

# ATEED Quarterly Report to Auckland Council

For the quarter ending 30 September 2017



## 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.*

# Table of contents

Executive summary .....	4
Strategic framework and focus areas .....	6
Statement of Intent Key Performance Indicators .....	7
Highlights for the quarter.....	10
Future outlook.....	17
Financial performance .....	20
Contribution to Māori outcomes .....	21
Key local board activity .....	22
Risk management .....	23

## Executive summary

This report summarises ATEED's performance for the first quarter of 2017/18 against the key performance indicators in the Statement of Intent (SOI) 2017-2019.

The new financial year got off to a strong start with the successful execution of a number of initiatives on behalf of Auckland Council. Good progress has been made towards the achievement of ATEED's targets, notably:

- the Regional Business Partner Network programme continues to experience strong demand with 335 clients actively engaged – almost half the annual target, and more than one third of the total \$1.7m pool of NZTE Capability Development funding already allocated
- the signing of the Waitemata, Auckland and Counties Manukau District Health Boards to the Auckland Youth Employers Pledge, increasing the number of 'live' signatories to 69, 19 above target
- two international business event bids were won with a total of 720 delegates, 3180 visitor nights and estimated tourism spend of \$966,000
- for a second year, Auckland i-SITEs achieved the highest average customer satisfaction rating in New Zealand, at 97.2 per cent (compared to 87.8 per cent for New Zealand).

ATEED received three accolades in the quarter, including the Most Innovative Tourism Board at the Virtuoso Alliance Partner Awards in Las Vegas, a gold award for the Auckland Innovation Dashboard and a bronze award for the Smart Move Campaign at the International Economic Development Council's annual awards during the organisation's conference in Toronto. The SKYCITY i-SITE team also received the 2017 Customer Feedback Award at the annual national i-SITE Conference.

### Operational highlights

- ATEED's first quarter activity was marked by a number of operational highlights which reinforced Auckland's place as a global major events, visitor and business destination. The year ending August 2017 saw a record-breaking 2.63m international visitors to Auckland, with winter visitation from the UK up 97.3 per cent year on year as a result of the DHL NZ Lions Series 2017.
- About 40 organisations joined forces to deliver an extraordinary Auckland welcome home and America's Cup victory parade for Emirates Team New Zealand on 6 July. The parade generated widespread community pride and approximately \$1.6m worth of domestic and international media coverage. Aucklanders also got the chance to celebrate with five time Women's Rugby World Cup winners the Black Ferns, at a free public event at the Vodafone Events Centre in Manukau on 28 September.
- Three destination marketing campaigns went live in market during the quarter encouraging visitation to Auckland, including the domestic spring campaign and the Australian-focussed, upper North Island driving campaign and *The Today Show* live crosses.
- The new Princes Wharf i-SITE opened on 1 September in partnership with the Department of Conservation.
- Development of the new GridAKL spaces gained momentum in the lead up to the opening of 12 Madden Street on 3 October.

- August was the penultimate month for the 12-month BuildAKI industry youth recruitment campaign. By the end of September, 79 jobs and five apprenticeship placements had been achieved by the CBD Jobs and Skills Hub. The hub has exceeded its targets for the engagement of Māori and Pacific Peoples. It achieved a result of 40 per cent against a target of 15 per cent for Māori, and 44 per cent against a target of 31 per cent for Pacific Peoples. Almost 70 per cent of employees have been retained in continuous employment for a 12 month period.
- ATEED hosted an Investor Migrant Partner Function in August promoting its unique role in partnering the private sector and central government to attract investor migrants.
- Work is progressing with Pānuku Development Auckland and Council on the development of a new incubator kitchen in Henderson for small food producers and enterprises, opening in January 2018.
- A new 250-room, 4.5 star hotel was confirmed for Albert Street as part of Project Palace activities.
- The five-year lease agreement between Pānuku Development Auckland and ATEED for the Auckland Film Studios was finalised at the end of September. The construction programme for Kumeu Film Studio is on track with 85 per cent completion scheduled by December this year. The model for future operations – being undertaken by an external party – is being considered and a market briefing is planned with potential suppliers on 26 October.
- Partnership agreements have been executed between the AR/VR Garage, which ATEED operates, and New Zealand VR/AR Association, and Technicolor. These increased access to domestic and international resources for Garage companies. Three new tenants joined the Garage in August, taking the total to 21.

## Financial performance

The net deficit for the quarter is higher than budget by \$1.9m. However, the budget does not include the approved deferred key project underspend of \$2.4m from last year. The deficit for this quarter relates to last year's planned activities delivered this quarter and there is no overall impact to the bottom line for ATEED.

ATEED completed a forecast in September to account for the deferrals from last year and to reprioritise funding where applicable. There is \$0.4m underspend against forecast is due to two elements. Firstly, a grant payment to The Southern Initiative project of \$0.2m planned in September but expected in November. Secondly, timing related underspend across multiple projects.

ATEED is currently expecting to come in on forecast.

## Risk management

A number of risks and issues were also actively managed, with the overall risk profile relatively stable.

A Health and Safety Management System Audit was completed in September.

## Governance

Evan Davies and Glenys Coughlan have been appointed to the ATEED Board, replacing outgoing board members Norm Thompson and Franceska Banga, whose tenures finish on 1 November.

## Strategic framework and focus areas

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

1. Grow the visitor economy
2. Build a culture of innovation and entrepreneurship
3. Attract business and investment
4. Grow and attract skilled talent
5. Build Auckland's global brand and identity

Through these objectives, ATEED can connect Auckland-wide strategies (Auckland Plan and Economic Development Strategy) with ATEED's ongoing strategic interventions, growth programmes and projects. The framework in Figure 1 below provides the organisation with focus on those areas of our role that will make a difference to Auckland. The key strategic objectives are supported by more detailed action plans, investment proposals and delivery partnerships.



Figure 1 – ATEED's Strategic Framework<sup>1</sup>

<sup>1</sup> As per ATEED's Statement of Intent 2017-20

# Statement of Intent Key Performance Indicators

As at 30 September, ATEED has made progress on the targets set out in the Statement of Intent (SOI) 2017-19. Fourteen measures are on track to meet target, two have the potential to not meet target based on current projections, nine are measured at year end, and there is no recent result for one measure.

