Commerce. ATEED will partner with the Chamber, however under the new arrangements, the Chamber will deliver the awards using its own resource (not ATEED resources), including all workshops, business coaching, marketing material and all associated administrative support. ATEED will continue to nominate companies that are considered to be suitable for the programme. ATEED will continue to be recognised as a partner, maintain an equal branding presence, nominate a guest speaker at the event dinners, and will continue to receive an allocation of two tables at the regional gala dinners and four tables at the 'Best of the Best' dinner each year.

Tripartite Economic Summit – Guangzhou 2017

ATEED played a key role, alongside Council's Global Partnerships team in the success of Mayor Goff's business delegation to the third annual Tripartite Summit in Guangzhou, China from 8-10 November. Nearly 100 people from more than 70 New Zealand businesses were part of the delegation. The 2015 Summit in LA included 43 businesses. The 2017 Summit delegation was the largest overseas delegation Auckland has undertaken. Participating businesses represented the education, urban design and planning, tourism, F&B, biomedicine and health, digital and creative, and innovation sectors.

The strength of the delegation was partly due to the comprehensive pre-summit workshop programme developed by ATEED with the intention of convincing potential delegates of the benefits from going to Guangzhou, and equipping them for tackling the Chinese market.

Two councillors accompanied the Mayor on the delegation, along-with the Chair of the Independent Māori Statutory Board. There were 11 Council staff who travelled to the Summit (compared to 16 in 2015), and four other ATEED staff participated as they were already in market for wider screen and tourism delegations. Mana whenua were invited to accompany the Mayor's delegation – Ngā Ta ki Tāmaki (operating in tourism), however was unable to attend due to previous commitments. Ngāti Whātua Orākei (operating in tourism and education sectors) sent two representatives.

ATEED was responsible for the Auckland Showcase event which included an outstanding fashion show by Maori designers and showed off Auckland food and beverage. ATEED played a key role in facilitating business contacts between delegates and potential suppliers or customers from both Guangzhou and Los Angeles. NZTE and other partners assisted with this work.

A post-summit survey was conducted, with 97 per cent of survey respondents rated the pre-departure assistance from Council/ATEED as either 'very good' or 'good' and 81 per cent of the delegates indicated that they are likely to attend an Auckland Council/ATEED-led trade delegation in 2018. ATEED also produced a video of the highlights of the Summit. A number of delegates were interviewed in the video, and one of the delegates said in the video, "there are so many opportunities. It (Tripartite) gave us leads that we would never be able to render ourselves. Without the support of ATEED, it would be something quite different...the legacy of this trip will enable us to move forward into emerging territories for New Zealand as leaders in some of these fields".

The Tripartite was renewed for another three years at the 2017 Summit. The 2017 Summit was delivered within the existing operating budget, with half of the costs met by corporate sponsorship.

Offshore talent attraction

As at 31 December, The *Auckland - Make the Smart Move* LinkedIn campaign had attracted 493 followers since its launch in September, with the first six months intended to provide for prototyping to support expressions of interest that can connect high-skilled workers with Auckland employers.

As part of the campaign, ATEED worked with tech and construction industry partners and Immigration NZ (INZ) to tell the Auckland story and connect interested people with Auckland employment opportunities. Jobs with Auckland Council, Fiserv, Invenco, KPMG, Teknique, and Xero have been profiled alongside immigration and lifestyle information. Jobs from five construction/infrastructure industry employers (Fletcher Building, Dempsey Wood, Metro Glass, City Rail Link and Auckland Council) were promoted during November, trialing different approaches to lift audience engagement and connect jobseekers to employers.

ATEED also worked with INZ to prepare for an Auckland Regional Partnership Agreement (ARPA) leadership group hui in late November, where priorities for a second three-year strategic partnership were considered. ATEED is a signatory to ARPA that enables Auckland businesses to attract and retain migrants who have the skills that Auckland needs to enhance its economy.

Attract business and investment

Screen Auckland

A total of 162 film permits were issued during Q2. Productions included *Westside* season four, *Beneath New Zealand* season two, in a Flash and *In Dark Places*. The screen attraction team is actively working on the pipeline

of productions. In November, an MoU was signed by Screen Auckland and other regional film offices (RFOs) and the NZ Film Commission. The MoU provides tools for positive collaboration, with the goal of ensuring a cohesive and client-focused service for international screen sector clients, as well as efficiencies for all joint activity.

