

Auckland Tourism, Events and Economic Development Ltd Board meeting

OPEN AGENDA

Will be held as follows:

DATE: 1 April 2016
TIME: 12.45 pm start
VENUE: Tamaki Makaurau Boardroom, Level 8, 139 Quay St,
Auckland

Board members:

<i>Chair</i>	David McConnell
<i>Deputy Chair</i>	Norm Thompson
<i>Director</i>	Franceska Banga
<i>Director</i>	Richard Jeffery
<i>Director</i>	Danny Chan
<i>Director</i>	Helen Robinson
<i>Director</i>	Stuart McCutcheon

OPEN AGENDA

1. **APOLOGIES**

2. **MINUTES OF 29 JANUARY 2016 AND OPEN ACTION TRACKER**
Brett O'Riley, Chief Executive

3. **REGISTER OF DIRECTORS' INTERESTS & DECLARATION OF CONFLICT OF INTEREST**
Brett O'Riley, Chief Executive

4. **CHIEF EXECUTIVE'S ACTIVITY REPORT**
Brett O'Riley, Chief Executive

5. **FINANCE REPORT**
Barbara Imlach, Chief Financial Officer

Friday, 1 April 2016



OPEN AGENDA

1. APOLOGIES

2. MINUTES OF 29 JANUARY 2016 AND OPEN ACTION TRACKER

BOARD MINUTES

What:	Minutes of a Meeting of Board of Directors of Auckland Tourism Events and Economic Development Limited
Where:	Orakei Marae, 59B Kitemoana St, Orakei
When:	Friday, 29 January 2016 at 1.05pm
Directors:	David McConnell Franceska Banga Helen Robinson Danny Chan Stuart McCutcheon
Board Advisor:	Sir Pita Sharples
Board Intern:	Daniel Mussett
Apologies:	Norm Thompson Richard Jeffery
In Attendance:	Brett O'Riley (Chief Executive) Martin Fairweather (Chief Operating Officer) Barbara Imlach (Chief Financial Officer) Libby Nuth (Company Secretary)
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 7 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

Apologies were received from Richard Jeffery.

2. Minutes of Previous Meetings and Open Action Tracker

The draft minutes of the meeting held on 27 November 2015 and the Open Action Tracker were discussed. The Board requested that site health and safety visits be scheduled well in advance to ensure Directors can attend.

Following the conclusion of discussions, the Board resolved that the minutes of the ATEED meeting held on 27 November 2015 be confirmed as a true and correct record.

3. Register of Directors' Interests and Conflicts of Interests Declaration

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.

4. Chief Executive Review of January 2016

Brett O'Riley spoke to the Report. The key points were as follows:

- The Board noted the Health and Safety scorecard.
- The challenges presented by Auckland's strong growth (e.g pressure on infrastructure and resources) were understood by Central Government.
- Auckland was experiencing growth across the visitor economy.
- It was becoming more and more important for Auckland to attract multi-national businesses and also to attract the right talent.
- The upcoming Tamaki Herenga Waka Festival and the Global Auckland project were also discussed.

Following the conclusion of discussions, the Board resolved to receive the Chief Executive Review of January 2016.

5. Finance Report, December 2015

Barbara Imlach spoke to the Report.

- The Board noted that year end forecast staff costs were increasing over budget and year on year. Recognising the approved budget included some year on year increase, the increase over budget was a concern.
- Management advised that there was work underway to review organisational efficiencies around administration and support processes and in addition, management were looking at what needed to occur to move to new ways of working to support proposed changes to the ATEED business model.
- It was noted that a summary iSites performance report would be included as part of the quarterly forecast papers.
- The amounts relating to timing variances and the savings where there is an underspend should be quantified.
- In Table 1 additional information should be provided to show the true deficit after council funding.

Following the conclusion of discussions, the Board resolved to note the Finance Report for the period ended December 2015.

6. 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 1.15pm.

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

Chairman

Date

DRAFT

Open Board Action Tracker

Action	Result of Action	Status of Action	Target Date	Responsibility
31 July 2015 Meeting				
Health and Safety: the Board requested that a schedule of Directors event site visits be maintained, and a schedule of upcoming events be provided to the Board.	In Progress	In Progress	Q4 2015/16	Barbara Imlach

Friday, 1 April 2016



OPEN AGENDA

3. **REGISTER OF DIRECTORS' INTERESTS & DECLARATION OF CONFLICT OF INTEREST**

ATEED Board Interests and Conflicts Register

Director	Interests and Conflicts
David McConnell	Managing Director, McConnell Group Deputy Chair, Committee for Auckland Board Member, University of Auckland’s Business School Advisory Board Director, 429 Limited Director, Addison Developments Limited Director, Addison Group Limited Director, Addison Retirement Village Limited Director, Anselmi Ridge Limited Director, Arnot Investments Limited Director, Ascot Parade Limited Director, Beaumont Park Limited Director, BPB Plasterboard Limited Director, British Plasterboard Limited Director, C 60 Display Limited Director, Citygate Limited Director, Ecoclean Technology SDS BHD Ltd Director, Element NZ limited Director, Galleon Limited Director, Harker Underground Construction Limited Director, Hawkins Construction Group Limited Director, Hawkins Construction Guam Inc. Director, Hawkins Construction Hobsonville Limited Director, Hawkins Construction Limited Director, Hawkins Construction NI Limited Director, Hawkins Construction North Island Group Limited Director, Hawkins Construction North Island Limited

