

MAY 2018

ATEED Quarterly Report to Auckland Council

For the quarter ending 31 March 2018

aucklandnz.com

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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Executive summary

This report summarises ATEED's performance for the third quarter of 2017/18 against the key performance indicators in the *Statement of Intent (SOI) 2017-2020*.

Q3 was marked by a number of key milestones led or supported by ATEED which contributed to Auckland's prospects, profile and future prosperity, notably:

- ATEED Board endorsement of the new *Destination AKL 2025* strategy, with strong Mayoral and industry support.
- The inaugural meeting of the APEC21 Auckland Executive Steering Group and announcement of the preferred location options for the 36th America's Cup.
- Sale of the Auckland Airport, SKYCITY and Princes Wharf i-SITES to AIS Tourism Limited with operational transfer, including 12 of 16 staff, effective from 1 May.
- Establishment of a new Auckland Business Support Forum with The Auckland Chamber of Commerce, and EMA – including Export New Zealand and The Manufacturers' Network (previously NZMEA) – to improve collaboration among business support providers, and better facilitate connections between Auckland businesses/entrepreneurs and experts.
- Launch of the six-month The Kitchen Project initiative 'Healthy Families' with Pānuku Development Auckland and the Auckland Council group. The project provides affordable kitchen space and mentoring to budding food and beverage entrepreneurs and companies.
- \$50,000 of Ministry of Youth Development funding secured for the DIGMYIDEA Māori Innovation Challenge 2018 to expand rangatahi support beyond the competition in April and May.

Good progress was also made towards the achievement of ATEED's annual targets with nine of 26 measures already met during Q3. Of particular note is the measure for business events attracted by ATEED's Auckland Convention Bureau (ACB), valued at \$24.9m. In March, ACB was notified of wins comprising a total of 5800 delegates, 39,560 visitor nights and an estimated tourism spend of \$13.7m. This has resulted in the SOI target for "value of business event bids won in the financial year" being exceeded three months ahead of year-end.

As previously reported, ATEED is unlikely to achieve two targets related to www.aucklandnz.com visits and the percentage of website visitors from outside of Auckland. Although marginal improvements have been made over the quarter, gains are not material in the context of the overall target, without significant further investment.

Operational highlights

- Active engagement with central and local government officials, mana whenua and elected members on ATEED's new three-year corporate strategy, incorporating economic development and destination outcomes.
- The Viaduct Harbour was transformed for the hosting of the Volvo Ocean Race Auckland Stopover from 24 February to 18 March – one of the biggest events in the city's calendar this year and the first major sailing event since New Zealand won the America's Cup.
- Successful delivery of the Tāmaki Herenga Waka Festival, Auckland Lantern Festival and Pasifika Festival, in tandem with the Vector Lights/Lighting of the Bridge displays.
- Execution of four marketing campaigns into the Australian market with Grand Pacific Tours, Channel 7's Sunrise breakfast show, Webjet and Expedia, encouraging longer stays and short breaks in Auckland.

- The Request for Proposal for a Kumeu Film Studios (KFS) and Auckland Film Studios (AFS) operator was released into market on 8 January. Following a robust evaluation process, no operator eventuated, and the process has been halted. ATEED is now exploring other management options with key stakeholders to ensure the best long-term outcome for the screen industry, Auckland, and New Zealand.
- Regional advocacy by Screen Auckland, on behalf of Regional Film Office NZ, on the review of the Film Production Work Amendment Act 2010 (commonly known as the 'Hobbit law') in support of industry growth.
- More than 200 guests were hosted at a Screen Industry Open Day held at KFS on 17 March, introducing screen professionals to the studio's increasing assets.
- The transition of GridAKL Lysaght Building operations to ATEED (from BizDojo) are now complete with business continuity maintained and no reported issues to date. Lysaght is now near to capacity with only 'flexi/casual' memberships being accepted.
- Techweek'18 was launched with planning in full swing for the Auckland programme running from 19-27 May.
- Three events were sponsored during the 21 nation APEC Business Advisory Council (ABAC) meeting held from 1-4 February, providing valuable insights and connections for APEC 2021 preparations.
- International experts, elected representatives, business associations, social agencies and practitioners were hosted at the second annual Local Economic Development Masterclass from 22-23 March, attracting 218 registrants and over 1617 Facebook live views.
- The Auckland Council Youth Connections programme review commenced in Q3 with recommendations presented to the steering group in May. The review will inform decisions on the programme's future function, shape and funding from 2018/19 onwards.
- Eight institutions and 15 students participated in the first Rukuhia Youth Leadership Programme pilot hosted by Ngati Whatua Orakei on 22 March. The programme is one of six planned events that aim to enhance the international student experience, build a deeper understanding and long-lasting connection to Māori and New Zealand.