ATEED SOI KPI	Date of measure / latest available result date	Latest result	Annual Target to 30 June 2018	Status	Comments
<b>Build a culture of innovation and entrepreneurship</b>					
Number of businesses taking up tenancy at GridAKL (Wynyard Quarter Innovation Precinct) (cumulative) and percentage "innovation-led" 1	31-Aug-17	80 (81%)	100 (70%)		There are now 80 businesses located across GridAKL properties, with 72 businesses at Lysaght and eight at 12 Madden Street. The total number of residents at GridAKL stands at more than 166.
Number of individual entrepreneurs supported through an ATEED delivered or funded entrepreneurship programme	30-Jun-17	1995	1500	Annual measure	Interim results pending.
Level of advocacy by stakeholders involved in the provision of business advice, start-up, training & mentoring programmes.2	30-Sep-17	+44 (index)	+50 (index)		Level of advocacy by stakeholders expressed as a NPS score has risen to +44 with an increase in promoter % (KPI target =+50 which is considered excellent). The sample size is small (n=80) and ATEED is looking to improve the sample size and collection of feedback.
Number of actively managed businesses through Regional Business Partner programme	30-Sep-17	335	750		Demand for RBP has been high with 335 clients actively engaged at the end of Q1, up 18% from last year. A large amount of ATEED's pool of NZTE Capability Development funding has already been allocated - \$594,000 out of a total pool of \$1.7m. Discussions are underway with NZTE on the implications of this increased demand and impact of the allocation.
Number of businesses that have been through an ATEED programme or benefitted from an ATEED intervention (LTP Measure)	30-Jun-17	4178	3000	Annual measure	Interim results pending.
Number of Māori businesses that have been through an ATEED programme or benefitted from an ATEED intervention (LTP measure)	30-Jun-17	183	120	Annual measure	Interim results pending.
<b>Attract business and investment</b>					
Facilitation of the establishment, or significant expansion, of multinational and local companies in target sectors (LTP Measure)	30-Sep-17	0	5		No result this quarter
Number of intensively account managed customers in ATEED Aftercare programme (Aroha Auckland)	30-Sep-17	22	85		The Aroha Auckland programme is under review, which will include the methodology, tiered services, target companies and communications strategy.
Total GDP contribution of deals effected with ATEED involvement	30-Sep-17	TBC	\$59.6m	—	Results for Q1 pending.
Value of investment deals effected by	30-Sep-17	\$75m	\$292m		On track to reach target with good prospects in the

ATEED SOI KPI	Date of measure / latest available result date	Latest result	Annual Target to 30 June 2018	Status	Comments
ATEED within the financial year					pipeline.
<b>Grow and retain skilled talent</b>					
Number of 'live' signatories to the Youth Traction Hub Employers Pledge (LTP Measure)	30-Sep-17	69	50		Three new pledge partners were added during the quarter to 30 September – Waitemata DHB, Auckland DHB and Counties Manukau DHB.
Number of young people enabled into employment as a result of ATEED and partner activity (Youth - incl. Māori and Pacific youth)	30-Sep-17	New annual measure	500	Annual measure	ATEED is tracking well towards this target. At 30 September, the CBD Jobs and Skills Hub had achieved 79 jobs and five apprenticeship placements. The percentage retained in continuous employment for 12 months was 69%, with 81% of placements coming off the Work and Income register (against a target of 80%). The hub is exceeding its Māori and Pacific Peoples targets (40% and 15% respectively), with engagement currently at 44% and 31% respectively. Approximately 168 participants have been engaged in training, with 190 training completions undertaken. In addition, 120 school and tertiary students have been taken through the hub to support vocational pathway development and work exposure <sup>2</sup> . A final evaluation of the BuildAKL programme will be released in mid-November and is expected to show promising employment outcomes. The result of Jobfest is not available at the time of reporting.
Number of expressions of interest from skilled migrants in working and living in Auckland resulting from ATEED Marketing activity (Talent)	30-Sep-17	419	1500 (via LinkedIn)	Annual measure	The first posting and 'Auckland – Make the Smart Move' hub LinkedIn campaign went live on 4 September. This generated 419 LinkedIn followers, thus ATEED is ahead of the annual target on a pro rata basis.
Growth in value of international student spend to Auckland	31-Dec-16	\$2.25b	\$2.306b	Annual measure	Result due from Education New Zealand in Q3.
<b>Grow the visitor economy</b>					
Number of international business event bids submitted or supported	30-Sep-17	10	35		10 international business event bids submitted or supported for Q1 – 2 were won (see below), 2 did not proceed and 6 were lost.
Business event bid win/loss ratio (based on results received in financial year) 4	30-Sep-17	25	60		The 6 bids lost were due to competing destinations offering cash incentives.
Value of business event bids won in financial year	30-Sep-17	\$1m	\$22m		2 bids won: total delegates 720; 3,180 visitor nights; estimated tourism spend of \$966k.
Percentage of customers satisfied with visitor information centres and services (LTP Measure)	30-Sep-17	97.23%	85%		For a second year, Auckland i-SITEs achieved the highest average customer satisfaction rating in NZ, with an average rating of 97.2% versus 87.8% for NZ. The SKYCITY i-SITE had the highest customer satisfaction rating (98.75%) of any across the entire NZ i-SITE network.
Contribution to regional GDP from major events invested in (LTP measure)	31-Aug-17	TBC	\$49m		Q1 results pending. The major event portfolio is currently on track to meet the target.
Percentage of Aucklanders who agree events make Auckland a great place to	30-Jun-17	74%	80%	Annual measure	Result will be available in June as part of the annual Auckland Council Resident survey

<sup>2</sup> ATEED does not provide the job-matching or training. These activities are provided for by the Ministry of Social Development and Skills Org.

