Auckland Tourism, Events and Economic Development Ltd
Board meeting

OPEN AGENDA

Will be held as follows:

DATE: 31 July 2015
TIME: 12.00 noon start
VENUE: The Gulf Boardroom, Level 8, 139 Quay St, Auckland

Board members:
Chair       David McConnell
Deputy Chair Norm Thompson
Director    Franceska Banga
Director    Richard Jeffery
Director    Danny Chan
Director    Helen Robinson

Attendees
CEO         Brett O’Riley
Company Secretary Libby Nuth
Board Intern  Daniel Mussett
Others TBC

1
1. **APologiES**
   
   No apologies have been received.

2. **MiNUTES OF 26 JUNE 2015 AND OPEN ACTION TRACKER**
   
   Brett O’Riley, Chief Executive……………………………………………………………….4 - 8

3. **REGiSTER OF DIRECTORS’ INTERESTS & DECLARATION OF CONFLICT OF iNTEREST**
   
   Brett O’Riley, Chief Executive……………………………………………………………9 - 15

4. **CHIEF EXECUTIVE’S ACTIVITY REPORT**
   
   Brett O’Riley, Chief Executive…………………………………………………………16 - 24

5. **FiNANCE REPORT**
   
   Barbara Imlach, Chief Financial Officer…………………………………………………25 - 32
1. **APOLOGIES**
   No apologies have been received.
2. MINUTES OF 26 JUNE 2015 AND OPEN ACTION TRACKER
   Brett O’Riley, Chief Executive
BOARD MINUTES

What: Minutes of a Meeting of Board of Directors of Auckland Tourism Events and Economic Development Limited

Where: Gulf Boardroom, ATEED Central Office, Level 8, 139 Quay Street

When: Friday, 26 June 2015 at 12.35pm

Directors: David McConnell
Norm Thompson
Franceska Banga
Danny Chan

In Attendance: Brett O'Riley (Chief Executive)
Martin Fairweather (General Manager - Strategy)
Steve Armitage (General Manager – External Relations) Item 5
James Robinson (Manager Operational Strategy and Planning) Item 5
Laura Fayerman (Executive Manager)
Libby Nuth (Company Secretary)

Apologies: Richard Jeffery
Helen Robinson

Public & Media Attendance: N/A

Background

A. David McConnell was appointed as Chairperson for the meeting.

B. It was noted that the quorum (12.9 of the Constitution) is a majority of the directors and there currently being 6 directors, a quorum of directors was present. It was noted that each director had been given proper notice of the meeting.

Meeting Business

1. Apologies

No apologies were received.

2. Public Meeting under Section 96 of the Local Government (Auckland Council) Act 2009

The Chair advised that at this meeting the Board would consider Shareholder feedback on ATEED’s draft Statement of Intent for 2015-18 and that members of the public were entitled to attend and address the Board in relation to this. The Board noted that there had been no registrations for the meeting and there were no members of the public in attendance.
3. Minutes of Previous Meetings and Open Action Tracker

The draft minutes of the meeting held on 5 May 2015 and the Open Action Tracker were discussed. The action regarding a briefing for the Mayor on cruise was discussed. The Board noted the work underway with the Central City Integration Group and were advised that an invitation would be extended to the Mayor to join an ATEED Board meeting. (ACTION)

Following the conclusion of discussions, the Board resolved that the minute of the ATEED meeting held on 5 May 2015 be confirmed as a true and correct record.

4. Register of Directors’ Interests and Conflicts of Interests Declaration

Norm Thompson advised he was a member of the New Zealand Golf Open 2016 Committee. Danny Chan advised he had been appointed as a director of Simtics Limited.

The Chief Executive noted that he was not aware of any ATEED Management or Officers having any undeclared Conflicts of Interests in relation to any ATEED activities and/or events.

5. Chief Executive Review of June 2015

The Report was taken as read.

Following the conclusion of discussions, the Board resolved to receive the Chief Executive Review of June 2015.

6. ATEED 2015-18 Statement of Intent

James Robinson spoke to the paper which was taken as read. The draft Statement of Intent (SOI) was discussed and the key points were as follows:

- For future SOIs the performance measure for building a culture of innovation and entrepreneurship should specify the number of innovation-led businesses with a target in place for this.
- A definition of the term “smart money” and further information about “Whai Rawa” and “Te Toa Takitini” should be provided.
- Auckland International Airport Limited should be included in the “Partnering for Growth” section.
- The interrelationship between “smart money”, “high value jobs” and “growing a skilled workforce” should be considered.
- Bullet point 5 on page 33 should be refined so that it relates to just one sector with the more detailed points to appear at a later point in the SOI.

Following the conclusion of discussions, the Board resolved, subject to inclusion of the comments from the Board, to approve the Statement of Intent as ATEED’s final 2015-18 SOI for submission to Council.


The report was taken as read.

Following the conclusion of discussions, the Board resolved to note the Finance Report for the period 31 May 2015.
8. Closing the Meeting to the Public

It was resolved to exclude the public from the remainder of the meeting in accordance with paragraph 12.3 of the Company’s constitution.

Resolutions in relation to the discussions around confidential items are recorded in the confidential section of these minutes and are not publicly available.

The Chairperson noted the open part of the meeting concluded at 12.55am.

