

Auckland Tourism, Events and Economic Development

FINAL Quarter 4 Performance Report

For the period ending 30 June 2019

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

ATEED Q4 summary

Highlights, issues and risks as at the end of Q4

Highlights:

- Nearly 100 international delegates and more than 250 local delegates representing 209 local companies attended **Tripartite 2019** in May, an alliance between Auckland, Los Angeles and Guangzhou.
- Nearly 300 Auckland employers, industry members, education providers and young adults participated in the **ATEED Future Ready Summit** on 26 June in Manukau.
- ATEED hosted another **Viaduct Village Careers Day** on 6 May, in partnership with ASB, Fonterra, Auckland Transport, Datacom, Spark, Microsoft, Air New Zealand and KMPG.
- The **Go with Tourism** campaign was successfully launched on 5 April, attracting 170 employers and more than 700 youth by year-end.
- The **Elemental AKL** winter festival website went live on 29 April, with the festival running from 1-31 July. The programme included 60+ free and ticketed events across the themes of light, food, entertainment, and culture.
- More than 1400 companies were engaged** with by ATEED's Business and Enterprise team during the year, including 79 Māori businesses. The team finished the year with a net promoter score of +77 (target of +50).
- More than 140 innovative businesses (900+ employees) were resident in GridAKL** by the end of Q4.
- The FoodBowl** was successfully transferred to Callaghan Innovation at the end of Q4. ATEED will continue to work with F&B businesses, including FoodBowl clients, on capability building and other initiatives.

Issues/risks:

- There were no significant health and safety issues during the quarter.
- Work continued for AC36, with management of the 'On Water Spectator' areas being the most significant issue.

Financials (\$m)	YTD actual	YTD	Actual vs
Capital delivery	3.1	3.4	-0.3
Direct revenue	17.9	19.1	-1.2
Direct expenditure	66.6	69.0	2.4
Net direct	48.7	49.9	1.2

Financial Commentary

- Capital delivery:** Cost savings related to ATEED's head office move to 167B Victoria Street.
- Direct revenue:** down due to delayed Tāmaki Herenga Waka Festival to FY21 and cancelled 2019 Pasifika Festival.
- Direct expenditure:** Impacted by changes in events and project resourcing.

Key performance indicators (Refer to page 7 for complete list and detailed commentary)	Previous	FY 19 Quarter 4			Commentary
	Quarter	Actual	Target	Status	
KPI1: Contribution to regional GDP from ATEED interventions	No result	\$103m	Benchmark	Met	Result estimates net additional direct regional GDP secured over the year (attributable to ATEED) and does not account for flow-on impacts.
KPI2: Number of businesses that have been through an ATEED programme or benefited from an ATEED intervention	2,642	3303	3000	Met	Measure includes businesses through an ATEED programme or intervention and doesn't capture the wider downstream benefits of each intervention.
KPI3: Number of new jobs created, safeguarded or retained in Auckland as a result of an ATEED intervention	No result	1,280	Benchmark	Met	Jobs created is directly linked to regional GDP (KPI1) and is measured as a direct output of the GDP modelling undertaken by Market Economics. All assumptions are as per KPI1.
KPI4: Number of visitor nights resulting from an ATEED intervention	186,620	295,282	340,000	Not met	Represents the total net impact of major and business events supported by ATEED that occurred within the 2018/19 year. Target for 2018/19 not achieved primarily because of the lack of significant one-off events in the ATEED portfolio over the year.
KPI5: Customer satisfaction of customers, partners and stakeholders who have interacted with ATEED	No result	77%	Benchmark	Met	Customer satisfaction is measured via a survey of customers, partners and stakeholders from across the business. Satisfaction measure is calculated as the percentage of customers who say they are "Extremely satisfied" or "Very satisfied" in response to the question "How satisfied are you with your interaction/s with <business unit>?".

Strategic focus area – Economic Development

Key commentary

For the 12 months to 30 June 2019, total net direct expenditure of \$21.1m was spent on Economic Development against a budget of \$22m (including associated operational support costs and excluding depreciation and divestment).