	<p>Director, Hawkins Construction South Island Limited Director, Hawkins (Fiji) Ltd Director, Hawkins Group Limited Director, Hawkins Infrastructure Guam Inc. Director, Hawkins Infrastructure Limited Director, Hawkins Management Limited Director, Hawkins Plant Limited Director, Hawkins PNG Ltd Director, Learning Infrastructure Partners GP Limited Director, Learnings Infrastructure Investment Limited Director, McConnell Development Holdings Limited Director, McConnell Developments Limited Director, McConnell Funds Management Limited Director, McConnell GP No.1 Limited Director, McConnell Group Limited Director, McConnell International Pty Ltd Director, McConnell Limited Director, McConnell Property Limited Director, McConnell Property Services Limited Director, MTC Land Investments Limited Director, Pancho Hawkins Phillipines Inc. Director, Pomander Holdings Limited Director, Projects (M.I.L.) Limited Director, Shelf Company 2012A Limited Director, Spiral Welded Pipes Limited Director, Steelpipe Limited Director, The Shooting Box Limited Director, Titanium Park Development Limited Director, Wilkins & Davies Limited</p>
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	<p>Director, Hawkins Singapore Pte Limited Director, MC (Jervois) General Partner Limited Director, Hawkins Construction Schools 2 PPP Limited Director, Future Schools Partners GP 1 Limited Director, Future Schools Partners GP 2 Limited</p> <p>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</p>
Director	Roles & Responsibilities outside of ATEED
Norman Thompson	<ul style="list-style-type: none"> • Director, Dot.Kiwi Limited • Director, Preno Limited • 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 <p>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</p>
Director	Roles & Responsibilities outside of ATEED
Franceska Banga	<ul style="list-style-type: none"> • Director, Constellation Capital • Director, Continuity Capital Limited (NZ) • Director, Frogparking Limited • Trustee, Fred Hollows Foundation • Trustee, Peka Peka Trust (Family Trust) Investments in: <ul style="list-style-type: none"> - Pohutukawa Fund, Maui Capital Indigo Fund

	<ul style="list-style-type: none"> - 82 Limited Partnership and Advisory Board member · Shareholder (1%) – Business Growth Limited · Shareholder – the Breakthrough Co. Limited (Family business) · Shareholder – National Business Coaching Limited · Member, Institute of Directors NZ Inc. <p>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</p>
Director	Roles & Responsibilities outside of ATEED
Richard Jeffery	<ul style="list-style-type: none"> · Chief Executive, Vodafone Events Centre · Trustee of the Rising Foundation · Owner – I Like Gallery Limited, Art Gallery & Project Consulting · Director and Shareholder, Knight Star Covenants Limited · Director, The Original Art Sale Limited · Director, Museum of Transport and Technology (MOTAT) <p>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</p>
Director	Roles & Responsibilities outside of ATEED
Danny Chan	<ul style="list-style-type: none"> · Director and Shareholder, A1 Flower Wholesalers Limited · Director and Shareholder, Academic Colleges Group Limited and subsidiaries as follows: <ul style="list-style-type: none"> 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 ACG Yoobee School of Design Limited Yoobee Pty Limited (Australia)

	<p> 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 </p> <ul style="list-style-type: none"> · 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 · Director and Shareholder, Sharp Multi-Media Productions Limited
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	<ul style="list-style-type: none"> • Director and Shareholder, Simtics Limited • Director and Shareholder, SimTutor Limited • Director and Shareholder, Tahere Callas Limited and subsidiary • Director and Shareholder, Talaforde Investments Limited and subsidiary • Director and Shareholder, The Academic Coaching School Limited • Director and Shareholder, Turners Flower Exports NZ Limited • Director, Abano Healthcare Limited • Director, Simtics Limited • Shareholder, Aire Cut Company Limited • Shareholder, CLOUD M Limited • Member, NZ China Advisory Council (appointed 20 November 2012) • Member, NZ Markets Disciplinary Tribunal • Director, Farmers Mutual Group (Mutual Society) <p>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</p>
Director	Roles & Responsibilities outside of ATEED
Helen Robinson	<ul style="list-style-type: none"> • Chair, CLOUD M Ltd • Chair, Organic Initiative Ltd • Chair, The Network for Learning Ltd (N4L) • Chair, Valens Group • Director, KND Investments Ltd • Director, KND Trustees Ltd • Managing Director, Penguin Consulting Ltd • Member, NZ Rugby, Board Strategic Relations & Planning Committee • Council Member, Open Polytechnic NZ • Trustee, Aktive Auckland Sport & Recreation • Trustee, Robinson Family Trust

	<p>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</p>
Director	Roles & Responsibilities outside of ATEED
Stuart McCutcheon	<ul style="list-style-type: none"> · Chairman of Directors, Auckland UniServices Ltd · Director, Universitas 21 international university network · Council Member, University of Auckland · Member, Partnership Board, the Worldwide Universities Network · Member, Steering Committee, the Association of Pacific Rim Universities · Trustee, UK Friends of the University of Auckland <p>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</p>
Board Advisor	Roles & Responsibilities outside of ATEED
Sir Pita Sharples	<ul style="list-style-type: none"> · Director, Tu Maori Mai Limited · Hoani Waititi Marae - Taumata · Te Ropu Manatangi – Kai ako · Te Whare Tu Taua – Tumu Whakaarei · Ngā ti Kahungungu iwi – Taumata · Te Toa Takitini – Kaumatua advisor · Aorangi maori trust board – Kaumatua · Rakau Tatathi Marae – Paepae · Mahi Tahī trust Board – Member · Maori and Pacific Trade Training – Manawhaka haere · Maori Heritage Council – Member · NZ Heritage Trust Board – member · Emerge Aotearoa – Board Kaumatua

	<ul style="list-style-type: none"> · NPM – Patron · Te Arapai – Member · Auckland Museum Trust Board - Member · Auckland Museum Maori Council – Member · Special Expert Group on Organ Donation – Member · Pacific Leaders Programme – Consultant · Matatini – Life Member · Zin and Tane Chinese Maori Dance Production – Producer · White Ribbon Campaign – Ambassador · West Auckland Task Force against Domestic Violence – Member · Pillars – Patron · Tamaki Makaurau Haka Society – Life Member · Unitech Maori Advisor · Maori Chinese youth forum – Kaumatua · Heritage NZ Pouhere Taonga Trust
Board Intern Programme Participant	Roles & Responsibilities outside of ATEED
Daniel Mussett	<ul style="list-style-type: none"> · Trustee and Board Chairman, Dilworth Old Boys Centennial Foundation Trust, a registered charity <p>An insured party under a Directors and Officers Liability Insurance Policy and a Defence Costs Insurance Policy arranged and funded by the Company</p>

Friday, 1 April 2016



OPEN AGENDA

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

Brett O'Riley, Chief Executive

Chief Executive Review of March 2016

Report to Auckland Tourism Events and Economic Development Limited Board

Health & Safety (H&S)

ATEED has been working closely with Tourism NZ and Regional Tourism Operators throughout the country over the past few months to identify ways to mitigate the risk associated with Health and Safety on familiarisations ('Famils'). New policies and procedures have been developed and will be rolled out across ATEED by the end of March. This will ensure a consistent approach whether we are hosting a trade famil, media famil or business famil.

