

Auckland Tourism, Events and Economic Development Ltd Board meeting

OPEN AGENDA

Will be held as follows:

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

Board members:

<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

Attendees

<i>CEO</i>	Brett O'Riley
<i>Company Secretary</i>	Libby Nuth
<i>Board Intern</i>	Daniel Mussett
<i>Others TBC</i>	

OPEN AGENDA

1. **APOLOGIES**

No apologies have been received.

2. **MINUTES OF 26 JUNE 2015 AND OPEN ACTION TRACKER**

Brett O'Riley, Chief Executive.....4 - 8

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

Brett O'Riley, Chief Executive..... 9 - 15

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

Brett O'Riley, Chief Executive..... 16 - 24

5. **FINANCE REPORT**

Barbara Imlach, Chief Financial Officer..... 25 - 32

Friday, 31 July 2015



OPEN AGENDA

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

Friday, 31 July 2015



OPEN AGENDA

2. **MINUTES OF 26 JUNE 2015 AND OPEN ACTION TRACKER**
Brett O'Riley, Chief Executive

BOARD MINUTES

- What:** Minutes of a Meeting of Board of Directors of Auckland Tourism Events and Economic Development Limited
- Where:** Gulf Boardroom, ATEED Central Office, Level 8, 139 Quay Street
- When:** Friday, 26 June 2015 at 12.35pm
- Directors:** David McConnell
Norm Thompson
Franceska Banga
Danny Chan
- In Attendance:** Brett O'Riley (Chief Executive)
Martin Fairweather (General Manager - Strategy)
Steve Armitage (General Manager – External Relations) Item 5
James Robinson (Manager Operational Strategy and Planning) Item 5
Laura Fayerman (Executive Manager)
Libby Nuth (Company Secretary)
- Apologies:** Richard Jeffery
Helen Robinson
- Public & Media
Attendance:** N/A
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Background

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

Meeting Business

1. Apologies

No apologies were received.

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

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

3. Minutes of Previous Meetings and Open Action Tracker

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

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

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

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

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

5. Chief Executive Review of June 2015

The Report was taken as read.

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

6. ATEED 2015-18 Statement of Intent

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

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

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

7. Finance Report, May 2015

The report was taken as read.

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

8. Closing the Meeting to the Public

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

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

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

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

Chairman

Date

Open Board Action Tracker

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

Friday, 31 July 2015



OPEN AGENDA

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

Brett O'Riley, Chief Executive

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, Golf Tourism New Zealand (GTNZ) • Director, Queenstown Airport Corporation Limited • Director, Tourism New Zealand Board • Chartered Fellow of Institute of Directors • Trustee, Young Enterprise Scheme (YES) • Member, New Zealand Golf Open 2016 Committee <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"> • Chief Executive, NZ Venture Investment Fund Limited • Director, Constellation Capital • Director, Halo Fund No. 1 Limited (non-operating company) • Director, Halo Fund Investment Management Limited (non-operating company) • Director, 82 Above Limited (non-operating company) • Director, Frogparking Limited

	<ul style="list-style-type: none"> · Trustee, Fred Hollows Foundation · Trustee, Peka Peka Trust (Family Trust) Investments in: <ul style="list-style-type: none"> - Pohutukawa Fund, Maui Capital Indigo Fund - 82 Limited Partnership and Advisory Board member · Shareholder (1%) – Business Growth Limited (Holds shares in Xero) · Shareholder – the Breakthrough Co. Limited (Family business) · Shareholder – National Business Coaching Limited · Member, Institute of Directors NZ Inc. · Observer – Fisher & Paykel Healthcare Corporation (IoD Future Directors Initiative) <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>
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