Highlights:

- More than 1400 companies were engaged with by ATEED's Business and Enterprise team during the year, including 79 Māori businesses. Approximately \$1.87m of NZTE Regional Business Partner Network capability vouchers were issued (\$1.64m redeemed) and \$3.52m of Callaghan Innovation R&D grants were delivered – helping to drive innovation and increase the capability of the region's businesses.
- Nearly 100 international delegates and more than 250 local delegates representing 209 local companies attended Tripartite 2019 in May.
- More than 140 innovative businesses were resident in GridAKL by the end of Q4, employing more than 900 people.
- ATEED hosted another Viaduct Village Careers Day on 6 May, in partnership with ASB, Fonterra, Auckland Transport, Datacom, Spark, Microsoft, Air New Zealand and KMPG. The event was aimed at attracting more Māori and Pacific youth into these organisations. The theme for this year's event was 'The Future of Work'.
- ATEED presented the ON: Futures in Tech at the Techweek19 event on 20 May in partnership with the Young Enterprise Scheme and Niesh, New Zealand's largest student engagement platform. During the event, students and judges selected the winners for the 'ON: Pitch' idea competition.
- More than 250 Auckland employers, industry members, education providers and youth attended the ATEED-delivered Future Ready Summit on 26 June. The [Future Ready Auckland: Driving economic development through technology and transformation](#) insights paper was also released, attracting strong media attention - including a lead story on Radio NZ *Nine to Noon*.
- The FoodBowl was successfully transferred to Callaghan Innovation at the end of Q4 as a result of additional funding allocated to Callaghan Innovation as part of the Government's 2019 Budget. ATEED continues to work with F&B businesses, including FoodBowl clients, on capability building and other initiatives.
- The AR/VR Garage closed at the end of Q4 due to the CRL construction works. ATEED supported AR/VR Garage tenants in securing alternative spaces, creating a virtual network with continued support from ATEED

Issues/risks:

- In collaboration with industry partners, ATEED is managing a number of sensitive issues regarding the pursuit of significant screen productions.

Strategic context

ATEED's economic development activities include business support, business and investment attraction, 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 links, talent and student attraction, and by making the city attractive to international business events and conventions.

Key programme of works

Status

Description

Outlook

Local economic regeneration (incl. Manukau)

On track

Providing guidance to support local initiatives and focusing future activity/investment on enhancing economic outcomes for south and west Auckland, working with Pānuku, Auckland Transport, The Southern Initiative (TSI) and local boards.

In partnership with Tāmaki Regeneration Company (TRC), ATEED developed an Employment Precinct Strategy for the TRC area. The strategy provides a framework for activity in the Tāmaki Employment Precinct over the next 20 years. The strategy has been developed in collaboration with local businesses and landowners, political and other key stakeholders, and the wider Auckland Council family.

Work commenced in May to map the south Auckland socio-economic ecosystem and identify key people in anchor institutions, industry and the community to further develop people and place-based programmes in south Auckland. The ATEED, Pānuku and TSI Manukau team met during the quarter to advance the integrated programme of high impact activity for Manukau and Auckland's south.

Key programme of works	Status	Description	Outlook
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.	An investment case for the green economy programme was approved during the quarter. Three key projects will be delivered under this programme - Sustainable Business Network annual conference sponsorship, NZBiotech partnership, and development of a circular economy innovation lab in partnership with Circularity.
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.	More than 4000 referrals were facilitated by ATEED's business and innovation advisory team, connecting businesses to the ecosystem. This service is highly valued by businesses, with a net promoter score in Auckland of +77 against a target of +50.
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.	617 Auckland Council film permits issued for the 2018/19 financial year. ATEED's screen attraction work resulted in a total value of \$271m deals to Auckland during the year. The screen attraction pipeline, which includes increasing focus on post-production and visual effects deals, shows sustained growth. Another six investment deals worth a total of \$823m were confirmed during the year, with 120 opportunities in the pipeline.

Strategic focus area – Destination

Key commentary

For the 12 months to 30 June 2019, total net direct expenditure of \$27.6m was spent on Destination against a budget of \$27.9m (including associated operational support costs and excluding depreciation and divestment).

Highlights:

- The *Go with Tourism* campaign was successfully launched on 5 April, attracting 170 employers and more than 700 youth by year-end. The *Go with Tourism* Expo, in partnership with New Zealand Careers Expo, saw more than 10,000 people walk through the stand during the three days. The campaign is designed to shift perceptions many young people have about careers in tourism and address the skills gap in the industry.
- ATEED represented Auckland at the Regional Tourism New Zealand and TRENZ trade shows during the quarter. New trade-ready product offerings in the region were presented to Tourism New Zealand, inbound operators and international buyers. ATEED set up the *Auckland Street* at TRENZ, which included 12 Auckland-based tourism operators, eight tour/attraction operators, and three accommodation providers.
- Auckland was host city of Conventions and Incentives New Zealand (CINZ) Meetings 2019. The ATEED team set up *The Auckland Avatar Allstar* experience at the stand, which won 'Best Regional Stand' out of 17 exhibiting regions – receiving significant media attention and increasing Auckland's profile.
- ATEED is working with mana whenua, industry and central government agencies on a comprehensive programme geared to leverage the huge year of events which will take place in Auckland in 2021, including AC36 and APEC21. Governance and operational planning are underway for AC36 and APEC21, with delivery of both events not starting until late 2020.
- Work continued during the quarter on the destination narrative and positioning for Auckland, another key deliverable in *Destination AKL 2025*. Guided by an industry advisory group, the project uses an evidence-based approach to understand what differentiates Auckland in the competitive global market.

Issues/risks

- Cruise infrastructure – ATEED is working closely with the cruise industry to maintain confidence in Auckland as a destination.

Strategic context

The Destination division supports the sustainable growth of Auckland's visitor economy, so that the region is better off economically, socially and environmentally. We work with industry to influence change and to achieve the goals outlined in the Destination AKL 2025 strategy across our tourism, major events, business events and international education activity. 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.

Strategic focus area – Destination (continued)

Key programme of works	Status	Description	Outlook
Major events (incl. AC36)	On track	Driven by Auckland'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.	<i>Elemental Feast</i> went live on 4 June, with 120 restaurants participating in plating up unique festival dishes using ingredients sourced from the Auckland region and inspired by the elements. This was part of <i>Elemental AKL</i> , which ran from 1-31 July, promoting sustainable tourism growth by encouraging visitation more evenly throughout the year, and dispersing visitors across the region.
Tourism	On track	ATEED's Tourism team has two key areas of focus: leading and partnering in destination marketing and advocating or co-ordinating in destination management.	The tourism investment prospectus (developed in Q3) was promoted with potential investors during Q4. This is the first consolidated investment prospectus that ATEED has developed, showcasing the investment opportunities in Auckland's tourism sector. The prospectus is available in English, Japanese and Chinese. The short-break campaign also ran in Q4, targeting the Australian holiday market and driving a significant growth in engagement to aucklandnz.com. A data-led and digitally focused approach led to optimising digital marketing efforts during the campaign, resulting in significant improvements from the first campaign burst to the last one. A five-day flash sale with Flight Centre also ran in June, which was planned to coincide with the <i>Short Breaks</i> campaign.
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)).	A total of 346 opportunities were submitted for the year, with a tourism spend value of \$141.6m, 289,988 delegates and 384,402 visitor nights. From these opportunities, over 100 bids were won over the year that will bring an estimated total visitor spend of \$27.3m and 67,243 visitor nights. Approximately half of these wins involve Australian and other international organisations.
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.	The second session of Talent Solutions' Career Accelerator Programme was held on 17 April at the University of Auckland, with approximately 160 attendees. The Rukuhia Global Leadership Programme, a Māori culture and leadership programme developed by Ngāti Whātua Ōrākei, was delivered for tertiary students in May. The programme aims to provide a unique cultural leadership experience for international students, and also create long-lasting Auckland ambassadors. Feedback collected on the day showed that students felt that the programme was one of the best experiences you could have in New Zealand and that they would share their experience with family and friends.

Other Statement of Intent focus areas

Auckland investment story: Invest AKL

Invest AKL has been identified as a priority project for FY19/20 and a dedicated team to focus solely on the delivery of this project is being assembled.

ATEED's CE has briefed Auckland Council group chief executives on progress so far and upcoming deliverables. A CCO working group will be established to review project progress and shared investment opportunities. This is planned from the end of Q2 FY19/20 onwards (estimated).

The Invest AKL team is working alongside the APEC 2021 team, with a view to embedding sustainability initiatives in the project. Invest AKL is also tracking the New Zealand Infrastructure Commission's plans for investment, to ensure the project runs in parallel without duplication of information.

Sustainability

In the Ōtara-Papatoetoe Local Board area, ATEED worked with the Sustainable Business Network to deliver an introductory environmental sustainability programme for retail businesses. About 66 businesses took part in events that raised awareness of sustainability issues, encouraged more sustainable practices and gave them basic action plans.

The Business Innovation team will develop a programme, CircularityX Lab, to unlock some of the potential \$8.8b in the circular economy.