The auditing of major events continues and we are working through the recent findings from the Lantern and Tamaki Herenga Waka Festivals respectively.

The Health and Safety Committee have been working on finalising an ATEED policy statement (see attachment), as well as identifying work groups as required under the legislation. Work is also underway on ensuring our management system is robust and capturing the necessary information that will inform our progress and learnings.

This month, ATEED also completed a risk assessment across all business units, finalising the work on famils, risk assessment and revised processes at i-SITEs, as well as follow up recommendations from our major events audits. On Friday 1st April a staff morning tea will be organised to celebrate the work done to date and highlight the work ahead of us in promoting the new legislation effective as of April 4th. Directors are invited to join the staff for this.

Wellbeing initiatives in February included participating in Auckland's Love to Bike challenge, where we had a number of teams taking part, as well as promoting Council's free 10-minute mini health check and onsite massages to ATEED staff.

Health & Safety Scorecard update

Incidents

Three incidents were reported in February.

One was in relation to pain and discomfort. A work station assessment was completed and immediate actions undertaken to alleviate any discomfort. Health and Safety representatives are currently working with General Managers to ensure all staff are aware that they are entitled to a workplace assessment. Raising awareness of this service should offset the risk of these types of incidents in the future.

The second incident was in relation to a staff member experiencing difficulty breathing due to an illness. This highlighted a number of areas that required immediate attention including, ensuring visibility and identification of staff who are first aiders and being able to shut off the lifts system in order to call them direct to the floor if needed.

The third incident took place at GridAKL and was escalated after a tenant fainted due to high temperature in the building. ATEED had already started addressing the heating issues prior to this incident including modifying the existing base build system to increase air flow capacity, changing

direction of grills, operating the cooling system overnight, as well as using multiple portable fans throughout the building. In parallel, more permanent solutions with Panuku and the engineer are also being explored. Following the incident portable air conditioning units have been installed in the building. In addition to the ongoing GridAKL Health and Safety audits, ATEED has initiated its own review of the process to ensure appropriate management of the incident and due process was followed.

Near Misses: 0 reported.

Hazards: 38. A number of these have since been closed.

Managers were briefed about the implementation of a new process developed to centrally capture and report all actions and hazards identified as part of the six monthly assessments.

In total, 80 items were identified as a result of the six-monthly H&S Representative inspections undertaken over February at the Airport, SkyCity and Princes Wharf i-SITEs as well as the South, West, North and Orewa offices:

- 38 have been classified as hazards.
- 41 as items requiring action, such as insuring H&S information is displayed, and
- 1 risk was identified in relation to cash handling at the i-SITEs.

These were all reported to the relevant Managers and each business unit will receive this consolidated business unit view as part of their monthly operations report. At a group level, we will track and monitor these to ensure they are closed and/or mitigated in a timely manner.

H&S Training:

One person has not completed their basic H&S induction. This has been followed up with the manager concerned, and the H&S representative is working with the General Manager to ensure consistent messaging. (At month end there were 2 reported, one has since been cleared).

90% of all staff have attended our ATEED H&S journey presentation.

16 people attended a defibrillator training organised this month.

The Waiheke i-SITE staff received a safety and awareness training (including dealing with aggressive behaviour). The training will be rolled out to all front line staff over the coming months.

Other H&S training around the organisation included:

- The Screen team attended an external H&S Seminar conducted by the Screen Association explaining the new legislation and how it effects the screen industry.
- CFO, i-SITE Manager and the Manager of Destination, Marketing and Communication attended a Tourism NZ workshop focused on ensuring we can keep people safe on famils, as well as what i-SITEs should be doing to minimize their risk in providing recommendations to visitors.

ATEED Strategic Priorities

World Masters Games 2017

Registration go-live was successfully launched in February, and as per the report presented to the Major and Business Events Subcommittee in December, WMG2017 has commenced the monitoring of sales. A formal sales report will be presented to the Major and Business Events Subcommittee in June and fortnightly updates provided to the Steering Group in the interim period. The Board should expect to see above the line WMG2017 marketing across the city from the end of March as a partnership has commenced with Outdoor Media Company. This will complement the radio advertising that has also commenced via a partnership with Mediaworks.

Business Attraction and Investment

As part of the ATEED CE's membership of the Government's Investment Attraction Taskforce, we are working on developing a common model for local government – central government partnership in the business attraction and investment area. This will be based on ATEED's model, with EDAs focussed on sector, investor and company identification, bid development and aftercare, and central government focussed on off-shore prospecting and business development. The opportunity for this work to be undertaken within a formal mandate or service agreement is also being explored.

Tripartite Summit

Development of the summit programme continues to make progress, with a key issue now the locking in of identified international speakers. A number of requests have also been received from US and Chinese partners to include representatives as keynote speakers in the summit. This is causing some issues around expectation that will require careful management. As a result a review of the programme is to be undertaken to ensure that it is meeting the objectives of the summit, showcases Auckland and meets the needs of delegates. There are likely to be several major announcements made at the Summit relating to activities instigated through the Tripartite engagements.

The website and marketing material are up to date. An invite list of Auckland / NZ businesses and stakeholders has been developed and a first wave of invitations to register was sent on 16 March.

Advance visits have been made by both Los Angeles (2-7 March) and previously Guangzhou (17-19 Feb).

Growing Auckland's Innovation Ecosystem

GridAKL

There are now 42 businesses and 134 residents at GridAKL- an increase from 16 due to the transfer of the BizDojo K' Road operations to the Lysaght building earlier this year. Lysaght is still undergoing residual construction activities, however this has not adversely impacted on residents. The event programme has begun and the space is being well used. GridAKL will be a key venue for the upcoming Techweek in May. Work is underway to activate the Tech Café and it is intended this will be operational by early May and will serve as a hub for Techweek.

