

Auckland Tourism, Events and Economic Development *Quarter 2, 2018/19*

*This outlines the key performance of Auckland
Tourism, Events and Economic Development,
which includes economic development and visitor
economy-related activities and investments*

ATEED Q2 summary

Highlights and risks for the quarter

Six months into operation under our new vision, "Quality jobs for all Aucklanders", ATEED has completed an internal restructure, welcomed our new Chair, moved premises, adopted a new partner focussed way of working and is set for a strong 2019. Key highlights from Q2 were:

- Te Haa o Manukau, a flagship project of The Southern Initiative (TSI) in collaboration with ATEED and Panuku was launched in October. The new space is designed to stimulate budding entrepreneurship in Manukau.
- In collaboration with industry partners, ATEED is pursuing a large opportunity for the Auckland region in the film industry. Work on this will continue over Q3
- ATEED continues to develop the Invest AKL, digital marketing platform (further detail below) and the Auckland destination positioning and narrative project.
- ATEED's Youth Connections work was transferred to The Southern Initiative (TSI) and Western Initiative (WI). ATEED will continue to direct and manage the Employer Pledge Programme.
- ATEED was awarded five IEDC Excellence in Economic Development Awards at the annual international conference in Atlanta, USA and three awards at the EDANZ conference.
- ATEED drove a city-wide collaboration which resulted in Auckland's New Year's Eve activities being shown around the world by international media, as the first major city in the world to welcome in 2019.
- The Diwali Festival was delivered, attracting approximately 60,000 attendees (87 per cent satisfaction).
- The Tourism Skills campaign was further developed and will launch in March 2019.

Risks

- Significant work to be done to enable all parties to enter in to the AC36 Host Venue Agreement.
- The legal challenge to the APTR may have an impact on ATEED's future funding.

Financial (\$million)	YTD actual	YTD budget	Actual vs Budget
Capital delivery	2.5	2.5	0.0
Direct revenue	9.3	8.4	0.9
Direct expenditure	28.3	31.3	3.1
Net direct expenditure	18.9	22.9	4.0

Financial commentary

- **Capital delivery:** Costs relate to the move of ATEED to 167b Victoria Street which will provide approximately \$6m savings during the lease term.
- **Direct revenue:** Additional revenue received for GridAKL, Auckland Film Studios, sponsorship and stallholder revenue for Lantern, Diwali and Pasifika festivals
- **Direct expenditure:** Savings due to delayed timing relating to events, project resourcing and advertising, marketing and research and staff costs due to recruitment for unfilled positions across the business.

Key performance indicators (please see page 7)

	Previous Quarter	FY 19 Quarter 2		Status	Commentary
		Actual	Target		
KPI1: Contribution to regional GDP from ATEED interventions	No result	No result	Benchmark	NA	Benchmark in development, working with Auckland Council.
KPI2: Number of businesses that have been through an ATEED programme or benefited from an ATEED intervention	1,120	1,931	1,200	Met	Result as at 31 December 2018 including 81 Maori businesses.
KPI3: Number of new jobs created, safeguarded or retained in Auckland as a result of an ATEED intervention	No result	No result	Benchmark	NA	Benchmark in development working with Auckland Council
KPI4: Number of visitor nights resulting from an ATEED intervention	38,910	78,010	136,000	Not met	Results to date do not include business events. It is expected that the year-end target will be achieved.
KPI5: Customer satisfaction of customers, partners and stakeholders who have interacted with ATEED	No result	No result	Benchmark	NA	Working with AC Nielsen to develop a comprehensive Voice of the Customer programme. Results from the pilot are expected during Q3.

Strategic focus area – Economic development

Key highlights and risks

Highlights

- Te Haa o Manukau, a flagship project of The Southern Initiative (TSI) in collaboration with ATEED and Panuku Development Auckland, was launched on 16 October. The new co-working and makerspace is designed to stimulate budding entrepreneurship in Manukau.
- In collaboration with industry partners, ATEED is pursuing a large opportunity for the Auckland region in the film industry.
- ATEED continues to develop the Invest AKL, digital marketing platform (further detail below).
- ATEED attended New Zealand Film Week in Los Angeles in December, which included a series of industry-specific events, led by the New Zealand Film Commission (NZFC) to support New Zealand screen companies and specialists to expand their connections with US studios and independents.
- The Start Acting: Japan event held in Q2 brought Auckland businesses together and assessed the appetite for some form of activation in/with Japan in the lead up to Rugby World Cup 2019 (RWC2019).
- The Auckland City of Music (ACOM) strategy¹ was launched in November by Mayor Phil Goff. Auckland is a designated UNESCO creative city of music. ATEED chairs the steering group of industry and Council family representatives that has developed a strategy to leverage Auckland's status.
- ATEED's Youth Connections work programme was transferred to TSI and WI. ATEED will continue to direct and manage the Employer Pledge Programme.
- ATEED was awarded five IEDC Excellence in Economic Development Awards at the annual international conference in Atlanta, USA. ATEED received three awards at Economic Development New Zealand's (EDNZ) gala dinner in Waitangi on 18 October.

