

# **Auckland Tourism, Events and Economic Development Ltd**

## **December 2016 Board Papers**

1. **CHIEF EXECUTIVE'S ACTIVITY REPORT**
2. **FINANCE REPORT**

Tuesday, 20 December 2016



OPEN AGENDA

1. **CHIEF EXECUTIVE'S ACTIVITY REPORT**

Brett O'Riley, Chief Executive

# Chief Executive Review of December 2016

Report to Auckland Tourism, Events and Economic Development Limited Board

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## Health & Safety (H&S)

**ATEED procedure and process review:** After the review of the policies, standard operating procedures (SOPs) and procedures for Major Events that ATEED directly controls, a contractor Site Specific Safety Plan (SSSP) and a stall holder guideline has been created. Screen Auckland updated their processes prior to the legislation change in April. Work is now being carried out to improve the processes as part of continuous improvement, such as the design and creation of a new online application process. These improvements will be rolled out over the next 6 to 12 months.

**AR/VR Garage induction implementation and training:** The AR/VR Garage is hiring a part-time Event Manager to manage the site and conduct site-specific inductions, as well as updating the Health and Safety board. ATEED, in conjunction with AR/VR Garage, is finalising a site-specific induction process to educate and increase buy-in to the H&S culture.

**Wellbeing activity** in December included:

- Completion of six-week mindfulness workshop being held at Quay Street over October/November, which was fully booked with 20 participants.
- Wellbeing updates to workgroups (ATEED business units) through H&S reps.
- ATEED participation in the Les Mills-sponsored 21-Day Challenge, which was open to staff across the Council group.
- Planning participation in the Aotearoa Bike Challenge.
- Stand-up desk trial using cardboard units.
- Wellbeing planning and budgeting.
- Planning ATEED participation in the Inter-Council Sport Tournament in March 2017.
- Staff volunteer days able to be utilised for World Masters Games participation.

**Incidents:** One incident was recorded and reported in November. A staff member of the Business, Innovation and Skills team reported pain and discomfort. Assessment has been completed, equipment recommendations have been received and are in place. There were no near misses or hazards reported in December.

**H&S training:** H&S onboarding of new staff is up-to-date.

## **ATEED strategic priorities**

### ***Building a Culture of Innovation and Entrepreneurship***

#### **GridAKL - The Place**

The development of the 'place' strand at GridAKL continues to gain momentum. The Lysaght building has been operational for one year this month, and has cemented itself as a start-up hub. The number of resident businesses has grown from 64 last month to 76 in December, bringing the total of people now working at the Lysaght building to 169.

Construction works continue on 12 Madden Street and the internal fit-out of ATEED's design is now underway. The programme remains on track for practical completion in mid-June 2017. In parallel, focus is now on preparing for mobilisation of the facility.

#### **GridAKL - The Community**

The GridAKL community continues to build. A total of 31 events occurred in November, bringing the total to 271 for the year. Key events included the launch of the 'Hardware' meeting group, which was well-received with good turnout and a post Singularity University Auckland Hui following the Summit in Christchurch earlier in the month.

In addition, a successful GridAKL feature campaign was released through The Spinoff, a prominent new digital media channel.

#### **GridAKL – The Services**

The Tech Café beta pilot has achieved capacity with 203 memberships.

### ***Grow and attract skilled talent***

Since the launch of the CBD Jobs and Skills Hub last month, the project team has secured and opened an office site in Wynyard Quarter. Fu Wah has sponsored the space rent-free, Spark is sponsoring the cost of a wireless broadband connection and phone line, and Canon has provided furniture. The Mayor and Councillors have been updated on the good progress being made.

The project working group for the CBD Jobs and Skills Hub meets on a weekly basis, and is made up of representatives from the Ministry of Social Development, Ministry of Business, Innovation and Employment, Tertiary Alliance, Pānuku Development Auckland (PDA), Hawkins Construction and ATEED. A steering group is being established to oversee the development of this hub, and alignment opportunities with Ara and the Tamaki skills hubs, and future opportunities with PDA's proposed developments.

The CBD Job and Skills Hub will be promoted via the #BuildAKL Facebook page and website. A provider forum has been held at the Hub to establish relationships for placing trainees in the construction sector, and job placements are already underway with a number of businesses in the Quarter. As transport will be a key issue for young people coming to work in the Wynyard Quarter, we are working with PDA, Auckland Transport and the City Centre Integration Unit (Auckland Council) on pilot initiatives that could address this issue.

### **The Lion Foundation Young Enterprise Scheme (YES)**

The Young Enterprise National Awards ceremony was held in Wellington on 6 December. The national awards recognised student teams who were participating in The Lion Foundation Young Enterprise Scheme (YES). Each YES team was challenged to create and run a small business.

Five Auckland teams won seven awards. Each award winner collected a \$1000 cash prize, which was provided courtesy of Young Enterprise and the award sponsors.

More than 1,000 Auckland students have setup and run over 200 companies this year. The breadth of companies is testament to the culture of entrepreneurship developing in Auckland and supporting young people on their journey into the world of work.