In addition to the above, the Screen Auckland team initiated a review of the film permitting process, in conjunction with Auckland Council, to ensure that health and safety requirements are fully embedded. Work has also begun to update the Auckland Film Protocol which promotes a film-friendly culture for the Auckland Council group, and sets out the conduct expected of film crews when filming in public spaces. This work is expected to be completed by the end of the financial year.

The development of a Screen Auckland strategy was also initiated during the quarter to capture the industry development and opportunity for Auckland. The strategy is in the consultation phase, and is expected to be completed by the end of Q3.

Auckland and Kumeu Film Studios

Following the transfer of Auckland Film Studios (AFS) back to Council, a five-year lease has been signed between ATEED and Pānuku Development Auckland for ATEED to operate AFS as a film production facility. The site will be handed back for the 'Unlock Henderson' initiative on expiry of the lease. The five-year timeframe gives the private sector sufficient time to explore opportunities to invest in future studio infrastructure.

A number of maintenance items were identified as being required to enable the confirmed use of the buildings as film studios for the five-year lease period. Council retained \$500,000 of AFS Ltd's reserves to support this work. Any additional maintenance requirements identified will need to come from revenue streams and/or be included as part of the LTP process. ATEED has the right to suspend the use of buildings that it deems to be uneconomic to maintain in order to save maintenance. ATEED is not obliged to reinstate these buildings at the end of the term of the lease.

A process to develop a request for proposal for the management of the AFS and Kumeu Film Studio (KFS) was initiated at the end of October. KFS and AFS will be part of the management contract – pending signing of the lease on KFS' new sound stages. The RFP for a KFS and AFS operator was released to the market on 8 January. Responses to the RFP will be assessed in February, and negotiations with preferred suppliers are planned to take place in late February / early March. An operator is expected to be in place by 1 May 2018. An international studio has signed a licence to use the Kumeu Film Studios until early 2019. This will cover ATEED's lease obligations for the second year of operation.

AR/VR Garage

The AR/VR Garage is a state-of-the-art augmented reality/virtual reality facility where start-ups are able to work with major corporates, tertiary institutions, and local and central government agencies, and where local and international R&D projects are accelerated and ideas shared.

During Q2, a sponsorship agreement was secured from HTC Limited for the PAX gaming event in Melbourne, whereby HTC provided hardware equipment, which after the event will be located at the AR/VR Garage for use by the tenants. New tenants at the Garage include Animation College, Young and Shand and WeTech. Agreements have been signed with the NZ VR/AR Assoc. Inc. and Technicolour (USA), establishing them as partner organisations to assist Garage tenants to access resources around New Zealand and offshore. Four companies from the Garage joined the Tripartite Economic Summit delegation to Guangzhou in November.

Grow and attract skilled talent

Youth Employer Pledge

As at 31 December, 69 Auckland employers had formally committed to the Youth Employer Pledge. These commitments represent approximately 265 youth employment and employability opportunities across key Auckland industries including hospitality, construction / infrastructure, digital / ICT, and services industries.

ATEED organised the annual Young at Heart Awards, held on 16 November. The awards recognise Auckland businesses which have made a commitment to employing young people. The awards are open to all Auckland businesses, not just Youth Employer Pledge partners. Guest award presenters included Mayor Goff, Councillors Richard Hills and Chris Darby, and the Hon Peeni Henare. McDonalds won the supreme award, and other winners included Fletcher Building, Xero, Watercare, Plumbing World, and The Warehouse.

Lion Foundation Young Enterprise Scheme (YES)

A total of 1299 students from 55 schools completed the 2017 YES programme. Ten teams went to the National awards in Wellington on 6 December, where six Auckland YES companies competed for the top three national places. Two Auckland teams won awards, Olelei from Henderson High School winning first place, followed by Clearfree from Rangitoto College in second place. The other four teams who did not compete for the National title received National Excellence awards, continuing Auckland's great record in the national awards.

On 1 January 2018, the Auckland Chamber of Commerce became the new delivery partner for the 2018 YES programme. ATEED will maintain a strategic sponsorship role for three years.