	<p>ACG Yoobee School of Design Limited Yoobee Pty Limited (Australia) New Zealand Career College Limited NZ Nannies Plus Limited ACG Norton College Limited ACG NZIC Limited ACG English School Limited ACG Parnell College Limited ACG Senior College Limited ACG Strathallan Limited ACG Tauranga Limited ACG Sunderland Limited ACG Property Holdings (NZ) Limited ACG Property 345 Queen Street Limited ACG Parnell College Property Limited ACG Senior College Property Limited ACG Strathallan College Property Ltd ACG Education Services Limited ACG Tauranga Property Limited Education Investments Group Limited Sunderland School Property Limited ACG Early Childhood Education Group limited</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
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	<ul style="list-style-type: none"> · Director and Shareholder, Sharp Multi-Media Productions Limited · Director and Shareholder, Simtics 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 · Shareholder, SimTutor 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>
Helen Robinson	<ul style="list-style-type: none"> · Chair, CLOUD M Ltd · Chair, Mondiale Technologies Ltd · Chair, Organic Intimates Ltd · Chair, The Network for Learning Ltd (N4L) · Chair, Valens Group · Director, KND Investments Ltd · Director, Penguin Consulting Ltd · Co-Op Member, NZ Rugby Union, Board Strategic Relations & Planning Committee · Trustee, Aktive Auckland Sport & Recreation · Trustee, Open Polytechnic NZ · Trustee, Robinson Family Trust <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>

Friday, 31 July 2015

OPEN AGENDA

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

Chief Executive Review of July 2015

Report to Auckland Tourism Events and Economic Development Limited Board

Health & Safety

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

June fire at Quay Street

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

Health & Safety Scorecard update

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

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

Hazards: No hazards were reported

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

ATEED Strategic Priorities

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

- Global Auckland
- Maori Signature Festival

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

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

Development of the Global Auckland Brand

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

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

Maori Signature Festival

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

Tripartite Alliance

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

Visitor Infrastructure

Cruise

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

Accommodation

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

Screen Infrastructure

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

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

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

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

Business Attraction

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

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

Talent Attraction

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

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

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

Growing Auckland's Innovation Ecosystem

GridAKL

GridAKL is tracking well against all programme expectations and milestones. This includes a number of recent developments that lay the foundations for acceleration of the overall programme. Notable highlights include:

- Demand for co-working space within the Hub (Polperro) exceeds capacity (currently 15 businesses in residence), establishing a strong pipeline of tenants for the Lysaght building and the Innovation 5A building, and also strengthening the GridAKL expansion proposals.
- Negotiations with Waterfront Auckland have been finalised regarding an early exit of the Polperro building and the transfer of operations to the Lysaght building.
- Pursuant to the Board's earlier request, the Governing Body's approval of the amended Lysaght Deed of Lease will be sought at the Finance & Performance Committee meeting on 23 July.
- Operator requirements are currently being confirmed to establish a tech/community café within the Lysaght building. The process to procure a café operator will commence shortly.
- The detailed design process for Lysaght is currently being fast tracked to enable main contractor pricing. The fit-out works will commence on 26 August with completion currently scheduled for 17 December. Discussions are progressing with Huawei on integrating their technologies into the building.

GridEx (GridAKL expansion programme)

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

FoodBowl

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

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

Tertiary Student Entrepreneurship

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

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

Auckland Innovation Events

The Innovation Events Programme will leverage events to develop Auckland's reputation as an innovation hub whilst authentically delivering on that promise. The initiative will deliver solutions to improve coordination

and collaboration between event organisers, increase the visibility of innovation events and develop signature events that will enhance Auckland's culture and reputation nationally and internationally. Increased visibility of events and targeted attraction of industry specific events is expected to increase participation in the innovation ecosystem and better connect individuals to enable business growth.

Innovation Measurement

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

July in Perspective

Awards

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

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

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

Lions Tour 2017

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

Major Events Sponsorship

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

Pasifika 2016

Auckland Council's Arts, Culture and Events Committee has endorsed ATEED's recommendation that the Pasifika Festival return to Western Springs Park in 2016. The 2015 festival was moved from Western Springs Park to Hayman Park at short notice, due to Western Springs Park being in the Queensland fruit fly exclusion zone established by the Ministry of Primary Industries.

ATEED's recommendation for the festival to return to Western Springs Park was based on feedback from the Pacific Island community via the Pacific People's Advisory Panel and the Pasifika Village Coordinators, which highlighted Western Springs as providing better exposure of Pasifika culture to a wider audience, better site layout and better stall sales."