### **Changes in Investor Migrant, GIVS and Immigration policy**

The Minister of Immigration announced changes to the Investor Migrant policy on 7 December 2016. Growth Investment is incentivised and the minimum investment in the Investor 2 category is now \$3m (up from \$1.5m). There is no change to the Investor Plus minimum investment of \$10m. The other notable change is that philanthropic investment is now acceptable up to a maximum of 15% of total investment capital. The new conditions will be implemented in May 2017.

The new GIVS programme (Global Impact Visas) was launched in Silicon Valley in late October, and the first intake has already been oversubscribed - with applications from over 50 countries. The GIVS programme is managed by the Edmund Hillary Fellowship (EHF). EHF will see up to 100 international and 20 New Zealand-based Fellows selected each year to join a diverse community of exceptional entrepreneurs and investors. International candidates are invited to apply for a Global Impact Visa, a three-year open work visa for New Zealand, while all Fellows receive access to partner networks and individualised support to succeed in their ventures.

ATEED has prepared a draft aftercare programme that will seek to leverage and integrate the 180 Auckland based investor migrants into the region. This programme will be discussed with Immigration New Zealand in the New Year, and take into account the latest Immigration NZ research, into investor migrants, released this month.

### ***Growing the visitor economy***

The International Tourism Marketing team has partnered with Tourism New Zealand and Auckland Airport on a Facebook marketing campaign in Australia, promoting Auckland as a short-break destination. New content for this will be filmed over December and January, and the campaign will be in market from late February 2017. This is an equal three-way split of funding, and will be the first time Tourism New Zealand has run an Auckland-specific campaign in Australia, as well as the first time ATEED has run a major digital activation in Australia – a key milestone for both parties.

### **Virtuoso CE visit**

The president of Virtuoso will visit New Zealand in March 2017 to highlight sustainable tourism. ATEED is working with the Department of Conservation and Air New Zealand to develop a proposed itinerary for Auckland that will hopefully include a visit to Motuihe and Motutapu to participate in a kiwi releasing programme and view the tuataras. ATEED hopes to work with Virtuoso to develop a premium programme focused around sustainability and scientific research in the Gulf. ATEED is also planning to establish a Virtual Reality project with Virtuoso in the New Year to create VR content on Auckland for training Virtuoso agents in the future.

## **New airline capacity**

The inaugural Hainan Airlines flight will touch down on 1 January 2017, and will operate three times a week between Shenzhen and Auckland using an A330 aircraft.

Hainan Airlines is part of the HNA group and is the largest privately-owned air transport company and the fourth largest airline in terms of fleet size in China. The airline has been operating for 23 years with 162 aircraft in operation, and since 2011 has won six consecutive global SKYTRAX five-star airline ratings. The new route between Shenzhen and Auckland is part of Hainan Airlines' international expansion plans. Shenzhen is located in Southern China and is a major city in the Guangdong Province, with a population of 18 million people.

Tianjin Airlines is also starting to operate services in December. The airline will operate year-round between Tianjin, Chongqing and Auckland three times a week using an A330 aircraft, three times adding 83,000 seats. Tianjin Airlines is a full service Chinese airline with a fleet of 89 aircraft and a network that serves more than 100 destinations. The airline was established in 2009, and was awarded Best Regional Airline in China by SKYTRAX in 2011. With a population of more than 15 million people, Tianjin is the largest coastal city in northern China. Chongqing is a major economic centre of the Yangtze basin, and has population of more than 30 million people.

Qatar Airways has announced it will launch flights from Doha to Auckland in February, delayed beyond the original scheduled launch of December. This route will become the new longest direct commercial route in the world at 14,539km. The new service is expected to appeal to travellers flying between New Zealand and European cities such as Auckland-Doha-London/Amsterdam.

## **iSITE update**

The Princes Wharf iSITE has now renamed as the Lower Queen Street iSITE. The opening day deadline of 1 December 2016 was achieved and on budget. A permanent space for the Lower Queen Street iSITE is still being considered, including discussions regarding Britomart and Commercial Bay respectively, as well as with Auckland Transport.

## **Visitor levy**

### Local approach

The Mayor's office is now leading the next stages of work to develop the Visitor Levy. The Mayor's desire to implement some form of a targeted rate/visitor levy by July 2017 has led to the fast-tracking of the process to enable this.

ATEED is providing input in an advisory role and in industry/stakeholder communications. A number of industry reps have been invited to a steering group to provide feedback to ATEED and Council. Councillors have this month voted for this to be included in the proposed consultation items for the Annual Budget 2017/18, opening the way for industry and public consultation. Brett O'Riley is a member of the steering group for this project, with Norm Thompson as ATEED's alternative, chaired by Cllr Desley Simpson, and Steve Armitage on the working group. The draft terms of reference for the steering group are attached to this report.

## **WMG2017**

Five sports (archery, football, hockey, golf and softball) have now reached capacity with waiting lists in operation.

### World Masters Games leverage programme

ATEED is the key facilitator for the Leverage and Legacy programme. In accordance with the Legacy framework, and in conjunction with MBIE, Leverage and Legacy objectives have been reviewed and agreed. A Leverage and Legacy forum has been re-established and quarterly reporting to MBIE is back on track.