Financial performance

ATEED completed a forecast in December to account for deferrals from 2016/17 and reprioritised funding where applicable. At the end of Q3, operational expenditure is \$2.6m lower than forecast, and depreciation is \$0.7m higher than forecast.

Revenue is lower than the budget due to a two-month delay opening the new GridAKL buildings which reduced the rental revenue. The capital expenditure full year forecast has increased from budget due to the carry forward of underspent capex from FY17.

Risk management and health and safety

A number of risks and issues were actively managed, with the overall risk profile relatively stable. Over the period, there was one high risk after the application of mitigations, which related to Auckland securing the bid for the America's Cup. ATEED continues to focus on sensitive expenditure.

During the quarter ATEED continued to embed health and safety practices into day-to-day operation, including inspections by ATEED's directors and executive team of venues used to host events delivered or sponsored by ATEED.

Governance

The process for establishing a new Accommodation Providers Targeted Rate (APTR) subcommittee of the ATEED Board, to be known as the Destination Committee, was approved by the ATEED Board in March. The Destination Committee will comprise ATEED and accommodation sector representatives and will be in place by year end.

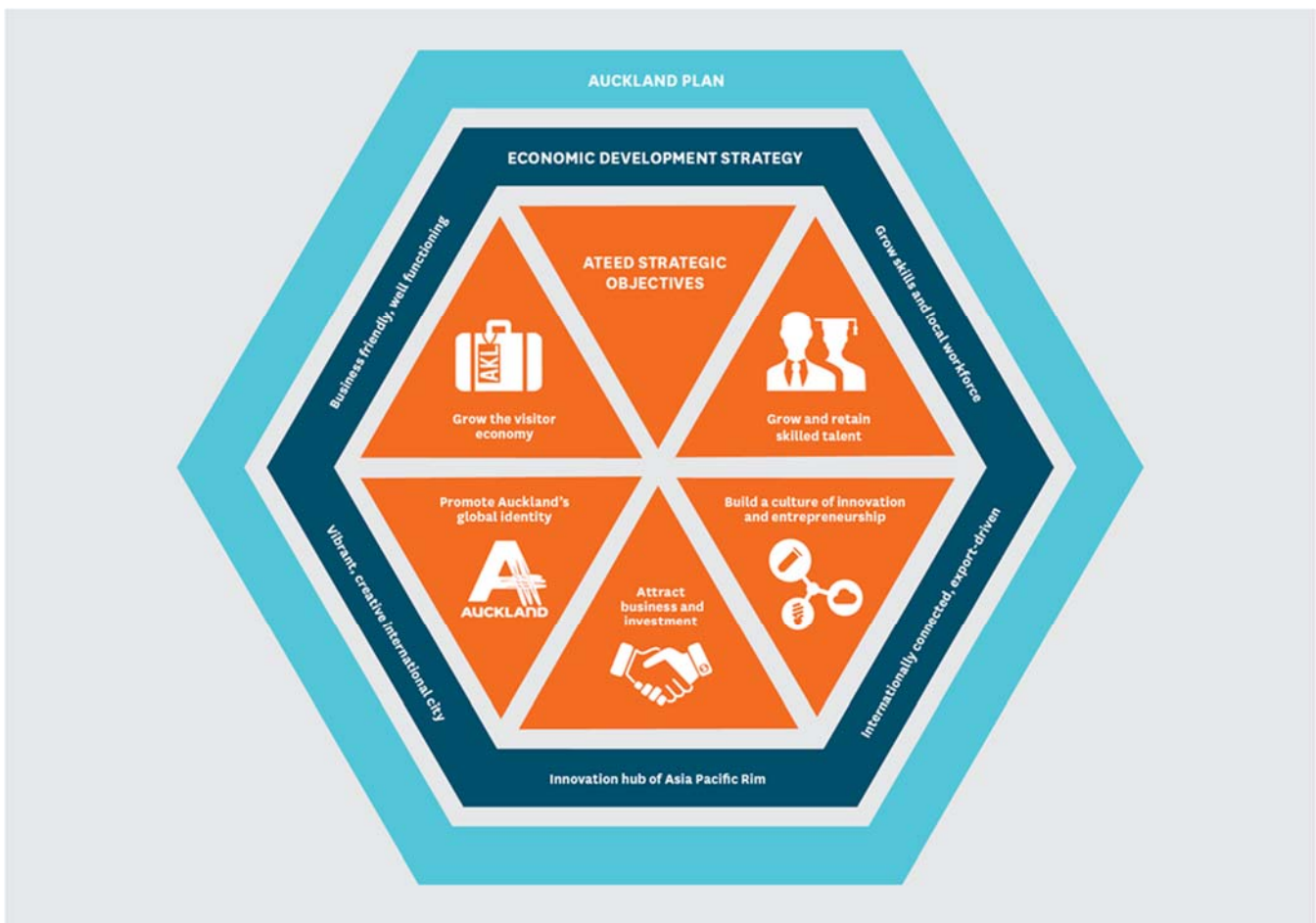
Strategic framework and focus areas

ATEED's Strategic Framework (Figure 1 below), clearly articulates ATEED's role in enabling Auckland to be a world-class city where talent wants to live, 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 identity

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

FIGURE 1 – ATEED'S STRATEGIC FRAMEWORK¹



¹ As per ATEED's Statement of Intent 2017-20

Statement of Intent Key Performance Indicators