**SIGNED** by the Chairperson as an accurate record of the open part of the meeting:

Chairman

Date
## Open Board Action Tracker

<table>
<thead>
<tr>
<th>Action</th>
<th>Result of Action</th>
<th>Status of Action</th>
<th>Target Date</th>
<th>Responsibility</th>
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<tbody>
<tr>
<td><strong>5 May 2015 Meeting</strong></td>
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<tr>
<td>CE Report: Health and Safety – reported incidents covered ATEED's offices only (not events) and were workplace injuries. The Health, Safety &amp; Remuneration Committee would monitor the reported health and safety incidents and near misses.</td>
<td>To be monitored by the Health, Safety and Remuneration Committee</td>
<td>In progress</td>
<td>Health, Safety &amp; Remuneration Committee meeting – October 2015</td>
<td>Brett O'Riley / Barbara Imlach</td>
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<tr>
<td>Finance Report: Provide a full list of sponsors to the Major and Business Events Committee.</td>
<td>In progress</td>
<td>In progress</td>
<td>Major and Business Events Committee Meeting - August 2015</td>
<td>Barbara Imlach</td>
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<td><strong>26 June 2015 Meeting</strong></td>
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<td>The Board noted the work underway with the Central City Integration Group and were advised that an invitation would be extended to the Mayor to join an ATEED Board meeting.</td>
<td>In progress</td>
<td>In progress</td>
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<td>Brett O'Riley / Steve Armitage</td>
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3. REGISTER OF DIRECTORS’ INTERESTS & DECLARATION OF CONFLICT OF INTEREST

Brett O’Riley, Chief Executive
<table>
<thead>
<tr>
<th>Director</th>
<th>Interests and Conflicts</th>
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<tr>
<td>David McConnell</td>
<td>Managing Director, McConnell Group</td>
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<td>Deputy Chair, Committee for Auckland</td>
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<td>Board Member, University of Auckland’s Business School Advisory Board-</td>
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<td>Director, Addison Retirement Village Limited</td>
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<td>Director, Anselmi Ridge Limited</td>
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<td>Director, Arnot Investments Limited</td>
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<td>Director, BPB Plasterboard Limited</td>
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<td>Director, Element NZ limited</td>
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<td>Director, Hawkins Construction North Island Group Limited</td>
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<td>Hawkins Construction South Island Limited</td>
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<td>McConnell Funds Management Limited</td>
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<td>MTC Land Investments Limited</td>
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<td>Pancho Hawkins Phillippines Inc.</td>
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<td>Pomander Holdings Limited</td>
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<td>Projects (M.I.L.) Limited</td>
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<td>Shelf Company 2012A Limited</td>
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<td>Spiral Welded Pipes Limited</td>
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<td>Steelpipe Limited</td>
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<td>The Shooting Box Limited</td>
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<td>Titanium Park Development Limited</td>
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<td>Director</td>
<td>Wilkins &amp; Davies Limited</td>
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<td>Director</td>
<td>Roles &amp; Responsibilities outside of ATEED</td>
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| Norman Thompson | · Director, Dot.Kiwi Limited  
· Director, Golf Tourism New Zealand (GTNZ)  
· Director, Queenstown Airport Corporation Limited  
· Director, Tourism New Zealand Board  
· Chartered Fellow of Institute of Directors  
· Trustee, Young Enterprise Scheme (YES)  
· Member, New Zealand Golf Open 2016 Committee |
| Francesca Banga | · Chief Executive, NZ Venture Investment Fund Limited  
· Director, Constellation Capital  
· Director, Halo Fund No. 1 Limited (non-operating company)  
· Director, Halo Fund Investment Management Limited (non-operating company)  
· Director, 82 Above Limited (non-operating company)  
· Director, Frogparking Limited |
| Richard Jeffery | • Trustee, Fred Hollows Foundation  
• Trustee, Peka Peka Trust (Family Trust) Investments in:  
  - Pohutukawa Fund, Maui Capital Indigo Fund  
  - 82 Limited Partnership and Advisory Board member  
• Shareholder (1%) – Business Growth Limited (Holds shares in Xero)  
• Shareholder – the Breakthrough Co. Limited (Family business)  
• Shareholder – National Business Coaching Limited  
• Member, Institute of Directors NZ Inc.  
• Observer – Fisher & Paykel Healthcare Corporation (IoD Future Directors Initiative)  
Party to a Deed of Indemnity and Undertaking between the Director and the Company and an insured party under a Directors and Officers Liability Insurance Policy and a Defence Costs Insurance Policy arranged and funded by the Company |

| Danny Chan | • Director and Shareholder, A1 Flower Wholesalers Limited  
• Director and Shareholder, Academic Colleges Group Limited and subsidiaries as follows:  
  - Australian International Schools Limited (BVI)  
  - New Zealand International College Limited  
  - ACG New Zealand International College Jakarta Limited  
  - ACG Australian International Education Services Company Limited  
  - New Zealand Management Academies Limited |

**Director Roles & Responsibilities outside of ATEED**
ACG Yoobee School of Design Limited
Yoobee Pty Limited (Australia)
New Zealand Career College Limited
NZ Nannies Plus Limited
ACG Norton College Limited
ACG NZIC Limited
ACG English School Limited
ACG Parnell College Limited
ACG Senior College Limited
ACG Strathallan Limited
ACG Tauranga Limited
ACG Sunderland Limited
ACG Property Holdings (NZ) Limited
ACG Property 345 Queen Street Limited
ACG Parnell College Property Limited
ACG Senior College Property Limited
ACG Strathallan College Property Ltd
ACG Education Services Limited
ACG Tauranga Property Limited
Education Investments Group Limited
Sunderland School Property Limited
ACG Early Childhood Education Group Limited

- Director and Shareholder, Alpha Asset Management Limited
- Director and Shareholder, ARN Investments Limited
- Director and Shareholder, Danting Investments Limited
- Director and Shareholder, Education Investment Limited
- Director and Shareholder, Flowerzone International Limited and subsidiaries
- Director and Shareholder, Green Cut Limited
- Director and Shareholder, Griff Trading Limited
- Director and Shareholder, Lady White Snake Film Limited
- Director and Shareholder, Orient Group Limited and subsidiaries
- Director and Shareholder, Orpac International Limited
- Director and Shareholder, Planit Products NZ Limited
- Director and Shareholder, Rhino Security Limited and subsidiaries
- Director and Shareholder, Sharp Multi-Media Limited
<table>
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<th>Helen Robinson</th>
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| · Chair, CLOUD M Ltd
· Chair, Mondiale Technologies Ltd
· Chair, Organic Intimates Ltd
· Chair, The Network for Learning Ltd (N4L)
· Chair, Valens Group
· Director, KND Investments Ltd
· Director, Penguin Consulting Ltd
· Co-Op Member, NZ Rugby Union, Board Strategic Relations & Planning Committee
· Trustee, Aktive Auckland Sport & Recreation
· Trustee, Open Polytechnic NZ
· Trustee, Robinson Family Trust |

