

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

## **OPEN AGENDA**

### **Will be held as follows:**

**DATE:** 5 May 2015  
**TIME:** 8.00 am Start  
**VENUE:**

### **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>Others TBC</i>	

OPEN AGENDA

1. **APOLOGIES**

No apologies have been received.

2. **MINUTES OF 27 MARCH 2015 AND OPEN ACTION TRACKER**

Brett O'Riley, Chief Executive.....3 - 6

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

Brett O'Riley, Chief Executive..... 7 - 13

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

Brett O'Riley, Chief Executive..... 14 - 22

5. **FINANCE REPORT**

Barbara Imlach, Chief Financial Officer..... 23 - 28

***FOR INFORMATION ONLY***

6. **ATEED Q3 REPORT TO COUNCIL**..... 29 - 53

Tuesday, 5 May 2015

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2. **MINUTES OF 27 MARCH 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, 27 March 2015 at 8.05 am
- Directors:** David McConnell  
Norm Thompson  
Franceska Banga  
Richard Jeffery  
Danny Chan  
Helen Robinson
- In Attendance:** Brett O'Riley (Chief Executive)  
Martin Fairweather (General Manager - Strategy)  
Barbara Imlach (Chief Financial Officer)  
Libby Nuth (Company Secretary)
- 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. Minutes of Previous Meetings and Open Action Tracker

The draft minutes of the meeting held on 3 March 2015 and the Open Action Tracker were discussed. The Board requested that further updates on the Health and Safety action planning be brought to the Health, Safety & Remuneration Committee.

**Following the conclusion of discussions, the Board resolved that the minutes of the ATEED meeting held on 3 March 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.

Danny Chan advised that he had resigned as a Director of ASPEQ Limited.

**4. Chief Executive Review of February 2015**

The Chief Executive spoke to the Report which was taken as read.

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

**5. Finance Report, February 2015**

Barbara Imlach spoke to the report which was taken as read.

**Following the conclusion of discussions, the Board resolved to note the Finance Report for the period 28 February 2015.**

**6. Health and Safety Update**

Barbara Imlach spoke to the paper which was taken as read. The Board was advised that work was underway to appoint a health and safety contractor. A health and safety consultant responsible for conducting independent audits would also be engaged.

**Following the conclusion of discussions, the Board resolved to note the Health and Safety Update.**

**7. 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 8.25am.

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

\_\_\_\_\_  
Chairman

\_\_\_\_\_  
Date

**Open Board Action Tracker**

<b>Action</b>	<b>Result of Action</b>	<b>Status of Action</b>	<b>Target Date</b>	<b>Responsibility</b>
-	-	-	-	-

Tuesday, 5 May 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	<ul style="list-style-type: none"> <li>· Managing Director, McConnell Group</li> <li>· Deputy Chair, Committee for Auckland</li> <li>· Board Member, University of Auckland’s Business School Advisory Board</li> <li>· Director, Hawkins Group</li> <li>· Director, 429 Limited</li> <li>· Director, Addison Developments Limited</li> <li>· Director, Addison Group Limited</li> <li>· Director, Addison Retirement Village Limited</li> <li>· Director, Anselmi Ridge Limited</li> <li>· Director, Arnot Investments Limited</li> <li>· Director, Ascot Parade Limited</li> <li>· Director, Ayrlires Holdings Limited</li> <li>· Director, BPB Plasterboard Limited</li> <li>· Director, British Plasterboard Limited</li> <li>· Director, C 60 Display Limited</li> <li>· Director, Citygate Limited</li> <li>· Director, Element NZ limited</li> <li>· Director, Galleon Limited</li> <li>· Director, Harker Underground Construction Limited</li> <li>· Director, Hawkins Construction Group Limited</li> <li>· Director, Hawkins Construction Hobsonville Limited</li> <li>· Director, Hawkins Construction Limited</li> <li>· Director, Hawkins Construction NI Limited</li> <li>· Director, Hawkins Construction North Island Group Limited</li> <li>· Director, Hawkins Construction North Island Limited</li> <li>· Director, Hawkins Construction South Island Limited</li> <li>· Director, Hawkins Group Limited</li> </ul>



	<ul style="list-style-type: none"> <li>• Director, Hawkins Infrastructure Limited</li> <li>• Director, Hawkins Management Limited</li> <li>• Director, Hawkins Plant Limited</li> <li>• Director, Learning Infrastructure Partners GP Limited</li> <li>• Director, Learnings Infrastructure Investment Limited</li> <li>• Director, McConnell Development Holdings Limited</li> <li>• Director, McConnell Developments Limited</li> <li>• Director, McConnell Funds Management Limited</li> <li>• Director, McConnell GP No.1 Limited</li> <li>• Director, McConnell Group Limited</li> <li>• Director, McConnell Limited</li> <li>• Director, McConnell Property Limited</li> <li>• Director, McConnell Property Services Limited</li> <li>• Director, McLennan Developments Limited</li> <li>• Director, Pomander Holdings Limited</li> <li>• Director, Projects (M.I.L.) Limited</li> <li>• Director, Shelf Company 2012A Limited</li> <li>• Director, Spiral Welded Pipes Limited</li> <li>• Director, Steelpipe Limited</li> <li>• Director, The Shooting Box Limited</li> <li>• Director, Titanium Park Development Limited</li> <li>• Director, Wilkins &amp; Davies Limited</li> </ul> <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>
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<b>Director</b>	<b>Roles &amp; Responsibilities outside of ATEED</b>
Norman Thompson	<ul style="list-style-type: none"> <li>· Director, Dot.Kiwi Limited</li> <li>· Director, Golf Tourism New Zealand (GTNZ)</li> <li>· Director, Queenstown Airport Corporation Limited</li> <li>· Director, Tourism New Zealand Board</li> <li>· Chartered Fellow of Institute of Directors</li> <li>· Trustee, Young Enterprise Scheme (YES)</li> <li>· Member, New Zealand Golf Open 2015 Committee</li> </ul> <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>
<b>Director</b>	<b>Roles &amp; Responsibilities outside of ATEED</b>
Franceska Banga	<ul style="list-style-type: none"> <li>· Chief Executive, NZ Venture Investment Fund Limited</li> <li>· Director, Constellation Capital</li> <li>· Director, Halo Fund No. 1 Limited (non-operating company)</li> <li>· Director, Halo Fund Investment Management Limited (non-operating company)</li> <li>· Director, 82 Above Limited (non-operating company)</li> <li>· Director, Frogparking Limited</li> <li>· Trustee, Fred Hollows Foundation</li> <li>· Trustee, Peka Peka Trust (Family Trust) Investments in:               <ul style="list-style-type: none"> <li>- Pohutukawa Fund, Maui Capital Indigo Fund</li> <li>- 82 Limited Partnership and Advisory Board member</li> </ul> </li> <li>· Shareholder (1%) – Business Growth Limited (Holds shares in Xero)</li> <li>· Shareholder – the Breakthrough Co. Limited (Family business)</li> <li>· Shareholder – National Business Coaching Limited</li> <li>· Member, Institute of Directors NZ Inc.</li> <li>· Observer – Fisher &amp; Paykel Healthcare Corporation (IoD Future Directors Initiative)</li> </ul>

	<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"> <li>· Chief Executive, Vodafone Events Centre</li> <li>· Trustee of the Rising Foundation</li> <li>· Owner – I Like Gallery Limited, Art Gallery &amp; Project Consulting</li> <li>· Director and Shareholder, Knight Star Covenants Limited</li> <li>· Director, The Original Art Sale Limited</li> <li>· Director, Museum of Transport and Technology (MOTAT)</li> </ul> <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>
<b>Director</b>	<b>Roles &amp; Responsibilities outside of ATEED</b>
Danny Chan	<ul style="list-style-type: none"> <li>· Director and Shareholder, A1 Flower Wholesalers Limited</li> <li>· Director and Shareholder, Academic Colleges Group Limited and subsidiaries as follows: <ul style="list-style-type: none"> <li>Australian International Schools Limited (BVI)</li> <li>New Zealand International College Limited</li> <li>ACG New Zealand International College Jakarta Limited</li> <li>ACG Australian International Education Services Company Limited</li> <li>New Zealand Management Academies Limited</li> <li>ACG Yoobee School of Design Limited</li> <li>Yoobee Pty Limited (Australia)</li> <li>New Zealand Career College Limited</li> <li>NZ Nannies Plus Limited</li> <li>ACG Norton College Limited</li> <li>ACG NZIC Limited</li> <li>ACG English School Limited</li> <li>ACG Parnell College Limited</li> <li>ACG Senior College Limited</li> <li>ACG Strathallan Limited</li> <li>ACG Tauranga Limited</li> </ul> </li> </ul>

	<p>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"> <li>• Director and Shareholder, Alpha Asset Management Limited</li> <li>• Director and Shareholder, ARN Investments Limited</li> <li>• Director and Shareholder, Danting Investments Limited</li> <li>• Director and Shareholder, Education Investment Limited</li> <li>• Director and Shareholder, Flowerzone International Limited and subsidiaries</li> <li>• Director and Shareholder, Green Cut Limited</li> <li>• Director and Shareholder, Griff Trading Limited</li> <li>• Director and Shareholder, Lady White Snake Film Limited</li> <li>• Director and Shareholder, Orient Group Limited and subsidiaries</li> <li>• Director and Shareholder, Orpac International Limited</li> <li>• Director and Shareholder, Planit Products NZ Limited</li> <li>• Director and Shareholder, Rhino Security Limited and subsidiaries</li> <li>• Director and Shareholder, Sharp Multi-Media Limited</li> <li>• Director and Shareholder, Sharp Multi-Media Productions Limited</li> <li>• Director and Shareholder, Simtics Limited</li> <li>• Director and Shareholder, Tahere Callas Limited and subsidiary</li> <li>• Director and Shareholder, Talaforde Investments Limited and subsidiary</li> <li>• Director and Shareholder, The Academic Coaching School Limited</li> <li>• Director and Shareholder, Turners Flower Exports NZ Limited</li> <li>• Director, Abano Healthcare Limited</li> <li>• Shareholder, Aire Cut Company Limited</li> <li>• Shareholder, CLOUD M Limited</li> </ul>
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	<ul style="list-style-type: none"> <li>· Shareholder, SimTutor Limited</li> <li>· Member, NZ China Advisory Council (appointed 20 November 2012)</li> <li>· Member, NZ Markets Disciplinary Tribunal</li> <li>· Director, Farmers Mutual Group (Mutual Society)</li> </ul> <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"> <li>· Chair, CLOUD M Ltd</li> <li>· Chair, Mondiale Technologies Ltd</li> <li>· Chair, OPNZ Commercialisation Committee</li> <li>· Chair, The Network for Learning Ltd (N4L)</li> <li>· Chair, Valens Group</li> <li>· Director, KND Investments Ltd</li> <li>· Managing Director, Penguin Consulting Ltd</li> <li>· Member, Risk &amp; Audit Committee, N4L</li> <li>· Council Member, Open Polytechnic NZ (OPNZ)</li> <li>· Strategy Committee Member, New Zealand Rugby Union (NZRU)</li> <li>· Trustee, Auckland Sport</li> <li>· Trustee, Robinson Family Trust</li> </ul> <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>

Tuesday, 5 May 2015

OPEN AGENDA

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

Brett O'Riley, Chief Executive

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# Chief Executive Review of April 2015

Report to Auckland Tourism Events and Economic Development Limited Board

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## **ATEED “Big Rock” Priorities**

### **Grid AKL**

The Polperro building has 15 resident businesses, and is also home to the Auckland Lightning Lab Accelerator Programme run by the ICEHOUSE. GridAKL events are continuing to gather momentum with 18 events hosted in March, including the Mayor’s Innovate Auckland Forum. The Forum was held as part of the preparation for the first Tripartite Economic Alliance summit and discussed growth opportunities the tripartite agreement will create for Auckland businesses in Los Angeles and how innovation can shape Auckland’s economic future.