ATEED SOI KPI	Date of measure / latest available result date	Latest result	Annual Target to 30 June 2018	Status	Comments
live (engender pride and sense of place)					
Visitor nights generated by major events invested in	31-Aug-17	TBC	165,000	<span style="color: green;">●</span>	Q1 results pending. The major event portfolio is currently on track to meet the target.
Percentage of customers satisfied with delivered major events (LTP measure)	30-Jun-17	89%	85%	<span style="color: green;">●</span>	Q1 results pending. The major event portfolio is currently estimated to deliver on target.
<b>Build Auckland's global brand identity</b>					
Total visits to www.aucklandnz.com (LTP Measure)	30-Sep-17	0.5m	3.8m	<span style="color: orange;">●</span>	Total user sessions to aucklandnz.com are tracking below target for the year. The relevance of the current single measure is being reviewed as it is aligned to the old website design, rather than the new website drivers measuring targeted engagement. This review will determine new improved metrics for digital engagement that align with the objectives of the new website and ATEED's market focus. New KPIs will be included in the drafting process of the 2018-2021 SOI.
Percentage of visitors to www.aucklandnz.com located outside of Auckland	30-Sep-17	44%	50%	<span style="color: orange;">●</span>	The target is unlikely to be met by end of financial year, due to the reasons stated above.
<b>Local economic development</b>					
Percentage of approved local economic development projects delivered by ATEED using local board "Locally Driven Initiatives" (LDI) funding.	31-Aug-17	In progress	70%	Annual measure	19 local boards have approved the Local Board Economic Development work programme for 2017/18. The total value of the proposed work programme for 2017/18 is \$907,000 across 31 projects, an increase of \$477,000 compared to the previous year's programme. At the time of reporting, \$255,000 of the approved programme has either been spent or is committed via contracts.
<b>Mana whenua engagement</b>					
Percentage Mana Whenua satisfaction with quality of engagement	31-Jul-17	29%	Maintain/improve	Annual measure	Results pending annual survey in June 2018.
<b>Monitoring indicator</b>					
Spend by visitors in Auckland <sup>3</sup>	31-Aug-17	\$1211m	\$6617m		Tourism spend for the year to August was \$8b, up 5.8 per cent on the previous year. Domestic spend was \$3.6b for the year, while international spend was \$4.3b. While there was an overall decrease in spend from China in the year to August (-6.5 per cent), the August monthly spend was up 36.2 per cent year on year.
<b>Key:</b>					
<span style="color: green;">●</span> On track / Target exceeded <span style="color: red;">●</span> Off-track <span style="color: orange;">●</span> Potential for Slippage              — No recent result					
<p>1 Innovation-led is defined as businesses developing new or improved technologies or services</p> <p>2 New measure replacing the previous percentage stakeholders satisfied with provision of business advice, start-up, training &amp; mentoring programmes (LTP Measure). The change reflects the new methodology (Net Promoter Score) adopted by NZTE for the Regional Business Partners programme. The new metric captures stakeholder satisfaction, loyalty and advocacy. A NPS of +50 can be considered as excellent.</p> <p>3 We are reporting year to date figures from July each FY to provide an accumulative view.</p> <p>4 Calculated as wins divided by wins + losses. Does not account for bids pending, not proceeded with, cancelled or not submitted</p>					

# Highlights for the quarter

## Build a culture of innovation and entrepreneurship

Auckland received two Excellence in Economic Development Awards at the International Economic Development Council's (IEDC) annual conference held in Toronto, Canada (17-20 September). This included a gold award for the Auckland Innovation Dashboard<sup>3</sup> and a bronze award for the 'Smart Move'<sup>4</sup> campaign. The awards recognise the world's best economic development programmes and partnerships, marketing materials and leaders.

### GridAKL – The Place

GridAKL activity over the quarter was focused on mobilisation of the new GridAKL spaces, completion of fit-out works, and preparations for the 12 Madden Street opening on 5 October. Tenanting of the areas managed by the building operator *Generator* is ahead of their forecasts with positive interest and uptake to date. The feedback on the quality and appeal of the building from prospective and new tenants, including the New Zealand Venture Investment Fund, has been positive.

The Mason Brothers premises were handed over to ATEED on 1 September. The facilities will be managed for ATEED by The Generator under the terms of a separate sublease which commenced on 1 September. Tenant searches are underway.

### GridAKL – The Community

About 150 events have been held at GridAKL since 1 July, with more than 4000 attendees in the past quarter. A paid-for Tech Cafe membership with extra benefits started in June 2017, and now has 22 members.

Gender diversity was a key topic for events in July, with women making up 50 per cent of attendees at the Hardware meetup event. The Creative Mornings Auckland events also ignited conversations about connecting young women in video editing and graphic design work, and how to best support this growing talent.

A record 53 events were held in August attracting 2449 attendees. Key highlights include a new BizDojo partnership with Talent International providing free HR and recruitment advisory sessions for GridAKL and other BizDojo Auckland residents, and public sessions hosted by BizDojo and InvestHK to build awareness and knowledge of Hong Kong as a potential growth market for New Zealand businesses.

A new marketing and communications strategy is also in development, with early activities focused on updating collateral as well as engaging with media to bring GridAKL to life for the public and businesses. Website upgrades have been made to improve the venue hire process for guests to easily navigate the site and book facilities.

### Local economic development

Post-event evaluation of the Local Economic Development Masterclass, delivered by ATEED on 12 July, confirmed strong support for the inaugural event. Out of 37 responses, 91.6 per cent stated that the event applied to their area of interest, 86 per cent confirmed that they are likely to return, and 84 per cent found the programme content to be useful. The event attracted 129 attendees, with a further 300 viewers on live stream.

<sup>3</sup> The Auckland Innovation Dashboard highlights Auckland's growth as an Asia-Pacific innovation hub through a publicly available dashboard of data which highlights Auckland's improving innovation performance. Performance is benchmarked against the region's international peer cities. This dashboard concept will soon be expanded to incorporate additional Auckland economic data, including employment, imports and exports, and the visitor economy.

<sup>4</sup> The 'Smart Move' campaign aims to attract talented migrants to the region. The Smart Move campaign includes several videos, and was a cornerstone of ATEED's business programmes showcasing Auckland to visitors during the DHL New Zealand Lions Series 2017, and World Masters Games 2017.