Construction and design works are continuing on Innovation 5A. Focus is now on leasing of the facility and securing a tenant for the corporate floors. Future building options for GridAKL are also being reviewed with plans to present a business case to the Board in May.

One of the GridAKL tenants has achieved a significant funding milestone. Their achievement underscores the opportunity for early stage Auckland companies, and the positive impact ATEED can make through GridAKL and its other activities. Further information will be made available at the Board meeting.

Techweek

Preparation for Auckland 'Techweek' is on-track including agreements with 90 percent of event hosts. The programme currently includes 29 events, the majority running from 14 to 22 May. Other progress includes the appointment of NZME as media provider. The brand for Techweek has been established and the event's holding page is now live (www.techweek.co.nz). The event's key deliverables and tasks are now clearly defined and new corporate partnership funding is being sought.

GridAKL Expansion (GridEx)

The GridEx programme aims to expand the GridAKL community beyond the confines of the Wynyard Quarter and to connect emerging innovation hubs across Auckland to build a rich and diverse innovation network. Hubs, or innovation 'communities', may take a variety of forms and ATEED's support is expected to be tailored to individual hub requirements.

ATEED is currently working with four prospective innovation communities to define the opportunity and develop its value proposition. These include Uptown, Devonport Wharf, Motat and Smales Farm, each unique in form and stage of development. We are also working with the University of Auckland, AUT, Massey University and Unitec on their innovation precinct plans.

A focus of ATEED's engagement strategy will be to connect hubs to GridAKL programmes, events and brand. The Uptown initiative especially is making good progress, with engagement by the Uptown

Business Association and Waitemata Local Board. Three quality innovation focused tenants are now in place, including the Lighting Lab, Icehouse, Industry Connect and, more latterly, Enspiral, a software training social enterprise.

Tertiary Students Entrepreneurship

10 new or enhanced student entrepreneurship programmes have been approved for ATEED funding support, valued at \$260,500. Three Funding Agreements are signed with Media Design School - Game development accelerator programme (\$30,000), Unitec- Enterprise Challenge (\$10,000), University of Auckland- Agritech Entrepreneurship Factory (\$15,000) and awaiting on seven more signed Funding Agreements.

Talent Attraction

Auckland's talent attraction value proposition is completed, and the validation phase will begin in April. The value proposition will underpin talent attraction interventions and related marketing activity. A project scope for an Advanced Industries (AI) talent attraction strategy is completed, and next steps are an employer survey and engagement around skills needs.

ATEED and Immigration NZ continue to work in partnership and target high-growth potential companies with offshore skills requirements. Case studies profiling high-growth potential companies and the partnership approach are underway. The tech coalition event provisionally scheduled for the end of this financial year is postponed due to a delay from the coalition in agreeing and confirming target markets. Planning will begin in May for a wider software industry event in the first half of the next financial year.

Visitor infrastructure

Hotels

Key figures for February from the Tourism Industry Association (TIA) included a 94% occupancy and a \$30 increase in room rate since February last year. The occupancy rate across the year is 84.4% while the increase in room rate over the year is \$17.50.

The heavily constrained market has performed exceptionally well given the shortfall of like for like event activity, i.e. no ICC Cricket World Cup. It was boosted with the Chinese New Year celebrations, the New Zealand vs Australia one day cricket, Cirque du Soleil and the NRL Auckland Nines.

Q1 is likely to finish on a major high for the region as March still looks strong given the impact of Easter within this month.

Data from the Commercial Accommodation monitor shows commercial guest nights are up 2% to 7.1 million for the year end January 2016. Further, visitor arrivals through Auckland Airport are up 10% to 2.2 million for the year end December 2016. This increase in arrivals is strongest amongst those coming for a holiday/vacation (up 14.7%) compared to those arriving to visit friends or relatives (up 5.6%) or for business (up 5.3%).

Auckland was rated as one of the top Easter travel destinations for Australians by leading travel site Skyscanner, rating ahead of Perth and the Gold Coast.

Month in review

Lantern Festival

The festival was delivered beginning with Lantern-only night on Thursday 18 February and subsequent three nights of full festival offerings. Pack in for the festival started on Thursday 11 February with pack out being completed with a venue handover on Wednesday 24 February. The VIP pre-launch function was held on Friday 19 February at the Auckland Ward Memorial Museum and was attended by approximately 60 guests including partners, sponsors, key stakeholders and the Mayor of Jinju, South Korea. A letter of intent was signed along with an exchange of gifts between the Mayor of Jinju and Brett O'Riley. The Opening Ceremony was held directly after the VIP function on the main stage and featured speeches from Mayor Brown, Hon Nikki Kaye, Andrew Little; Simon Draper and Brett O'Riley. The ending to the festival on Sunday evening was marked with a spectacular fireworks display.

There was an overwhelming response to the relocation of the festival to The Domain. The event drew

large numbers of people on all nights with Saturday night being the most popular. Numbers are currently being formalized but indications are that this year's festival had the largest attendance to date with numbers potentially reaching an attendance of 200,000. The large attendance triggered the need for extra resources which were unplanned or budgeted for. These resources were to minimize any potential health, safety or risk concerns.

There have been three event project debriefs (venue, project, contractors) as well as a separate debrief with Auckland Transport and the traffic management provider. An external stakeholder debrief was held on 9 March. Outcomes of the briefings will be collated and form the basis of a report to senior management for Lantern Festival 2017.

2016 Pasifika Festival

The Pasifika Festival was held in its original venue at Western Springs Park on 12-13 March. The event is sponsored by AMI, the Ministry of Tourism and Creative Economic of the Republic of Indonesia, Mediaworks (Mai FM), Air New Zealand, Tip Top, MoneyGram, Waikato-Tainui, Pacific Media Network (Nui FM) and Auckland Airport. Now in its 24th year, Pasifika Festival is the biggest celebration of Pacific Island culture and heritage in the world. Attendees and over 300 performers navigated through 200 stalls.

Vex Robotics National Championships

The ATEED sponsored 2016 New Zealand VEX Robotics National Championship will take place on 27-28 February at the Vodafone Event Centre. Due to its close links to science, technology, engineering and maths, the event is aligned with the delivery of the Auckland Innovation Plan.