CBD Jobs and Skills Hub

Since the CBD Jobs and Skills Hub was opened, 88 people have been employed through the local/central government partnership, and 238 people have participated in training courses. Thirty eight candidates identifying as Māori have been successfully placed into employment (43 per cent against a target 40 per cent) and more than 70 per cent of placements have been off the Work and Income register (target 80 per cent).

ATEED chairs a hub interim governance group, and this commitment is outlined in a memorandum of understanding signed with other funding partners until mid-2018. ATEED has committed \$70,000 with other partners committing \$781,000 (Ministry of Social Development, SkillsOrg, TEC, and MBIE *Sector Workforce Engagement Programme*).

JobFest

On 11 October, approximately 845 young people from across Auckland attended JobFest at The Trusts Arena in West Auckland. This JobFest had a specific focus on NEET (not in employment, education or training) youth. Over two thirds (69 per cent) of attendees were youth (ages 16-24), and 65 per cent of youth were NEET. This is the highest percentage of NEET youth to have ever attended JobFest (approximately twice as many as the May event held in Manukau).

Seventy employers exhibited at the October JobFest event. Employers were divided into zones of construction (#Build AKL), west and local job zone, hospitality, health sector, recruitment agencies, ICT, and a Ministry of Social Development zone.

Based on feedback received from employers to date, the following outcomes can be estimated³:

³ Please note that many of the attendees handed in CVs, were short-listed and interviewed with more than one employer from the event, hence the numbers appear higher than the number of attendees on the day.

- Approximately 4550 CVs were received in total. This is an average of 65 CVs received per JobFest employer.
- Approximately 1260 CVs were short-listed for jobs and followed up by employers. This is an average of 18 short-listed candidates per employer.
- There were 420 in-person interviews in total either on the day or in person following JobFest. This is an average of six in-person interviews per employer.
- A total of 280 job offers were made following the event. This is an average of three job offers per employer.
- Approximately 140 people were employed directly as a result of this event. This is an average of two employed people per employer.

Of the 845 JobFest attendees, approximately 200 were in receipt of a Work and Income benefit prior to the event. About 30 of these are no longer receiving a benefit six weeks after JobFest⁴.

#BuildAKL

#BuildAKL campaign results showed that an estimated 1500 young Aucklanders gained employment, and 3000 into direct study/training pathways as a result of campaign exposure. These results were well-received by campaign partners including during a presentation to them on 6 December.

Youth employment pathways

During the quarter, ATEED approved the business case for a new Tourism Skills campaign which aims to address the current and forecast skills shortage in Auckland's tourism industry, and attract more New Zealand workers. Engagement with industry employers and their representative organisations is underway to support an industry-led steering committee and partnership delivery. The project will commence with research into youth perceptions of employment into the industry, which will be carried out in conjunction with Tourism Industry Aotearoa (TIA). This approach has been developed using insights from the #BuildAKL campaign. The campaign will run during Q3 and Q4 of this financial year, and results will be available in the new financial year.

Grow the visitor economy

The year-ending December 2017 saw a record-breaking 2.67m international visitors to Auckland, up 6.8 per cent year-on-year. For December, international visitor numbers were up 3.8 per cent compared to December 2016. Arrivals from the UK saw the biggest growth, up 14.8 per cent for the year.

Tourism spend for the year to December was \$8.2b, up 7.2 per cent on the previous year. Domestic spend was \$3.9b for the year, while international spend was \$4.3b. The hotel average daily rate was \$210 over the past 12 months, and \$218 for the month of December (up 5.9 per cent compared to December 2016). Occupancy rates were high, averaging 86.6 per cent for the year, up 0.1 per cent compared with the previous year.⁵

Road to 2021

APEC 2021 (APEC21)

An update on the ATEED-led APEC21 planning for Auckland was provided to the APEC21 Auckland Executive Steering Group at the end of Q2. The inaugural meeting of the steering group will take place in March. The steering group is chaired by ATEED's GM Destination, with members from Council, Auckland Transport, and the Mayor's office. Work to map the development of the central city in 2021 continues to progress as a key planning tool.

⁴ It is yet to be determined if this result is directly due to JobFest, or whether these young people are reflected in the statistics provided by the employers above.

⁵ Statistics New Zealand

36th America's Cup (AC36)

Discussions between the Auckland Council group and central government to determine the location to host the teams and America's Cup in Auckland continues, with an outcome expected by the end of March.