During the period, ATEED continued to assess how to enhance its role in local economic development (LED), in response to the Mayor's Letter of Expectation. This included consideration of a framework to engage other entities from across the Council family, external agencies and partners to support LED activities. ATEED will submit a report on the proposed approach and framework to the Environment and Community Committee meeting scheduled for 14 November.

### **Investor migrant activity**

ATEED hosted an Investor Migrant Partner Function on 23 August attended by 50 legal, financial, property, investment and tax professionals. The event featured a panel of experts focused on trends from North America and provided ATEED with an opportunity to promote its unique role in partnering with the private sector and central government to attract investor migrants.

Since the Government's investor migrant scheme began gaining momentum in 2011/12, more than \$3.7 billion has been invested in New Zealand, with a further \$2.2 billion approved in principle or under consideration. The majority of investor migrants choose Auckland as their New Zealand base or residence.

### **Industry development – food and beverage**

ATEED is working with Pānuku Development Auckland and Council to launch an Incubator Kitchen programme that provides small food producers/enterprises access to commercial kitchens and a business/mentor programme to develop capability in the food and beverage sector. The model is based on a successful wave of incubator kitchens worldwide. The first kitchen will be in Henderson and open for business in January 2018, followed by a Manukau site – with more locations planned for the future. The programme will target food entrepreneurs in migrant, Māori and Pacific communities.

On 1 August, ATEED convened 60 people from across the hospitality sector as part of the Kai Collaboration initiative, which aims to increase collaboration between the food and beverage and tourism sectors. An industry led group was formed as a result of the event and will initially focus on a unified Auckland food story and issues relating to talent and skills.

### **Attract business and investment**

Foreign direct investment (FDI) into New Zealand for the year ending 31 March 2017 was 3.5 per cent up from 2016, with Australia accounting for more than half. Trends also show that US companies are being more cautious with major offshore investment, especially if jobs are going overseas. The Financial and Insurance Services sector experienced the largest boost of FDI.

### **Project Palace**

ATEED continued to work with NZTE on the Project Palace<sup>5</sup> initiative. NZTE is expected to release new demand versus planned hotel rooms in construction figures to indicate current room count gap versus demand projects.

Bayleys Realty has now exclusive selling rights on the Albert and Wolfe Streets site and is being actively promoted through Project Palace – the site is an ideal hotel/mixed use site due to its downtown location. During the quarter a new 250 room, 4.5 star hotel was confirmed for Albert Street. The \$75m plus investment not only increases room capacity in Auckland, but will be one of the new world brands being design-led for the millennial market, which is currently lacking in the city.

The Chinese government issued guidelines restricting or banning Chinese companies from engaging in overseas mergers and acquisitions (M&A) activity in certain sectors to stabilise the Chinese currency, restrict capital flight

<sup>5</sup> Project Palace is the government's hotel attraction initiative to meet the room shortage that has resulted from rapid tourism growth. Auckland is one of five key destinations being actively marketed. ATEED is assisting NZTE on Auckland's site suitability for offshore hotel investment as well as facilitating the development to those hotels.

and reduce financial risk. Hotel investment is included as a restricted sector. It is likely that proposed overseas hotel acquisitions by Chinese companies will be subject to additional layers of scrutiny, impacting upon the number of Chinese-sourced investment opportunities. Potential funding issues will be discussed with future Project Palace clients from China early in the investigative process.

### **Auckland and Kumeu film studios**

The construction programme for the Kumeu Film Studios is on track to be 85 per cent complete by December. Facilities are almost fully booked for the next 12 months.

Following the transfer of Auckland Film Studios back to Council, ATEED has signed a five-year lease agreement with Pānuku Development Auckland to operate AFS as a film production facility up until September 2022. The site will be handed back to Pānuku for the 'Unlock Henderson' initiative at the end of this period. About \$1.1m of maintenance was identified as being required to enable use of the buildings as film studios for the five-year term. Council retained \$500,000 of AFS Ltd reserves to support this work. The additional \$600,000 identified will need to come from revenue streams and/or be included as part of the LTP process. ATEED has the right to suspend buildings that it deems to be uneconomic to maintain in order to save maintenance. ATEED is not obliged to reinstate these buildings at the end of the term of the lease.

Work is underway with key stakeholders around a preferred operating model for future studio management. ATEED is considering the appointment of an experienced and innovative film studio operator to manage both Auckland studios, with a possible market engagement / tendering process in December 2017. A market briefing will be held with interested suppliers on 26 October.

### **AR/VR Garage**

Agreements have been signed with NZ VR/AR Association Inc. and Technicolour (USA), establishing them as partner organisations to assist Garage companies to access resources around New Zealand and offshore. The partnerships open up a number of opportunities, including the ability to showcase Auckland's capability more effectively to international partners, delegations and visiting investors.

The AR/VR Garage now has more than 20 companies associated with it. New companies include Animation College, Young and Shand, and WeTech. Current sponsors include Datacom, HP and Microsoft. Discussions are underway with nine potential sponsors, including three international companies not currently in New Zealand.

Four companies from the Garage will join the Tripartite Economic Summit delegation to Guangzhou in November.

A case study is being developed with Ngāti Whātua Ōrākei to capture their AR/VR Garage experience. The case study documents how the Garage enabled the iwi to create a new vision for commercial content development and storytelling.

### **Screen Auckland**

The total number of film permits processed during the quarter was 156, up 30 per cent on the same period last year. The increase in permit numbers indicates continued strong demand for filming locations in Auckland.

An MOU to fuel collaboration over screen attraction is being developed between regional film offices, including Screen Auckland, and NZ Film Commission.

## Grow and attract skilled talent

### BuildAKL

The 12-month BuildAKL industry youth recruitment campaign finished at the end of September. A survey was initiated in September to determine campaign reach, message penetration, and the extent to which the target audiences (youth, Māori, Pacific Peoples, women) took action based on the campaign. This will form part of the final evaluation, due in November.

More than 40 employer, industry and education/training provider stakeholders participated in a 'BuildAKL: Where To Next' workshop at GridAKL, where they identified education-employment partnerships as the priority for future action. ATEED was tasked with developing a pilot proposal for summer work experience placements with key partners and interested stakeholders.