IDEA Starter:

ATEED launched the second IDEA Starter competition on 9 March. Piloted in 2015 this competition encourages young people to become entrepreneurs and to help develop a culture of innovation in Auckland. IDEA Starter is primarily funded by The Tindall Foundation and Auckland Council (as part of Youth Connections). IDEA Starter has received greater media interest this year, and one week into the competition several entries have already been received.

YES 2016:

Delivery of the 2016 Lion Foundation Young Enterprise Scheme (YES) began in late February with Enterprise days across the region. 56 schools are registered as part of the programme this year, with 1,315 students. 52 schools participated in Enterprise Day, including 19 new schools. On 17 March ATEED ran a conference hosted at EY to inspire 97 aspiring student CEO's. The conference featured 5 prominent speakers including Greg Cross and Kathryn Wilson (footwear designer).

Sports Technology Forum

ATEED hosted Auckland's first sports technology forum at the Auckland Maritime Museum on Friday, 11 March, showcasing the benefits of new sports technology to athletes' performance. The forum, held jointly with Callaghan Innovation and High Performance Sport New Zealand (HPSNZ), is part of a wider piece of work underway at ATEED to establish how Auckland can grow three sub-sectors of the sports economy. These are training academies, science and medicine (incorporating sports nutrition) as well as sport technology. Together these sub sectors are worth more than \$50b USD globally per year.

Tourism marketing activity

Autumn of the Arts

ATEED has partnered with Regional Facilities Auckland (RFA) to create a new domestic marketing campaign which will encourage more New Zealanders to visit in the shoulder season, between March and June. The 'Arts are Alive: Auckland's Autumn of the Arts' campaign was launched on 9 March under the 'AKL: The Show Never Stops' domestic tourism proposition. It is featured in Auckland's key fly and drive markets in a range of forms, including in cinemas, online, in print publications, outdoor and through the airports and airline channels.

Spring campaign results

Results from the Domestic Tourism team's Spring Auckland to Auckland advertising campaign were released this month and have surpassed all expectations. The month-long campaign featured Robyn Malcolm, who encouraged Aucklanders to go beyond their backyard this summer. Results

from the campaign included:

- 325,526 total views across the seven videos during the campaign, prompting action from 61% of those who saw them
- 34 per cent of consumers aware of the campaign took a short trip within the Auckland region as a result of seeing the campaign
- 77% of those aware of the campaign said it made them feel proud of Auckland as a place to visit.
- traffic to aucklandnz.com increased by 24.5 per cent year on year during the campaign.

Statement of Intent KPIs

Metrics within the ATEED SOI are categorised as either:

1. Key Performance Indicators: an agreed set of performance measures and targets which form the basis for accountability for delivering on our strategic objectives.
2. Monitoring Indicators: Indicators which we have a strong interest in and we aim to influence through our activity, but which ultimately are driven by a range of factors outside of our direct control.

Progress against KPIs are included in the attached KPI Scorecard. To the end of February, all but three KPIs for which ongoing measurement is available are on track to be achieved by year end. Further detail regarding the three KPIs which at this point we do not anticipate achieving are as follow.

- It is still anticipated that the KPI of \$4.0m of Callaghan Innovation R&D grants facilitated through the RBPN programme will not be achieved by year end. Value of R&D grants is not a target under the recently renegotiated RBPN contract with Callaghan Innovation and will be removed as a KPI from ATEED's 2016-19 SOI.
- GDP generated from major events invested in; \$11.59m (target \$49m). Current estimates based on actuals to date plus our conservative forecast for the remainder of the portfolio is that we will reach \$43.5m GDP. It should be noted that the events held to date have largely exceeded their conservative forecast so this may result in further reducing the forecast deficit to target.
- Attendees at major events invested in; 367,465 (target 1.57m). Note, target still unlikely to be achieved by year end, current forecast is for 1.4 million attendees.

Looking Forward

A portfolio of upcoming events/activities for 2015/16 is provided for the Board's information:

Scheduled event date	Event name	Location
19 Feb – 23 April	Pop-up Globe	Aotea Square
1 April	ATEED Staff Health and Safety morning tea	ATEED, Quay St office
13 April	Youth Employers Pledge signing event	The Warehouse Takapuna
22 April – 15 May	NZ International Comedy Festival	Various
11-15 May	Auckland Writers Festival	Aotea Centre
16-17 May	Tripartite Economic Summit	ANZ Viaduct Events Centre
16-22 May	Techweek	Various
25-29 May	Auckland Art Fair	Queens Wharf

Finance

ATEED's year to date favourable variance to forecast is \$1.9m. This means that we are behind our planned spend activity by \$1.9m.

The table below sets out our year-to-go (YTG) position compared to last year. This highlights how difficult it will be for us to maintain the level of activity required and will put a lot of strain on current resources. Management are currently working through how we can do things differently or what we can stop doing so we can avoid this overload in this last quarter.

	Feb YTD	Full Year Forecast	Year To Go
2016 Total Expenses	33.4	57.7	24.3
2015 Total Expenses	35.4	56.7	21.3

Any savings identified from deferred activities can be applied to be rolled over to next year which will help remove budget pressure in 2017.

Risk

Work undertaken in the month includes:

- Drafting the Enterprise Policy Framework. Based on recommendations from our external advisors the framework has been split into three different documents: policy, guidelines, and risk appetite. This will help understanding of risk tolerance and appetite as well as enabling more effective and regular communication across the business. These documents will go through our internal stakeholder process and will be brought to the Board once endorsed by the Audit and Risk Committee at their July meeting.
- Focus on Sentient risk reporting to ensure risks are relevant, updated on a timely basis and rated consistently across the organisation:
- There were a number of high and critical risks entered on Sentient. Most of these have been discussed with their respective Project Managers, with one of the two critical risks being reduced to a low risk, and the other closed.
- All Project Managers are due to receive training on managing risk, including HS& risk, later this month (31 March)

Recommendations

1. The report be received.

Attachments

- ATEED KPI Scorecard
- ATEED Health and Safety Policy Statement

Signatory

Chief Executive: Brett O'Riley

ATEED SOI KPIs	Measurement	Date of Measure	Latest Result	Annual Target to 30 June 2016	Status
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Building a Culture of Innovation and Entrepreneurship