Auckland Convention Bureau (ACB)

During the quarter, Auckland won the bid to host the World Organisation of Family Doctors Asia Pacific Region Conference in 2020. This is the fourth large-scale medical conference to be secured for Auckland in 2020, and to be held at the New Zealand International Convention Centre (NZICC). An estimated 2000 family doctors from the Asia-Pacific region are expected to attend the event in mid-2020, generating the equivalent of 12,000 visitor nights, and contributing \$4.1 million to the economy.

This follows Auckland winning the hosting rights to the 35th APAO Congress, the largest medical meeting to ever be held in New Zealand, with an estimated 4000 medical professionals from around the world, and the IAPB 11th General Assembly, with 2000 delegates in 2020. The Tripartite Colorectal Annual Meeting will also be held in February 2020, with 1200 delegates.

Tourism

Domestic marketing

The 2017 Spring campaign, '*Love Your Weekend*' featuring Sir John Kirwan, was in market from 1 September until 31 November 2017. The campaign targeted Aucklanders with the objective of growing awareness, local knowledge, pride and the propensity to recommend Auckland as a holiday destination to visiting friends and relatives (VFR). VFR makes up a large portion of visitation to Auckland, with 30 per cent of domestic visitors⁶ and over 43 per cent Australian visitors here for the purpose of visiting friends and family⁷. As hosts this makes Aucklanders huge influencers on what their guests choose to do and how much they spend while here, in turn shaping the impression these visiting friends and family leave with and the Auckland story they have to tell.

The campaign used the following media channels: television commercials (TVC), online videos (OnDemand, pre-roll, social), online banners and ads. There were six regional videos (shown in the table below) featuring Sir John Kirwan, each one showcasing the region and highlighting some of the locations and attractions in the region as well as one TVC which ran on TV1.

Table 1 – Regional locations highlighted in the Spring campaign

1.North Auckland	2.South Auckland
Goat Island - Clearyaks	Ambury Regional Park
Tawharanui Beach	Otara Markets
Leigh Sawmill Brewery	Rainbows End
Devonport	Butterfly Creek
3.Hauraki Gulf & Islands	4.West Auckland
Kawau Island	Horse Riding - Woodhill Forest
Rotoroa Island	Muriwai Beach/Clifftops
Great Barrier Island	Hunting Lodge Winery

⁶ Source: VIP Programme

⁷ Source: Statistics NZ

5. East Auckland	6. Central Auckland
Omana Regional Park	Pah Homestead (Hillsborough)
Clevedon Market	Home Bay (Herne Bay)
Howick Historical Village	Mt Eden
McNicol Historic Homestead	One Tree Hill

Campaign evaluation research results⁸ show that perceptions of the Auckland region amongst the target audience are favourable overall, and that local residents see Auckland as being a place that offers lots to see and do, and it is a region that they are proud of. The campaign motivated 27 per cent of the audience to get out to the regions, which is considered to be a very positive result.

International marketing

There are three international marketing campaigns in the Australian market: The Urban List, TripAdvisor and Expedia. For these campaigns ATEED partnered with well-known brands on a programme of content-focused marketing activity to promote Auckland as a short-break holiday destination. The campaigns attract a significant number of visitors online per month. These campaigns support overall objectives. Results for the Expedia campaign will be reported on in the Q3 report to Council, and The Urban List and TripAdvisor results will be available at the end of the financial year.

Cruise

During the period, ATEED worked with Pānuku Development Auckland and Auckland Council to support the assessment of options to enable larger cruise ships to moor in Auckland. This enabled the Governing Body to approve (on 23 November) a double mooring dolphin connected to Queens Wharf, subject to approval of resource consent. The dolphin, available for the 2019/20 cruise season, will allow more 350m cruise ships to visit Auckland, providing a boost to the \$220m annual GDP injection and 4000 local jobs the cruise industry already adds to the region's economy.

i-SITEs

As at 31 December, the average satisfaction score for the three Auckland i-SITEs is 98 per cent, one of the highest in the country.