### **ACB update New Zealand International Convention Centre (NZICC)**

ACB and NZICC continue to meet monthly to discuss sales pipeline and opportunities, business planning, general marketing, specific events such as trade show attendance, client site inspections and famils.

In November NZICC attended the International Congress and Convention Association (ICCA) congress in Malaysia, with ACB and TNZ. NZICC were one of four finalists for the ICCA Best Marketing Awards, however London & Partners won the award. ACB and TNZ had provided support for NZICC's entry for the award.

### **Major Events**

#### Tāmaki Herenga Waka Festival

The 2017 Tāmaki Herenga Waka Festival will take place on 28 – 30 January, at the new location of the ANZ Viaduct Events Centre and on-water at the Viaduct Basin.

A VIP hosting event will take place on Thursday, 26 January at the Auckland Art Gallery. The purpose of the event is for Mana Whenua and ATEED to thank and host sponsors, supporters and potential future sponsors/supporters.

The Festival programme includes a karanga, mihi whakatau, canapés and refreshments, entertainment and speeches by Hau Rawiri, Mana Whenua Steering Group Chair (TBC), Mayor Phil Goff and an ATEED representative. The evening will finish with a tour of 'the Māori Portraits: Gottfried Lindauer's' Exhibition.

The waka parade and opening powhiri will start at 7:00 a.m. on Saturday, 28 January. The programme include both on-land and on-water based activities which celebrate Māori culture through music, kapahaka, weaving, carving, traditional Māori healing, iwi storytelling and Māori games. The Marketplace showcases Māori kai and craft.

Sponsors include Air New Zealand, Te Wananga o Aotearoa, Māori Television and Media Works / Mai FM.

#### Lantern Festival

The 2017 event will see the introduction of the inaugural Lantern Forum. A business forum designed to introduce an economic growth aspect to what has traditionally been a cultural anchor event. The forum has been supported by ASB and carries their name as the official sponsor. This is an invitation-only event, and approximately 350 guests have been invited to attend from the ATEED, ASB and Asia New Zealand Foundation's networks. A VIP opening ceremony will take place on 9 February at the Auckland Museum. The opening ceremony will be held at 7:30 p.m. and will follow the same format as previous years. Speakers are being confirmed.

Auckland Council Strategic Partnerships has taken on the role of developing partnerships for Lantern on behalf of ATEED.

## V8 Supercars

The ITM Auckland SuperSprint was held from 4-6 November. All post event surveys have been completed. Fresh Info is currently assessing the data for the full post event evaluation.

Below are the event numbers provided by Supercars:

- Friday – 29,771
- Saturday – 39,361
- Sunday – 37,621
- Total – 106,753

## **Attract business and investment**

### **AR/VR content creation**

The AR/VR Garage now has companies on all four floors working on R&D and commercial projects. As at the beginning of December, the Garage has 15 companies present and is expecting to land two more tenants before Christmas. Discussions with a further 19 companies are underway and in various stages of progression.

Media Design School (MDS) put out a press release outlining a new relationship with the AR/VR Garage, aimed at leveraging their new Emerging Technologies curriculum. AUT and MDS have been invited to contribute to a competition around ideas for the AR Activation of Auckland during 2017. The University of Auckland, AUT and HP are all looking to progress initiatives early in the New Year.

Float Studios, an award-winning AUT start-up will take up a three-month residence at the Garage from January. This is the first example of a start-up, graduating straight from a tertiary organisation, to land at the AR/VR Garage. They will be used as a test case to refine the operating model to provide optimal support for new (academic) start-ups.

Industry Connect has employed a new staff member based in the Garage, who is responsible for assisting the facility to develop and implement a world-class social network strategy and events/community curation programme.

## **Month in review**

### **ATEED Letter of Expectation 2017/2018**

ATEED received its Letter of Expectation which sets out the ways in which the Council expects the group culture to operate, as well as specific priorities for the group, and particular messages for each group organisation. These expectations are being considered and incorporated as ATEED develops its draft Statement of Intent (SOI) for 2017/20. The draft SOI will be delivered to Auckland Council for feedback on 1 March 2017, with the final version being available by 30 June 2017.

### **World Youth Sailing**

The Aon Youth World Sailing Championships concluded on 20 December, after five days of competition. The event attracted 370 youth athletes competing from 65 countries. An evaluation survey has been made available to athletes, coaches and family via a phone app 'Youth Champs'.

International interviews have been delivered to broadcasters in Aruba, Croatia, France, Italy, Brazil, Germany, Singapore and New Zealand. In addition, the event is working very closely with the Olympic Channel, which has an extensive international reach. One of the recent stories can be viewed on <https://www.olympicchannel.com/en/playback/new-boats-new-challengers/>

Social media platforms have been popular. Key numbers include:

- Event website logged 34,000 website users who looked at 178,392 pages.
- Twitter has 226 tweets, achieving 416,000 impressions on the platform. There are 39,000 people who have visited the @youthworlds handle.
- Facebook: The pre-event build-up reached 720,009 people, with 485,633 times followers who actively engaged with content including over 215,000 video views.
- Instagram: More than 453,174 impressions (an increase of 185,918 on the World Cup Final) reaching 33,658 users.

## Statement of Intent KPIs

KPI results as at 30 November are recorded in the appendix.