Local board engagement

ATEED, in partnership with the Ministry of Social Development and the Hibiscus and Bays, Upper Harbour, Puketāpapa, Whau, Henderson-Massey, Mangere-Otahuhu and Otara-Papatoetoe local boards, supported a number of Pop-Up Business Schools in the region. The free two-week intensive, hands-on courses, delivered by Pop-Up Business School Aotearoa, provided participants with essential skills and confidence to start their own business or support those new to running a business.

The Local Economic Development (LED) team engaged with local boards to develop their programme of work that will be delivered using the local board Locally Driven Initiatives (LDI) budget. The programme was reported to and approved by the relevant local boards in June. The team will now implement the LED work programme on behalf of the local boards.

ATEED's six-monthly reports will be submitted to the local boards during August and September. These reports will cover the period 1 January – 30 June 2019.

Contribution towards Māori outcomes

1. Economic Development

- Development of a Te Toa Takitini funding proposal: ATEED prepared a proposal to Te Toa Takitini providing an overview of activities planned for Auckland 2021 which deliver Māori-specific economic outcomes. Final proposals for funding were submitted in July to Te Toa Takitini governance.
- Māori economic profile and Māori strategy alignment: ATEED undertook research on the Māori economic profile of Auckland as part of the continuous review of its Māori economic growth framework, which has been in place for 18 months. It is being refreshed to ensure alignment with ATEED's organisational plan, and to deliver on ATEED's Māori economic development cross-cutting theme.
- Tripartite Economic Summit: The 2019 Tripartite programme included an event delivered in partnership with the Whāriki-Tāmaki Makaurau Business Network to highlight Auckland's Māori screen and tech businesses to the international guests. Of the 209 Auckland companies that attended Tripartite, nine per cent identified as being Māori-owned businesses and 145 Māori business owners and professionals attended the Whāriki Tripartite event.
- Whāriki-Tāmaki Makaurau Business Network: During the 2018/19 year, Whāriki had a net membership growth of 164, making the total number of members 1009 at year-end, with the majority of this growth coming from Māori business owners (132) which now account for 495 members. Seven networking events were delivered during the year. In addition, a co-design process was held with the Whāriki membership, and as a result, the Whāriki Kaitiaki Rōpū (WKR) was formed. The WKR reflects the network's diversity and broad membership. It provides oversight of how the network is to be managed and formulates the future strategic direction of Whāriki.
- ATEED is also supporting Te Haa o Manukau as well as the Tukua programme, targeting Māori entrepreneurs.

2. Organisational effectiveness

- Appointments at ATEED: Two Māori appointments were made (Manager Business Programmes, and Business Advisor Māori Business), further increasing capacity in key areas and enhancing ATEED's capability to deliver Māori economic development activities.
- Māori Responsiveness Plan: ATEED's Māori Responsiveness Plan review is underway, with an intention to deliver the final plan by the end of Q1 of FY 2019/20.
- Māori cultural capability building: During the quarter, about 40 ATEED staff signed up to a six-week series of workshops to learn the ATEED haka that was written by Te Wehi Haka to support the move to ATEED's new head office in December 2018. Increasing the organisation's Māori cultural capability is a priority for ATEED. In addition, there are regular Te Reo courses available for staff, and waiata practises.

ATEED Q4 financials

Direct operating performance

(\$ million)	Notes	FY 18	FY 19 Quarter 4 YTD			FY 20
		Actual	Actual	Budget	Variance	Budget
Net direct expenditure	A	48.6	48.7	49.9	1.2	50.4
Direct revenue	B	14.8	17.9	19.1	-1.2	21.7
Fees & user charges		2.0	0.6	0.6	-	0.6
Operating grants and subsidies		2.5	2.2	1.4	0.8	2.8
Other direct revenue		10.3	15.1	17.1	-2.0	18.3
Direct expenditure	C	63.4	66.6	69.0	2.4	72.1
Employee benefits		21.9	21.5	22.5	1.0	25.0
Grants, contributions & sponsorship		10.2	10.9	9.2	-1.7	9.2
Other direct expenditure		31.3	34.2	37.3	3.1	37.9
Other key operating lines						
AC operating funding		49.1	48.7	49.9	-1.2	50.4
AC capital funding		7.9	3.1	3.4	-0.3	0.2
Vested assets		-	-	-	-	-
Depreciation		2.6	3.1	2.8	-0.3	3.1
Divestment of other assets	D	0.0	1.9	-	-1.9	-
Net interest expense		0.1	-	-	-	-

Financial Commentary

A: Due to delayed timing of activity across the organisation, with focus on some core initiatives that extended, and deferral of the Tāmaki Herenga Waka Festival to 2021.