Vector Lights

ATEED, on behalf Auckland Council, invested \$200,000 per annum for 10 years in the Vector Lights (lighting the Harbour Bridge) – part of a 10-year energy-efficient partnership between Vector and Auckland Council. ATEED was part of the broader marketing and communications working group preparing for the launch of the Vector Lights project on 27 January 2018 to coincide with Auckland Anniversary weekend. The Auckland Harbour Bridge was illuminated by 90,000 solar-powered LED lights and 100 spotlights with a 6 minute audio-visual experience which ran every half-hour from 9.10 p.m. until midnight. A partners' event was also planned at Little Shoal Bay with the Prime Minister, ministerial representation, the Mayor and 150 partners in attendance.

Major Events

ATEED delivered the Auckland Diwali Festival during Q2. Total unique attendance across the whole weekend of Diwali was 54,700 and a gross attendance of 68,100 (some people attended both event days), which was higher than estimates from previous years. A new and more advanced counting methodology was used, and aligns with

⁸ Source: TNS Research

the methodology applied to other ATEED delivered events (Tāmaki Herenga Waka Festival, Auckland Lantern Festival and Pasifika Festival). Prior to this, counts were based on photos taken at regular intervals.

The inaugural MCKAYSON New Zealand Women's Open (LPGA) was held between 28 September and 1 October. ATEED, on behalf of Auckland Council, invested \$1 million in the 2017 event alongside New Zealand Major Events (MBIE). All costs were capped, and presented no underwrite risks for ATEED or Auckland Council.

The ITM Auckland SuperSprint event was held from 3-5 November. Heavy rain resulted in the suspension of the qualifying for Saturday's race and affected the potential walk-up ticket sales. Final reported attendance from Supercars was 105,000. This figure includes free entry to children, tickets issued to race syndicates, sponsors and staff within the event footprint.

Stakeholder engagement

Central government stakeholder engagement

During the period, central government stakeholders were sent a copy of the Mayor's proposal on the 10-year budget and plan. Meetings were held to progress ATEED's work programme with New Zealand Trade & Enterprise (NZTE), Ministry of Business, Innovation & Employment (MBIE), Callaghan Innovation and the Ministry of Education. ATEED is collaborating with the Ministry of Foreign Affairs and Trade (MFAT) on information and pre and post Auckland visits by trade officials. MBIE is leading work with Auckland Council to successfully growing Auckland at pace and scale, a joint (central and local government) urban development strategy, and the sharing of data and assumptions through an Auckland Forecasting Network.

Māori stakeholder engagement

ATEED has been in discussion with potential sponsors and collaborators in the private and public sectors to support and help shape the future of the Tāmaki Herenga Waka Festival. These have included Air New Zealand, Fonterra, Radio Waatea, Moana New Zealand, Callaghan Innovation, Te Wānanga o Aotearoa, Māori Television, NZTE, and KPMG. Meetings with Auckland iwi to introduce ATEED's new Chief Executive were also carried out during the quarter.

ATEED also engaged with Ngāti Tamaterā to gather feedback on the Destination Auckland strategy. A meeting was also held with representatives of the Mana Whenua Kaitiaki Forum as an introductory meeting between ATEED's Chief Executive and iwi representatives. This meeting was initiated by ATEED, and provided an opportunity to share respective areas of interest and development, and to explore areas for strategic collaboration. ATEED Board Advisor, Sir Pita Sharples was in attendance.

Future outlook

Section 17a review

A procurement review is underway and expected to be submitted to Council in Q3. The impact of this is expected to be minimal, as ATEED uses Council shared services for all procurement matters.

Screen Auckland

During Q3, ATEED's Screen Auckland team will continue to work with the New Zealand Film Commission on promoting screen production in Auckland, leveraging the marketing agreement with Warner Bros and Gravity Pictures which formed part of those producers' use of KFS for the filming of *Meg* (due for release in 2018).

ATEED's GM Business Attraction and Investment attended a New Zealand Film Commission and Warner Bros screen attraction event in LA in February, with many West Coast LA studios invited and where the new Kumeu Film Studios' facilities were featured. Results from the trip will be reported on in the next quarterly report to Council.