Key highlights include:

### *Building a Culture of Innovation and Entrepreneurship*

- The resident population of GridAKL is 76 and about 85% of these businesses are considered “innovation led”.
- A new SOI KPI measure was set for 2016/17, defined as “number of individual entrepreneurs supported through an ATEED delivered or funded entrepreneurship programme”. Latest results show that 1975 individuals have been supported, exceeding the target of 1500 for the year.

### *Attracting Business and Investment*

- ATEED has facilitated the establishment of three significant multinationals during the year-to-date, and are on track to achieve an annual target of five by 30 June 2017. Two of these are in the construction sector with the remaining one from the screen sector.
- The total GDP contribution of deals resulted with ATEED involvement to date is \$255 million, which is well over the target of \$56.7 million.

The value of investment deals resulted by ATEED within the financial year is \$387 million, exceeding the target of \$278 million.

### *Growing a Skilled Workforce*

The number of ‘live’ signatories to the Auckland Youth Employers Pledge stands at 58. The SOI target requires ATEED to maintain a pool of 50 signatories.

### *Growing the Visitor Economy*

- Spend by visitors to Auckland has previously been an annual measure, however it is now available on a monthly basis as well. Auckland has seen significant growth in visitor spend which stands at \$7.4 million to the end of November 2016, compared to \$5.3 million last year (to 30 June 2015).
- The Auckland Convention Bureau has achieved an 86% win ratio in the year to date, against a target of 60% for the year.

- Customer satisfaction with the provision of visitor information through i-SITEs continues to be exceptional. The satisfaction rate sits at 92.7% year-to-date, well above the 85% target for the year.

#### *Building Auckland's Brand and Identity*

- Visits to [www.aucklandnz.com](http://www.aucklandnz.com) continue to track strongly with 3.7 million visits (page views) as at 30 November, already exceeding the target of 3.4 million.

## **Burning issues**

### **ASB Tennis**

Ticket sales for the event are up 33% compared to last year. There are less than 150 tickets remaining for the men's final. 2017 is expected to produce the best ticket sales on record. ATEED is working with Serena Williams to shoot a destination leverage video promoting Auckland globally.

### **Governing Body committee meetings**

ATEED has presented to two committees in December comprising all the members of the Governing Body.

#### Environment and Community Committee (6 December)

Brett O'Riley and David McConnell delivered a presentation to the first meeting of the committee, highlighting ATEED's role and contributions to growing the Auckland economy to Councilors. The meeting of all Governing Body members provided an opportunity to present a range of ATEED's activities and achievements, as well as our business model.

Newly established for this triennium, the Environment and Community Committee deals with all strategy and policy decision-making that is not the responsibility of another committee or the Governing Body. Key responsibilities of this committee include:

- Development and monitoring of strategy, policy and action plans associated with environmental, social, economic and cultural activities.
- Economic development.
- The activities of ATEED and RFA.

#### Finance and Performance Committee (13 December)

Martin Fairweather, David McConnell, Joy Buckingham and Steve Armitage presented ATEED's Quarter 1 report (covering 1 July to 30 September). The presentation was well-received and there were no issues over ATEED's financial or non-financial performance. Management will provide supplementary detail in response to questions from some members and the Mayor about topics including the progress of the proposed Queen's Wharf mooring dolphin, and day-to-day functions of the International Education and Auckland Convention Bureau teams.

The purpose of the Finance and Performance Committee is to:

- a) Control and review expenditure across the Auckland Council Group to improve value for money.
- b) Monitor the overall financial management and performance of the Council parent organisation and Auckland Council Group.
- c) Make financial decisions required outside of the annual budgeting processes.

The responsibilities of the Finance and Performance Committee include:

- Monitoring the operational and capital expenditure of the Council parent organisation and Auckland Council Group, and inquiring into any material discrepancies from planned expenditure.
- Monitoring the financial and non-financial performance targets, key performance indicators, and other measures of the Council parent organisation and each Council-Controlled Organisation (CCO) (via Quarterly reports), to inform the Committee's judgement about the performance of each organisation.
- Advising the Mayor on the content of the annual Letters of Expectation (LoE) to CCOs.
- Exercising relevant powers under Schedule 8 of the Local Government Act 2002, which relate to the Statements of Intent of CCOs.
- Exercising Auckland Council's powers as a shareholder or given under a trust deed, including but not limited to modification of constitutions and/or trust deeds, granting shareholder approval of major transactions where required, exempting CCOs, and approving policies relating to CCO and co-governance.

ATEED's Board has been offered the opportunity to meet with members of the Governing Body in a less formal 'workshop' environment (i.e. Outside of a performance monitoring and accountability context). This workshop would provide the Board with an opportunity to discuss ATEED's priorities and business model in greater detail. Provisional dates in February and March have been canvassed with Directors, with March being the preferred date. More details will follow in January.

### **Local Board**

ATEED's new system for managing Local Board engagement, which sees three primary points of contact engaging with the Local Boards and their support teams, has received positive feedback to date. These points of contact have represented ATEED at Local Board inauguration ceremonies, Māori Responsiveness planning sessions, initial workshops, Local Board Plan sessions and business meetings for a number of the Local Boards. They have also met with the Local Board Advisors for all 21 Local Boards and the majority of the Local Board Chairs and/or members, with meetings already planned for the remaining boards.