### **Auckland Investment Office (AIO)**

The AIO 2016-18 Business Plan framework is currently being drafted and tested with the Council Group’s Strategic Partnerships Team in order to identify areas for synergy and resource sharing. There is a proposal to significantly expand the AIO, with seconded resources from ATEED, Auckland Transport and Auckland Council under an independent part-time Executive Director, the latter to help build closer working relationships with central government. ATEED will be working with Stephen Town to conclude this structure and funding arrangement.

AIO representatives, on behalf of the Council Group, attended the National Infrastructure Forum from 31 March – 1 April, participated in the re-setting of the National Infrastructure Plan and establishing investor networks for Auckland’s infrastructure and transformational projects.

Clyde Holland from the United States was hosted in conjunction with the San-Francisco based VIP Programme Manager – Clyde is a scale mixed-used developer who could potentially bring new supply chains, systems and people to Auckland to build scale (3,000+ units) mixed-use developments. UK student and affordable housing develop SCAPE were also hosted, they are targeting a significant initial development for the Auckland CBD of 1500 units incorporating an innovation centre and co-working space.

### **International Education**

In partnership with Auckland tourism operators and businesses, the first two monthly INAKL International Student events were successfully delivered; a BBQ at the Auckland Zoo on 8 April including a Mayoral welcome and announcement of the INAKL International Student Ambassadors, and a group attendance at the Auckland Blues vs ACT Brumbies rugby game on 10 April. The next event (a study-to-residence seminar in collaboration with Immigration NZ) is fully subscribed.

Four INAKL International Student Ambassadors were selected to participate in a series of event and attraction based activities as guests of Auckland. As designated Auckland advocates and representatives of the international student community in Auckland, they are required to blog on the INAKL website and promote their Auckland experiences to their networks.

In addition, to improve the experience of international students arriving in Auckland, signage and welcome collateral is currently in production to be placed in the Auckland airport i-SITE by 1 May.

### **2015 Integration & Leverage Programme**

The ICC Cricket World Cup 2015 and Volvo Ocean Auckland Stopover officially concluded the 2015 Integration suite of event hosting.

### **Development of the Auckland Global Brand**

The Discovery Phase (Phase One) of the Global Auckland Project is expected to be completed by 30 June. The next phase of the project involves obtaining insights from audiences and stakeholders, both locally and abroad via research methods, including interviews, focus groups, surveys and social media. These responses will then be used to inform the Strategy Phase (Phase Two).

## **April in Perspective**

### **Innovate Auckland Forum**

The Innovate Auckland Forum was held at GridAKL in April, as part of the preparation for the first Tripartite Economic Alliance summit and trade mission to Los Angeles in June. Jim Donegan, US Consul General, and Mitch Berman, a world-leading expert in the convergence of digital technology and entertainment, together with Michael Whitehead from Wherescape, discussed growth opportunities the tripartite agreement will create for Auckland businesses in Los Angeles and how innovation can shape Auckland's economic future. The hosting of Mitch Berman at the Forum, and his appointment as an advisor to ATEED to assist with market entry for Auckland companies into LA, is a result of business relationships developed by the VIP Programme Manager in San Francisco.

### **Working International jobs expos in United Kingdom**

Hundreds of potential returning expats and UK-based skilled migrants expressed an interest in moving to Auckland at the highly-respected Working International jobs expos in London and Manchester in March. As part of the new Auckland Regional Partnership Agreement, ATEED worked with Immigration New Zealand at the expos. ATEED's senior London-based contractor at the expo also gave presentations across the four expo days and spoke about Auckland as an option for skilled migrants in several high-profile media interviews focused on the expos, and broadcast across the UK.

### **IdeaStarter**

A new ATEED-supported competition which backs young people to turn their energy and ideas into opportunities was launched in late March. IdeaStarter is open to all Aucklanders aged 15-24 who have a great business idea for a new product or service, and is designed to include young people who are not in formal education programmes or employed.

IdeaStarter is part of Youth Connections, a programme which is primarily funded by The Tindall Foundation and Auckland Council. It is based at ATEED's Quay Street office, to support youth employment and enterprise in Auckland.



## **Youth Employability Passport**

ATEED is supporting the trial of the Youth Employability Passport which commenced in mid-April. The trial will involve about 100 young people from Auckland schools and a youth organisation. The passport is a collaborative effort between Auckland Council, the Ministry of Social Development, Careers New Zealand and the Employers and Manufacturers Association.

## **Milestones for Screen Auckland**

By January 2015, ATEED, through its screen attraction and facilitation arm, Screen Auckland had already attracted \$100 million of expenditure by international screen production companies in to Auckland for the financial year. In addition to this, Screen Auckland had also facilitated screen projects worth \$103 million in the July 2014 to January 2015 period.

Major international filming projects attracted to Auckland during this time include the sequel to 'Crouching Tiger, Hidden Dragon', 'Power Rangers', MTV's Shannara, the 'Evil Dead' series and Steven Spielberg's 'Lumen', as well as several international and high profile television commercials for Asics, Ford, Hyundai, Honda, Playtex and Visa. Domestic activity is also at a peak with projects such as 'The Patriach', '800 Words', the much anticipated 'Filthy Rich' and the X Factor all shooting in Auckland.

## **Domestic marketing campaign helps fill hotels to record levels**

The 'Non-Stop Summer' domestic marketing campaign, leveraging Auckland's unprecedented events calendar and showcase its many tourist attractions, achieved excellent results, including:

- domestic and international visitors to Auckland increased the hotel occupancy rate to 83 per cent for the year ending February 2015
- in February 2015, occupancy rates reached 93.5 per cent
- annual domestic guest nights for the year ending February 2015 increased by 7 per cent compared to the previous year
- more than 4 million domestic annual guest nights achieved for the first time ever
- more than 3 million international annual guest nights achieved for the first time ever
- in February 2015, average daily room rates reached \$188.10 compared to \$164.59 in February 2014
- year to date ending February 2015 average daily room rates rose to \$150.53, compared to \$142.35 the year prior.

This level of visitation is placing significant pressure on the Auckland hotel stock, with indications of displacement, particularly for international visitors.

## **ATEED recognised for NRL Auckland Nines**

ATEED and its Dick Smith NRL Auckland Nines partner Duco Events scored a great award win at the recent New Zealand Sport and Recreation Awards, winning the 'innovation excellence' category. The Sport and Recreation Awards, which were held at Villa Maria Estate on Monday, 13 April, celebrate sporting sector excellence in commercial partnerships, communication, community impact, events and innovation.

## **Tourism Marketing Activity**

- International arrivals into Auckland were up 13.5% for March, off the back of increased capacity on Asian routes and Trans-Tasman growth around the ICC Cricket World Cup 2015.
- Autumn campaigns with Flight Centre continued in Australia, partnering with their luxury brand Travel Associates for the first time to present Auckland.
- The Show Never Stops campaign TVC and print and digital activity across NZ wrapped up in March. The results are being collated and will be analysed as part of our planning process for the new financial year.
- The Tourism Development team has been heavily involved in the planning discussions around the central wharves strategy and advocating for a long term cruise terminal to cater to the much larger ships already starting to be booked into Auckland from the 2016-17 summer.

## **ICC Cricket World Cup 2015**

Auckland received significant media coverage for the New Zealand BLACKCAPS welcome home event at Queen's Wharf on 30 March. The Auckland hosting programme of the event concluded with the Semi-Final match between the BLACKCAPS and South Africa and post-event evaluation work is being carried out. Anecdotal feedback from the ICC indicated their delight with the hosting undertaken by Auckland and ATEED, which outshone the Australian state capital cities.

## **FIFA U-20 World Cup 2015**

The Fever Pitch will take place as a Fanzone style activation on Queens Wharf. The Fever Pitch will include the 'FIFA cube' which is an impressive square shaped installation that will house a number of activations led by FIFA International. The investment from FIFA of this installation for Auckland is a significant contribution and will be the anchor activity for the fever Pitch on Queen's wharf.

Remaining activations around the FIFA cube include an urban style five-a-side football pitch, two dome structures for events, activities and screenings where appropriate as well as a 'Digi-box' film and info installation.

The city dressing programme is about to be finalised with pole banners, Auckland Airport and bus backs (TBC) being included. A domestic campaign will run from late April to encourage the drive and fly markets to spend time in Auckland while they are in Auckland for the U-20 World Cup.

## **Statement of Intent 2015-18 Update**

On 14 April, the CCO Governance and Performance Committee considered proposed shareholder comments on ATEED's draft 2015-18 Statement of Intent. Comments considered at the Committee included those applicable to all CCOs and those specific to ATEED.

In summary, proposed shareholder comments applicable to all CCOs were as follows:

- ATEED has worked well to support council's objective to improve the quality and consistency of SOIs across all CCOs. We would like this to continue going forward as the 2015-2018 SOIs are finalised.
- The final SOI must align to the decisions made as part of the council's Long-term Plan 2015-2025 (LTP).
- Te Toa Takitini-Māori Responsive High Performance Council has recently been established by the Executive Leadership Group. It will be led by this group with a top-down council family

approach to significantly lift Māori social and economic well-being, strengthen the council's effectiveness for Māori as part of a high performance council and maximise post-Treaty settlement opportunities for the benefit of mana whenua, Auckland Council and the wider public of Auckland. The ATEED CE leads the Whai Rawa Economic Wellbeing work stream.

- The final SOI should reflect the shift from “contributing to Māori well-being and Māori outcomes” to “Māori responsiveness – contributing to Māori well-being, organisational effectiveness, and post-Treaty settlement opportunities”. The SOI should also include activities, projects, programmes and expenditure over the next three years identified through the Long-term Plan 2015-2025 that support Auckland Council group's Māori responsiveness.

Proposed shareholder comments specific to ATEED were:

- ATEED should work with council staff relating to clarification and amendments to the final SOI where priorities are raised but there is no clear or specific initiatives supporting this. For example, the Southern Initiative developing as a leading regional development and urban regeneration programme driving investment, employment and income growth and in particular delivering on Maori economic development outcomes is referenced as a priority but there are no clear or specific projects supporting these in the initiatives section.
- In addition, ATEED should work with council staff on clarifications on the three year work plan. For example, under Sector Development in the SOI, the Economic Development Strategy has other sectors such as tourism, creative and health technologies that are not included in the SOI.

The proposed process for finalising ATEED's 2015-18 SOI is as follows:

- a. Staff will now work with Council to incorporate these comments and other changes as appropriate
- b. A revised draft SOI will be circulated to Board members for review and feedback in late May. Because there is no Board meeting at the end of May, this will be undertaken 'out of cycle'.
- c. Board feedback incorporated into revised draft
- d. Proposed final SOI circulated to Board with June Board papers
- e. Public Board meeting on 26 June to consider shareholder feedback and adopt final SOI
- f. Final SOI delivered to Auckland Council on or before 30 June.