No. of businesses taking up tenancy at GridAKL (cumulative) and percentage "innovation-led" ⁴	Number & (%)	29-Feb-16	42	25	●
Total value of Callaghan Innovation R&D grants through the Regional business Partner programme	\$(million)	31-Dec-15	0.962	4.0	●
Percentage stakeholders satisfied with provision of business advice, start-up, training & mentoring programmes (LTP Measure)	%	1-Mar-16	90	85	●
Number of actively managed business through Regional Business Partner programme	Number	31/12/2015 + Jan and Feb 2016 (new contract)	492 + 179	360	●
No. businesses that have been through an ATEED programme or benefitted from an ATEED intervention (LTP Measure)	Number	N/A	N/A	1500	—
No. Maori businesses that have been through an ATEED programme or benefitted from an ATEED intervention (LTP measure)	Number	N/A	N/A	100	—

Attracting Business and Investment

Facilitation of the establishment, or significant expansion, of multinational companies in target sectors (LTP Measure)	Number	29-Feb-16	7	5	●
Number of intensively account managed customers in ATEED Aftercare programme	Number	29-Feb-16	59	80	●
Total GDP contribution of deals effected with ATEED involvement	\$(million)	29-Feb-16	39.0	54.0	●
Value of investment deals effected by ATEED within the financial year	\$(million)	29-Feb-16	289	265	●

Growing a Skilled Workforce

Number of 'live' signatories to the Youth Traction Hub Employers Pledge (LTP Measure)	Number	29-Feb-16	47	50	●
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Enabling Education and Talent

Growth in value of international student spend to Auckland	\$(billion)	30-Jun-15	1.75	1.564	—
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Growing the Visitor Economy

Spend by visitors in Auckland	\$(million)	30-Jun-15	5.315	5.412	—
Number of international business event bids supported (and win/loss ratio based on results received)	Number & (%)	29-Feb-16	20 supported (66% conversion rate)	35 supported (60% conversion rate)	●
Percentage of customers satisfied with visitor information centres and services overall (LTP Measure)	%	29-Feb-16	86	85	●
Contribution to regional GDP from major events invested in (LTP measure)	\$(million)	29-Feb-16	12.56	49	●
Percentage of Aucklanders who agree events make Auckland a great place to live (engender pride and sense of place)	%	30-Jun-15	79	80	—
Visitor nights generated by major events invested in	Number	29-Feb-16	97,610	170,000	●
Estimated number of attendees at major events invested in	Number (million)	29-Feb-16	395,010	1.57	●
Percentage of customers satisfied with delivered major events (LTP measure)	%	30-Jun-15	92	85	—

Building Auckland's Brand and Identity

Total visits to www.aucklandnz.com (LTP Measure)	Number (million)	29-Feb-16	2.48	3.0	●
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Mana Whenua Engagement

Percentage Mana Whenua satisfaction with quality of engagement	%	N/A	N/A	Establish Baseline	—
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Friday, 1 April 2016



OPEN AGENDA

5. **FINANCE REPORT**

Barbara Imlach, Chief Financial Officer

Finance Report, February 2016

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

Summary Income Statement									TABLE 1
For the Period Ended 29 February 2016									\$000's
Month			Year to Date			Full Year			
Actual	Forecast	Variance	Actual	Forecast	Variance	Forecast	Budget	Last Year	
			Net operational expenses:						
162	311	149	1,525	1,802	277	3,260	3,590	3,282	
664	867	203	6,020	6,635	615	11,217	10,257	11,267	
1,738	1,872	134	8,106	8,154	48	10,282	11,599	15,992	
891	1,131	240	5,513	6,134	621	10,710	10,301	7,969	
878	1,025	147	6,610	6,990	380	11,493	12,627	9,138	
4,333	5,206	873	27,774	29,714	1,940	46,963	48,374	47,648	
			Major Events Fund drawdown				3,669	1,000	280
190	(468)	(658)	1,342	800	(542)	410	1,642	50	
4,523	4,738	215	29,115	30,514	1,399	51,041	51,015	47,977	
			Opex Funding, Council				50,451	50,307	47,952
			Operating Deficit				(591)	(709)	(25)
			Capex Funding				3,077	2,777	300
			Surplus				2,486	2,068	275

Key Points

Current year's financial results

ATEED's year to date favourable variance of \$1.9m is a result of delays with both activities and projects across the business.

This underspend compounds the risk of backloading activities and projects into the latter part of the year, impacting workload. Work is underway to reduce the number of projects and other work activities (stopping or deferring) so we can focus on priority areas. This will have a positive impact on both workload and future spend.

Work to date has only highlighted \$0.2m of permanent savings, mainly from delayed recruitment across the organisation (especially BA&I). This will increase significantly as we revisit priorities going into our Q3 forecast.

Strategic direction and forward planning

The Senior Leadership team have initiated a piece of work to identify savings efficiencies of \$1m for the current financial year. This in-depth review across all business units will identify where permanent savings can be made, and where we can defer activity. This will ensure we can focus our resources and effort on ensuring we meet our key objectives across each of our strategic priorities in a more effective manner.

These savings will be reflected in our Q3 forecast and an update provided to the Board as part of our April reporting. Any savings identified from deferred activities can be applied to be rolled over to next year which will help remove budget pressure in 2017.

This is a new tool available to us as part of the changes in the CCO Governance model, allowing us to manage funding across all of our business activity more effectively. Previously we had dispensation to roll over major events funding only.

2017 Budget

We have decreased our 2017 funding from Auckland Council by \$1m. This is following discussions we had with Councillors last year where we suggested possible saving initiatives of \$1m. This had not been reflected in the mayoral letter of intent so we had proceeded with our budget submission based on approved LTP funding. Subsequently, on advice from Council we have reduced funding as part of our budget submission.

This will add further pressure to our 2016/17 budget and in addition to the \$1m savings target, the teams are looking at ways to achieve on-going efficiencies. This includes looking at further revenue opportunities, reviewing the current resource strategy across ATEED, and using a partnership/outsource model that changes our costing from fixed to variable thereby allowing the business to be more agile and resilient in order to meet the needs of an ever changing landscape.