B: Reduced revenue due to variations in film studio revenue (fees and outgoings) with building up production activity, delayed Tāmaki Herenga Waka Festival to FY21, and cancelled 2019 Pasifika Festival. Government funding received for the 2017/18 Volvo Ocean Race following confirmation of the final milestone.

C: Decrease in staff costs relates to timing of recruitment to support a new ATEED business structure in the Economic Development business (rolled out in September 2019) and various unfilled positions. Underspend due to savings against spend on the film studios together with cancelled 2019 Pasifika and deferred Tāmaki Herenga Waka Festival.

D: Divestment of shareholding in NZFIA (The FoodBowl) to facility's original funder Callaghan Innovation.

ATEED Q4 performance measures

Key performance indicators	Previous Quarter	FY 19 Quarter 4			Commentary
		Actual	Target	Status	
Note: ATEED has a total of 4 LTP measures among 7 SOI measures. For the 12 months to 30 June 2019, 5 have been met and 2 have not been met.					
KPI1: Contribution to regional GDP from ATEED interventions	No result	\$103m	Benchmark	Met	Interventions measured are the attraction and support of major events, business events, screen production activity, other business and investment attraction and GridAKL. The measure estimates net additional direct regional GDP secured over the year - attributable to ATEED and does not account for flow-on impacts (indirect and induced GDP). This is considered a conservative approach.
Contributory measure: Contribution to regional GDP from major and business events attracted or supported (LTP measure)	\$23m	\$43.9m	\$49m	Not met	Measure represents the total net impact of major and business events delivered and/or attracted and/or supported by ATEED that occurred over FY 2018/19. Target has not been achieved primarily due to the lack of significant one-off events in the ATEED portfolio over the year (previous examples include Volvo Ocean Race, and World Masters Games 2017). The unavailability of the Viaduct Events Centre, the exclusion of Auckland franchises from the ATEED event portfolio and the cancellation of the 2019 Pasifika and Tāmaki Herenga Waka Festivals have also had a minor impact on results.
KPI2: Number of businesses that have been through an ATEED programme or benefited from an ATEED intervention (LTP measure)	2,642	3303	3000	Met	This measure includes only businesses that went through an ATEED programme or intervention and doesn't capture the wider downstream benefits of each intervention. It excludes individuals or entrepreneurs, and businesses involved in multiple interventions / programmes are only counted once. This year's result exceeds the target but is slightly down compared to last year.
Contributory measure: Number of Māori businesses that have been through an ATEED programme or benefitted from an ATEED intervention (LTP measure)	147	244	120	Met	Businesses include those that have benefitted from Māori tourism product development work, RBP programme and the Whāriki Māori Business Network activity. This year's result has increased compared to last year, primarily due to an increase in the number of Māori businesses involved in the Whariki Māori Business Network.
KPI3: Number of new jobs created, safeguarded or retained in Auckland as a result of an ATEED intervention	No result	1,280	Benchmark	Met	Jobs created is directly linked to regional GDP (KPI1) and is measured as a direct output of the GDP modelling undertaken by Market Economics. All assumptions are as per KPI1.
KPI4: Number of visitor nights resulting from an ATEED intervention (LTP measure)	186,620	295,282	340,000	Not met	Visitor nights resulting from an ATEED intervention represents the total net impact of major and business events supported by ATEED that occurred within the 2018/19 year. The target for 2018/19 has not been achieved primarily because of the lack of significant one-off events in the ATEED portfolio over the year. The unavailability of the Viaduct Events Centre, the exclusion of Auckland franchises from the ATEED event portfolio and the cancellation of the 2019 Pasifika and Tāmaki Herenga Waka Festivals have also had a minor impact on results.
KPI5: Customer satisfaction of customers, partners and stakeholders who have interacted with ATEED	No result	77%	Benchmark	Met	During the 2018/19 year, ATEED worked with Nielson to establish a Voice of the Customer programme. Customer satisfaction is measured via a survey of customers, partners and stakeholders from across the business. The benchmark is based on 141 responses to online surveying undertaken over December/January 2018/19 and again in June 2019. The customer satisfaction measure is calculated as the percentage of customers who say they are "Extremely satisfied" or "Very satisfied" in response to the question "How satisfied are you with your interaction/s with <business unit>?".