## **Progress towards delivery of ATEED's KPIs**

ATEED continues to track well against its non-financial performance targets, in particular in the events space where this year's busy summer is likely to lead to ATEED exceeding a number of the events targets. From 1 July 2014 to 31 March 2015, there had been 142,640 visitor nights generated by major events and an estimated 1.14 million event attendees. The respective targets are 150,000 visitor nights and 1.52 million attendees. Return on Regional Investment from investment into these major events stands at \$21.8 million, tracking towards the year-end target of \$47 million.

ATEED is tracking well against its business and investment targets. By 31 March 2015 ATEED had facilitated the establishment or significant expansions of six multinational companies in target sectors, already ahead of the year-end target of five. There are 85 intensively account managed customers in ATEED's Aroha Auckland aftercare programme (vs. the year-end target of 105). Total GDP contribution of deals facilitated to date this year has reached \$479 million and the value of investments deals secured by ATEED so far is estimated at \$152 million, with the year-end target of \$252 million.

The Regional Business Partner Network programme is tracking well, with 399 actively managed businesses and a 93 per cent satisfaction rate with the programme, both having already exceeded their targets (360 businesses and 85% satisfaction rate respectively). However, the value of research and development (R&D) grants distributed is unlikely to meet the target this year. At the end of the quarter, \$2.4 million of Callaghan Innovation R&D grants had been distributed (against a \$4 million year-end target). Among the issues contributing to the target shortfall includes increased processing time for R&D applications and lack of clarity on agreed guidelines for applications of grants. A new approval process was recently implemented and is being worked through.

The number of 'live' signatories to the Youth Employment Traction Hub 'Employers' Pledge' is tracking behind target. Although there is a strong pipeline of company interest in signing pledges, it is very unlikely the target of 50 signatories by year end will be met. By the financial year-end, ATEED expects to have 15 to 20 'Employers' Pledge' partners, with another 20 pledges in development.

### **Long Term Plan**

On 21 April, the Chief Executive presented a summary of Long Term Plan submissions relating to ATEED to a Budget Committee Workshop. The key areas of focus of the submissions were:

- Managing growth: limiting population growth via immigration policies and/or incentivising growth outside Auckland (approximately 220 feedback points)
- Funding for major events: reduced funding for major events – in particular commercial/sporting events and some cultural events (approximately 170 feedback points)
- Spatial distribution of growth and activity: ensuring a broader spread of growth opportunities across Auckland – outside of the CBD (approximately 140 feedback points)
- Investing in economic development: reduced investment in economic development activity and a stronger focus on core services (approximately 110 feedback points)
- Innovative funding opportunities for economic development: pursuing alternative funding and partnering opportunities to achieve economic development outcomes (60 feedback points)
- Employment, skills and economic development integration:(approximately 50 feedback points)

A strong theme of the discussion that followed was ATEED's ability to prove return on investment and better tell the story of the work being undertaken.

Final LTP budget decisions will be made by the Committee at a meeting spanning May 7-8. Key ATEED items for consideration include:

- A reduction of ATEED opex funding of \$1m per annum (already incorporated into planning)
- Additional capex of \$6m to support the development of Innovation 5A
- Bring forward of major events funding (\$5m) to align with the timing of World Masters Games 2017.

## Looking Forward

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

Scheduled event date	Event name	Location
24 April – 17 May	2015 New Zealand International Comedy Festival	Various
28 April – 3 May	New Zealand Badminton Open 2015	North Shore Events Centre
13 – 17 May	Auckland Writers Festival	Various
30 May – 20 June	FIFA U20 World Cup 2015	AMI Stadium

## Finance

We are currently reporting an underspend of \$0.7m, however this is a timing variance only and the activity is due to take place over the last quarter. We are on track with our full year funding and monitoring our forecast carefully to ensure we maximise our current year funding to ensure achievement of deliverables.

ATEED's Long Term Plan is still being deliberated by Council, with Councillor briefings, including responses to the consultation feedback, being held over April and early May. We continue to work with Council to ensure the Councillors have all the available information to assist them with their decision making.

A revised budget paper, supporting the final LTP will be presented at the July Board meeting. This will include a consolidated P&L, as well as a split-by-business unit and strategic priority.

## Risk

We continue to roll out ethics training across the organisation and will further enhance this with some form of compliance reporting for employees and their managers.

Our major financial risk is around the LTP with uncertainty of funding until the Budget Committee makes its recommendation on 8 May.

## Health & Safety

Whist our specific training for fire wardens (March) and first aiders (due to take place April) is good, we are still struggling with ensuring all staff receive H&S training in a timely manner. The H&S reps will continue to work with the managers across the business to ensure we are confident our staff know what to do to keep themselves and others safe.

We launched another wellbeing initiative in March, Fit24, and will invite staff to partake in the annual wellbeing survey next month.

## Health & Safety Scorecard update

Two incidents were reported in March, both related to our pool cars. Defensive driving courses are being investigated, however the majority of the accidents reported this year (3 of the 4) relate to backing out of our car parks. We are working on protocols reminding staff to leave plenty of time to get to meetings so they are not in a rush when leaving the car park. Of the 17 year to date incidents, all have been closed.

**Near Misses:** One near miss was reported, relating to broken glass in the kitchen

**Hazards:** A related hazard was also reported during the month

## Recommendations

1. The report be received.
- 

## Signatory

Chief Executive:                      Brett O'Riley

Tuesday, 5 May 2015

OPEN AGENDA

5. **FINANCE REPORT**

Barbara Imlach, Chief Financial Officer

## Finance Report, March 2015

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

Summary Income Statement												TABLE 1
For the Period Ended 31 March 2015												
Month				Year to Date					Full Year			
Actual	Forecast	Variance	Budget	Actual	Forecast	Variance	Budget	Last Year	Forecast	Budget	Last Year	
<b>Net operational expenses:</b>												
344	500	156	370	2,111	2,357	246	3,036	2,116	3,726	3,664	3,227	
1,450	1,726	276	1,002	7,184	7,484	300	7,707	6,161	9,968	9,681	8,980	
2,135	2,040	(95)	2,881	12,766	12,784	18	12,887	10,397	15,984	15,850	14,592	
778	981	203	712	4,987	5,211	224	6,950	4,878	8,087	8,535	6,807	
61	43	(18)	53	527	530	3	591	514	711	686	768	
869	793	(76)	909	6,656	6,610	(46)	6,851	6,100	9,793	9,386	7,931	
<b>5,637</b>	<b>6,084</b>	<b>447</b>	<b>5,928</b>	<b>34,230</b>	<b>34,977</b>	<b>747</b>	<b>38,022</b>	<b>30,165</b>	<b>48,269</b>	<b>47,802</b>	<b>42,306</b>	
0	0	0	0	0	0	0	0	0	(152)	(1,686)	0	
396	285	(111)	199	1,087	1,067	(20)	2,331	499	685	2,098	1,143	
<b>6,033</b>	<b>6,369</b>	<b>336</b>	<b>6,127</b>	<b>35,317</b>	<b>36,044</b>	<b>727</b>	<b>40,353</b>	<b>30,664</b>	<b>48,802</b>	<b>48,214</b>	<b>43,450</b>	
Approved Council Funding									48,659	47,962	43,226	

### Key Points

- A busy month for our Major Events team with the Cricket World Cup, Volvo Ocean Race Auckland Stopover (including cyclone delays), and the inaugural Ultimate Waterman. However across the Destination, BA&I, and Economic Growth teams there was some slowdown in project or business activity resulting in \$0.4m of underspend in the month (\$0.7m YTD).
- We are continuing to review and monitor our year end forecast and will bring a forecast update to the Board meeting next month
- Council approved increases of funding of \$0.7m for the current financial year bringing our total funding up to \$48.7m for the year.



Income Statement													TABLE 2
For the Period Ended 31 March 2015													
Month				Year to Date							Full Year		
Actual	Forecast	Variance	Budget	Actual	Forecast	Variance	Budget	Last Year	Forecast	Budget	Last Year		
				<b>Operational income</b>									
398	393	5	405	Funding from Government	3,019	3,149	(130)	2,488	837	3,561	2,779	1,770	
275	265	10	612	Sponsorship	1,040	1,007	33	1,097	891	1,194	2,599	976	
18	10	8	0	Fees & Subscriptions	451	434	18	418	529	454	418	691	
259	235	24	240	i-Sites	2,075	2,021	54	2,034	2,173	2,517	2,547	2,600	
110	110	0	552	Sundry income	1,278	1,122	156	1,622	1,543	1,431	2,590	1,421	
<b>1,060</b>	<b>1,013</b>	<b>47</b>	<b>1,809</b>	<b>Total Operating income</b>	<b>7,863</b>	<b>7,732</b>	<b>131</b>	<b>7,659</b>	<b>5,973</b>	<b>9,156</b>	<b>10,932</b>	<b>7,457</b>	
				<b>Expenditure</b>									
364	510	146	492	Business Attraction & Investment	2,384	2,612	228	3,592	2,354	4,304	5,057	3,672	
1,453	1,727	273	1,002	Destination & Marketing	7,716	8,013	296	8,045	6,980	10,560	10,481	9,701	
2,746	2,610	(135)	4,021	Major Events	15,683	15,640	(43)	15,417	11,444	18,880	18,690	16,123	
928	1,163	235	1,004	Economic Growth	6,924	7,142	218	9,017	6,434	10,471	11,709	8,691	
320	278	(42)	293	iSites	2,602	2,551	(50)	2,626	2,687	3,228	3,232	3,461	
886	809	(77)	924	Corporate	6,784	6,752	(33)	6,985	6,238	9,983	9,564	8,115	
<b>6,698</b>	<b>7,098</b>	<b>400</b>	<b>7,737</b>	<b>Total Operating Expenditure</b>	<b>42,093</b>	<b>42,709</b>	<b>616</b>	<b>45,681</b>	<b>36,138</b>	<b>57,425</b>	<b>58,734</b>	<b>49,764</b>	
0	0	0	0	Major Events Fund drawdown	0	0	0	0	0	(152)	(1,686)	0	
<b>5,637</b>	<b>6,084</b>	<b>447</b>	<b>5,928</b>	<b>ATEED net deficit</b>	<b>34,230</b>	<b>34,977</b>	<b>747</b>	<b>38,022</b>	<b>30,165</b>	<b>48,117</b>	<b>46,116</b>	<b>42,306</b>	
396	285	(111)	199	World Masters Games Ltd, net deficit	1,087	1,067	(20)	2,331	499	685	2,098	1,143	
<b>6,033</b>	<b>6,369</b>	<b>336</b>	<b>6,127</b>	<b>ATEED Group - Operating deficit</b>	<b>35,317</b>	<b>36,044</b>	<b>727</b>	<b>40,353</b>	<b>30,664</b>	<b>48,802</b>	<b>48,214</b>	<b>43,450</b>	

## Income

- Our forecast for Government funding was overstated and should have been recorded as other income, offsetting the favourable variance on that line
- iSites revenue continues to track above forecast, largely attributable to the rollout of the online booking system
- The full year forecast for sponsorship revenue is at risk as it is becoming evident that we will not be able to achieve the \$0.1m for sponsorship from our Digital Aggregator offering. No impact on overall deficit as we had put contingency funds aside in case of this eventuating.