Business Attraction and Investment

The favourable variance of \$0.3m is mainly due to delays in work programs and recruitment. \$0.1m of permanent savings have been identified relating to recruitment delays and there will be further salary savings in March and April prior to the new GM commencing in April.

Destination and Marketing

YTD net underspend of \$0.6m against forecast. Further deferral in advertising and marketing activities on the Global Auckland and Tourism trade partnership programmes have been the main contributors to the underspend in the month. This is recognised as a timing delay only, with the teams confident this activity will be undertaken prior to year end. This will be reviewed and challenged as part of our Q3 forecast process.

Business, Innovation and Skills

YTD net underspend of \$0.6m against forecast is largely due to staff related costs and timing related deferral of professional fees and marketing and research activities across the various BIS teams. Up to half of this is expected to convert to permanent savings as a result of the work underway.

Corporate

YTD net underspend of \$0.4m. Impacting the variance for the month is underspend in staff related costs of \$0.2m (continued vacancies as we re-evaluate some of the new positions, as well as timing differences for training and organisational development programmes.) In addition, there are a couple of strategic projects starting later than planned.

Income Statement

			Income Statement						TABLE 2
			For the Period Ended 29 February 2016						5000's
Month			Year to Date						
Actual	Forecast	Variance	Actual	Forecast	Variance	Forecast	Budget	Last Year	
			Operational income						
107	99	8	Funding from Government	1,160	1,143	17	1,803	1,211	3,518
234	269	(35)	Sponsorship	1,244	1,281	(37)	1,936	2,005	967
0	12	(12)	Fees & Subscriptions	299	312	(13)	342	339	411
249	261	(12)	i-Sites	1,838	1,833	5	2,460	2,483	2,580
175	177	(3)	Sundry income	1,093	1,024	69	1,594	1,953	1,447
766	819	(53)	Total Operating income	5,634	5,594	41	8,136	7,991	9,053
1,739	1,809	71	Staff costs	13,323	13,790	467	21,621	20,735	19,208
949	1,397	448	Professional fees, consultancy & contractors	4,230	4,941	711	8,960	10,644	7,675
634	587	(46)	Grants & sponsorships	5,023	4,907	(116)	6,133	7,586	12,004
67	55	(12)	Depreciation & amortisation	361	361	(1)	594	656	540
178	183	4	Shared services and lease costs	1,428	1,440	13	2,171	2,192	2,475
189	233	44	Occupancy	1,672	1,715	44	2,667	2,676	2,495
164	176	12	Travel & entertainment	911	914	3	1,716	1,445	1,510
524	510	(14)	General, admin & other	1,906	1,837	(69)	2,567	1,742	2,610
656	1,075	419	Advertising, marketing & research	4,554	5,402	849	8,669	8,689	8,182
5,099	6,025	926	Total Operating Expenditure	33,408	35,308	1,900	55,099	56,365	56,701
4,333	5,206	873	ATEED Net deficit	27,774	29,714	1,940	46,963	48,374	47,648

Revenue

YTD revenue is in line with forecast, however some risk remains around the corporate sponsorship income for the full year. At this stage we have identified \$0.1m at risk and the Corporate Partnership team are working with Business Units to address this. An update will be provided as part of the Q3 forecast.

Expenditure

We have an underspend for the month of \$0.9m, and \$1.9m YTD.

Staff costs are lower than forecast; a favourable variance of \$0.5m.

- \$0.2m relates to annual leave credits. We do not forecast for annual leave credits as this should be close to cost neutral by the end of the year
- Training expenses underspend of \$0.1m is a result of deferral of some of our programmes. The impact of this will be reviewed over the coming months as our newly recruited Cultural Development Leader reviews our organisational development programme
- The remainder of the variance relates to staff vacancies. We are currently carrying 26 vacancies (a mix of new roles and vacant positions) across ATEED. Over \$0.1m has been earmarked as permanent salary savings (mainly BA&I) and further savings will be made as we factor in the outcomes from the review of our resourcing model into the Q3 forecast.

Professional fees, consultancy and contractors are lower than forecast, with a favourable variance of \$0.7m.

- The underspend is across multiple projects and across all business units and at this stage is all timing related, with managers expecting to utilise these external resources over the remaining year. Material variances are in the Innovation Events Programme, Mayors Employment Traction Plan, Innovation Measurement and Benchmarking project and Study Auckland. All Project Managers have confirmed the projects are on track to deliver against milestones and will utilise allocated budgets, however this will be challenged as we go into our Q3 forecast

- There is also an underspend across strategic work programmes, with this activity now scheduled for later this financial year. Up to \$0.1m of savings is expected from Corporate Partnership's consultancy work which is no longer required.

As a follow up to the forecast paper presented last month, a detailed analysis of our forecast professional fees and consultancy spend is available in Appendix 1.

Advertising and marketing is lower than forecast, with favourable variance of \$0.8m. Continued timing differences due to delays in roll out of promotional activity across Global Auckland (\$0.1m), Digital development plan (\$0.1m), Tourism trade partnerships (\$0.1m), and \$0.4m across other areas within Destination and Major Events. We are currently reviewing our spend profile across both the Digital Development work and Global Auckland to ensure we are clear on projected Q4 spend versus Q1 spend.

Summary of major projects

Summary of Major Projects: Spend and/or (Revenue) > 0.5m							TABLE 3		
For the Period Ended 29 February 2016							\$000's		
Month				Year to Date			Forecast	Budget	Last Year
Actual	Forecast	Variance		Actual	Forecast	Variance			
121	83	(38)	Business, Innovation and Skills	689	682	(7)	1,015	1,000	1,000
193	124	(69)	The FoodBowl	971	974	3	1,659	2,255	1,486
			GridAKL						
5	50	45	Destination and marketing	145	288	143	550	550	253
			Global Auckland Project						
			Major Events						
201	201	(0)	Maori Signature Event	529	529	0	529	500	29
20	0	(20)	V8 Supercars	1,425	1,420	(5)	1,420	1,993	461
642	639	(3)	2016 NRL Nines - Delivery	1,708	1,710	2	1,710	2,450	3,262
Total Major Events				6,651	6,700	48	8,295	9,605	14,371
Contingent Asset							7,318	4,649	3,649

- All major projects (with the exception of Global Auckland) tracking well against forecast.
- Global Auckland Project is currently \$0.1m behind forecast spend. The creative work is now underway and project is on track to meet deliverables and milestones.