Study Auckland

During Q2, ATEED's Study Auckland team partnered tertiary institutions and Ngāti Whātua Ōrākei to pilot a 'Global Citizen' youth leadership programme for tertiary students. The purpose of the pilot is to increase the cultural understanding, social inclusion and leadership potential of international students living in Auckland. Planning for the project began in early 2018, to attract international students arriving for the semester one intake. The pilot will run until 30 June 2018. This work will build on the innovative values-based international leadership programmes developed by Ngāti Whātua Ōrākei with leading companies including Air New Zealand, Fonterra, Auckland Airport, Westpac and Microsoft. The vision of the leadership programme is that Auckland will be regarded as a progressive education city that appeals to globally connected youth and emerging talent. ATEED's Study Auckland team has received confirmation from the Ministry of Education regarding a funding application to deliver this project.

Destination AKL strategy

The Destination AKL strategy – a new visitor economy strategy for Auckland – will be presented to the ATEED Board in Q3, after having received endorsement from the Mayor. The strategy will be formally launched to stakeholders and the industry following approval from the Board, and five-year strategies for the ATEED's visitor teams (Major Events, Business Events, Tourism and International Education) will be developed during Q3. The new Government is expected to confirm its international student visa policy in early 2018, including the ability for international graduates to work and live in Auckland. This will inform ATEED's wider work being undertaken in the skills and talent area.

Accommodation Providers Targeted Rate (APTR)

At its 14 December meeting, the Governing Body unanimously supported the establishment of an APTR sub-committee within ATEED, as the preferred governance model for the APTR. ATEED management will continue to work with Council staff to establishment this structure.

Road to 2021

In Q3, Auckland will commence the development of its leverage and legacy thinking / aspirations for APEC 2021. Pivotal decisions by both Auckland and central government will also occur in Q3 regarding the 36th America's Cup. Auckland and central government will continue to work jointly on both the location of bases and the broader event. Resource consent lodgement, notification and assessment for the Wynyard Basin base option will take place in Q3. Until the base development has been secured and the quantum of public sector investment is agreed, the event is not confirmed to take place in New Zealand.

Cruise

Technical documentation to support the resource consent application for the Queens Wharf mooring dolphin is being prepared by Pānuku, and is on track for the consent to be lodged by the end of March 2018. ATEED has a role on the advisory group for the resource consent, and will also work with the relative stakeholders once the resource consent has been lodged.

Upcoming events during Q3

Event name/key activity	Date	Location
Business, Innovation and Skills		
Digital Nations Summit	19 - 20 February	Cordis, Auckland
ASB Lantern Forum Breakfast	26 February	Auckland Museum Events Centre
Techweek launch	21 March	KPMG, 18 Viaduct Harbour Ave
Local Economic Development Masterclass	22 - 23 March	GridAKL, 12 Madden Street
Major Events		
Auckland Pride Parade	17 February	Ponsonby Road
Splore Music and Arts Festival	23 - 25 February	Tapapakanga Regional Park
Volvo Ocean Race Auckland Stopover	24 February - 18 March	Auckland Viaduct Harbour
Auckland Lantern Festival	1 - 4 March	Auckland Domain
SKYCITY Vertical Pursuit	18 March	SKYCITY
Pasifika Festival	24 - 25 March	Western Springs Park

A full schedule of upcoming events can be found on www.aucklandnz.com

Financial performance

Financial Performance For the period ended 31 December 2017							
\$'m	Actual	Forecast	Variance f/(u)	Budget	Variance f/(u)	Full year Forecast	Full Year Budget
Operational							
External Revenue	6.4	6.0	0.4	7.7	(1.3)	17.1	15.4
AC Funding	24.7	24.8	(0.1)	24.2	0.4	51.1	46.9
Operational expenditure excl. depreciation	30.2	30.6	0.3	31.7	1.5	68.0	63.2
Depreciation	1.1	0.7	(0.4)	0.7	(0.4)	1.5	1.4
Capex							
Expenditure	5.5	5.5	0.0	0.0	(5.5)	6.5	0.2
AC Funding	5.5	5.5	0.0	0.6	(4.9)	6.5	0.2

Actuals vs Forecast

ATEED completed a forecast in December, which accounts for deferrals from the 2016/17 financial year, and has also performed a minor reprioritisation of funding where applicable.

External revenue is higher than forecast due to sponsorship revenue for the Auckland Lantern Festival and Tāmaki Herenga Waka Festival being received earlier than planned, and the release of a balance sheet provision for a commission payment on sponsorship not eventuating. At the end of December, ATEED's funding from Council is slightly lower than forecast due to higher external revenue and timing-related project spend across ATEED's business units.