### CBD Jobs and Skills Hub

A full-time operations manager was seconded from the Ministry of Social Development to lead the hub in August. ATEED is continuing to chair the CBD Jobs and Skills Hub Interim Governance Group, and maintain an active role in overseeing hub operations, given the investment in getting the hub established and relationships created with construction and infrastructure employers.

The hub is now servicing all three of Pānuku Development Auckland's main Wynyard Quarter contractors, including Hawkins-Downer, Hayden & Rollett, and Fulton & Hogan. It is also providing recruitment and training services to Fletcher Construction and its sub-contractors at the Commercial Bay and New Zealand International Convention Centre (NZICC) sites in Auckland CBD. Hub staff are working out of the NZICC site office on Hobson Street.

The hub supported the 'Women in Trades' event for secondary students at GridAKL in September.

### Youth employment pathways

About 90 applications have been received for the third annual Young at Heart Awards which closed on 13 September. The awards, to be held on 16 November, recognise Auckland businesses which have made a commitment to employing young people. The awards are open to all Auckland businesses, not just Employer Pledge partners.

### Study Auckland

Thirty teachers, parents and primary school dance students visited Auckland from Guangzhou as part of the 2017 China-New Zealand Art and Cultural Exchange. The cultural exchange established a relationship with Te Mahurehure Marae in Point Chevalier and students from Ngā Puna o Waiōrea, Western Springs College.

During the quarter, Study Auckland, in partnership with Immigration New Zealand, also held workshops with MIT, Unitec, North Tec, Wintec, Eastern Institute of Technology, Nelson Marlborough Institute of Technology –Auckland and 12 education agencies to better connect institutes of technology and polytechnics with locally based education agents, build new business relationships, and drive stronger industry collaboration.

## Grow the visitor economy

The year-ending August 2017 saw a record-breaking 2.63m international visitors to Auckland, up 10 per cent on the previous year. Arrivals from the US (24.4 per cent), the UK (18.1 per cent) and Canada (17.4 per cent) all saw strong growth.

There were 493,360 visitor arrivals in winter 2017, up 9.5 per cent on the previous winter. Holiday arrivals were up 11.4 per cent on the previous winter. Winter visitation from the UK was up 97.3 per cent year on year, and winter holiday arrivals from the UK were up 194.5 per cent. The DHL New Zealand Lions Series 2017 contributed to these figures.

The hotel average daily rate was \$205 (up 17.2 per cent) over the past 12 months, and \$186 for August (up 11.4 per cent on the previous August). Occupancy rates were also high (averaging 86.8 per cent for the year). Revenue per available room was \$178 for the year to August, up 18.2 per cent on the previous year.

### **Tourism marketing**

The spring campaign went live on 1 September and will run through until 31 November. The campaign, including a series of videos fronted by Sir John Kirwan, reveal the best of Auckland's regions. Six videos highlighting the wider Auckland region as well as a 30-second TVC, encourage Aucklanders to "Love ya weekend". Media channels used are the TVC, OnDemand, digital including mobile, outdoor, social media, search engine marketing, and PR.

The sixth annual Upper North Island driving campaign went live in Australia in July targeting Sydney, Brisbane and Melbourne based holiday makers. The campaign, delivered in partnership with Tourism New Zealand and regional tourism bodies, has a combined spend of approximately \$1.1m, including \$200,000 of ATEED investment.

Auckland featured in a series of live crosses on Australia's *The Today Show* (breakfast show) between 14-15 September. The broadcast reached approximately 1.2m people, with an equivalent advertising value of AUD\$1,216,000 for a NZD\$30,000 investment. ATEED is working with Auckland Airport and Tourism New Zealand on two further joint marketing activities promoting Auckland as a short break destination for later this year.

ATEED participated in the Kiwi Link South America Tourism New Zealand roadshow from 18-22 September, training about 350 travel agents about Auckland. The event provided a great opportunity for ATEED to develop relationships, promote products, educate and upskill wholesale and retail travel sellers throughout Brazil, Argentina and Chile, and support the new Air New Zealand route to Argentina which started in December last year.

### **GEMS (Golf, Equine, Marine, Screen) programme, China**

Twenty Chinese female golfers were selected to come to Auckland ahead of the ATEED-sponsored, MCKAYSON New Zealand Women's Open (LPGA). The selection forms part of 'The Search for the next number one' competition run in Beijing, Dongguan and Seoul from 7-15 June with the Institute of Golf, and Tourism New Zealand. Two of these players were also selected to compete in the LPGA event. This initiative aims to lift the profile of Auckland as a golf destination through profiling the opening of recently developed courses.

During the quarter, ATEED also facilitated a networking function attracting more than 50 local Chinese businesses to build up interest and encourage connections around the LPGA event. The event was supported by the *Chinese Herald* and The Clubhouse (organisers of the LPGA).

Discussions are continuing with owners of the China Cup about further Emirates Team New Zealand (ETNZ) investment following the 2017 America's Cup victory. ATEED has helped to secure another Royal New Zealand Yacht Squadron team in the China Cup from 26-29 October. The team will race under the ETNZ brand, and the America's Cup trophy will travel with them and senior management to the regatta and potentially other locations in China as part of a promotional drive.

### **PRVILGES (Premium Visitation, Investment, Luxury Golf, Education and Screen) programme, USA**

ATEED supported the Steven Adams invitational celebrity golf event on 1 September at Auckland's new Windross Farm Golf Club course – venue for the upcoming MCKAYSON New Zealand Women's Open (LPGA). Auckland content captured during Steven's visit was distributed through his vast social media channels (Instagram, 200,000

followers; Oklahoma City Thunder Facebook page, 4 million followers) and included exchanges with celebrities involved with the event, such as Lydia Ko, Beauden Barrett and Jeff Wilson. The event gained extensive media coverage on *One News* reaching an audience of more than 700,000 on each piece, and a five minute story on the *IMG Golfing World Show* with a reach of 126 million households worldwide.