Planning is underway for a series of presentations to take place in February. This will include Local Board induction cluster sessions and a symposium to connect the CEOs of the CCOs with all Local Board members.

### **IMSB**

On Monday, 5 December, management attended a meeting of the IMSB board, at their invitation, to present an overview of ATEED's approach to Māori economic development and key activities for 2016/17. The presentation covered the following points:

- ATEED's recognition of the economic development opportunities for Māori in Auckland.
- ATEED's focus on three 'customer' groups that collectively represent the Māori economy in Auckland:
  - Rangatahi talent development - education, employment and entrepreneurship.
  - Iwi and Māori collectives – supporting and enabling iwi-led economic development aspirations.
  - Māori enterprises – supporting entrepreneurship and innovation.
- An overview of the two level delivery model that will be used to advance ATEED's programme of work.

- Level 1 – Building Partnerships: ATEED will be the catalyst to bring together key public and private sector partners to build a platform through collaboration across the Māori business ecosystem.
- Level 2 – Building Māori Channels: Distribution Critical to our success will be our ability to build strong communication channels into our three customers groups. In addition to leveraging our partner network above, ATEED will invest in building strong connectivity into our three customer groups, directly and with our key partners.

Our delivery model will be threefold:

- A. Lead and Deliver: These are specific Māori ED lead projects, designed to activate a certain outcome or take a leadership role to stimulate activity.
  - B. Leverage and Support (internal): Leverage and support existing ATEED activity to drive Māori outcomes.
  - C. Leverage and Support (external): Leverage and support external activity with stakeholders and partners to drive Māori outcomes.
- An overview of ATEED’s Māori responsiveness framework.
  - The gaps and challenges that ATEED faces in delivering Māori economic development activities, and our proposed responses to them.
  - Key initiatives for 2016/17, including delivery of the following activities that will continue to be reported through ATEED’s quarterly report to Auckland Council’s Finance and Performance Committee and the To Toa Takitini Māori Responsiveness portfolio:
    - E Tipu, E Rea – Māori Business Growth Workshop: three additional sector capability workshops focusing on ICT/Digital, Food and Beverage and Creative sectors.
    - Auckland visitor and industry promotional video.
    - Tāmaki Herenga Waka Festival 2017.
    - World Indigenous Tourism Conference (planning for September 2017).
    - Whaariki Māori Business Network – leveraging major events 2017, WMG2017, Tāmaki Herenga Waka Festival, and New Zealand Lions Series.

## Looking forward

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

Scheduled event date	Event name	Location
<b>12-18 December 2016</b>	FINA World Women’s Youth Water Polo Championships	Sir Owen Glenn National Aquatic Centre
<b>14-21 December 2016</b>	Youth Sailing World Championships	Torbay
<b>2-14 January 2017</b>	ASB Classic	ASB Tennis Arena
<b>28-30 January 2017</b>	Tāmaki Herenga Waka Festival	Viaduct Event Centre and Viaduct Basin

Scheduled event date	Event name	Location
3-26 February 2017	Headline Sculpture on the Gulf	Waiheke Island
9-12 Feb 2017	Auckland Lantern Festival	Auckland Domain
17-19 Feb 2017	Auckland Splore Music and Arts Festival	Tapapakanga Park
Feb 2017	Downer NRL Auckland Nines	Eden Park

## Finance

ATEED is tracking \$1.4m behind forecast. The variance is due to an underspend across multiple projects and activity where timing has been deferred in particular GridAKL, Lions Tour and the Domestic and International Marketing campaigns in Tourism.

### World Master Games

WMG has a \$1.4m underspend due to revenue being lower than forecasted. WMG Management remain confident that sales are attainable, but mitigation plans are in place to hedge against this risk should it eventuate.