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

Screen

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

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

The Food Show

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

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

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

Progress towards delivery of ATEED's KPIs

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

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

The four which were not achieved were:

- Total value of Callaghan Innovation R&D grants through Regional Business Partner Programme
- Number of intensively account managed customers in ATEED Aftercare programme

- Number of 'live' signatories to the Youth Employment Traction Hub Employers Pledge
- Overall visitor satisfaction (all visitors) with the experience in Auckland (as measured through the Visitor Insights Programme)

In addition one KPI was not achieved but had improved from last year:

- Number of businesses taking up tenancy at GridAKL (Wynyard Innovation Precinct) (cumulative)

Burning Issues

Regional Business Partner (RBP) programme

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

Local Economic Development

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

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

Looking Forward

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

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

Finance

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

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

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

Risk

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

Recommendations

1. The report be received.
-

Signatory

Chief Executive: Brett O'Riley

Friday, 31 July 2015



OPEN AGENDA

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

Finance Report, June 2015

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

Summary Income Statement						TABLE 1
For the Period Ended 30 June 2015						\$000's
	Full Year					
	Actual	Latest Forecast	Variance (u)/f	Budget	Variance (u)/f	Last Year
Net operational expenses:						
Business Attraction & Investment	3,282	3,507	224	3,664	382	3,227
Destination & Marketing	10,380	10,203	(176)	9,681	(698)	8,980
Major Events	15,992	15,300	(693)	15,850	(142)	14,592
Economic Growth	7,969	8,017	48	8,535	566	6,807
iSites	887	863	(24)	686	(201)	768
Corporate	9,138	9,230	92	9,386	248	7,931
ATEED net deficit	47,648	47,119	(528)	47,802	154	42,306
Major Events Fund drawdown	280	1,080	800	(1,686)	(1,966)	0
World Masters Games 2017 Ltd, net deficit	50	696	646	2,098	2,048	1,143
Operating deficit	47,978	48,895	918	48,214	237	43,450
Approved Council Funding	48,659	48,659	0	47,962	(697)	43,226

Key Points

- With vigorous activity by all teams over the later months, some FY16 projects being moved forward, and utilising the flexibility of our major events fund, ATEED was successful in achieving actual spend aligned to our approved funding of \$48.6m.
- The ATEED net deficit of \$47.6m was \$0.5m more than forecast due to some major event spend (budgeted in 2016) that we had to account for in this current year. Nil impact overall as we utilise the flexibility of the major event fund, returning \$0.3m instead of the planned \$1.0m.
- The implementation of new reporting standards, effective 1 July 2014, has meant we have had to recognise all of the WMG partner sponsorship revenue at the start of the contract. The impact on these management accounts is that we have recognised the remaining future revenue of \$0.7m this year, explaining the favourable result for WMG. (No impact on approved funding from council).

ATEED's net deficit for the year was \$0.5m more than forecast and \$0.2m less than budget

Business Attraction & Investment

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

Destination & Marketing

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

Major Events

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

Business Innovation & Skills (Economic Growth)

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

iSites

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

Corporate

- Some savings overall from the funding pool set up to provide for unbudgeted projects that could be initiated if we were able to deliver on our revenue targets. In reality, this was used to safeguard ourselves against the shortfall arising from not achieving these targets.

Income Statement

Income Statement						TABLE 2
For the Period Ended 30 June 2015						\$'000's
	Full Year					
	Actual	Latest Forecast	Variance (u)/f	Budget	Variance (u)/f	Last Year
Operational income						
Funding from Government	3,518	3,561	(43)	2,779	740	1,770
Sponsorship	967	1,046	(79)	2,599	(1,632)	976
Fees & Subscriptions	510	485	25	418	92	691
i-Sites	2,580	2,517	63	2,547	34	2,600
Sundry income	1,348	1,447	(99)	2,590	(1,242)	1,421
Total Operating income	9,053	9,056	(2)	10,932	(1,879)	7,457
Staff costs	19,559	19,386	(173)	19,401	(158)	17,399
Professional fees, consultancy & contractors	7,325	7,580	255	8,923	1,598	5,420
Grants & sponsorships	12,004	10,825	(1,180)	12,598	593	10,955
Depreciation & amortisation	540	562	21	681	141	458
Shared services and lease costs	2,475	2,467	(8)	2,299	(176)	2,257
Occupancy	2,495	2,446	(49)	2,498	3	2,417
Travel & entertainment	1,510	1,565	54	1,674	164	1,565
General, admin & other	2,611	2,984	374	2,052	(559)	2,714
Advertising, marketing & research	8,182	8,362	180	8,610	428	6,580
Total Operating Expenditure	56,701	56,175	(526)	58,735	2,034	49,764
ATEED net deficit	47,648	47,119	(528)	47,803	155	42,306
Major Events	280	1,080	800	(1,686)	(1,966)	0
World Master Games	50	696	646	2,098	2,048	1,143
Total Operating Deficit	47,978	48,895	918	48,215	238	43,450