Party to a Deed of Indemnity and Undertaking between the Director and the Company and an insured party under a Directors and Officers Liability Insurance Policy and a Defence Costs Insurance Policy arranged and funded by the Company
4. **CHIEF EXECUTIVE’S ACTIVITY REPORT**
Brett O’Riley, Chief Executive
Health & Safety

We have completed our review of major events, noting H&S commitments and responsibilities. This will be used as a basis for an external party to “audit” the H&S of these events with the objective of ensuring all H&S risks have been identified and there are clear roles and responsibilities between the parties to ensure they are all addressed; as well as an on-site review to check. We are also reviewing our current contracts and ensuring future contracts cover the right to audit and investigate H&S plans and capability of our event partners or organisers.

June fire at Quay Street

Council have completed their investigation into the serious harm incident regarding carbon monoxide poisoning. Oravida have since removed the cause of the fire, and followed up particular points noted by the fire department. A new BWOF has been issued. There are a number of other issues identified and we are requesting the landlord provide us with their plan to rectify these. It was noted that one of the evacuees had not completed their H&S training. Training of staff has been a priority and there are now only two outstanding. A copy of Council’s report has been logged in the drop box for further reference.

Health & Safety Scorecard update

Zero incidents were reported in June, and all incidents reported have been closed.

One near miss relating to folders being stacked on top of cupboards. These have now been removed. This will be followed up by proactive monitoring of each area to ensure tops of cupboards aren’t used as dumping grounds for old materials, as well as a companywide clean up, including offsite filing.

Hazards: No hazards were reported

Training: We have two staff who have not received H&S training. (3 o/s at end of June, 1 since completed)

ATEED Strategic Priorities

As part of the recently completed Annual Business Planning process, the ATEED Senior Management Team, working with ALT has defined the ATEED Strategic Priorities for the next year. These are defined as outward facing priorities for the business over the next 12 months and replace last year’s ‘Big rocks’. These will be reviewed quarterly by SMT and progress reported to the board on a regular basis. Strategic Priorities for the next 12 months are:

- Global Auckland
- Maori Signature Festival
- Tripartite Alliance
- Visitor infrastructure (hotels, light rail, cruise etc.)
- Screen infrastructure (Hobsonville)
- Business attraction and investment
- Talent attraction
- Innovation ecosystem (Grid AKL, innovation event etc.)

The Board’s feedback on the appropriateness of these priorities is welcomed.

**Development of the Global Auckland Brand**

While the Discovery Phase officially ended on 30th June, additional interviews are being conducted up to 31st July to engage with segments not previously interviewed in the first wave.

In summary, the Discovery Phase has engaged with over 80 stakeholders via interviews or briefings to date. Additionally, focus groups have also been conducted with some key influencers – Fathers of Advertising, Actors, Artists and Restauranteurs. ATEED staff have also been engaged via workshops asking them what Auckland means to them. The project has also engaged wider Auckland via the “Love Auckland” campaign (#loveakl). The campaign has reached over 1 million people across social platforms, and had 48,997 engagements.

**Maori Signature Festival**

Following the endorsement of the business case by Major and Business Events Sub-Committee, the progress on the project has been good, with objectives signed off by the Project Steering Group, and a second Mana Whenua hui held on 16 July with a constructive response to proposals and an overall positive result.

**Tripartite Alliance**

This is covered in a separate report but was an outstanding success, with measurable results for the participating companies and for ATEED.

**Visitor Infrastructure**

*Cruise*

The Cruise NZ conference is being held in Auckland on July 31 with guest speakers from around Australia, US and Asia. One of the key themes to be discussed is infrastructure development and as a result of ATEEDs recent trip to Asia, we have secured Jeff Bent, Managing Director of Worldwide Cruise Terminals on Kai Tak cruise terminal (Hong Kong’s new cruise terminal), to speak at the conference. Ovation of the Seas has confirmed two visits to Auckland next season. ATEED continues to be involved in the Central Wharves and Central City Integration Group meetings.

*Accommodation*

ATEED is working with NZTE in Australia to pull together a national picture for hotel investment and will attend a series of meetings with hotel investors in Sydney on August 6 with representatives from Wellington and Christchurch. In conjunction with the Auckland Investment Office we are pulling together a presentation to tell the Auckland hotel investment story. The new Ramada branded business hotel on the corner of Mayoral Drive and Cook Street is on track for opening in October. Early works have commenced on the Ritz Carlton project on the Elliott, Victoria and Albert Street site.
Screen Infrastructure

The Auckland Development Committee voted 18-2 to allow ATEED until 31 October to bring a private sector deal before the committee for a film studio campus, now referred to as a Screen and Innovation Production Precinct (SIPP). The strategy of establishing an aggressive time-line and deadline was discussed and agreed with the Chairman, as a way of getting Council approval and expediting an industry outcome.

ATEED had originally proposed, through KPMG, that investors consider a BOOT structure in contemplating an investment in the SIPP. This was because a BOOT structure involves a demonstrable transfer of value to Council at the end of the investment period, so as to constitute a quantifiable commercial return comparable with other commercial return options that ACPL demanded in respect of the land.