Risks

- Multiple health and safety hazards have been identified at both Kumeu Film Studios and Auckland Film Studios and are an ongoing high priority. As a result, ATEED have appointed a H&S specialist specifically for the Studios.

Strategic context

ATEED's economic development activities, include business support, business attraction and investment, local economic development, trade and industry development, skills employment and talent and innovation and entrepreneurship. The economic growth of the wider economy reinforces Auckland as a destination by creating supply chain opportunities, international linkages, talent and student attraction, and by making the city attractive to international business events and conventions.

Key programme of works	Status	Description	Commentary
Local Economic Regeneration (incl. Manukau)	On track	Providing guidance to local boards to support local initiatives and focusing future activity and investment on enhancing economic outcomes for South and West Auckland, working with Panuku, Auckland Transport and The Southern Initiative.	In Manukau, seven priority areas have been identified. ATEED to lead: Manukau Jobs and Skills Hub, Creative Industries, Industry 4.0, Green Economy, Investment, Tourism Development and South Industry Leaders' Group.
Innovation	On track	Supporting business to innovate and supporting innovation across the Council group. Leveraging ATEED's role to grow Auckland's innovation ecosystem, including through ongoing development of GridAKL, AR/VR Garage and The Foodbowl.	To the end of Q2, Grid AKL was home to 104 businesses and 780 individuals across 3 buildings and had hosted 658 innovation focussed events over Q1 and Q2. ATEED is considering the future of the AR/VR Garage due to its forthcoming lease expiry (Q1 2019/20), and the future ownership of the Foodbowl in collaboration with Callaghan Innovation.
Supporting Small and Medium Enterprise Growth	On track	An enhanced focus on existing small businesses, raising their capability, encouraging business networking, connecting them to talent and facilitating access to export markets.	To the end of Q2, 549 businesses have been supported through the Regional Business Partner Programme. R&D Grants of \$1.4M have been facilitated to support innovation and over \$800K of vouchers have been issued to assist businesses access business capability building services.
Business and Investment Attraction	On track	Attracting high value business and investment to the city (including screen investment) to maximise economic opportunities associated with infrastructure investment for long-term impacts at a local and regional level.	To the end of Q2, 312 film permits were issued in the Auckland region ² and eight confirmed screen projects have been attracted to Auckland. In collaboration with industry partners, ATEED is pursuing a large opportunity for the Auckland region in the film industry.

¹ <https://www.aucklandcityofmusic.nz/strategy>

² This does not reflect all filming that takes place in studios, on private property, or low impact activity that didn't require a permit.

Strategic focus area – Destination

Key highlights and risks

Highlights

- ATEED drove a city-wide collaboration which resulted in Auckland’s New Year’s Eve activities being shown around the world by international media, as the first major city in the world to welcome in 2019.
- The Auckland Diwali Festival was delivered, attracting approximately 60,000 attendees and achieving 87% satisfaction.
- The first round of the 2019/20 National Programme sponsorship window for domestically focussed events closed on 31 October. The programme has \$1.2m to invest on behalf of Council in 2019/20 events over two funding rounds – the second round will open in April 2019.
- As part of the new Winter Festival being developed for Auckland (July 2019), 17 events have received funding and 14 have received marketing support.
- The Tourism Skills campaign was further developed including a well-received presentation to the ATEED Destination Industry Leaders’ Group. The campaign – which focusses on encouraging more young people to consider a career in tourism, goes live during Q3.
- Study Auckland successfully secured \$100,000 of Education New Zealand funding to deliver an international student experience programme and a skilled graduate pathways and partnerships programme.
- The Auckland destination positioning, and narrative project progressed during Q2. Next steps are to use the Place DNA™ research to workshop Auckland’s positioning and narrative, with a view to prioritising marketing activity and strategy – with particular thought given to 2021 (Auckland’s mega event year).
- Anna Hayward, Head of the Auckland Convention Bureau won the 2018 Conventions and Incentives New Zealand (CINZ) Outstanding Contributor Award at the CINZ conference during Q2.

Risks

- There is still ongoing significant work to be done to enable all parties to enter in to the AC36 Host Venue Agreement.
- The legal challenge to the APTR may have an impact on ATEED’s future funding for Destination AKL 2025 strategy activity.