## Expenditure

- Overall expenditure is behind forecast by \$0.6m for the year.
- BA&I have yet to implement their revised structure and plan so staff costs, professional fees and advertising are all below forecast. We will see some traction in this area over the coming months as the acting GM brings in extra resource to ensure outcomes achieved, including funding for the new Studio project
- Destination & Marketing underspend is all advertising and marketing related due to the deferral of the launch of the Advocacy Programme (however no additional costs have been incurred as a result of this delay), and delays with the activation of the various tourism partnership programmes, including the Airports Partnership
- Economic growth, down \$0.2m on plan, with over half of this being a permanent difference from reduced activity in our Innovation and Entrepreneurship programmes.

## Expense Analysis

Analysis by Expense Type												TABLE 4
For the Period Ended 31 March 2015												
Month					Year to Date					Full Year		
Actual	Forecast	Variance	Budget		Actual	Forecast	Variance	Budget	Last Year	Forecast	Budget	Last Year
1,727	1,707	(20)	1,730	Staff costs	14,184	14,267	83	14,518	12,972	19,784	19,401	17,399
1,495	1,837	342	1,241	Professional fees, consultancy & contractors	4,905	5,202	296	5,607	3,711	7,859	7,288	5,420
907	642	(265)	2,003	Grants & sponsorships	9,811	9,613	(198)	10,768	7,542	11,650	12,598	10,955
43	47	5	57	Depreciation & amortisation	394	404	10	511	343	546	681	458
236	236	0	192	Shared services and lease costs	1,880	1,880	0	1,724	2,534	2,467	2,299	2,257
262	263	1	305	Occupancy	1,913	1,920	7	1,924	914	2,513	2,498	2,417
282	301	19	249	Travel & entertainment	1,163	1,150	(13)	1,258	1,302	1,678	1,674	1,565
386	343	(43)	967	General, admin & other	2,032	1,945	(87)	2,767	2,108	2,430	3,687	2,714
1,360	1,723	363	992	Advertising, marketing & research	5,810	6,328	518	6,605	4,712	8,499	8,610	6,580
<b>6,698</b>	<b>7,098</b>	<b>400</b>	<b>7,737</b>	<b>Total Operating Expenditure</b>	<b>42,093</b>	<b>42,709</b>	<b>616</b>	<b>45,681</b>	<b>36,138</b>	<b>57,424</b>	<b>58,735</b>	<b>49,764</b>

- **Staff costs** remain under forecast due to the number of vacant positions; (three in BA&I and a number across the Economic Growth programmes). In other areas (Finance and Corporate Relations) we have brought in temporary or seconded resource to fill vacancies as we go through the formal recruitment process. The monthly variance relates to increased staff in Major Events for the World Cup programmes that had not been included in the forecast.
- **Professional fees** underspend includes planned CWC contractor spend which was not required
- **Grants and sponsorships** includes a number of CWC sponsorships that had not been included in the project forecast (Sport NZ for sponsorship of the gala dinner and India NZ Business Council Summit); savings from other areas of the project were used to offset this.
- **Advertising and marketing** underspend for the month relates to \$0.3m of Destination and Marketing activity that did not take place in March. Half of this relates to the delays in the ACB Advocacy programme launch and the rest from various tourism campaigns. The YTD variance includes major events advertising from prior months (\$0.15m) that is likely to be a permanent saving.

## Summary of major projects

Summary of Major Projects: Spend and/or (Revenue) > 0.5m												TABLE 5
For the Period Ended 31 March 2015												
Month					Year to Date					Full Year		
Actual	Forecast	Variance	Budget		Actual	Forecast	Variance	Budget	Last Year	Forecast	Budget	Last Year
76	142	66	83	<b>Economic Growth</b>	632	698	66	750	695	1,000	1,000	1,000
0	0	0	0	The FoodBowl	0	0	0	500	500	0	500	500
172	216	44	137	Health Hub	1,011	1,045	34	1,683	712	1,909	2,169	1,174
				GridAKL								
(67)	(23)	44	0	<b>Destination and marketing</b>	780	791	11	540	916	814	790	1,012
620	623	3	50	Domestic Campaigns	872	880	8	650	0	680	700	0
185	160	(25)	0	Tourism New Zealand Partnership (AUS)	451	481	30	350	0	525	525	0
				Flight Centre Partnership								
(300)	(300)	0	777	<b>Major Events</b>	2,195	2,195	0	1,978	502	2,200	1,978	450
1,247	1,208	(39)	625	Volvo Ocean Race	2,416	2,375	(41)	2,187	61	2,838	2,838	162
15	8	(7)	0	2015 Cricket World Cup	2,528	2,577	49	2,710	2,467	2,577	2,710	2,798
22	22	0	42	2015 NRL Nines - Delivery	171	171	(0)	110	127	650	1,593	857
51	0	(51)	346	FIFA Under 20 World Cup - 2015	512	524	13	346	283	524	346	279
304	351	47	278	Auckland Pasifika Festival 2015	192	241	48	278	215	245	278	235
				Auckland Lantern Festival 2015								
<b>1,936</b>	<b>1,854</b>	<b>(82)</b>	<b>2,657</b>	<b>Total Major Events</b>	<b>11,414</b>	<b>11,453</b>	<b>39</b>	<b>11,004</b>		<b>14,031</b>	<b>11,985</b>	
				<b>Contingent Asset</b>						<b>3,369</b>	<b>561</b>	

- CWC has a small YTD unfavourable variance due to the extra sponsorships that had not been included in the forecast and were not covered by savings elsewhere. There are still some salary costs coming through for this project, but will still come in approx \$0.3m less than forecast.

- World Masters Games


World Masters Games 2017 Ltd											TABLE 6
Summary Income Statement											
For the Period Ended 31 March 2015											
Month				Year to Date					Full Year		
Actual	Forecast	Variance	Budget	Actual	Forecast	Variance	Budget	Last Year	Forecast	Budget	Last Year
(125)	0	(125)	250	1,375	1,500	(125)	1,125	875	2,625	1,875	875
0	50	(50)	0	40	90	(50)	25	375	465	400	375
0	0	0	0	200	200	0	0	0	200	0	0
(125)	50	(175)	250	1,615	1,790	(175)	1,150	1,250	3,290	2,275	1,250
151	160	9	151	1,169	1,208	39	1,336	624	1,796	1,780	1,014
24	75	51	109	163	247	84	378	146	372	564	192
0	0	0	5	696	696	0	712	686	696	712	694
2	3	1	0	16	18	2	0	0	25	0	13
23	23	0	20	92	88	(4)	192	31	151	262	52
81	17	(64)	10	153	107	(46)	101	67	193	162	93
(77)	18	95	11	70	173	103	245	45	206	269	52
68	40	(28)	144	344	320	(24)	517	151	536	625	283
272	335	63	449	2,702	2,857	155	3,481	1,749	3,975	4,373	2,393
(396)	(285)	(111)	(199)	(1,087)	(1,067)	(20)	(2,331)	(499)	(685)	(2,098)	(1,143)

	Prior Year	2015 YTD	Total To Date	2015 YTD	To Go	Revised Forecast	Total Project
Total Spend	4,884	2,702	7,587	2,857	27,353	34,940	33,000
ATEED Funding	2,265	1,087	3,352	1,067	7,648	11,000	11,000

- Funding from MBIE has now been confirmed as not able to be invoice until next year
- Sponsorship funding is behind schedule however with numerous potential partners in discussion, management are confident of achieving the full year target.
- 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 will be deferred to next year.

## Summary Statement of Financial Position

TABLE 7		
		
<b>Statement of Financial Position, ATEED Group</b> <b>As at 31 March 2015</b>		
	YTD	\$000's Jun-14
<b>Current assets</b>		
Cash and cash equivalents	3,022	1,464
Receivables and prepayments	7,984	5,836
Other current assets, including iSite inventory	110	85
<b>Total current assets</b>	<b>11,116</b>	<b>7,385</b>
<b>Current liabilities</b>	<b>10,753</b>	<b>7,294</b>
<b>Working capital</b>	<b>363</b>	<b>91</b>
<b>Non-current assets</b>		
Receivables and prepayments (non-current)	1,013	1,032
Property, plant and equipment	2,256	2,329
Investment in Joint Venture, The FoodBow I	1,991	1,991
<b>Total con-current assets</b>	<b>5,260</b>	<b>5,352</b>
<b>Non-current liabilities</b>	<b>699</b>	<b>618</b>
<b>NET ASSETS</b>	<b>4,924</b>	<b>4,825</b>
<b>EQUITY</b>	<b>4,924</b>	<b>4,825</b>
Capex spend	319	FY BUD 1,779
Total commitments (at Mar 2015)	\$35.5m	\$46.1m

- Cash is higher than at June due to the timing of the sweep from Council
- Receivables include Council funding due which is \$1.5m higher than at year end
- The increase of \$3.0m in current liabilities is a result of month end payroll accrual \$0.5m, accrued expenses of \$2m (major event related)
- Capex. Lysaght fit out is expected to take place over next few months. We are currently investigating the impact on current year funding of any potential redesign
- Commitments have decreased from Dec14 to Mar15 by a net \$12.7m. These decreases are due to some major events completed in the third quarter.

## Recommendation

It is recommended that the Board note the Finance Report for the period 31 March 2015

## Signatories

Manager: Avika Singh, Finance Manager

GM: Barbara Imlach, Chief Financial Officer

Tuesday, 5 May 2015

OPEN AGENDA

*FOR INFORMATION ONLY*

6. **ATEED Q3 REPORT TO COUNCIL**



## He Mihi

*E tu noa ana nga maunga whakahii i te riu o Tāmaki Makaurau.*

*E whakaruruhau ana i nga ahikaa mai tawhiti.*

*E maumahara ana i te nguha a Mataoho.*

*Ratou kua poto ki tua o te arai, e moe e okioki*

*Tatou te hunga ora e kawe ana i te aronganui mo te pai me te whai rawa o Tāmaki, tena ra tatou katoa.*

*The volcanic cones of Tāmaki Makaurau stand as sheltering monoliths to the people from an ancient heritage who have kept the home fires burning as a symbol of remembrance of Mataoho whose rage created this beautiful landscape.*

*To those who have passed into the night, may you find eternal rest.*

*For those of us who have been left behind to build the most liveable city in the world, greetings to us all.*

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# 1. Executive summary

ATEED has completed its most intensive ever quarter of activity, with increased projects and activity across almost all of its outcome areas. This reflects the momentum built up over the last four years and the increased opportunities and issues emerging from an Auckland economy experiencing high levels of growth in line with the objectives of the Auckland Plan and the Economic Development Strategy.

## Highlights for the Quarter

The Polperro building at **GridAKL** achieved full occupancy with 15 companies now in residence, including the Auckland Lightning Lab accelerator. Fu Wah International Group, the developer of the Park Hyatt luxury hotel on the eastern edge of Wynyard Quarter have established their site project office in the Polperro building.

2015 is shaping up to be the best year ever for **Screen Auckland** and Auckland's screen and digital sector. From July 2014 to January 2015, ATEED had attracted \$100 million of expenditure to Auckland by international screen production companies and facilitated screen projects worth \$103 million.

From July 2014 to February 2015, **The FoodBowl – Te Ipu Kai** facilitated 107 discrete projects from company engagements. This is double the KPI targets set for medium sized companies (\$500,000 to \$5 million turnover).