The Development Committee, however, has now determined investment proposals can involve any arrangement in respect of the land including lease or outright purchase for the purpose of securing screen infrastructure. ATEED proposed that the assessment of proposals be undertaken by Council’s AIO where an independent assessment of what constitutes an acceptable commercial return can be employed. ATEED’s contribution will be to ensure a timely process eventuates and is communicated to market participants (particularly those registered through the KPMG Market Validation Exercise) so they can engage with Council/AIO. ATEED will also continue to drive demand for the SIPP from international and local production companies, from the game development sector, and from tertiary education providers.

AIO and Council have already agreed on a procurement process, and will communicate this and the proposed “next steps’ to the market by the end of July.

Business Attraction

Following sign off by the ATEED Board of the refreshed Business Attraction & Investment Strategy, the focus has been on the confirmation of budget and resourcing requirements and the development and commencement of a work programme for 2015/16.

In addition the team has been focused on confirming the current pipeline of qualified leads, ensuring these opportunities are actively managed and internally tracked and reported.

Talent Attraction

A draft ATEED Talent Attraction Framework is finalized and will be presented to the Board as part of the main Agenda.

A shared 2015/16 work programme has been agreed between ATEED and Immigration NZ (INZ) under the economic strand of the Auckland Regional Partnership Agreement, with a focus around smart collaboration and knowledge sharing, skilled migrants/key sectors, international education students, and migrant investment.

In addition, the Auckland WORK URL - http://www.aucklandnz.com/business/work is live, including an Auckland jobs widget.

Growing Auckland’s Innovation Ecosystem

GridAKL

GridAKL is tracking well against all programme expectations and milestones. This includes a number of recent developments that lay the foundations for acceleration of the overall programme. Notable highlights include:
• Demand for co-working space within the Hub (Polperro) exceeds capacity (currently 15 businesses in residence), establishing a strong pipeline of tenants for the Lysaght building and the Innovation 5A building, and also strengthening the GridAKL expansion proposals.

• Negotiations with Waterfront Auckland have been finalised regarding an early exit of the Polperro building and the transfer of operations to the Lysaght building.

• Pursuant to the Board’s earlier request, the Governing Body’s approval of the amended Lysaght Deed of Lease will be sought at the Finance & Performance Committee meeting on 23 July.

• Operator requirements are currently being confirmed to establish a tech/community café within the Lysaght building. The process to procure a café operator will commence shortly.

• The detailed design process for Lysaght is currently being fast tracked to enable main contractor pricing. The fit-out works will commence on 26 August with completion currently scheduled for 17 December. Discussions are progressing with Huawei on integrating their technologies into the building.

**GridEx (GridAKL expansion programme)**

This programme aims to facilitate the development of latent innovation hubs, or dense geographic clusters of innovation activity, across Auckland. The initial objectives include developing the engagement rationale, eligibility criteria for proposed innovation hubs and ATEED’s value proposition and a programme evaluation plan. Interest is high and ATEED has already fielded multiple enquiries from proposed hubs. A final pillar of the programme is the development and activation of GridAKL to support expansion of Auckland’s innovation network.

**FoodBowl**

An updated FoodBowl Business Plan for 2015/16 has been received by ATEED and Callaghan Innovation. Callaghan has approved the Plan, subject to potential amendments following a review currently underway by MBIE, due for completion by 30 September 2015. ATEED is participating in the review and has contributed to the Terms of Reference based on feedback from the ATEED Board. Key areas of focus for the review will include data collection and measurement of economic impact. Other highlights include:

- ATEED and FoodBowl ran 13 workshops under the NZTE Capability voucher scheme with 152 people attending.
- Development of the FoodPortal, a comprehensive on-line directory covering Auckland’s entire F&B industry, is progressing well. The initiative is a collaboration between ATEED and Callaghan Innovation, with plans to showcase the product at the 2015 Auckland FoodShow.

**Tertiary Student Entrepreneurship**

The tertiary student entrepreneurship programme has two primary objectives; 1) increase the number and calibre of student entrepreneurs across Auckland’s tertiary sector, and 2) establish pathways for student to develop their business ideas, including linkages with the wider innovation ecosystem.

The initiative aims for a collaborative, sector-led approach to the expansion of successful existing student entrepreneurship programmes, such as the University of Auckland’s (UoA) Spark Entrepreneurship competition, or the creation of new programmes that grow Auckland’s pool of future entrepreneurs. Several tertiaries have expressed a willingness to explore opportunities for a pan-Auckland approach to student entrepreneurship. In addition, ATEED is supporting a feasibility study involving a consortium of tertiary institutions, led by the UoA business school, for a proposed business incubator or ‘hatchery’. The initiative aims to provide a springboard for the development of early stage business ideas by teams of entrepreneurs from across Auckland’s tertiary sector. The feasibility study is due for completion in October.

**Auckland Innovation Events**

The Innovation Events Programme will leverage events to develop Auckland’s reputation as an innovation hub whilst authentically delivering on that promise. The initiative will deliver solutions to improve coordination
and collaboration between event organisers, increase the visibility of innovation events and develop signature events that will enhance Auckland’s culture and reputation nationally and internationally. Increased visibility of events and targeted attraction of industry specific events is expected to increase participation in the innovation ecosystem and better connect individuals to enable business growth.

Innovation Measurement
Work is underway to deliver an innovation measurement framework for innovation in the region. The framework will: 1) present a coordinated overview of the performance and impact of ATEED Innovation & Entrepreneurship interventions, 2) monitor the progress of key related innovation ecosystem activity across Auckland, and 3) benchmark Auckland’s innovation performance internationally.

July in Perspective

Awards
The Volvo Ocean Race Auckland Stopover was named ‘Best New Zealand Hosted Major Event’, and the Dick Smith NRL Auckland Nines was a joint winner of ‘Best New Zealand Owned Major Event’ at the annual New Zealand Association of Event Professionals Awards held on July 22.