Strategic context

Destination work includes a focus on destination marketing and management, major events, business events (meetings and conventions) and international student attraction and retention and is driven through implementation of the **Destination AKL 2025 Strategy**.

Auckland’s visitor economy is an important part of the city’s wider economy that underwrites the amenity of the city, making it more attractive to residents and visitors alike.

Key programme of works	Status	Description	Commentary
Major Events (incl. AC36)	On track	Driven by ATEED’s Major Events Strategy, ATEED intervenes on behalf of Auckland in the events landscape through strategic influencing, investment in major events, event production, event facilitation and event activation, leverage and marketing.	As at Q2, confirmed events in the 2018/19 Major Events portfolio on Council’s behalf are forecast to generate \$28m in GDP, 231,300 visitor nights, and 1.1m attendees.
Tourism	On track	Aligned to the <i>Destination AKL 2025</i> strategy, ATEED’s Tourism team has two key areas of focus; leading and partnering in destination marketing and advocating or co-ordinating in destination management	A marketing campaign with Grand Pacific Tours (GPT) Australia went live, with an extra night in Auckland added to multiple itineraries in GPT’s new season offering. Work continues on the Auckland Ambassador Programme. The official Auckland Guide and Regional Maps (AA Traveler partnership) was also completed during the period.
Business Events	On track	Sales and marketing activity to grow the value and volume of business events in Auckland and position Auckland as a premium business events destination (delivered by the Auckland Convention Bureau (ACB)).	YTD business events opportunities won have resulted in total tourism spend of \$18.7m, generating 31,048 delegates and 48,628 visitor nights. A total of 207 opportunities have been submitted YTD, with a tourism spend value of \$85m, with 105,990 delegates and 267,324 visitor nights.
Study Auckland	On track	Growing the reputation of Auckland as an innovative international education hub through the delivery of interventions that attract international students and ensure they can access high value tourism services and experiences.	Study Auckland confirmed a partnership with Air New Zealand to host an alumni event in Japan to build the brand of Auckland as a desired destination for international students.

Other letter of expectation focus areas

Auckland investment story: Invest AKL

ATEED has been tasked to deliver a co-ordinated and well-communicated investment story for Auckland. There are currently a number of agencies working within the investment area, therefore clarity is required for the various investment audiences.

Invest AKL will seek to create a digital platform, to showcase current investable opportunities in the Auckland region, clearly outlining Auckland's sectors and themes, which will enable investors to navigate the investment landscape intuitively and with ease.

ATEED has established a core team to co-ordinate and deliver the project through consultation, engagement and partnership with key stakeholders and agencies across the public and private sectors. The timeframe for this phase of the work to be completed is Q2 of the next financial year, however the project will continue to evolve over time.

Local Board engagement

The Local Economic Development team continued to progress the current year's locally driven initiatives work programme. This has seen:

- The delivery of a Pop-up Business School in South Auckland with support from the Māngere-Ōtāhuhu and Ōtara-Papatoetoe local boards; and planning for a further Pop-up Business School in Albany with support from the Upper Harbour, and Hibiscus and Bays local boards.
- The delivery of a programme to promote sustainable business practices in the Albert – Eden Local Board area
- The feasibility study for the innovation space in Henderson (The Greenhouse), which was part funded by the Henderson-Massey Local Board.

The tourism spring media programme during the quarter featured businesses and attractions from across the Auckland region.

ATEED's six-monthly reports to local boards for the period 1 July – 31 December 2018 are underway.

Contribution towards Māori outcomes

ATEED's head office relocation took place during Q2. A Māori specialist architectural design firm, TOA Architects was engaged to develop a Māori narrative (*Ngā Hau e Wha o Tāmaki*) for the workspace. The new office strongly reflects Māori culture in the design, narrative and naming of spaces. The building was opened with a powhiri led by Ngāti Whātua Ōrākei' in which ATEED staff performed a haka specially written for ATEED and reflective of the *Ngā Hau e Wha o Tāmaki* narrative.

As part of the 'Go with Tourism' campaign, ATEED developed a digital platform and job connector to connect young people and young Māori to employers in the tourism industry in Auckland. Māori businesses were featured in Auckland's food and beverage domestic media programme. ATEED also supported the development of a Māori art brochure in partnership with the Auckland Design Office and Auckland Transport, which features 60 Māori sites of significance in the city centre.

Following extensive consultation with the Mana Whenua Kaitiaki Forum, it was agreed to defer the Tāmaki Herenga Waka Festival from January 2019. ATEED is currently working on the new scope for the festival, with the new delivery plan potentially finalised during Q3.