ATEED's **business and investment targets** are on track. By March 2015, there are 85 intensively account managed customers in ATEED's Aroha Auckland aftercare programme. Total GDP contribution of deals facilitated this year has reached \$479 million and the value of investments deals secured by ATEED so far is estimated at \$152 million.

More than 2000 unemployed Auckland young people attended **JobFest15**, a youth employment summit designed to connect them with potential employers and job opportunities. The event saw participation from 40 businesses looking to fill 300 employment vacancies.

The **INAKL International Student Welcome** event was held at The Cloud launching Study Auckland's **INAKL** International Student Experience Programme. The welcome event, formally opened by the Mayor, was well received, with more than 2300 international student registrations. A large number of tourism providers, sport teams, various service providers and Council services groups took part.

The 'Non-Stop Summer' **domestic marketing campaign** to showcase Auckland as a summer leisure destination for Kiwis was completed over the quarter, with excellent results, including:

- domestic and international visitors to Auckland increased the hotel occupancy rate to 83 per cent for the year ending February 2015
- in February 2015, occupancy rates reached 93.5 per cent
- annual domestic guest nights for the year ending February 2015 increased by 7 per cent compared to the previous year
- more than 4 million domestic annual guest nights achieved for the first time ever
- more than 3 million international annual guest nights achieved for the first time ever
- in February 2015, average daily room rates reached \$188.10 compared to \$164.59 in February 2014
- year to date ending February 2015 average daily room rates rose to \$150.53, compared to \$142.35 the year prior.

Auckland hosted the largest ever Major Events Fund investment programme of lifestyle, cultural and sporting **major events**. The 'non-stop summer' of events also brought business leveraging programmes and domestic and international marketing opportunities.

Two ATEED-delivered social anchor events were held during Quarter Three. The 23<sup>rd</sup> **Pasifika Festival** which is the biggest celebration of Pacific Island culture and heritage in the world had a new home for 2015 at Hayman Park in Manukau from 14-15 March. An estimated 200,000 people attended the 16<sup>th</sup> **Auckland Lantern Festival** at Albert Park from 26 February - 1 March.

The **World Masters Games 2017** subsidiary company completed the selection of their on-line registration system provider and travel booking services partner, with announcement plans scheduled for their motor vehicle and airline partners.

The region's first **Māori Signature Festival** is planned to take place in early December 2015, following an ATEED-led hui to progress the opportunity with representatives from 15 of the 19 Tāmaki Makaurau mana whenua authority iwi. A governance framework for Māori events is being developed by ATEED.

## Non-financial performance

ATEED continues to track well against its non-financial performance targets, in particular in the events space where this year's busy summer is likely to lead to ATEED exceeding a number of the events targets. From 1 July 2014 to 31 March 2015, there had been 142,640 visitor nights generated by major events and an estimated 1.14 million event attendees. Return on Regional Investment from investment into these major events stands at \$21.8 million.

The business and innovation targets are also all likely to be met. The Regional Business Partner Network programme is tracking well, with 399 actively managed businesses and a 93 per cent satisfaction rate with the programme, both having already exceeded their targets. However, the value of research and development (R&D) grants distributed is unlikely to meet the target this year. At the end of the quarter, \$2.4 million of Callaghan Innovation R&D grants had been distributed. Among the issues contributing to the target shortfall are increased processing time for R&D applications and lack of clarity on agreed guidelines for applications of grants. A new approval process was recently implemented and is being worked through.

The number of 'live' signatories to the Youth Employment Traction Hub 'Employers' Pledge' is tracking behind target. Although there is a strong pipeline of company interest in signing pledges, it is very unlikely the target of 50 signatories by year end will be met. By the financial year-end, ATEED expects to have 15 to 20 'Employers' Pledge' partners, with another 20 pledges in development.

## Financial performance and risk management

ATEED's operational expenditure is behind plan across a number of areas, with the main reasons being delays in our advertising and marketing campaigns. The launch of the Auckland Convention Bureau's Advocate programme was delayed to fit in with the mayoral schedule and other advertising programmes with business partners will be finalised over the coming months.

Capex spend is on track with the Lysaght building fit-out for GridAKL planned for the upcoming quarter.

The ATEED Board approved changes to the Terms of Reference of an existing sub-committee, now called the Health, Safety and Remuneration Committee to include a focus on health and safety. Responsibility and accountability for health and safety remains with the full Board.

There are currently no financial risks that could impact the Council family.

## Looking ahead to Quarter Four

**GridAKL** will host the Innovate Auckland Forum in April to look at opportunities for expanding the innovation ecosystem and as part of finalising the participation of innovative Auckland companies for the first **Tripartite Economic Alliance** summit and trade mission to Los Angeles from 11-12 June 2015.

The main refurbishment of the character **Lysaght Building** will be completed in April and handed over to ATEED for commencement of the internal fit out. A Strategic Partner is also expected to be announced during the quarter.

Among the focus issues for the **Auckland Investment Office** (AIO) are the expansion of capability and resources in response to increased investor interest in Auckland. The AIO will also be progressing partnerships between Auckland and central government, including arrangements for an investor roadshow to Singapore and Hong Kong.

The **Auckland Convention Bureau's** Advocate Programme will be launched in May. The programme, in partnership with Tourism New Zealand will assist influential sector leader 'advocates' to attract meetings to Auckland and help them to create a legacy benefit for the destination or the local hosts of the convention.

Auckland will be host city to the **FIFA U-20 World Cup New Zealand 2015**, the second largest men's tournament in the FIFA stable. The FIFA U-20 World Cup is the largest football tournament ever hosted in New Zealand.

The Discovery Phase of the **Global Auckland Project** is expected to be completed in Quarter Four. The following phase involves obtaining insights from audiences and stakeholders, both locally and abroad.

The ATEED **Māori Responsiveness Plan** will continue to be developed over the quarter by the project team from across the business. A draft plan is expected to be completed and ready for consideration by ATEED management at the end of the quarter.

As part of the **Local Board Engagement & Activity Plan Pilot Project**, ATEED will continue to progress and agree specific actions with the pilot group of local boards (Franklin, Kaipātiki, Orākei, Waiheke, Waitākere Ranges and Waitemātā) that we can visibly support in 2015/16. Following the pilot project, ATEED will undertake a review before considering a broader roll-out across more local boards.

## 2. Strategic framework and focus areas

### ATEED's Strategic Framework

ATEED's Strategic Framework (Figure 1 below), clearly articulates ATEED's role in creating the world's most liveable city, by focussing on six key priorities:

- Build a culture of innovation and entrepreneurship
- Attract business and investment
- Grow a skilled workforce
- Enable education and talent
- Grow the visitor economy
- Build Auckland's brand and identity

The framework helps to connect Auckland-wide strategies (the Auckland Plan and the Economic Development Strategy) and ATEED's ongoing strategic interventions, growth programmes and projects. It provides the organisation with focus on those areas of our role that will make a difference to Auckland. The key strategic priorities are supported by more detailed action plans (e.g. the Auckland Visitor Plan and the Auckland Innovation Plan), investment proposals and delivery partnerships.

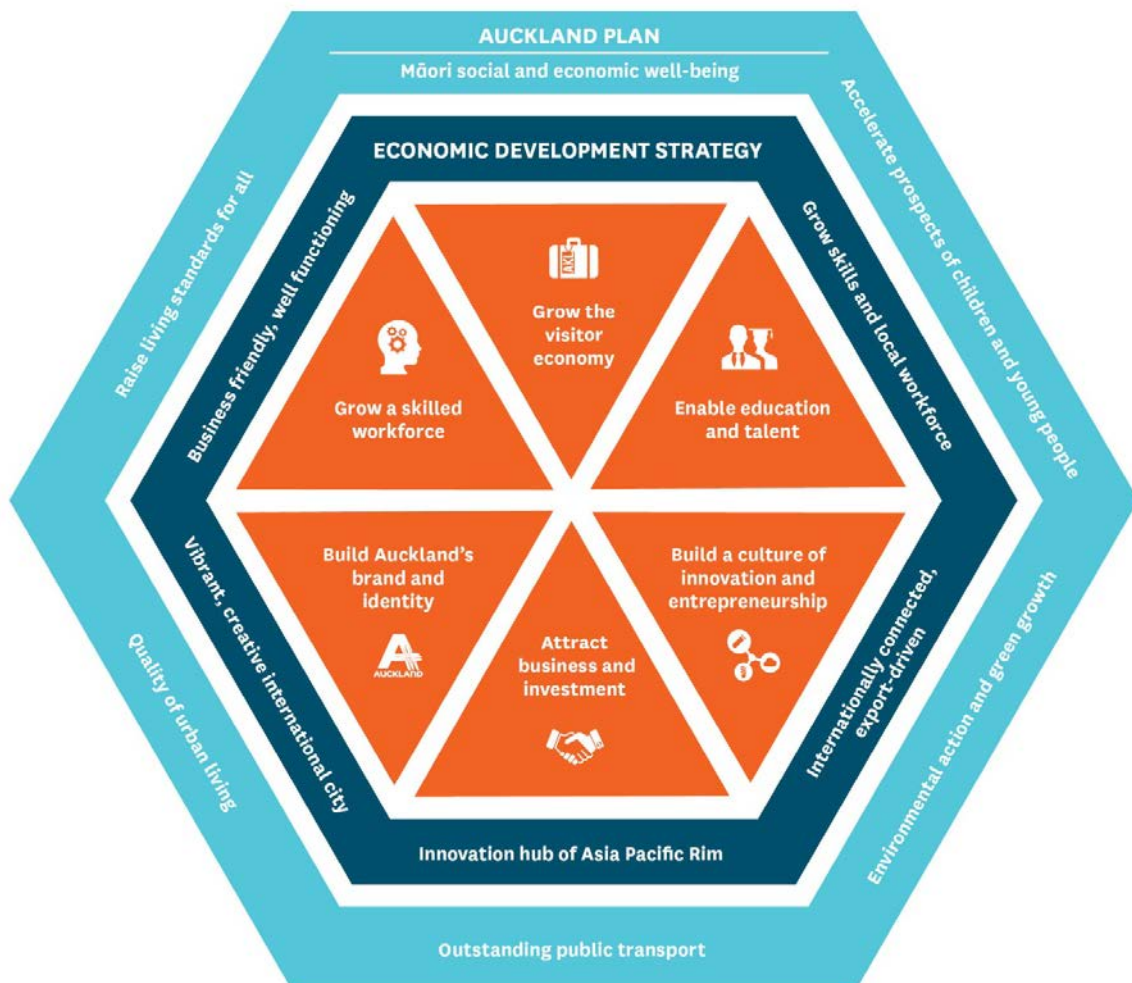


Figure 1 – ATEED's Strategic Framework

## Strategic focus issue: Innovation in Auckland

Innovation is the development of new goods and services that create value and enhance business performance. City economies based on innovation ensure businesses grow faster and employ more skilled people in higher paid jobs, are flexible and well positioned to take advantage of emerging opportunities – both nationally and globally.

Late last year, ATEED released Auckland's first **Innovation Plan**. The Auckland Innovation Plan outlines the priorities and actions ATEED and its public and private sector partners will take to drive innovation and entrepreneurship. The plan has set a goal of generating an additional \$8 billion a year into the local economy by 2025 through increased research and development (R&D) and innovation activity.

By 2025, ATEED wants to see 60 per cent of businesses in Auckland participating in this activity – up from 42 per cent in 2011.