## Recommendations

1. The report be received.

## Attachments

- ATEED KPI Scorecard

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## Signatory

Chief Executive: Brett O'Riley

# Appendix

ATEED KPI Scorecard					Nov-16
ATEED SOIKP's	Measurement	Date of Measure/latest	Latest Result	Annual Target to 30 June 2017	Status
<b>Building a Culture of Innovation and Entrepreneurship</b>					
No. of businesses taking up tenancy at GridAKL (cumulative) and percentage "innovation-led" <sup>1</sup>	Number & (%)	30-Nov-16	76 (85%)	55 (70%)	●
Number of individual entrepreneurs supported through an ATEED delivered or funded entrepreneurship programme	Number	31-Oct-16	1975	1500	●
Percentage stakeholders satisfied with provision of business advice, start-up, training & mentoring programmes (LTP Measure)	%	30-Jun-16	91	85	●
Number of actively managed business through Regional Business Partner programme	Number	30-Nov-16	334	720	●
No. businesses that have been through an ATEED programme or benefitted from an ATEED intervention (LTP Measure)	Number	30-Jun-16	4073	1500	●
No. Maori businesses that have been through an ATEED programme or benefitted from an ATEED intervention (LTP measure)	Number	30-Jun-16	157	100	●
<b>Attracting Business and Investment</b>					
Facilitation of the establishment, or significant expansion, of multinational and local companies in target sectors (LTP Measure)	Number	30-Nov-16	3	5	●
Number of intensively account managed customers in ATEED Aftercare programme (Aroha Auckland)	Number	30-Nov-16	27	85	●
Total GDP contribution of deals effected with ATEED involvement	\$(million)	30-Nov-16	255.4	56.7	●
Value of investment deals effected by ATEED within the financial year	\$(million)	30-Nov-16	387	278	●
<b>Growing a Skilled Workforce</b>					
Number of 'live' signatories to the Youth Traction Hub Employers Pledge (LTP Measure)	Number	30-Nov-16	58	50	●
<b>Enabling Education and Talent</b>					
Growth in value of international student spend to Auckland	\$(billion)	30-Jun-16	2.1	1.888	●
<b>Growing the Visitor Economy</b>					
Spend by visitors in Auckland <sup>2</sup>	\$(million)	30-Nov-16	7,420	5,412	●
Number of international business event bids submitted or supported	Number	30-Nov-16	10	35	●
Business event bid win/loss ratio (based on results received in financial year) <sup>4</sup>	%	30-Nov-16	88%	60%	●
Value of business event bids won in financial year	\$(million)	30-Nov-16	18	19	●
Percentage of customers satisfied with visitor information centres and services overall (LTP Measure)	%	30-Nov-16	92.7	85	●
Contribution to regional GDP from major events invested in (LTP measure) <sup>5</sup>	\$(million)	30-Nov-16	3.93	86	●
Percentage of Aucklanders who agree events make Auckland a great place to live (engender pride and sense of place)	%	30-Jun-16	73	80	▬
Visitor nights generated by major events invested in <sup>6</sup>	Number	30-Nov-16	32,330	415,000	●
Percentage of customers satisfied with delivered major events (LTP measure)	%	30-Nov-16	90%	85	●
<b>Building Auckland's Brand and Identity</b>					
Total visits to www.aucklandnz.com (LTP Measure)	Number (million)	30-Nov-16	3.7	3.4m	●
<b>Local Economic Development</b>					
Percentage of actions in ATEED Local Board Engagement and Action Plans completed	%	30-Aug-16	86	80	●
<b>Mana Whenua Engagement</b>					
Percentage Mana Whenua satisfaction with quality of engagement	%	30-Nov-16	N/A	Establish baseline	▬
<b>Key:</b> <span style="display: inline-block; width: 10px; height: 10px; background-color: green; border-radius: 50%; margin-right: 5px;"></span> On track / Target exceeded <span style="display: inline-block; width: 10px; height: 10px; background-color: orange; border-radius: 50%; margin-left: 20px; margin-right: 5px;"></span> Potential for Slippage <span style="display: inline-block; width: 10px; height: 10px; background-color: red; border-radius: 50%; margin-left: 20px; margin-right: 5px;"></span> Off-track <span style="display: inline-block; width: 10px; height: 10px; border: 1px solid black; margin-left: 20px; margin-right: 5px;"></span> No recent result					
<sup>1</sup> Innovation-led is defined as businesses developing new or improved technologies or services <sup>2</sup> From 2016/17 targets have reset to align with latest Ministry of Business, Innovation and Employment Monthly Regional Tourism Estimates (MRTEs) <sup>4</sup> Calculated as wins divided by wins + losses. Does not account for bids pending, not proceeded with, cancelled or not submitted <sup>5</sup> Target includes the impact of World Masters Games 2017 <sup>6</sup> Target includes the impact of World Masters Games 2017. Targets for visitor nights generated by major events reflect the targets originally endorsed by council through the Major Events Strategy. It has since become apparent that these targets are low and ATEED aims for significantly higher KPIs internally. Refreshed target will be developed for 2017/18.					

Tuesday, 20 December 2016



OPEN AGENDA

2. **FINANCE REPORT**

Joy Buckingham, Chief Finance Officer

## Finance Report, month ending November 2016

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

Summary Income Statement For the Period Ended 30 November 2016								TABLE 1	
								\$000's	
Month				Year to Date			Full Year		
Actual	Forecast	Variance		Actual	Forecast	Variance	Forecast	Last Year	
			<b>Net operational expenses:</b>						
265	330	65	Business Attraction & Investment	1,265	1,398	133	3,767	2,549	
403	607	204	Destination & Marketing	1,846	2,038	192	5,759	5,043	
1,493	1,769	276	Major Events	3,619	3,858	239	10,577	11,739	
518	851	333	Visitor and External Relations	3,251	3,618	367	8,536	7,759	
463	592	129	Business, Innovation and Skills	3,542	3,841	299	11,391	9,838	
542	796	254	Corporate	3,480	3,622	142	9,379	9,088	
<b>3,685</b>	<b>4,945</b>	<b>1,260</b>	<b>ATEED net deficit</b>	<b>17,003</b>	<b>18,375</b>	<b>1,372</b>	<b>49,408</b>	<b>46,016</b>	
(387)	(1,765)	(1,378)	World Masters Games 2017 Ltd, net deficit	148	(1,230)	(1,378)	8,015	1,427	
<b>3,298</b>	<b>3,180</b>	<b>(118)</b>	<b>Operating deficit before Council funding</b>	<b>17,151</b>	<b>17,144</b>	<b>(7)</b>	<b>57,423</b>	<b>47,443</b>	
			Approved opex funding				55,972	46,856	
			WMG Reserves drawdown				691	0	
			<b>Operating Deficit</b>				<b>(760)</b>	<b>(587)</b>	
			Capex funding				8,407	2,975	
			<b>Surplus</b>				<b>7,647</b>	<b>2,387</b>	

### Key Points

#### Current month's financial results

ATEED is tracking \$1.4m behind forecast. The variance is due to an underspend across multiple projects and activity where timing has been deferred in particular Grid AKL, Lions Tour and the Domestic and International Marketing campaigns in Tourism.