Operational expenditure is \$0.3m lower than forecast. This is due to a decrease in annual leave accrual of \$0.2m due to staff taking leave in December, and project-related underspend in GridAKL.

Depreciation is \$0.4m higher than forecast. This is due to GridAKL buildings being capitalised after the date of use, and depreciation backdated to September 2017. There is no overall impact on ATEED's funding.

Capital expenditure relates mainly to the fit-out costs for the GridAKL project Madden Street and Mason Brothers buildings.

Actuals vs Budget

Revenue is lower than the budget due to lower rental revenue for the two new GridAKL buildings, as a result of delayed opening of the buildings. There is a corresponding decrease in property rental expense as a result.

The operational expenditure for the quarter is lower than budget by \$1.5m due to a decrease in occupancy costs relating to the GridAKL buildings as noted above.

The capital expenditure full year forecast has increased from budget due to the carry forward of underspent capex from FY17. This does not increase ATEED's overall funding.

Contribution to Māori outcomes

ATEED continues to contribute to the cross-Council work being led by Te Waka Anga Mua to develop the Māori Outcomes Framework. This Framework synthesises Māori-specific activities across Council into a single programme under the Long Term Plan (LTP) headings. ATEED is participating in the economic work stream, by providing advice and guidance on appropriate economic development approaches across the Council group. This work seeks to provide a response to the various strategies and plans being developed across Council, and by associated entities such as the Independent Māori Statutory Board (IMSB) and the Mana Whenua Kaitiaki Forum. The Māori outcomes work will be prepared for submission in the LTP process in April 2018.

Te Toa Takitini and Māori outcomes review (2015-17)

Tāmaki Herenga Waka Festival

The Tāmaki Herenga Waka Festival, which took place on Auckland Anniversary weekend at the beginning of Q3, was successfully delivered. This was the third year that the festival was delivered, and it continues to grow as a culturally significant event on the Auckland calendar. Post-event feedback and surveys of partners and participants will be available in the Q3, and the delivery of the event will be reviewed in the same period with a strong focus on incorporating stronger economic development to the festival's design. ATEED's Q3 report will include results from the event. Funding for the festival has been confirmed for a further two years under the current LTP.

Māori Economic Development Growth Programme

By the end of Q2, the Whāriki – Tāmaki Makaurau Māori Business Network had nearly 700 members, compared to 250 members in 2016. The network was created in order to close the gap between Māori business professionals and Māori business owner Whāriki members. The first Whāriki event of 2018 included the Te Wananga o Aotearoa launch of their free Māori business programmes, information around Kokiri – a Māori business accelerator programme, with ATEED as venue host. The Māori Economic Development team at ATEED continues to connect Māori business owners with useful business support such as Inland Revenue workshops focussing on taxes, and managing sustainable relationships with suppliers.

During Q2, the Māori Economic Development team was able to secure various partners for the 2018 DIGMYIDEA – Māori Innovation Challenge, such as MBIE, Te Wananga o Aotearoa, Māori Women's Development Inc., and Callaghan Innovation. DIGMYIDEA will be launched on 17 April and will end during finals weekend (DIGIwānanga) on 8 July, which will coincide with Matariki. The new approach to this year's competition will include 20 different school visits around Auckland, focusing on ideation workshops, a three-week mentorship for finalists leading up to the finals, and spot prizes.

Māori Tourism Development Programme

ATEED continues to support and advocate for the development of new Māori tourism experiences and unique marketing opportunities in support of the six strategic goals of the Auckland Visitor Plan. Key activity during the quarter includes:

- Support for the development of six new Māori tourism products in Auckland.
- ATEED's Māori Tourism Development Manager represented Auckland's trade-ready Māori tourism businesses as a part of the TNZ Treasures of NZ Roadshow in North America during the quarter. ATEED trained over 500 travel trade (sellers and wholesalers) during eight separate events, and built business relationships with five key US markets – Los Angeles, Chicago, Miami, Dallas and San Antonio.

- ATEED's F&B and Māori Tourism teams sponsored the Māori gourmet hāngi space at the Taste of Auckland event held on 16 - 19 November. About 2000 festival-goers visited the gourmet hāngi space, and the concept successfully showcased the Māori F&B offering in Tāmaki Makaurau.