The key actions outlined in the plan are:

- **Connectedness and collaboration** – facilitate networking, and develop strong linkages and working practises between key stakeholders in the innovation ecosystem
- **Culture and catalysts** – promote and enhance the value of innovation and entrepreneurship in the Auckland economy, and formalise connections with national and international innovation ecosystems
- **Capability building** – ensure innovative businesses are aware of the range of support and resources available such as ATEED's delivery of the Government's Regional Business Partners programme across Auckland
- **Talent** – work with partners to address skills shortages and attract new qualified people to Auckland, and support the local workforce's skills development
- **Market insight and support** – provide Auckland businesses with accurate and up-to-date market intelligence so they can be customer-focussed, and help them develop global connections to move into international markets
- **Access to capital** – encourage more investment into growth sectors such as ICT and digital media.

ATEED will also help to implement a new innovation mentoring programme; it will identify and case manage innovative businesses with high-growth potential; and it will work with partners to support Māori and Pacific peoples economic development and innovation, as well as explore investment opportunities for Māori arising from Treaty of Waitangi settlements.

The opening last year of GridAKL, Auckland's innovation precinct, and the growth of Auckland's state-of-the-art food test and production facility The FoodBowl – Te Ipu Kai, in Mangere, are just two examples of major projects which are already contributing to Auckland's innovation. ATEED is also working with a number of partners on a range of innovation initiatives in local board areas.

Whilst ATEED will lead on the plan's delivery, where appropriate, actions will be led by ATEED partners including government agencies, tertiary and research institutes and industry bodies. By taking an integrated approach to the key actions, ATEED, on behalf of Auckland Council is catalysing the development plans of these partners for innovation infrastructure including precincts, co-working spaces, incubators and accelerators. GridAKL is the hub of this innovation corridor and sets the standard others are following.

### 3. Highlights for the last quarter

#### ***Building a culture of innovation and entrepreneurship***

**GridAKL** activity continued apace over the quarter:

- The Polperro building has achieved full occupancy with 15 resident companies. Fu Wah International Group, the developer of the Park Hyatt luxury hotel on the eastern edge of Wynyard Quarter has established their site project office in the Polperro building. The Auckland Lightning Lab also took up formal residency and nine start-up companies were selected to participate in a three-month intensive 'business accelerator' programme.
- Redevelopment of the Lysaght Building entered an intensive period of activity, with the building delivery target projected for Q1 in FY15/16.
- Design workshops were held to develop high level concept plans for the proposed new Innovation 5A building – the first new building in the innovation precinct which ATEED is likely to lease from the developer, Precinct Properties – and these are being tested for commercial viability and associated costs.

Quarter Three activity at **The FoodBowl – Te Ipu Kai** included:

- Identification of collaboration opportunities with the Mondelez Food Innovation Centre (FIC) and the Commonwealth Scientific and Industrial Research Organisation in Australia. These include providing New Zealand companies the opportunity to self-fund visits to the FIC to learn more about new product development and use its facilities.
- Relationship strengthening with Auckland University. This included engineering students offered short term projects within The FoodBowl as part of their fourth year and PhD engineering papers.
- Total year to date (February 2015) number of discrete projects facilitated from company engagements is 107. This is double the KPI targets set for medium sized companies (\$500,000 to \$5 million turnover).

The **Regional Business Partner Network** programme is tracking well, with 399 actively managed businesses and a 93 per cent satisfaction rate. However, the value of research and development (R&D) grants distributed is unlikely to meet the target this year. At the end of the quarter, \$2.4 million of Callaghan Innovation R&D grants had been distributed. Among the issues contributing to the likely target shortfall are increased processing time for R&D applications and lack of clarity on agreed guidelines for applications of grants. A new approval process was recently implemented and ATEED are now working with partners to address the issues and refine improvement processes.

Last year's Westpac Auckland Business Awards – South Supreme Award winner Milmeq Limited won the inaugural **Westpac Auckland Business Awards 'Best of the Best'** supreme title amid hot competition from all of last year's regional excellence award winners. ATEED presents the awards alongside our partners, Auckland Chamber of Commerce. The first 'Best of the Best' event was held on 3 March, and it will now feature in each year's awards season. The first 'Best of the Best' category winners were selected from the 28 North, South, West and Central category award winners.

#### ***Attracting business and investment***

Work on establishing the core capability of the **Auckland Investment Office** continued through the rolling out of its Stakeholder Plan; completion of 'current state' findings on investment across the Council group and production of an international investor video.

ATEED's scoping of priorities and actions on the **Tripartite Economic Alliance** was completed during the quarter and is currently being peer reviewed. Auckland's response and engagement under the alliance is led by Auckland Council's Global Partnerships and Strategy team.



Initiatives as part of the **Golf, Equine and Marine (GEM)** luxury market strategy included:

- hosting a major Chinese equine delegation (in partnership with Inner Mongolia-based Rider Horse Group)
- hosting of the China Cup Sailing Regatta owners at the Volvo Ocean Race Auckland Stopover
- meetings with Dalian Wanda Group to discuss investment interests in tourism, hotels, screen infrastructure, commercial and residential developments in Auckland.

By January 2015, ATEED had already attracted \$100 million of expenditure into Auckland by **international screen production** companies for the financial year. In addition to this, Screen Auckland had also facilitated screen projects worth \$103 million in the July 2014 to January 2015 period.

ATEED is tracking well against its **business and investment targets**. At the end of Quarter Three, ATEED had facilitated the establishment or significant expansions of six multinational companies in target sectors. There are 85 intensively account managed customers in ATEED's Aroha Auckland aftercare programme. Total GDP contribution of deals facilitated this year has reached \$479 million and the value of investments deals secured by ATEED so far is estimated at \$152 million. In addition there are a number of significant investment opportunities that will rapidly grow the overall value, most likely to be finalised in the next financial year.

### ***Growing a skilled workforce***

ATEED is working closely with the Young Enterprise Trust on the **Lion Foundation Young Enterprise Scheme (YES)** 'Auckland 120' plan, which aims to have all Auckland secondary schools signed up to the YES programme by 2017. The first round of events, the 'Enterprise Days', were hosted during the week of 23 February. The event was well received, with participation from 1400 students and 200 business people across four events.

Hundreds of potential returning expats and UK-based skilled migrants expressed an interest in moving to Auckland at the highly-respected **Working International jobs expos** in London and Manchester in March. As part of the new Auckland Regional Partnership Agreement, ATEED worked with Immigration New Zealand at the expos. ATEED's senior London-based contractor at the expo also gave presentations across the four expo days and spoke about Auckland as an option for skilled migrants in several high-profile media interviews focused on the expos, and broadcast across the UK.

At the end of Quarter Three, there were seven 'live' signatories to the **Youth Employment Traction Hub** 'Employers' Pledge'. These are Fletchers Group, Auckland Council, Intercontinental Hotels Group, SKYCITY, The Hilton, The Warehouse and Veolia. Although there is a strong pipeline of company interest in signing pledges, it is very unlikely the target of 50 signatories by year end will be met. By the financial year-end, ATEED expects to have 15 to 20 'Employers' Pledge' partners, with another 20 pledges in development.

Quarter Three saw the launch of **IdeaStarter**, a new ATEED-supported competition open to all Aucklanders aged 15-24 who have a great business idea for a new product or service, and is designed to include young people who are not in formal education programmes or employed. IdeaStarter is part of Youth Connections, a programme which is primarily funded by The Tindall Foundation and Auckland Council and based at ATEED's Quay Street office, to support youth employment and enterprise in Auckland.

### ***Enabling education and talent***

More than 2000 unemployed Auckland young people attended **JobFest15**, a youth employment summit designed to connect them with potential employers and job opportunities. The event saw participation from 40 businesses and there were 300 employment vacancies. JobFest15 is the third summit staged as part of the Mayoral Youth Employment Traction Plan launched in April 2014.

The **INAKL International Student Welcome** event was held at The Cloud launching Study Auckland's **INAKL International Student Experience Programme**. The welcome event, formally opened by the Mayor, was well received, with more than 2300 international student registrations. A large number of tourism providers, sport teams, various service providers and Council services groups took part. International education is a major growth industry for Auckland and a priority target sector for ATEED on behalf of Auckland Council. In the most recent Education New Zealand figures (January 2015) the industry was estimated to be worth about \$1.606 billion a year to Auckland's regional economy.

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

The **Pasifika Festival** had a new home for 2015, with Hayman Park in Manukau transformed into an array of Pacific Island villages on 14 –15 March. Now in its 23rd year, Pasifika Festival is the biggest celebration of Pacific Island culture and heritage in the world with more than 1000 performers and 300 stalls. Originally scheduled to take place at Western Springs Park, the event was moved on the Ministry of Primary Industries' advice following the discovery of a localised small population of Queensland fruit flies in Grey Lynn.

An estimated 200,000 people attended the four-day **Auckland Lantern Festival**, now in its 16th year. New lanterns from Auckland's sister cities of Ningbo and Guangzhou added to the atmosphere which lit up Albert Park to celebrate Chinese zodiac Year of the Goat, symbolising great peace, harmonious co-existence and tranquillity. The 26 February - 1 March event finished on a crescendo with a spectacular fireworks display from the Sky Tower.

The 'Non-Stop Summer' **domestic marketing campaign** to showcase Auckland as a summer leisure destination for Kiwis was completed over the quarter, with excellent results, including:

- domestic and international visitors to Auckland increased the hotel occupancy rate to 83 per cent for the year ending February 2015
- in February 2015, occupancy rates reached 93.5 per cent
- annual domestic guest nights for the year ending February 2015 increased by 7 per cent compared to the previous year
- more than 4 million domestic annual guest nights achieved for the first time ever
- more than 3 million international annual guest nights achieved for the first time ever
- in February 2015, average daily room rates reached \$188.10 compared to \$164.59 in February 2014
- year to date ending February 2015 average daily room rates rose to \$150.53, compared to \$142.35 the year prior.

A joint **international destination marketing** agreement between ATEED and the Auckland International Airports was signed during the quarter to deliver a programme of activity for both South East Asia and China. This included a recent visit of the owners of the China Cup to Auckland during the Volvo Ocean Race Auckland Stopover. An influencer social media campaign was implemented to leverage the opportunity.

ATEED entered into a partnership model with Matakana Coast Tourism for operational delivery of the **Warkworth i-SITE** which will provide the resources needed to promote and enhance the long-term interests of the local economy in a cost-effective manner, whilst still retaining the brand presence.

Quarter Three saw Auckland hosting the largest ever Major Events Fund investment programme of lifestyle, cultural and sporting **major events**, including: the NZ Festival of Tennis – ASB Classic and Heineken Open; Ironman 70.3 Auckland Asia-Pacific Championship; Headland Sculpture On The Gulf; ASB Auckland Seafood Festival; Auckland 175th Anniversary and concert; Auckland Pride Parade and Festival; Dick Smith NRL Auckland Nines; Splore Music and Arts Festival; Takapuna Beach Cup; ICC Cricket World Cup; Auckland Lantern Festival; Auckland Arts Festival; Volvo Ocean Race Auckland Stopover; Auckland Cup Week; Pasifika Festival; NZ PGA Championship; The Ultimate Waterman; ITU Barfoot & Thompson World Triathlon Series; SKYCITY NZ Breakers; Auckland Blues Rugby and New Zealand Warriors.