Auckland’s event industry talent was also recognised with Dick Smith NRL Auckland Nines General Manager Trina Tamati winning ‘Best Event Professional’, and a ‘Lifetime Achievement Award’ for headland Sculpture on the Gulf Project Director Rae Finlay. Another Auckland event, the Partners Life DUAL Motutapu-Rangitoto Traverse won ‘Best Partnership for an Event’, the Auckland Lantern Festival was a finalist in the ‘Best Established Regional Event’ and the ASB/Auckland Council 175th Auckland Anniversary Event was a finalist for ‘Best One Off Event’.

ATEED also received a Highly Commended in the Fulton Hogan Excellence Award for Community Impact at the Local Government New Zealand Awards for its work on the Lantern Festival.

Lions Tour 2017

It has been confirmed that Auckland will host three matches during the 2017 British & Irish Lions Series, including two Tests, adding to the bumper year Auckland will have as the host of the 2017 World Masters Games. The All Blacks will meet the British & Irish Lions at Eden Park on 24 June and 8 July 2017. The Lions will also play the Blues at Eden Park on 7 June 2017. In addition to the Lions matches, Auckland has also been confirmed as the host city of three additional All Blacks Tests. In 2016 the All Blacks will play Wales and Australia, and in 2017 take on South Africa.

Major Events Sponsorship

On July 8, the ATEED Major Events sponsorship window for 2016/17 opened. On behalf of Auckland Council, ATEED is calling for applications from New Zealand and off-shore for multi-year and one-off events from the 2016/17 financial year onwards. The annual sponsorship window has opened earlier this year, and for a longer period, to allow potential applicants more time to submit their proposals for consideration. The application criteria, evaluation and decision-making process, and approximate funding levels have not changed.

Pasifika 2016

Auckland Council’s Arts, Culture and Events Committee has endorsed ATEED’s recommendation that the Pasifika Festival return to Western Springs Park in 2016. The 2015 festival was moved from Western Springs Park to Hayman Park at short notice, due to Western Springs Park being in the Queensland fruit fly exclusion zone established by the Ministry of Primary Industries.
ATEED’s recommendation for the festival to return to Western Springs Park was based on feedback from the Pacific Island community via the Pacific People’s Advisory Panel and the Pasifika Village Coordinators, which highlighted Western Springs as providing better exposure of Pasifika culture to a wider audience, better site layout and better stall sales.*

ATEED remains in ongoing contact with the Pacific Island community via the Pacific People’s Advisory Panel, the Pasifika Village Coordinators, and Fa’anana Efeso Collins regarding the ongoing development and long-term future of the Pasifika festival.

Screen

Auckland’s screen industry received significant global recognition with the US release of the first trailer for the 10-part television series The Shannara Chronicles, which is now in post-production after finishing filming in Auckland last month. The trailer was revealed at the hugely influential Comic-Con International event in San Diego, California by its producers – MTV and Sonar Entertainment. It has already received world-wide media coverage and gone viral among the Shannara series’ huge fan base with more than 420,000 YouTube watches within hours of its release.

Two other major international television productions underway in Auckland – Power Rangers Dino Charge, and Ash vs Evil Dead – also headlined at the annual three-day convention which attracted more than 130,000 fans and media coverage from across the world. The Screen Auckland team at ATEED played a significant part in bringing The Shannara Chronicles to the region, and helped the production to make the most of both the Auckland Film Studios and the region’s unique locations.

The Food Show

The Food Show, New Zealand’s national food and wine event, returns to Auckland from 30 July-2 August, with ATEED once again running the ‘Auckland on the Menu’ pop up space to support emerging Auckland food and beverage businesses.

In 2012, ATEED launched the ‘Auckland on the Menu’ brand and exhibition space with a farmer’s market look and feel to reflect food and beverage businesses we work with. Visitors to Auckland on the Menu this year will find out how food can introduce you to a healthier way of living, with a focus on gluten free and paleo products, and foods that feed the body and soul during times of stress such as during and after exercise. ATEED has 26 businesses involved this year, including producers like Poppy and Olive nut butters, The Gluten Free Store, Clean Paleo, Kokako Organic Coffee Roasters and Naaz Curry pastes.

A significant number of businesses on the stand have been supported by ATEED through the Regional Business Partner programme supported by New Zealand Trade and Enterprise (NZTE)

Progress towards delivery of ATEED’s KPIs

ATEED is in the process of finalising its Annual Report with Audit NZ in which we will report performance against our 27 SOI KPIs for the year ending June 2015. In summary, of the 27 KPIs:

- 19 were ‘achieved’
- 2 were ‘substantially achieved’
- 1 was ‘progressing’
- 4 were ‘not achieved’
- 1 has ‘no result’

The four which were not achieved were:

- Total value of Callaghan Innovation R&D grants through Regional Business Partner Programme
- Number of intensively account managed customers in ATEED Aftercare programme
• Number of ‘live’ signatories to the Youth Employment Traction Hub Employers Pledge
• Overall visitor satisfaction (all visitors) with the experience in Auckland (as measured through the Visitor Insights Programme)

In addition one KPI was not achieved but had improved from last year:
• Number of businesses taking up tenancy at GridAKL (Wynyard Innovation Precinct) (cumulative)

**Burning Issues**

**Regional Business Partner (RBP) programme**

The RFP for the Regional Business Partner Programme has been received from MBIE and a working group has been set up to develop our response. The deadline for our proposal is 28 August.

**Local Economic Development**

Since last month’s update, a memo from Auckland Council has been sent to all Local Board members regarding the movement of the Local Economic Development (LED) function (and staff) from Auckland Council to ATEED. ATEED has also followed this up with some messaging acknowledging the move and reinforcing our willingness to work with Local Boards in this space in the future.

The Chief Executive and Auckland Council’s General Manager of Plans and Places attended a Local Board Chairs Forum on July 27 to further discuss these changes.