A number of key initiatives will be undertaken during Q3, which includes:

- Māori Tourism offerings profiled at the Tāmaki Herenga Waka Festival during Auckland Anniversary weekend. The Māori tourism space displayed the Tāmaki Makaurau Māori tourism video, the brochure and also provided a platform for Māori to receive business support and advice in developing a Māori tourism business. To activate the space, Te Toki Voyaging Trust provided free waka hourua rides and a free photo booth. The photo booth activity generated 83,000 Facebook impressions, over 6642 likes and comments, and over 400 festival-goers opted to receive future marketing material from ATEED.
- Planning for dedicated Māori cultural page on Auckland.nz website and increased cultural imagery.

Mana Whenua engagement

During the period, ATEED's Chief Executive concluded seven introductory meetings with mana whenua. In December, the Chief Executive met with members of the mana whenua Kaitiaki Forum to discuss areas of common interest and ways to work together. Follow-up meetings will take place in Q3, focussing on Māori Economic Development.

Key local board activity

During the period, ATEED provided a range of advice and information to local boards covering local economic development and tourism initiatives to support their preparations and planning for the Long Term Plan. Councillors have been working through the Long Term Plan, particularly gaining agreement on key items that will be included in the public consultation. ATEED introduced the Destination AKL strategy to Councillors at an Environment and Community Committee workshop during the end of Q2, and to local board chairs at the Local Board Chair Forum. Individual councillors have met ATEED's GM Destination, and GM Business Attraction and Investment for various ward-based interests.

ATEED has also provided advice and guidance during the development of a number of local initiatives in the local board areas. This includes the development and delivery of local economic growth projects that have been funded by local boards using their locally-driven initiatives (LDI) funding. In total 19 local boards have approved 31 projects for delivery in 2017/18, valued at \$960,000. Further detail on these initiatives is included in the six-monthly local board reports that have been submitted in time for February and March local board workshops.

Risk management

Health and Safety: ATEED continues to promote and embed H&S best practise in all its activities.

During the quarter ATEED:

- Held H&S refreshers for all staff.
- Has no serious injuries reported resulting from the work environment.
- H&S is now considered as part of all business cases, with the Portfolio Planning team discussing this with the project managers as part of their monthly meetings.
- Held regular meetings with relevant stakeholders to discuss clear roles and responsibilities where duties may overlap.

- Continued site inspections and site audits by the H&S Manager and H&S representatives of ATEED's facilities as per the annual schedule.
- Continued to review and improvement of H&S procedures.
- Carried out H&S duties on the Auckland Diwali Festival and preparation for the 2018 festivals, including the Tāmaki Herenga Waka Festival in January. Pre-event site inspections are a standard part of ATEED's H&S process and these were attended by ATEED Board members and senior managers. Site inspections for the Volvo Ocean Race Auckland Stopover, the Auckland Lantern Festival, and the Pasifika Festival will be carried out in Q3.

Portfolio risk: A number of risks and issues were actively managed over the quarter, with the overall risk profile of ATEED relatively stable. Over the period, there was one high risk after the application of mitigations, which relates to BizDojo going into voluntary liquidation.

Risks and issues managed during the quarter

General open risks:

- Industry opposition and potential for legal action against the Accommodation Providers Targeted Rate, as the governance structure is worked on.
- Timeline and industry engagement for the development of the Destination AKL strategy.
- Screen Auckland requirement to review Health and Safety plans as part of issuing film permits.
- Cyber resilience against potential threats and impact on business continuity.
- The nature of ATEED's activity makes it difficult to accurately provide a clear link between outcomes and output measurement.
- Location and infrastructure required for the 36th Americas Cup (AC36).
- Difficulty in obtaining satisfactory keynote speakers for ASB Lantern Festival Business Forum.

Risks related to facilities:

- Refurbishment of the Kumeu Film Studios (KFS), previous delays in signing the lease and combined studio management of KFS and AFS.
- Auckland Film Studio (AFS) deferred maintenance being prioritised to maximise value.
- BizDojo, GridAKL's operator at Lysaght Building, went into voluntary liquidation forcing ATEED to take over building operations.
- GridAKL's inter-connecting laneway access between Mason Brothers and 5A will not be complete until July/July 2018.

ATEED continues to be vigilant about areas of sensitive expenditure.