From 1 July 2014 to 31 March 2015, there had been 142,640 visitor nights generated by major events and an estimated 1.14 million event attendees. Major event attendee satisfaction is also tracking well at 93 per cent, ahead of the target of 85 per cent. At the end of the quarter, the Return on Regional Investment from investment into these major events stands at \$21.8 million.

Notable achievements during the quarter for the **World Masters Games 2017** subsidiary company included:

- completed 15 sport operational reviews with sport delivery partners
- selected the on-line registration system provider, with contracting underway
- selected the travel booking services partner, with contracting underway
- secured the motor vehicle partner, with an announcement scheduled for June 2015
- confirmed plans to mark the 2 Years To Go milestone which will feature the announcement of an airline partner for the games
- ongoing development on the value proposition for the games with a heightened focus on securing inclusions and defining sport specifics for each of the 45 disciplines available.

The region's first **Māori Signature Festival** is planned to take place in early December 2015, following an ATEED-led hui to progress the opportunity with representatives from 15 of the 19 Tāmaki Makaurau mana whenua authority iwi. ATEED is progressing with development of a suitable governance structure to present at a second hui for mana whenua consideration. There has been broad support for the direction being taken and a strong desire from many iwi to develop a more collaborative partnership with ATEED.

A record 57 **superyachts** visited New Zealand during the season (April 2014-March 2015), a 54 per cent increase from the season prior. It is the highest number of superyachts to visit since the America's Cup in 2000. The Destination New Zealand Superyacht Attraction Initiative Group comprising ATEED, Tourism New Zealand, NZ Marine, and New Zealand Trade and Enterprise, works to make New Zealand a desired superyacht destination. The group has a target to attract 74 superyachts a year to New Zealand by 2018.

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

Auckland's official Facebook page *What's on in Auckland* has achieved 10,000 likes within the first five months of its inception. About half of all visitors to the AucklandNZ website now access the site through a mobile device.

### ***Enabling Māori Outcomes***

As part the development of its Māori Responsiveness Plan, ATEED has set up a whole-of-business project team to contribute an organisation-wide perspective on responding to Māori outcomes. ATEED continues to engage with Te Waka Angamua for guidance and support.

## 4. Looking ahead to Quarter Four

### ***Building a culture of innovation and entrepreneurship***

**GridAKL** will host the Innovate Auckland Forum in April to look at opportunities for expanding the innovation ecosystem and as part of finalising the participation of innovative Auckland companies for the first Tripartite Economic Alliance summit and trade mission to Los Angeles in June. Jim Donegan, US Consul General, and Mitch Berman, a world-leading expert in the convergence of digital technology and entertainment, together with Michael Whitehead from Wherescape, will discuss growth opportunities the tripartite agreement will create for Auckland businesses in Los Angeles and how innovation can shape Auckland's economic future. The hosting of Mitch Berman at the Forum is a result of business relationships developed by the VIP Programme Manager in San Francisco, whose role is supported by ATEED.

The main refurbishment of the character **Lysaght Building** will be completed in April and handed over to ATEED for commencement of the internal fit out. A Strategic Partner is also expected to be announced during the quarter.

Quarter Four activity at **The FoodBowl** will encompass:

- Initiation of a collaborative project between Comvita and Sanford as a result of formal introductions made by The FoodBowl. The project will be made possible by capital investment in new equipment and will likely run for the rest of 2015.
- FoodPortal soft launch is expected in June 2015. This is a comprehensive on-line directory for the entire food and beverage industry across the value-chain and will ultimately have additional functionality that will enable collaboration and distilling of issues for industry.
- The FoodBowl continues to build its reputation as an industry training centre to upskill industry in both technical and business capability building and for the Ministry of Primary Industries to gain access to and invaluable insight from The FoodBowl's client base.

### ***Attracting business and investment***

The rolling out of the stakeholder plan for the **Auckland Investment Office (AIO)** will continue through the quarter. The focus issues for AIO also include the expansion of capability and resources in response to increased investor interest in Auckland, production of a Chinese version of the international investor video, and the team will progress partnerships between Auckland and central government, including arrangements for an investor roadshow to Singapore and Hong Kong for ATEED and the Council group.

Planning continues for the **Tripartite Economic Alliance**, with focus on the Los Angeles Summit scheduled for 11-12 June 2015.

### ***Growing a skilled workforce***

ATEED is supporting the trial of the **Youth Employability Passport** commencing mid-April. The trial will involve about 100 young people from Auckland schools and a youth organisation. The passport is a collaborative effort between Auckland Council, the Ministry of Social Development, Careers New Zealand and the Employers and Manufacturers Association.

Scoping work will commence during the quarter towards planning and preparation of the 2nd **JobFest**, scheduled tentatively for August 2015.

The **Young Enterprise Scheme (YES)** Dragon's Den events will commence in May. This phase provides the opportunity for YES students to pitch their business plans to a panel of 'dragons', comprising Auckland business people, to obtain essential feedback on their ideas.

***Enabling education and talent***

The next phase of Study Auckland's **INAKL International Student Experience Programme** will include event-driven marketing activities to increase student engagement in Auckland, particularly in social media circles. An International Student Ambassador initiative will be launched by the Mayor in April.

***Growing the visitor economy***

The **Auckland Convention Bureau's Advocate Programme** is expected to be launched during the quarter. The programme, in partnership with Tourism New Zealand will assist influential sector leader 'advocates' to attract meetings to Auckland and help them to create a legacy benefit for the destination or the local hosts of the convention. Tourism New Zealand provides further support to the programme through an annual national celebration event.

Auckland will be host city to the **FIFA U-20 World Cup New Zealand 2015**, the second largest men's tournament in the FIFA stable. Nine matches, including the opening ceremony match and grand final, will be played at North Harbour Stadium. The FIFA U-20 World Cup is the largest football tournament ever hosted in New Zealand.

Planning for the **Singapore Yacht Show**, scheduled for April has commenced. A collaborative effort between ATEED, Tourism New Zealand and NZ Marine, the project aims to attract superyacht captains, brokers, agents and senior crew to profile Auckland and New Zealand as a premier superyacht destination.

***Building Auckland's brand and identity***

The Discovery Phase of the **Global Auckland Project** is expected to be completed in Quarter Four. The next phase of the project involves obtaining insights from audiences and stakeholders, both locally and abroad via research methods. These responses will then be used to inform the Strategy Phase of the project.

Auckland is expected to feature on the **Flight Centre Travel Ideas** magazine as part of a New Zealand-specific issue. Only two other countries have had a dedicated issue in the magazine prior to this, and Auckland will have the most content of any New Zealand region within the issue.

***Enabling Māori Outcomes***

The ATEED **Māori Responsiveness Plan** will continue to be developed over the quarter by the project team from across the business. It is planned to have a draft plan completed and ready for consideration by ATEED management at the end of the quarter.

## 5. Key Deliverables

### Key deliverables from last quarter

Deliverable	\$000	Completed/ carry over to next quarter/ deferred	Status	Comments
GridAKL	839	Carry over to next quarter	Ongoing	Full occupancy with 15 resident companies.  Lightning Lab Auckland formally took up residence.
Auckland Investment Office (AIO)	203	Carry over to next quarter	Ongoing	Roll-out phase of the Stakeholder Plan.  Drafting of a current state analysis, anticipated to be published in April.  Production of an international investor audience-targeted video.
2015 Integration & Leverage Programme	82	Complete	Complete	Successful capitalisation of hosting opportunities from the unprecedented number of major events in Auckland.
Domestic tourism marketing campaign	644	Complete	Complete	Post campaign results have been presented to all partners, including Regional Facilities Auckland and SKYCITY. All partners expressed high levels of satisfaction from their involvement.  Full campaign evaluation research is complete including consumer metrics, web traffic, and commercial accommodation and spend.

## Key deliverables for next quarter

Deliverable	Comments
GridAKL	<ul style="list-style-type: none"> <li>Expected to commence fit-out of Lysaght Building in Quarter Four, due to some delays on the base build.</li> <li>Report and recommendations to the Governing Body in relation to head lease agreements for the Innovation 5A building.</li> </ul>
International Student Welcome / Experience & Study Auckland Programme	<ul style="list-style-type: none"> <li>Launch of the International Student Ambassador programme at the Auckland Zoo, introducing four new ambassadors.</li> <li>Australia, New Zealand Agents (ANZA) and Education New Zealand Regional workshops. The ANZA Workshop is the region's largest B2B event for buyers and sellers of education, work, youth and student travel.</li> </ul>
Global Auckland Project	<ul style="list-style-type: none"> <li>The Discovery Phase (Phase One) is expected to be completed in Quarter Four.</li> <li>The next phase of the project involves obtaining insights from audiences and stakeholders, both locally and abroad via research methods. These responses will then be used to inform the Strategy Phase (Phase Two).</li> </ul>
Auckland Investment Office (AIO)	<ul style="list-style-type: none"> <li>Roll out the Stakeholder Plan.</li> <li>Production of a Chinese version of international investor video</li> <li>Progress partnerships between Auckland and central government, including arrangements for investor roadshow to Singapore and Hong Kong.</li> </ul>
FIFA U20 World Cup 2015 Domestic Leverage Marketing Campaign	<ul style="list-style-type: none"> <li>Maximise the benefits to the Auckland economy by capitalising on the tournament matches held in Auckland. The campaign aims to encourage visitor spend and extend stay.</li> </ul>
Major events delivery and/or facilitation	2015 New Zealand International Comedy Festival, New Zealand Badminton Open 2015, Auckland Writers Festival, FIFA U20 World Cup 2015

## 6. Financial performance

<b>Financial Performance For the Period Ended 31 March 2015</b>				
\$'m	YEAR TO DATE			Full Year Budget
	Actual	Budget / Forecast	Variance f/(u)	
<b>Operational</b>				
External Revenue	9.5	9.5	0.0	13.2
AC Funding	35.2	35.6	(0.4)	47.5
Operational expenditure excluding depreciation	44.4	45.2	0.8	62.4
Depreciation	0.4	0.4	0.0	0.7
<b>Capex</b>				
Expenditure	0.3	0.5	0.2	1.8
<b>AC Funding</b>	<b>0.3</b>	<b>0.3</b>	<b>0.0</b>	<b>0.4</b>

ATEED's operational expenditure is behind plan across a number of areas, with the main reasons being delays in our advertising and marketing campaigns.

The launch of the Auckland Convention Bureau's Advocate programme was delayed to fit in with the mayoral schedule and other advertising programmes with business partners will be finalised over the coming months.

### Full year outlook







Increased activity in the Economic Growth department, especially around innovation initiatives, as well as in the Business Attraction and Investment department priorities will see some increased spend in the coming quarter. The Major Events department will be focussing on the FIFA U-20 World Cup New Zealand 2015 and ensuring we gain maximum leverage from this event.

There is no impact on full year Council funding.












Capex spend is on track with the Lysaght building fit-out for GridAKL planned for the upcoming quarter.