**Looking Forward**

A portfolio of upcoming events/activities for 2015 is provided for the Board’s information:

<table>
<thead>
<tr>
<th>Scheduled event date</th>
<th>Event name</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>6 August</td>
<td>NZTech/INZ/ATEED Seminars</td>
<td>GridAKL, Wynyard Qtr</td>
</tr>
<tr>
<td>7 August</td>
<td>Job Fest</td>
<td>QBE Stadium, Albany</td>
</tr>
<tr>
<td>8 August</td>
<td>Lion Foundation Young Enterprise Scheme</td>
<td>ASB Showgrounds</td>
</tr>
<tr>
<td></td>
<td>Trade Fair</td>
<td></td>
</tr>
<tr>
<td>15 August</td>
<td>Bledisloe Cup; All Blacks vs Australia</td>
<td>Eden Park</td>
</tr>
<tr>
<td>24-30 August</td>
<td>New Zealand Fashion Week</td>
<td>ANZ Viaduct Events Centre</td>
</tr>
<tr>
<td>24-27 September</td>
<td>Auckland on the Water Boat Show</td>
<td>Viaduct Harbour</td>
</tr>
<tr>
<td>29 September</td>
<td>EY Youth Employer Pledge signing</td>
<td>EY, Britomart</td>
</tr>
<tr>
<td>17-18 October</td>
<td>Auckland Diwali Festival</td>
<td>Auckland CBD</td>
</tr>
<tr>
<td>21-29 October</td>
<td>Young Enterprise Scheme Awards</td>
<td>Various</td>
</tr>
<tr>
<td>1 November</td>
<td>Auckland Marathon</td>
<td>Various</td>
</tr>
<tr>
<td>5-8 November</td>
<td>Taste of Auckland</td>
<td>Western Springs</td>
</tr>
<tr>
<td>6-8 November</td>
<td>ITM 500 Auckland V8 Supercars</td>
<td>Pukekohe Park Raceway</td>
</tr>
</tbody>
</table>
Finance

A big focus over the past few months has been to ensure we maximise our current year funding. As a result of moving funding between business units to take advantage of opportunities where we could bring forward activities, as well as utilising the flexibility provided by our major events fund, we were successful in achieving actual spend aligned to approved funding.

The implementation of new reporting standards, effective 1 July 2014, has meant we have had to recognise all of the WMG partner sponsorship revenue at the start of the contract. We have restated our annual accounts to show this as 2014 revenue, and for these management accounts (and Council reporting) we have recognised the remaining 2015 and future revenue in this 2015 current year results.

A focus going into the new financial year will be to manage our staff costs in line with the LTP. There are plans in place to achieve this for the FY16 year, however we will need to refresh this as part of next year’s annual plan. Management are working through the risks associated with moving discretionary funds into fixed staff costs, especially in light of the current cost saving environment across Council and the CCO’s.

Risk

We have recently undertaken a series of sessions across the organisation – Risk Management Made Simple. The key focus was around changing the current culture to see risk in a positive light – maximising opportunities and reducing threats so activity being undertaken can be more successful. We will use feedback from these sessions to help gauge the level of risk maturity across the business, so our risk improvement plan can be appropriately actioned.

Recommendations

1. The report be received.

Signatory

Chief Executive: Brett O’Riley
5. **FINANCE REPORT**
   Barbara Imlach, Chief Financial Officer
Finance Report, June 2015

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

**Summary Income Statement**

**TABLE 1**

For the Period Ended 30 June 2015

<table>
<thead>
<tr>
<th></th>
<th>Actual</th>
<th>Latest Forecast</th>
<th>Variance (u)/f</th>
<th>Budget</th>
<th>Variance (u)/f</th>
<th>Last Year</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net operational expenses:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Business Attraction &amp; Investment</td>
<td>3,282</td>
<td>3,507</td>
<td>224</td>
<td>3,664</td>
<td>382</td>
<td>3,227</td>
</tr>
<tr>
<td>Destination &amp; Marketing</td>
<td>10,380</td>
<td>10,203</td>
<td>(176)</td>
<td>9,681</td>
<td>(698)</td>
<td>8,980</td>
</tr>
<tr>
<td>Major Events</td>
<td>15,992</td>
<td>15,300</td>
<td>(693)</td>
<td>15,850</td>
<td>(142)</td>
<td>14,592</td>
</tr>
<tr>
<td>Economic Growth</td>
<td>7,969</td>
<td>8,017</td>
<td>48</td>
<td>8,535</td>
<td>566</td>
<td>6,807</td>
</tr>
<tr>
<td>iSites</td>
<td>887</td>
<td>863</td>
<td>(24)</td>
<td>686</td>
<td>(201)</td>
<td>768</td>
</tr>
<tr>
<td>Corporate</td>
<td>9,138</td>
<td>9,230</td>
<td>92</td>
<td>9,386</td>
<td>248</td>
<td>7,931</td>
</tr>
<tr>
<td><strong>ATEED net deficit</strong></td>
<td>47,648</td>
<td>47,119</td>
<td>(528)</td>
<td>47,802</td>
<td>154</td>
<td>42,306</td>
</tr>
<tr>
<td>Major Events Fund drawdown</td>
<td>280</td>
<td>1,080</td>
<td>800</td>
<td>(1,686)</td>
<td>(1,966)</td>
<td>0</td>
</tr>
<tr>
<td>World Masters Games 2017 Ltd, net deficit</td>
<td>50</td>
<td>696</td>
<td>646</td>
<td>2,098</td>
<td>2,048</td>
<td>1,143</td>
</tr>
<tr>
<td><strong>Operating deficit</strong></td>
<td>47,978</td>
<td>48,895</td>
<td>918</td>
<td>48,214</td>
<td>237</td>
<td>43,450</td>
</tr>
<tr>
<td><strong>Approved Council Funding</strong></td>
<td>48,659</td>
<td>48,659</td>
<td>0</td>
<td>47,962</td>
<td>(697)</td>
<td>43,226</td>
</tr>
</tbody>
</table>

**Key Points**

- With vigorous activity by all teams over the later months, some FY16 projects being moved forward, and utilising the flexibility of our major events fund, ATEED was successful in achieving actual spend aligned to our approved funding of $48.6m.