Total operating deficit is \$0.9m lower than forecast as a result of accounting for new reporting standards and receiving income for capex purposes. This does not impact our approved Council funding.

Revenue

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

Expenditure

- Overall there has been a necessary \$2.0m reduction in expenses, taking into consideration reduced revenues, to balance back to our approved funding.
- **Staff costs**, slightly over forecast and budget due to redundancy costs. Whilst there were savings across the organisation due to delays in recruiting, we were able to utilise temp or contracting staff to assist.
- **Professional fees** are under forecast due to underspend in CWC and Tripartite Project, as extra external services were not required. Against budget, management fees for GridAKL were significantly less due to delays to the Lysaght base build completion.

- **Grants and sponsorships.** Our June spend was more than forecast as a result of the two events where milestones were met earlier than planned. Against budget our actual spend was less as we had budgeted \$1.0m to cover new initiatives if we were to achieve our revenue targets. As we did not achieve these, we were not able to capitalise on this.
- **Shared services** costs are higher than budget as we were able to take advantage of the shift of IS provider to Auckland Transport and roll out some additional functionality which will see benefit in future years with greater efficiencies and reduced costs.
- **General & Admin** includes asset write offs at the airport as well as accounting for an impairment in our Polperro assets due to the early vacate.

Summary of major projects

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

- We were able to utilise Health Hub funding for other innovation initiatives after it was agreed to withdraw funding.
- GridAKL YTD savings are due to delayed activities, however our year end position includes the unplanned provisioning for commission to BizDojo which is under negotiation.
- CWC savings of \$0.5m is largely due to reduced amount of external contractors required.
- V8 Supercars and NRL Nines are both over forecast as we were contractually bound to recognise milestone payments. Both of these were planned for 2016 so no impact on our overall major event fund.
- Major events fund: Our budget included a \$1.6m drawdown to fund budgeted events and WMG. Due to the timing of the WMG costs as well as savings across a number of events and some deferred projects, we have not needed this level of funding. At the end of the year, we returned \$0.3m, bringing the amount of funding available for future periods up to \$3.6m.

World Masters Games

World Masters Games 2017 Ltd						Table 4
Summary Income Statement						
For the Period Ended 30 June 2015						\$000's
	Full Year				Variance (u)/f	Last Year
	Actual	Latest Forecast	Variance (u)/f	Budget		
Funding from Government	2,500	2,625	(125)	1,875	625	875
Sponsorship	1,225	465	760	400	825	375
Sundry income	226	200	26	0	226	0
Total Operating income	3,951	3,290	661	2,275	1,676	1,250
Net Operational costs						
Staff costs	1,765	1,796	31	1,780	14	1,014
Professional fees, consultancy & contractors	287	372	85	564	277	192
Grants & sponsorships	861	696	(165)	712	(149)	694
Depreciation & amortisation	21	25	4	0	(21)	13
Occupancy	83	151	68	262	179	52
Travel & entertainment	124	193	69	162	38	93
General, admin & other	362	206	(155)	269	(92)	52
Advertising, marketing & research	498	547	49	625	127	283
Total Operating Expenditure	4,001	3,986	(15)	4,373	373	2,393
Operating surplus/(deficit)	(50)	(696)	646	(2,098)	2,048	(1,143)

	Actual	Prior Year	Future years	Revised Forecast	Original Budget	Variance (u)/f
Total Spend	4,001	4,884	26,055	34,940	33,000	(1,940)
Operating deficit	50	2,265	8,685	11,000	11,000	0
ATEED Funding after reporting change	739	2,265	7,996	11,000	11,000	0