## 7. Performance measures

Performance measures as per ATEED Statement of Intent 2014-17:

Measure	Year-end target	On track	Last Actual	Date of last measure
<b>Build a culture of innovation and entrepreneurship</b>				
Percentage of Auckland businesses innovating	Improve	—	N/A	N/A
Number of businesses taking up tenancy at GridAKL (formerly Wynyard Quarter Innovation Precinct) (cumulative)	20		15	31 March 2015
Total value of Callaghan Innovation R&D grants through the Regional Business Partner Network programme	\$4m		\$2.4m	31 March 2015
Percentage of stakeholders satisfied with provision of business advice, start-up, training and mentoring programmes (LTP Measure)	85%		93%	31 March 2015
Number of actively managed business through Regional Business Partner Network programme activity	360		399	31 March 2015
Total GDP in targeted sectors (marine, transport and logistics, ICT, food and beverage, bioscience, screen and digital, export education) compared with total Auckland GDP (LTP Measure)	Improve	—	Improved	30 June 2014
Number of economic initiatives with Māori <sup>1</sup>	Improve		4	30 Sept 2014
<b>Attract business and investment</b>				
GDP Global Investment Promotion Agency benchmarking (LTP Measure)	N/A	—	52%	30 June 2014
Facilitation of the establishment, or significant expansion, of multinational companies in target sectors	5		6	31 March 2015

<sup>1</sup> An initiative is an arrangement where parties agree to cooperate to advance their mutual economic interests. The initiatives to date are Māori Tourism Development Programme, Rangitoto Motutapu Haerenga, Māori Signature Festival and Māori ICT workshops.

Number of intensively account managed customers in ATEED Aroha Auckland aftercare programme	105		85	31 March 2015
Total GDP contribution of deals effected with ATEED involvement	+5%		\$479m	31 March 2015
Value of investment deals effected by ATEED within the financial year	\$252m		\$152m	31 March 2015
<b>Grow a skilled workforce</b>				
Number of 'live' signatories to the Youth Employment Traction Hub 'Employers' Pledge'	50		7	31 March 2015
<b>Enable education and talent</b>				
Value of international student spend to the Auckland Economy	\$1.454b		\$1.606b	31 Dec 2014
<b>Grow the visitor economy</b>				
Number of visitor nights in Auckland (LTP measure)	26.6m		27.7m	30 Jun 2014
Spend by visitors in Auckland (LTP measure)	\$5,194m		\$3,408m	30 Jun 2014
Number of visitors to Auckland (LTP Measure)	13.7m		14.6m	30 Jun 2014
Overall visitor satisfaction (all visitors) with the experience in Auckland (as measured through the Visitor Insights Programme)	8.1		7.7	31 Dec 2014
Percentage of customers satisfied with visitor information centres and services overall (LTP Measure)	90%		92%	30 Jun 2014
<b>Grow the visitor economy – build a world class major events portfolio</b>				
Return on Regional Investment (RORI) from major events invested in (LTP Measure)	\$47m		\$21.8m	31 March 2015



Percentage of those (Aucklanders) who agree events make Auckland a great place to live (engender pride and sense of place)	80%	—	79%	30 June 2014
Visitor nights generated by major events	150,000	●	142,640	31 March 2015
Estimated number of attendees at major events (LTP Measure)	1.52m	●	1.14m	31 March 2015
Percentage of attendees satisfied with major events overall (LTP Measure)	85%	●	93%	31 March 2015
Number of major international events attracted or facilitated (LTP measure)	5	●	7	31 March 2015
<b>Building Auckland's brand and identity</b>				
Total visits to www.aucklandnz.com	2.6million	●	2.4m	31 March 2015
<b>Corporate capability</b>				
Percentage of CCO monitoring and accountability requirements that meet target <sup>2</sup>	100%	●	100%	31 Mar 2015

Symbol	Status
●	On track / target exceeded
●	Potential for slippage
●	Off-track
—	No recent result

<sup>2</sup> Accountability requirements are the delivery of draft and final SOIs, quarterly reports and Annual Reports within the timeframes specified in Auckland Council's CCO Accountability Policy.

## 8. Contribution to Māori outcomes

Initiative	How it contributes to Māori outcomes	Progress	Spend to date (\$)	Forecast total spend (\$)
<b>Projects</b>				
Māori Economic Growth Programme	Grow Māori business capability and economic prosperity	A work programme is being finalised with the Māori Digital Technology Working Group, with one of the first deliverables being a Digital Technology Competition. Planning for the next Māori Economic Growth Forum is progressing, with a tentative date in November 2015.	24,782	80,000
Māori Signature Festival	Celebrates and showcases Māori culture and provides a vehicle to leverage Māori business and investment opportunities	15 of the 19 mana whenua groups were represented at the ATEED-led hui, with majority support for the direction of the event name, theme and tentative date in December 2015.  Work continues on formation of an iwi caucus and steering group that will work with ATEED to plan the festival.	21,762	53,100
Rangitoto Motutapu Haerenga	Business development opportunities for locals and iwi through the development of an accessible multi day walk on Rangitoto and Motutapu islands	ATEED continues to await decision from MBIE on matching funding contribution to enable the development of the product and business structure.	80,000	80,000
ATEED Māori Responsiveness Plan	The plan seeks to enhance internal understanding of ATEED's responsiveness to Māori, hence supporting the delivery of Council's commitment to Te Tiriti o Waitangi	An internal whole-of-business project team has been set up to contribute an organisation-wide perspective on responding to Māori outcomes.  ATEED is engaging with Te Waka Angamua for guidance and support.	N/A	N/A
<b>Other</b>				
<p>The 2015 Pasifika Festival featured an Aotearoa Village. On both days, the village was opened with a Karakia and throughout the day attendees had the opportunity to enjoy performances from Māori artists and musicians.</p> <p>Ngati Whatua o Orakei actively participated in:</p> <ul style="list-style-type: none"> <li>• opening of ICC Cricket World Cup 2015 Fanzone in Takutai Square</li> <li>• Black Caps team welcome in Takutai Square</li> <li>• opening of Volvo Ocean Race Auckland Stopover race village</li> <li>• Volvo Ocean Race Stopover closing ceremony and handover</li> <li>• official opening ceremony and athlete welcome for The Ultimate Waterman, held at Orakei Marae</li> <li>• closing ceremony and trophy presentation for The Ultimate Waterman.</li> </ul>				

## 9. Key Local Board activity

Initiatives	Comments										
Local Board Engagement & Activity Plan – pilot project	<p>During the quarter, ATEED continued to develop Local Board Engagement and Action Plans with a pilot group of local boards (Franklin, Kaipātiki, Orākei, Waiheke, Waitākere Ranges and Waitematā). ATEED is in the process of agreeing specific actions with each local board that we can visibly support in 2015/16.</p> <p>Following the pilot project, ATEED will undertake a review before considering a broader roll-out across more local boards. This review will conclude by 30 June 2015.</p>										
Economic Growth	ATEED's Local Economic Growth Manager (established in November 2014) is ATEED's main point of contact with local boards. During the period ATEED's Local Economic Growth Manager and team began meeting local board members across the region. The aim was to establish relationships with members and increase visibility of ATEED's economic growth activity and respond to any queries related to ATEED's major events and tourism activities.										
Major events	<p>ATEED continued to engage with local boards where major events were hosted in their areas. In addition to using ATEED's event notification process, staff met with Orākei and Waitematā Local Boards to provide updates or discuss event arrangements in detail.</p> <p>ATEED also held additional meetings with Devonport-Takapuna and Waitākere Ranges about the Takapuna Beach Cup and The Ultimate Waterman respectively.</p>										
ATEED Statement of Intent (SOI) and business planning briefings	<p>In March, ATEED offered briefings to all local board members to engage with them on ATEED's vision, purpose and planned work programme for the next three years. Feedback will inform the development of ATEED's SOI (2015-17) and Business Plan (2015-16).</p> <p>Attendance by local board members was relatively low with a total 33 members attended representing 16 different local boards, equating to a 22 per cent attendance rate across all local boards.</p> <table border="1"> <thead> <tr> <th>Cluster (date)</th> <th>Attendance</th> </tr> </thead> <tbody> <tr> <td>North (12 March)</td> <td>9 (No members from Upper Harbour Local Board)</td> </tr> <tr> <td>South (13 March)</td> <td>10 (No members from Otara-Papatoetoe or Howick Local Boards)</td> </tr> <tr> <td>West (18 March)</td> <td>5 (All local boards represented)</td> </tr> <tr> <td>Central (26 March)</td> <td>9 (No members from Great Barrier Local Board, noting the logistical challenges that this represents.)</td> </tr> </tbody> </table> <p>The workshops were offered on 4 separate a cluster basis to enable</p>	Cluster (date)	Attendance	North (12 March)	9 (No members from Upper Harbour Local Board)	South (13 March)	10 (No members from Otara-Papatoetoe or Howick Local Boards)	West (18 March)	5 (All local boards represented)	Central (26 March)	9 (No members from Great Barrier Local Board, noting the logistical challenges that this represents.)
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	<p>ATEED also promoted the briefings to local board services staff, with the aim of increasing their knowledge of ATEED, and make it easy to understand the role that we play in local areas. 17 staff attended and ATEED expects that this will help to meet the challenge of effectively communicating to local board members how ATEED's regional role supports local economic growth. It will also help to identify areas for greater collaboration and help to resolve queries quickly and efficiently.</p>
<p>ATEED Board of Directors engagement</p>	<p>Due to the constraints of its agenda ATEED was unable to offer local board chairs and economic development (or other relevant) portfolio holders the opportunity to meet the ATEED Board during a working lunch originally scheduled for March. ATEED expects to issue an invitation in Quarter 4.</p> <p>These opportunities are offered once a quarter where possible (the previous one was held on 28 November 2014), and are intended to build relationships at the governance level. All meetings are held at ATEED's office at 139 Quay Street.</p>

## 10. Risk management

There has been no change to ATEED's risk framework; monthly updates are provided to the ATEED Board and each quarter a full risk update is tabled. The Audit and Risk Committee continue to meet quarterly. In addition, the ATEED Board has approved changes to the Terms of Reference of an existing sub-committee of the Board, now called the Health, Safety & Remuneration Committee to include a focus on health and safety, providing a working group for management and assisting the Board in respect to health and safety matters. Responsibility and accountability for health and safety remains with the full Board.

- ATEED's major portfolio risks continues with GridAKL where a number of risks are being proactively managed. The change to the operating model whereby ATEED is assuming head lease risk and capital fit-out costs will put a strain on funding and ATEED are working to review all strategies to mitigate these risks.
- ATEED continue to monitor risk around the Auckland Investment Office, although this activity does not present any immediate or direct risk to ATEED, it is more around gaining support and buy-in across Council and CCOs' in order to deliver on its full potential, as well as monitoring political and community reaction to divestment.
- One new political risk being managed relates to the launch of the Global brand and possible renaming of ATEED.

**Internal audit:** ATEED in conjunction with Council Internal Audit and the Procurement team have gone to market for outsourcing of our internal audit function. The amount of funds available under the Master Services Agreement for this service is not substantial, therefore ATEED will be very selective in ensuring to obtain the best coverage possible. The immediate focus will be on the risk management of GridAKL, with other selected audit priorities to be discussed and reviewed by ATEED's Audit and Risk Committee once a provider has been selected.

**External audit:** All recommendations made by Audit New Zealand as part of their management report to the ATEED Board for the year ended 30 June 2014 are either closed or being addressed. ATEED envisage no outstanding issues by year end.

**Financial risk:** There are currently no financial risks that could impact the Council family. ATEED's regular forecasting process ensures ATEED can respond quickly to new initiatives that are aligned to its strategic objectives and still remain within ATEED's approved funding envelope.