ATEED's participation in Virtuoso Travel Week, held in Las Vegas from 12-18 August, saw the successful announcement of the new Auckland ambassador, Rachael Hunter, and a showcase of the AR/VR Garage. ATEED was also named 'Most Innovative Tourism Board' at the annual Virtuoso Alliance Partner Awards.

Auckland has featured in a six-page spread in *CSQ Magazine's* summer 2017 edition, following a hosting of the Los Angeles based C-suite readership magazine in March. *CSQ Magazine* has a circulation of 25,000 subscribers with a readership of 150,000.

### **Cruise**

The annual NZ Cruise conference was hosted in Auckland on 29 August and attended by senior executives from all the major cruise lines. The latest data from the NZ Cruise Association was also released showing year on year growth in the number of ship visits to Auckland (105 in 2015/16 to 127 in 2018/19). Infrastructure was a key theme and topic of discussion, including the issue about berths for ships greater than 320m.

The 2017/18 cruise season will see the return of P&O home porting a ship in Auckland. This will result in cruise ships being present in Auckland all year round.

ATEED continues to have a representative on the NZ Cruise Association Board in the position of Deputy Chair.

### **i-SITEs**

The new Princes Wharf i-SITE opened on 1 September with a traditional blessing from Ngati Whatua kaumatua. The site, operated in partnership with the Department of Conservation, is the first in New Zealand to use mobile tablet screens to take bookings, allowing staff to be more mobile and reduce queues at peak times.

The SKYCITY i-SITE won the 2017 Customer Feedback Award at the annual i-SITE Conference held at Mount Ruapehu from 13-15 September.

Discussions are underway with Auckland Airport regarding renewal of the Auckland Airport i-SITE lease that is due to expire on 30 November 2017.

### **Business events**

Auckland Convention Bureau membership renewal has been completed for the 2017/18 financial year with 117 suppliers renewed. Year to date membership referrals stand at 733, up 81 per cent on previous year.

### **Major events**

ATEED led Auckland Council's delivery of the ETNZ homecoming parade on 6 July, attracting more than 80,000 people. The street and on-water parade was a successful demonstration of tremendous national pride, and city-wide collaboration between the approximately 40 organisations that came together to produce the event at short notice.

Approximately \$1.6m worth of domestic and international media coverage was generated for Auckland from the parade.

The Auckland components of the **DHL New Zealand Lions Series 2017** were successfully delivered from 7 June to 8 July, showcasing New Zealand culture, business and talent. Provisional figures indicate that approximately 16,500 people walked the Fan Trail, more than 21,000 people visited the Queens Wharf Auckland Fanzone, and

more than 1100 people went to a regional Fanzone. The steps taken promote a range of accommodation options for visiting fans was outlined in the Quarter 3 report (2016/17) to the Finance & Performance Committee.

Following a comprehensive review process, the NRL cancelled the 2018 **NRL Auckland Nines** event. In the first four years, the event exceeded its five-year GDP target of \$28.3m, with \$28.8m of new money being injected into the Auckland economy. The event also contributed to increased Australian visitor arrivals to Auckland during the 2013-2017 period. A replacement event is being considered.

The marketing campaign for the 2017 **ITM Auckland SuperSprint** is in market in the South Island to allow domestic fly market visitors time to book their travel. Closer to the event window, the focus moves to promoting destination activity within Auckland with a '30 minutes to awesome' app, where visitors can refine their preferences to what they would like to do and find deals for Supercars visitors.

Other major events sponsored and delivered this quarter:

- New Zealand International Film Festival, 20 July – 6 August
- *Matilda the Musical*, 18 August – 22 October
- New Zealand Fashion Week, 28 August – 3 September
- Auckland On Water Boat Show, 28 September – 1 October
- MCKAYSON New Zealand Women's Open (LPGA), 28 September – 1 October
- Black Ferns Rugby World Cup Celebration, 28 September.

## Stakeholder engagement

### Central government alignment

Members of the ATEED Board met central government agencies in Wellington on 30 August to discuss areas of alignment for collaboration. Key themes and topics covered included: events to 2021, taking a spatial (geographic) approach to economic development, data sharing, ensuring equity/inclusion, increasing productivity and growing skills. This engagement will be run as a programme by ATEED with input from subject matter expert where required.

### Section 17A value for money reviews

During the period ATEED participated in the s.17A reviews Business Attraction & Global Partnership, and Communications and Engagement across the Council.

# Future outlook

## 2017 Tripartite Economic Summit, 8-10 November

The final pre-Tripartite Summit Business Workshop was held on 5 September with China market experts, Glen Murphy of NZTE and David Mahon of Mahon China. The event attracted 77 attendees and a satisfaction rating of 91 per cent.

A delegation of nearly 100 people from more than 70 businesses and universities are confirmed to travel to Guangzhou for the third annual Tripartite summit, led by Auckland Mayor, Phil Goff. Representatives of Ngāti Whātua Ōrākei will also attend. As part of Huawei New Zealand's sponsorship of Auckland's programme, delegates will travel to Huawei headquarters in Shenzhen to understand how the company's new technology could be applied to Auckland and for Auckland businesses.

ATEED activities in the lead up to the summit are now focussed on business-matching, business preparedness and the active role that Screen Auckland – the region's film office – will play in the summit. The Tripartite alliance is in its third year and the second overseas summit has attracted almost twice the number of Auckland participants as the first, held in Los Angeles in 2015.

## Destination Auckland Strategy, and Accommodation Providers Targeted Rate

A consultant has been appointed to work with ATEED and the Auckland visitor sector to develop the Destination Auckland Strategy – a new Visitor Plan for Auckland to replace the original one released in 2011. Formal consultation commenced on 11 September with ATEED stakeholders across the tourism, major events, business events and international education sectors, and with central and local government, Māori and other key groups. An Industry Leaders Group comprising of external experts from across the sector has been established to help guide strategy development with the final strategy approved by the ATEED Board in January 2018.

ATEED participated in the first Accommodation Providers Targeted Rate (APTR) working group on 11 September which addressed governance options for the APTR. A second workshop considering more detail around a smaller number of options was held on 28 September. Council is now working on consultation material to gauge the views of the accommodation sector on preferred approaches to the rate's governance.