- The ATEED net deficit of $47.6m was $0.5m more than forecast due to some major event spend (budgeted in 2016) that we had to account for in this current year. Nil impact overall as we utilise the flexibility of the major event fund, returning $0.3m instead of the planned $1.0m.

- The implementation of new reporting standards, effective 1 July 2014, has meant we have had to recognise all of the WMG partner sponsorship revenue at the start of the contract. The impact on these management accounts is that we have recognised the remaining future revenue of $0.7m this year, explaining the favourable result for WMG. (No impact on approved funding from council).
ATEED’s net deficit for the year was $0.5m more than forecast and $0.2m less than budget

Business Attraction & Investment

- The BA&I team was not fully resourced this year and as a result a lot of the planned activity did not take place. The activity in our education portfolio, which we had planned on utilising partnerships with central government did not get started, impacting revenues and expenses, and the Digital Aggregator project did not get the external party buy-in required for this to become viable.
- Actual spend was less than forecast as the Tripartite costs were less than planned and some Study Auckland activity did not go ahead in June.

Destination & Marketing

- Overall a $0.7m increase in net deficit. Whilst there was some good initiatives in bringing in third party revenues, we fell short of the $0.4m target. Our Global Auckland project, not part of the budget but given its strategic importance was included in our forecasting during the year, $0.2m;
- As part of our continual monitoring of our funding, we were able to identify opportunities to bring forward marketing activity on the Upper North Island campaign and Restaurant month. This had been planned for in our latest forecast, however in addition to this we increased spend by an additional $0.2m with additional marketing activity and increased ACB spend.

Major Events

- Overall major events came in close to budget, with increased costs covered by additional revenue. We received $0.9m of extra funding from Government for Cricket World Cup to fund agreed additional activation costs.
- Our $0.7m unfavourable variance against forecast was due to event milestones (NRL 9’s and V8 Supercars) being met that had been planned for 2016. These were funded from within our approved funding, however resulted in us not returning as much as planned to the fund. This will be a benefit to us in the 2016 year.

Business Innovation & Skills (Economic Growth)

- The restructuring of the BIS team in FY15 led to a general slowdown in activity across the year, and coupled with delays in the Lysaght building at GridAKL, both revenue and expenditure are much lower than originally budgeted. With the team now established, BIS is in an ideal position to deliver on their business plan for 2016.
- A summary P&L for GridAKL is included in appendix 2.

iSites

- The rationalisation of the two iSites at the airport will see future benefits; however we had to incur a one off book entry for asset write-offs of $0.2m.
- The summary P&L for iSites has been included in appendix 1.

Corporate

- Some savings overall from the funding pool set up to provide for unbudgeted projects that could be initiated if we were able to deliver on our revenue targets. In reality, this was used to safeguard ourselves against the shortfall arising from not achieving these targets.
Total operating deficit is $0.9m lower than forecast as a result of accounting for new reporting standards and receiving income for capex purposes. This does not impact our approved Council funding.

Revenue

- Revenue, up $1.5m from last year is a good result. The majority of this is due to increased funding from Government for certain events (Cricket World Cup, Volvo) and is something we will continue to progress in future.
- Against budget, we were able to secure additional government funding for Cricket World Cup, however revenue was still $1.9m below budget as we were not able to meet our aggressive $1.2m sponsorship target; revenue from third parties to fund joint programmes was not able to be achieved; and rental income at GridAKL was below budget.

Expenditure

- Overall there has been a necessary $2.0m reduction in expenses, taking into consideration reduced revenues, to balance back to our approved funding.
- **Staff costs**, slightly over forecast and budget due to redundancy costs. Whilst there were savings across the organisation due to delays in recruiting, we were able to utilise temp or contracting staff to assist.
- **Professional fees** are under forecast due to underspend in CWC and Tripartite Project, as extra external services were not required. Against budget, management fees for GridAKL were significantly less due to delays to the Lysaght base build completion.
• **Grants and sponsorships.** Our June spend was more than forecast as a result of the two events where milestones were met earlier than planned. Against budget our actual spend was less as we had budgeted $1.0m to cover new initiatives if we were to achieve our revenue targets. As we did not achieve these, we were not able to capitalise on this.

• **Shared services** costs are higher than budget as we were able to take advantage of the shift of IS provider to Auckland Transport and roll out some additional functionality which will see benefit in future years with greater efficiencies and reduced costs.

• **General & Admin** includes asset write offs at the airport as well as accounting for an impairment in our Polperro assets due to the early vacate.

**Summary of major projects**

| Summary of Major Projects: Spend and/or (Revenue) > 0.5m | Table 3 |
| For the Period Ended 30 June 2015 |
| $000's | Full Year | Actual | Latest Forecast | Variance (u)/f | Budget | Variance (u)/f | Last Year |
| Economic Growth | | | | | | | |
| The FoodBowl | | 1,000 | 1,000 | 0 | 1,000 | 0 | 1,000 |
| Health Hub | | 0 | 0 | 0 | 500 | 500 | 500 |
| GridAKL | | 1,486 | 1,909 | 422 | 2,169 | 683 | 1,174 |
| Destination and marketing | | | | | | | |
| Domestic Campaigns | | 780 | 814 | 34 | 790 | 10 | 1,012 |
| Tourism New Zealand Partnership (AUS) | | 674 | 680 | 6 | 700 | 26 | 0 |
| Flight Centre Partnership | | 503 | 525 | 22 | 525 | 22 | 0 |
| Major Events | | | | | | | |
| Volvo Ocean Race | | 2,200 | 2,200 | 0 | 1,978 | (222) | 450 |
| 2015 Cricket World Cup | | 2,354 | 2,824 | 470 | 2,838 | 484 | 162 |
| V8 Supercars | | 461 | 12 | (449) | 0 | (461) | 2,022 |
| 2015 NRL Nines - Delivery | | 3,262 | 2,577 | (685) | 2,710 | (552) | 2,798 |
| FIFA Under 20 World Cup - 2015 | | 531 | 650 | 119 | 1,593 | 1,062 | 857 |
| Auckland Pasifika Festival 2015 | | 530 | 524 | (6) | 346 | (184) | 279 |
| Auckland Lantern Festival 2015 | | 328 | 319 | (9) | 278 | (50) | 235 |
| Total Major Events incl WMG. | | 14,371 | 13,905 | -466 | 16,671 | 2,300 | |
| Contingent Asset | | 3,647 | 3,369 | 0 | 1,683 | (1,964) | 3,369 |

• We were able to utilise Health Hub funding for other innovation initiatives after it was agreed to withdraw funding.