World Masters Games

World Masters Games 2017 Ltd							TABLE 4		
Summary Income Statement							\$000's		
For the Period Ended 29 February 2016									
Month				Year to Date			Forecast	Budget	Last Year
Actual	Forecast	Variance		Actual	Forecast	Variance			
282	1,027	(745)	Revenue from Activities	350	1,348	(998)	2,900	1,212	26
0	0	0	Funding from Government	1,375	1,375	0	2,625	2,625	2,500
0	0	0	Sponsorship	290	0	290	0	885	1,225
0	0	0	Sundry income	520	520	0	520	0	200
282	1,027	(744)	Total Operating income	2,535	3,243	(708)	6,045	4,722	3,951
			Net Operational costs						
226	300	74	Staff costs	1,564	1,769	205	3,108	3,105	1,605
			Professional fees, consultancy & contractors	512	567	55	1,050	855	447
122	128	6	Grants & sponsorships	695	695	0	749	832	861
0	0	0	Depreciation & amortisation	39	44	5	67	51	21
5	6	1	Occupancy	116	121	5	173	502	83
11	13	2	Travel & entertainment	197	183	(14)	275	164	124
24	18	(6)	General, admin & other	294	245	(49)	343	856	362
(0)	38	38	Advertising, marketing & research	461	419	(42)	689	0	498
85	57	(28)	Total Operating Expenditure	3,877	4,043	166	6,455	6,364	4,001
472	558	86							
(190)	468	(658)	Operating surplus/(deficit)	(1,342)	(800)	(542)	(410)	(1,642)	(50)

	Prior Year	2016 YTD	Revised Forecast	Original Budget
Total Spend	8,885	3,877	34,750	33,000
ATEED Funding, including revenue in kind of 0.75m	3,004	1,342	11,750	11,000

Detailed financial reporting with variance commentary will be available from WMG a month in arrears. This will include revenue tracking in line with the Sales and Operations Plan presented to the Board in January.

At this stage, based on discussions with WMG, there is no expected change to the revenue forecast.

Summary Statement of Financial Position

Statement of Financial Position, ATEED Group		
As at 29 February 2016		
TABLE 5	YTD	\$000's Jun-15
Current assets		
Cash and cash equivalents	2,121	2,206
Receivables and prepayments	7,135	9,512
Other current assets, including iSite inventory	71	55
Total current assets	9,327	11,773
Current liabilities		
	10,474	11,230
Working capital	(1,147)	543
Non-current assets		
Receivables and prepayments (non-current)	1,761	1,236
Property, plant and equipment	4,486	2,240
Investment in Joint Venture, The FoodBow I	2,047	2,047
Total non-current assets	8,294	5,523
Non-current liabilities		
	459	436
NET ASSETS	6,688	5,630
EQUITY	6,688	5,630
Capex spend	2,604	ADJ FY Funding \$3,030
Total commitments (at December 2015)	\$29.7m	\$46.1m

- The negative working capital relates to large capex payments for GridAKL that impact our net receivable from Council. This is a timing variance only relating to capex funding received from Council and the timing of the actual payments
- Noncurrent receivables increased from 2015 due to accounting treatment for WMG sponsorship
- Property, plant and equipment has increased due to GridAKL fit out on the John Lysaght building, however is behind plan due to delays with Innovation 5A. This is expected to be utilised over the remaining quarter. This is all within approved capex budgets.

Attachments: Appendix 1, analysis of forecast professional fees

Recommendation

It is recommended that the Board note the Finance Report for the period 29 February 2016

Signatories

Manager: Avika Singh, Finance Manager

GM: Barbara Imlach, Chief Financial Officer

Appendix 1 - Analysis of Professional Fees for the year ended 30 June 2016

Professional fees includes a variety of advisory and contracting costs. An analysis for the year to 30 June 2016 is set out below:

Expense Type	Full Year Forecast 2016	Feb YTD	Year to Go
Directors Fees	355	214	141
Audit Expenses	138	98	40
Consultancy Expenses	4,364	1,425	2,939
Research and investigation	40	-	40
Maori Engagement	44	38	6
Legal Fees	68	-	68
Management Fees	1,081	805	277
Production fees	78	127	49
Contractor Expenses	2,791	1,523	1,268
	8,960	4,230	4,730

It is important to note that this forecast spend of \$8.9m represents our Q2 forecast. We expect to see this reduced significantly in our Q3 forecast as we review our planned activity in order to concentrate on priority activities and projects over the remaining four months. Last year, we spent \$7.7m on professional fees and the majority of this \$1.3m increase is from additional contracting expenses, bringing in external resource for project activity.

Consultancy expenses

A number of our large projects require external advisory support, buying in expertise not available from within the organisation.

Corporate consultancy spend to date has been on outward facing strategic projects such as the Alternative Funding Model. Further work, \$0.5m, on this and other horizon projects such as the Visitor Levy, Business Transformation and Trade Opportunities will be undertaken over the next four months. All of these strategic projects are expected to translate into business opportunities over the next few years.

A number of projects within Business, Innovation and Skills have not incurred consultancy costs as early as they had planned. This will increase over these next four months with all of this forecast spend (approx. \$1m) expected to be utilised on delivery of the projects this financial year: Business Sector Research Project, Tertiary Student Entrepreneurship Programme and Auckland Techweek. In addition, consultancy work on GridAKL will continue as we use expertise to help develop key strategies in the development and operation of the precinct.

Management fees

This cost represents management fees paid to Biz Dojo as service providers at Polperro and now Lysaght.

Contractors

Contractor spend refers to additional resources to assist with certain projects or activities. We have three ways we can procure additional resource: fixed term or casual contracts through payroll, or procured via temp agencies or through a contract for service. The contractor spend here refers to non-payrolled resource to cover project activity.