## Road to 2021

Progress is being made on scoping ATEED's work programme for APEC, which will be held in New Zealand in 2021, and the 36th America's Cup regatta (AC36), which is tentatively scheduled to take place in Auckland in early in 2021.

While Government is keen to ensure APEC is experienced as a New Zealand event, Auckland has been confirmed as the location of APEC Leaders Week (8 – 14 November 2021), and a number of other APEC related events are likely to take place in Auckland during the year. Council has confirmed ATEED as the lead agency for the group. Work on event scoping has commenced in conjunction with Ministry of Foreign Affairs and Trade (MFAT), the Government's lead agency. The APEC21 Auckland Work Structure has been developed and will be rolled out in October. The respective roles and responsibilities between Auckland and central government will be outlined in a memorandum of understanding with MFAT.

The primary next steps are to establish the city operations and logistics requirements, and delivery of an operations budget envelope to the Government along-with the establishment of an event leverage and legacy working group.

The protocol for AC36 was announced at the end of September, confirming that the event will feature 75-foot monohull crafts. Auckland was announced as the preferred event location, however, infrastructure development must be confirmed for the event by 31 August 2018. Italy has been announced as a back-up venue.

ATEED is working with government officials and the Council group on options for hosting AC36. This includes: providing expertise on the event village requirements, and marine sector and superyacht requirements as part of infrastructure options analysis work being led by Pānuku; assistance with scoping the wider programme and work structure, communications, and leverage and legacy work stream required once the event is confirmed for Auckland. The AC36 programme sponsor is Stephen Town (Council CEO). The options assessment for location and infrastructure, led by Pānuku, is due to Council in December 2017.

## Upcoming events and activities for Quarter 2

Event name/key activity	Date	Location
<b>2017 Tripartite Economic Summit</b>	8-10 November	Guangzhou, China
<b>GridAKL</b>		
12 Madden Street opening	5 October	GridAKL
Innovation Day	6 October	12 Madden Street
<b>Business and Enterprise</b>		
Westpac Auckland Business Awards North	5 October	Westlake Boys High School
Westpac Auckland Business Awards South	18 October	Vodafone Events Centre
Westpac Auckland Business Awards West	2 November	The Trusts Arena
Westpac Auckland Business Awards Central	14 November	The Langham Auckland
<b>Talent and Skills</b>		
Jobfest West	11 October	Trusts Arena
Young Enterprise Scheme Regional Awards	20 October	AUT City Campus
Young at Heart Awards	16 November	Hilton Auckland
Young Enterprise Scheme National Awards	6 December	TSB Bank Arena
<b>Major Events</b>		
Auckland Diwali Festival	14 - 15 October	Aotea Square
Rugby League World Cup 2017	26 October - 2 December 28 Oct: NZ v Samoa 25 Nov: Semi-Final	Mount Smart Stadium
ASB Auckland Marathon	29 October	Various Auckland locations
ITM Auckland SuperSprint	3-5 November	Pukekohe Park Raceway
Taste of Auckland	16-19 November	Western Springs
Women's Hockey World League Final	17 - 26 November	North Harbour Hockey Stadium
WhitewaterXL Auckland	18 - 26 November	Vector Wero Whitewater Park

Event name/key activity	Date	Location
EQUITANA	23 - 26 November	ASB Showgrounds
Farmers Santa Parade	26 November	Auckland CBD
NZ Flower & Garden Show	29 November - 3 December	The Trusts Arena

## Financial performance

Financial Performance							
For the Period Ended 30 September 2017							
\$'m	Actual	Forecast	Variance f/(u)	Budget	Variance f/(u)	Full year Forecast	Full Year Budget
<b>Operational</b>							
External Revenue	2.9	2.7	0.3	3.3	(0.3)	17.1	15.4
<b>AC Funding</b>	<b>11.1</b>	<b>13.8</b>	<b>(2.7)</b>	<b>13.7</b>	<b>(2.6)</b>	<b>51.1</b>	<b>46.9</b>
Operational expenditure excl. depreciation	14.6	15.0	0.4	12.7	(1.9)	68.0	63.2
Depreciation	0.2	0.3	0.1	0.3	0.1	1.5	1.4
<b>Capex</b>							
Expenditure	3.7	2.7	(1.0)	0.0	(3.7)	6.5	0.2
<b>AC Funding</b>	<b>3.7</b>	<b>2.7</b>	<b>(1.0)</b>	<b>0.0</b>	<b>(3.7)</b>	<b>6.5</b>	<b>0.2</b>

### Actuals vs Forecast

External revenue is higher than forecast due to revenue for Diwali being received earlier than planned, and additional revenue for the Lions Tour. At the end of September, ATEED's funding from Council is lower than forecast due to this increase, higher external revenue, and timing-related project underspend across ATEED's business units.

ATEED completed a forecast in September to account for the deferrals from last year and to reprioritise funding where applicable. There is \$0.4m underspend against forecast is due to two elements. Firstly, a grant payment to The Southern Initiative project of \$0.2m planned in September but expected in November. Secondly, timing related underspend across multiple projects.

Capital expenditure relates mainly to the fit-out costs for the GridAKL project Madden Street and Mason Brothers buildings. This spend is higher than forecast due to the phasing of the fit out costs.

### Actuals vs Budget

Revenue is lower than the budget due to rental revenue for the two new GridAKL buildings, due to a delayed opening of the buildings. There is a corresponding decrease in property rental expense as a result.

The net deficit for the quarter is higher than budget by \$1.9m. However, the budget does not include the approved deferred key project underspend of \$2.4m from last year. The deficit for this quarter relates to last year's planned activities delivered this quarter and there is no overall impact to the bottom line for ATEED.

The capex full year forecast has increased from budget due to the carry forward of underspent capex from FY17. This does not increase our overall funding.

# Contribution to Māori outcomes

## Tāmaki Herenga Waka Festival

The Tāmaki Herenga Waka Festival is confirmed to take place on Auckland Anniversary weekend in 2018. The event will feature a digital interactive te reo Māori space.