#### World Master Games

WMG has a \$1.4m underspend due to revenue being lower than forecasted. WMG Management remain confident that sales are attainable, but mitigation plans are in place to hedge against this risk should it eventuate.

**Total net favourable variance of \$1.4m.**

### Business Attraction and Investment

YTD net underspend of \$0.1m against forecast due to timing of the Kumeu International Film Studio.

### Destination and Marketing

YTD net underspend of \$0.2m against forecast due to the Auckland Partner Program. This project is being reviewed and may not eventuate.

### Major events

YTD net underspend of \$0.2m against forecast due to timing of the Lions Tour and V8 Supercars.

### Visitor and External Relations

YTD net underspend of \$0.4m against forecast in the advertising campaigns across both local and international markets, and timing related underspend in International Education.

### Business, Innovation and Skills

YTD net underspend of \$0.3m against forecast due to the timing of professional fees for GridAKL. November forecast also included a compensation payment to the management company for Lysaght which was instead offset by a rent holiday.

### Corporate

YTD net underspend of \$0.1m due to the release of the rental provision no longer required.

### Income Statement

Income Statement									TABLE 2
For the Period Ended 30 November 2016									
Month				Year to Date			Full Year		
Actual	Forecast	Variance		Actual	Forecast	Variance	Forecast	Last Year	
			<b>Operational income</b>						
107	107	0	Funding from Government	889	889	0	2,241	1,742	
353	353	(0)	Sponsorship	643	666	(23)	1,858	1,580	
2	5	(3)	Fees & Subscriptions	281	292	(11)	331	446	
118	179	(61)	i-Sites	805	896	(91)	2,219	2,502	
107	92	15	Sundry income	716	644	72	2,223	1,229	
<b>687</b>	<b>737</b>	<b>(49)</b>	<b>Total Operating income</b>	<b>3,333</b>	<b>3,386</b>	<b>(53)</b>	<b>8,871</b>	<b>7,630</b>	
1,761	1,840	79	Staff costs	8,845	8,827	(18)	21,530	20,728	
511	836	325	Professional fees, consultancy & contractors	2,699	3,219	520	10,094	7,004	
1,250	1,344	94	Grants & sponsorships	3,205	3,247	43	7,532	8,739	
54	57	3	Depreciation & amortisation	277	277	(0)	779	591	
45	44	(1)	Shared services and lease costs	215	219	4	528	2,141	
(21)	230	251	Occupancy	825	1,206	382	3,143	2,599	
109	190	81	Travel & entertainment	458	582	124	1,620	1,653	
261	206	(54)	General, admin & other	1,079	922	(157)	2,215	2,823	
402	933	531	Advertising, marketing & research	2,735	3,261	527	10,837	7,367	
<b>4,372</b>	<b>5,682</b>	<b>1,310</b>	<b>Total Operating Expenditure</b>	<b>20,337</b>	<b>21,761</b>	<b>1,424</b>	<b>58,279</b>	<b>53,645</b>	
<b>3,685</b>	<b>4,945</b>	<b>1,260</b>	<b>ATEED Net deficit</b>	<b>17,003</b>	<b>18,375</b>	<b>1,372</b>	<b>49,408</b>	<b>46,016</b>	

## Revenue

Overall YTD revenue is on track compared to forecast.

A small variance in i-Site revenue as a result of the refund for poster sales for the Princes Wharf i-Site due to the relocation to smaller premises.

## Expenditure

YTD underspend of \$1.4m.

**Professional Services Variance, \$0.5m:** Underspend of \$0.1m timing in nature, relating to consultancy fees for future buildings for Grid AKL and Innovation 5A, Auckland Partner Program \$0.2m and a further \$0.2m across multiple projects including the Lions Tour.

**Occupancy, \$0.4m:** Underspend due to compensation costs forecasted but a rent holiday was instead taken by the sub lessee. The rent holiday to be amortised over lease. Release of rental provision in Corporate due to increase rental costs not eventuating.

**General Admin and Other, \$0.1m:** Overspend due to Customer Relations Management support costs higher than planned, and V8 Supercars hireage expenses incurred but forecasted in advertising and marketing.

**Advertising and Marketing, \$0.5m:** Underspend due to international and domestic marketing campaigns for Tourism occurring later than forecasted.