Risks

ATEED has previously notified the deferral of the delivery of the Tāmaki Herenga Waka Festival from January 2019 to a date outside of the 2018-2019 financial year. The approved budget for the delivery of the remaining two festivals (five to be delivered in total) will be available in FY19/20 and FY20/21. The delivery of a Māori signature event in FY19/20 and FY20/21 will form part of the programme of work between ATEED and the Mana Whenua Kaitiaki Forum. All other projects and activities are on track to be delivered and the budget spent in accordance with that previously forecast.

Sustainability

ATEED signed the Tourism Industry Aotearoa sustainability commitment. The purpose is to realign our strategic commitments to the national programme on sustainable tourism.

To identify ATEED's key actions, a sustainability in tourism industry steering group has been formed. This group voted on the priority areas for immediate action, which are now under review by ATEED. The outcome will be an industry led action plan in alignment with *Destination AKL 2025*.

ATEED Q2 financials

\$(million)	FY 18	FY 19 Quarter 2			FY 19
	Actual	Actual	Budget	Variance	Budget
Net direct expenditure	48.5	18.9	22.9	4.0	50.9
Direct revenue	14.8	9.3	8.4	0.9	18.1
Fees & user charges	2.0	0.4	0.5	-0.1	0.6
Operating grants and subsidies	2.5	1.0	0.7	0.3	0.4
Other direct revenue	10.3	7.9	7.3	0.7	17.1
Direct expenditure	63.3	28.3	31.3	3.1	69.0
Employee benefits	21.9	10.4	11.3	0.9	22.5
Grants, contributions & sponsorship	10.2	3.6	3.8	0.2	9.2
Other direct expenditure	31.3	14.3	16.2	1.9	37.3
Other key operating lines					
AC operating funding (<i>CCO only</i>)	49.1	18.9	22.8	-3.9	50.9
Vested assets	0.0	0.0	0.0	0.0	0.0
Depreciation	2.6	1.5	1.3	-0.2	2.8
Net interest expense	0.1	0.0	0.0	0.0	0.0

Financial Commentary

Additional revenue is being generated from our management of the Grid AKL innovation precinct and Auckland Film Studios.

During the first six months, there has been a reorganisation to align with the new structure/strategy and the business is now working to recruit to deliver key initiatives, with these largely falling in the latter part of the financial year.

Advertising, marketing and research expenditure has moved to the second half of the year as part of the review by the new GM Strategy.

Strategic reviews are underway on the future of GridAKL and our joint venture with NZFIA (FoodBowl).

The office move to 167B Victoria Street West will provide approximately \$6m savings during the lease term. Fit-out of the new office was delivered under budget.

ATEED Q2 performance measures

Key performance indicators	Previous	FY 19 Quarter 2		YE Target		Status	Commentary
	Quarter	Actual	Target				
KPI1: Contribution to regional GDP from ATEED interventions	No result	No result	Benchmark	Benchmark		NA	ATEED is working with Auckland Council to develop a standard methodology to measure the GDP impact of a specific set of ATEED interventions. These will include major events, business events, business and investment attraction, screen attraction and the operation of Grid AKL, Auckland Film Studios and Kumeu Film Studios.
<i>Contributory measure: Contribution to regional GDP from major and business events attracted or supported (LTP measure)</i>	\$4.45m	\$9.15m	\$19.6m	\$49m		Not met	Results to date do not include any results for business events. It is expected that the year-end target will be hit.
KPI2: Number of businesses that have been through an ATEED programme or benefited from an ATEED intervention	1,120	1,931	1,200	3,000		Met	Results as at 31 December 2018. This data is also available by Local Board area.
<i>Contributory measure: Number of Māori businesses that have been through an ATEED programme or benefited from an ATEED intervention (LTP measure)</i>	54	81	48	120		Met	There is a potential risk that the end of year target will not be met as a result of the Tāmaki Herenga Waka Festival not taking place in January 2019.
KPI3: Number of new jobs created, safeguarded or retained in Auckland as a result of an ATEED intervention	No result	No result	Benchmark	Benchmark		NA	ATEED is working with Auckland Council to develop a standard methodology to measure the job impact of a specific set of ATEED interventions. These will include major events, business events, business and investment attraction, screen attraction and the operation of GridAKL, Auckland Film Studios and Kumeu Film Studios.
KPI4: Number of visitor nights resulting from an ATEED intervention	38,910	78,010	136,000	340,000		Not met	Results to date do not include any results for business events. It is expected that the year-end target will be hit.
KPI5: Customer satisfaction of customers, partners and stakeholders who have interacted with ATEED	No result	No result	Benchmark	Benchmark		NA	ATEED is working with AC Nielson to develop a comprehensive, cross-organisational Voice of the Customer programme on which a benchmark will be developed. Pilot surveying with a sample of business units has been completed and will be rolled out more broadly across Q3 and Q4.