## Māori Economic Development Growth Programme

ATEED co-hosted the Social Procurement Symposium on 14 July with Westpac and Ngāti Whātua Ōrākei. The objective of the symposium was to promote supply chain diversity with the aim of delivering and enabling greater social impact and change. The event included local and international speakers and approximately 150 representatives from central and local government, corporates, and Māori businesses.

ATEED delivered the first procurement café on 1 August in partnership with Air New Zealand. The Air New Zealand Kai Café was a unique opportunity to showcase Māori and Pasifika food and beverage suppliers to large corporate procurement teams.

A case study with Ngāti Whātua Ōrākei is under development regarding their AR/VR Garage experience, enabling them to create a new vision for commercial content development and storytelling using digital skills developed while at the Garage.

## Māori Tourism Development Programme

ATEED continues to support and advocate for the development of new Māori tourism experiences and unique marketing opportunities in support of the six strategic goals of the Auckland Visitor Plan. Key activity during the quarter include:

- Support for the development of seven new Māori tourism products and Ngati Whatua ki Kaipara's proposed expressions of interest to increase the tourism offering in Woodhill Forest.
- Sponsorship of the Auckland launch of Disney's *Moana Reo Maori* – the Te Reo Māori version of the *Moana* film, on 11 September. The launch coincided with Te Wiki o Te Reo Māori – Māori Language Week and included a Facebook campaign featuring Taika Waititi which was delivered in partnership with Air New Zealand.
- Launch of the new Māori tourism highlights reel for trade training and social media in the lead up to the Tuku Ihou Exhibition. Participating operators will also have access to the raw footage for their own promotional purposes.
- Planning for TNZ's North American Westcoast Roadshow – Tuku Ihou Exhibition taking place from 22-27 October. The exhibition will help build Auckland's Māori tourism brand as well as generate business leads for local operators. Five Auckland operators – Tamaki Hikoi, Toru Tours, Te Haerenga, Waka Quest, and TIME Unlimited, will participate in the exhibition.

## Te Toa Takitini and Māori outcomes review (2015-17)

During the period, ATEED supported PwC's independent assessment of Te Toa Takitini projects delivered by ATEED, Auckland Transport, Watercare and Panuku towards achieving Māori outcomes in the 2015/16 and 2016/17 financial years. The assessment was commissioned by the Independent Māori Statutory Board (IMSB). Interviews were conducted with ATEED's Chief Executive and relevant staff on 20 September, and supporting documentation has since been supplied to PwC.

## ATEED Board and IMSB Board meeting

Members of the ATEED Board met with the IMSB Board and Chief Executive on 4 September to discuss ATEED's support for Māori economic development, board to board engagement, and opportunities to work together on issues such as progress reporting to IMSB.

ATEED's new Chief Executive subsequently met the Chair and Chief Executive of the IMSB for the first time on 12 September, in conjunction with ATEED's Chair. The chief executives agreed to meet on a regular basis to establish a framework for future engagement.

# Key local board activity

## Local economic growth

During Quarter 1, the work programmes for 19 local boards were commenced following approval at the end of the last financial year. The final work programme is the culmination of an iterative process of discussions and work with each local board, during which ATEED provided advice and proposals that support the outcomes sought in their respective local board plans.

The approved work programme for the 2017/2018 financial year totals \$907,000 excluding deferrals and builds on that of the previous year that totalled \$477,000. The increase has resulted from greater support from local boards for the Lion Foundation Young Enterprise Scheme (\$30,000), and the Manurewa (\$200,000) and Papakura (\$140,000) local boards prioritising local economic development within their overall Local Development Initiative (LDI) budgets. At the time of reporting, \$255,000 of the approved programme has either been spent or is committed via contracts. Progress is reported to local boards through Sharepoint.

In September, ATEED provided guidance to local boards on how it can assist them in delivering the outcomes of their local board plans. ATEED's Local Economic Growth Team has since attended a number of local board workshops that support local board submissions to the Long Term Plan. The feedback from local boards will be used to develop Local Economic Growth work programmes for 2018/19 and the subsequent two remaining years of the local board plans. ATEED is also seeking to establish a cycle of quarterly meetings with local boards to enhance engagement and focus on mutual priorities.

In addition to the above, ATEED has been working Panuku Development Auckland to provide advice and input into plans in Henderson, Panmure, and Hobsonville. ATEED has also been engaging with Panuku on the Takapuna Spatial Priority Area.

# Risk Management

**Health and Safety:** ATEED continues to promote and embed H&S best practise in all its activities. A Health and Safety Management System Audit was completed in September in accordance with the NZS4801 – Occupational Health and Safety Management Systems and reported to the ATEED Board.

During the quarter ATEED:

- completed training for all users of the new H&S reporting system executed in June
- reviewed and prequalified the physical works contractors for the Princes Wharf i-SITE fit-out
- completed a review of all contractors supplying physical works for ATEED delivered events
- upskilled two Major Event Facilitators to provide additional H&S support in the major events area
- assessed Screen Auckland permitting processes with regard to the Health and Safety Act 2015
- reviewed tourism family processes and the approved activity operator list in line with the Health and Safety at Work Act 2015, Health and Safety at Work (Adventure Activities) Regulations 2016, and Tourism New Zealand practises.

**Portfolio risk:** A number of risks and issues were actively managed over the quarter, with the overall risk profile of ATEED relatively stable. There are no critical or high risks after the application of mitigations.

## Risks and issues managed during the quarter:

General risks:

- Timeline and industry engagement for the development of the Destination Auckland Strategy (open)
- Cyber resilience against potential threats and impact on business continuity (open)
- Staff holiday pay issues identified by Council (open)
- Move to SAP ARIBA procurement system for work costing more than \$25,000 (open)
- Delivery of the DHL New Zealand Lions Series 2017 (closed)
- Potential impact of the Rugby League Players Association and NRL pay dispute on the Rugby League World Cup 2017 (closed).

Risks related to facilities:

- Refurbishment of the Kumeu Film Studios (KFS) (open)
- GridAKL – the opening and ensuring the ongoing stable management of three buildings (open)
- The transfer of AFS to Council, and subsequent arrangements between ATEED and Panuku (closed)
- Completion of the Princes Wharf i-SITE fit-out (closed)