## Summary of major projects

Summary of Major Projects: Spend and/or (Revenue) > 0.5m								TABLE 3
For the Period Ended 30 November 2016								\$000's
Month				Year to Date			Forecast	Last Year
Actual	Forecast	Variance		Actual	Forecast	Variance		
			<b>Business, Innovation and Skills</b>					
83	83	0	New Zealand Food Innovation Auckland	417	417	(0)	1,000	1,015
(218)	(90)	127	Grid AKL	402	771	369	2,863	1,557
			<b>Major Events</b>					
16	30	14	World Masters Games 2017 leverage	16	30	14	947	36
954	1,075	120	V8 Supercars	1,023	1,077	54	1,077	2,097
3	20	17	NRL 9s competition	8	30	22	715	2,868
0	165	165	Lions Tour 2017	(4)	168	172	1,388	268
3	0	(3)	Tāmaki Herenga Waka Festival	10	0	(10)	500	514
			<b>Total of all Major Events Projects</b>	<b>2,857</b>	<b>3,060</b>	<b>203</b>	<b>8,327</b>	<b>9,642</b>

- GridAKL underspend of \$0.4m due to timing of consultancy fees and a rent holiday taken in lieu of compensation.
- The Lions Tour underspend is due to the milestone being achieved one month later than forecasted.

## World Masters Games

World Masters Games 2017 Ltd									TABLE 4
Summary Income Statement									
For the Period Ended 30 November 2016									
\$000's									
Month				Year to Date			Full Year		
Actual	Forecast	Variance		Actual	Forecast	Variance	Forecast	Last Year	
691	1,804	(1,113)	Revenue from Activities	3,304	4,417	(1,113)	6,794	1,616	
333	333	0	Funding from Government	1,667	1,667	0	3,655	2,625	
(33)	(20)	(13)	Sponsorship	58	70	(13)	1,208	475	
50	450	(400)	Sundry income	200	600	(400)	600	610	
<b>1,042</b>	<b>2,567</b>	<b>(1,525)</b>	<b>Total Operating income</b>	<b>5,228</b>	<b>6,753</b>	<b>(1,525)</b>	<b>12,257</b>	<b>5,326</b>	
			<b>Net Operational costs</b>						
351	357	6	Staff costs	1,566	1,572	6	4,158	2,621	
			Professional fees, consultancy & contractors	1,683	2,049	366	8,126	1,302	
127	493	366	Grants & sponsorships	745	787	42	2,017	695	
0	42	42	Depreciation & amortisation	18	9	(9)	9	111	
2	(7)	(9)	Occupancy	63	65	2	177	164	
14	16	2	Travel & entertainment	122	122	0	925	267	
14	14	0	General, admin & other	710	340	(370)	3,774	671	
92	(280)	(372)	Advertising, marketing & research	457	567	110	1,057	905	
54	164	110							
<b>654</b>	<b>802</b>	<b>148</b>	<b>Total Operating Expenditure</b>	<b>5,376</b>	<b>5,523</b>	<b>147</b>	<b>20,272</b>	<b>6,753</b>	
<b>387</b>	<b>1,765</b>	<b>(1,378)</b>	<b>Operating surplus/(deficit)</b>	<b>(148)</b>	<b>1,230</b>	<b>(1,378)</b>	<b>(8,015)</b>	<b>(1,427)</b>	

- WMG's are \$1.4m behind forecast. Cumulative revenue at the end of November is 56% against a target of 70%. Registrations have fallen below WMG2017's aspirational target to secure 75% of registrations by year end, but confidence remains high in regards to achieving the revenue target by sale close at the beginning of March 2017. Management are confident in achieving the overall target, hence KPIs are close to being achieved.

## Summary Statement of Financial Position

Statement of Financial Position, ATEED Group		
As at 30 November 2016		
\$000's		
TABLE 5	YTD	Jun-16
<b>Current assets</b>		
Cash and cash equivalents	1,988	2,024
Receivables and prepayments	9,785	10,714
Other current assets, including iSite inventory	50	80
<b>Total current assets</b>	<b>11,823</b>	<b>12,818</b>
<b>Current liabilities</b>		
	<b>10,014</b>	<b>12,448</b>
<b>Working capital</b>	<b>1,809</b>	<b>370</b>
<b>Non-current assets</b>		
Receivables and prepayments (non-current)	687	697
Property, plant and equipment	5,648	5,098
Investment in Joint Venture, The FoodBow l	2,067	2,067
<b>Total con-current assets</b>	<b>8,402</b>	<b>7,862</b>
<b>Non-current liabilities</b>		
	<b>253</b>	<b>253</b>
<b>NET ASSETS</b>	<b>9,958</b>	<b>7,979</b>
<b>EQUITY</b>	<b>9,958</b>	<b>7,979</b>
<b>Capex spend</b> 835 Annual Plan Bud \$7.8m		
<b>Total commitments</b>	<b>\$31.5m</b>	<b>\$29.5m</b>

- Receivables and prepayments: Decrease of \$1m mainly due to intercompany settlement and cash sweeps.
  - Current liabilities lower due to large accruals raised at year end for Grid AKL capex but paid in the current year.
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### **Recommendation**

It is recommended that the Board note the Finance Report for the period 30 November 2016.

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### **Signatories**

Manager: Avika Singh, Finance Manager

GM: Joy Buckingham, Chief Financial Officer

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