• GridAKL YTD savings are due to delayed activities, however our year end position includes the unplanned provisioning for commission to BizDojo which is under negotiation.

• CWC savings of $0.5m is largely due to reduced amount of external contractors required.

• V8 Supercars and NRL Nines are both over forecast as we were contractually bound to recognise milestone payments. Both of these were planned for 2016 so no impact on our overall major event fund.

• Major events fund: Our budget included a $1.6m drawdown to fund budgeted events and WMG. Due to the timing of the WMG costs as well as savings across a number of events and some deferred projects, we have not needed this level of funding. At the end of the year, we returned $0.3m, bringing the amount of funding available for future periods up to $3.6m.
WMG has a net deficit of $0.05m against a forecast of $0.7m. This favorable variance is due to implementation of new accounting standards where we are required to treat the Barfoot and Thompson sponsorship revenue in full when received. As this effectively was received last year, we are now showing the 2015 and future revenues in this current financial year.

Underspend across a number of expenses is mainly a result of sports and venue partners not requiring as much operational funding at this time. The majority of this has been deferred to next year.

Latest forecast from WMG include $1.9m of additional expenses of which $1.0m is covered by increased revenues. We are continuing to work with WMG to identify savings and synergies to cover the $0.9m of unbudgeted costs (director’s fees and FX + on rights payments).

We were unable to bring forward LTP funding to 2016/17 to align with the revised dates of the event. Work to date gives us comfort we can cover this shortfall from existing funding and our major event fund, however we will need to work closely with WMG over the 2016 year to ensure no surprises.

As part of our focus on staff development, we currently have two staff on secondment at WMG.
Summary Statement of Financial Position

Cash is higher than at last year due to the timing of the sweep from Council

The variance in receivables relates to the timing of receipt of Council funding for $1.6m, increase in trade debtors and an increase in current assets due to the recognition of sponsorship income in line with new reporting requirements.

Current liabilities have increased due to early sponsorship payments for NRL9s and V8 Supercars, as well as increased level of accruals resulting from increased activity over May and June compared to the same period last year.

Capex: delays and repurposing of the Lysaght building has resulted in timing delays for capital expenditure in FY15. We will request that the remaining funds are rolled over via the capex deferral process.

The year on year reduction in commitments is due to contracts that have been terminated.

Recommendation

It is recommended that the Board note the Finance Report for the period 30 June 2015

Signatories

Manager: Avika Singh, Finance Manager
GM: Barbara Imlach, Chief Financial Officer
Appendix 1
iSites Summary Income Statement

<table>
<thead>
<tr>
<th>iSites Summary Income Statement</th>
<th>Table 6</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Actual</strong></td>
<td><strong>Latest</strong></td>
</tr>
<tr>
<td>Total Revenue</td>
<td>2,580</td>
</tr>
<tr>
<td>Cost of goods sold</td>
<td>891</td>
</tr>
<tr>
<td>Gross Margin</td>
<td>1,689</td>
</tr>
<tr>
<td>Overhead</td>
<td>2,576</td>
</tr>
<tr>
<td>SURPLUS / (DEFICIT)</td>
<td>(887)</td>
</tr>
</tbody>
</table>

iSites have tracked well against forecast and the $0.2m overspend against budget results from the fixed asset writeoff due to vacating domestic terminal site and relocation at the international airport.

Appendix 2
GridAKL Summary Income Statement

<table>
<thead>
<tr>
<th>GridAKL Summary Income Statement</th>
<th>Table 7</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Actual</strong></td>
<td><strong>Latest</strong></td>
</tr>
<tr>
<td>Sponsorship revenue</td>
<td>334</td>
</tr>
<tr>
<td>Property rental revenue</td>
<td>622</td>
</tr>
<tr>
<td>Total Revenue</td>
<td>956</td>
</tr>
<tr>
<td>Staff costs</td>
<td>19</td>
</tr>
<tr>
<td>Professional fees, consultancy &amp; contractors</td>
<td>1,580</td>
</tr>
<tr>
<td>Depreciation &amp; amortisation</td>
<td>100</td>
</tr>
<tr>
<td>Occupancy</td>
<td>731</td>
</tr>
<tr>
<td>General, admin &amp; other</td>
<td>13</td>
</tr>
<tr>
<td>Total Expenditure</td>
<td>2,443</td>
</tr>
<tr>
<td>SURPLUS / (DEFICIT)</td>
<td>(1,486)</td>
</tr>
</tbody>
</table>

- The $0.1m favourable variance was planned and covers the sponsorship revenue we needed to put aside to cover future capital purchases.
- Despite locking in a major sponsor late 2014, we were not able to achieve further sponsorship revenues.
- Rental revenue is below budget due to delays with Lysaght coming into production, as well as the Icehouse tenancy where we agreed to forgo revenue for in-kind sponsorship for the Lightning Lab accelerator.
- Management fees are not as high as planned due to our original budget including 12 months of Lysaght management fees, as well as some for the design costs being capitalised.
- Staff costs are directly allocated to a project when they relate to temporary staff not paid via payroll.