- WMG has a net deficit of \$0.05m against a forecast of \$0.7m. This favorable variance is due to implementation of new accounting standards where we are required to treat the Barfoot and Thompson sponsorship revenue in full when received. As this effectively was received last year, we are now showing the 2015 and future revenues in this current financial year.
- Underspend across a number of expenses is mainly a result of sports and venue partners not requiring as much operational funding at this time. The majority of this has been deferred to next year.
- Latest forecast from WMG include \$1.9m of additional expenses of which \$1.0m is covered by increased revenues. We are continuing to work with WMG to identify savings and synergies to cover the \$0.9m of unbudgeted costs (director's fees and FX +on rights payments).
- We were unable to bring forward LTP funding to 2016/17 to align with the revised dates of the event. Work to date gives us comfort we can cover this shortfall from existing funding and our major event fund, however we will need to work closely with WMG over the 2016 year to ensure no surprises.
- As part of our focus on staff development, we currently have two staff on secondment at WMG.

Summary Statement of Financial Position

Statement of Financial Position, ATEED Group		
As at 30 June 2015		
TABLE 7	YTD	\$000's Jun-14
Current assets		
Cash and cash equivalents	2,206	1,464
Receivables and prepayments	9,670	5,836
Other current assets, including iSite inventory	55	85
Total current assets	11,931	7,385
Current liabilities	11,230	7,294
Working capital	701	91
Non-current assets		
Receivables and prepayments (non-current)	1,078	1,032
Property, plant and equipment	2,240	2,329
Investment in Joint Venture, The FoodBow l	2,093	1,991
Total con-current assets	5,411	5,352
Non-current liabilities	436	618
NET ASSETS	5,676	4,825
EQUITY	5,676	4,825
Capex spend	778	FY BUD 1,779
Total commitments (at Mar 2015)	\$35.5m	\$46.1m

- Cash is higher than at last year due to the timing of the sweep from Council
- The variance in receivables relates to the timing of receipt of Council funding for \$1.6m, increase in trade debtors and an increase in current assets due to the recognition of sponsorship income in line with new reporting requirements.
- Current liabilities have increased due to early sponsorship payments for NRL9s and V8 Supercars, as well as increased level of accruals resulting from increased activity over May and June compared to the same period last year.
- Capex: delays and repurposing of the Lysaght building has resulted in timing delays for capital expenditure in FY15. We will request that the remaining funds are rolled over via the capex deferral process.
- The year on year reduction in commitments is due to contracts that have been terminated.

Recommendation

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

Signatories

Manager: Avika Singh, Finance Manager

GM: Barbara Imlach, Chief Financial Officer

Appendix 1 iSites Summary Income Statement

iSites Summary Income Statement						Table 6 \$'000's
iSites	Actual	Latest Forecast	Variance (u)/f	Budget	Variance (u)/f	Last year
Total Revenue	2,580	2,517	63	2,547	34	2,693
Cost of goods sold	891	856	(35)	834	(57)	1,040
Gross Margin	1,689	1,661	28	1,713	(23)	1,654
Overhead	2,576	2,372	(204)	2,398	(178)	2,422
SURPLUS / (DEFICIT)	(887)	(711)	(176)	(685)	(201)	(768)

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

Appendix 2

GridAKL Summary Income Statement

GridAKL Summary Income Statement						Table 7
	Actual	Latest Forecast	Variance (u)/f	Budget	Variance (u)/f	Last year
Sponsorship revenue	334	334	0	563	(229)	0
Property rental revenue	622	623	(0)	975	(352)	0
Total Revenue	956	957	(1)	1,537	(581)	0
Staff costs	19	19	0	0	(19)	0
Professional fees, consultancy & contractors	1,580	1,587	7	2,669	1,082	805
Depreciation & amortisation	100	89	(11)	269	180	0.0
Occupancy	731	731	0	769	38	314
General, admin & other	13	138	125	0	(13)	55
Total Expenditure	2,443	2,564	121	3,706	1,264	1,174
SURPLUS / (DEFICIT)	(1,486)	(1,607)	120	(2,169)	683	(1,174)

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