As at 31 March, ATEED made progress on the targets set out in the *Statement of Intent (SOI) 2017-20*.

Of ATEED's 26 KPIs:

- Nine KPI targets were met and eleven measures are on track to meet the annual target.
- Seven KPIs are annual measures that will be measured at the end of the financial year.
- Two KPIs will not meet set targets by 30 June 2018. Commentary on these KPIs are provided below and marked with a red status.

ATEED SOI KPI	Date of measure / latest available result	Latest result	Annual Target to 30 June 2018	Comments
Build a culture of innovation and entrepreneurship				
Number of businesses taking up tenancy at GridAKL (Wynyard Quarter Innovation Precinct) (cumulative) and percentage "innovation-led" (1)	2-May-18	97 (81% Lysaght, 60% 12 Madden St & Mason Bros)	100 (70%)	97 total businesses at GridAKL: Lysaght (57), Madden St / Mason Bros (40); 431 total individuals: Lysaght (166), Madden St / Mason Brothers (223). An increase from 91 businesses reported at the end of Q2.
Number of individual entrepreneurs supported through an ATEED delivered or funded entrepreneurship programme	30-Jun-17	-	1500	Measured annually in June.
Level of advocacy by stakeholders involved in the provision of business advice, start-up, training & mentoring programmes.(2)	29-Mar-18	+48	+50	Net Promoter Score (NPS) improved from +45 reported at the end of Q2 to +48 on the basis of a strong result for March. The NPS result for April was +50. However there is still potential for slippage due to the sensitivity of the NPS scoring system. The target of +50 is considered "excellent".
Number of actively managed business through Regional Business Partner programme	29-Mar-18	683	750	An increase from 524 at the end of Q2.
Number of businesses that have been through an ATEED programme or benefitted from an ATEED intervention (LTP Measure)	03-May-18	2745	3000	Final results will be available in July.
Number of Māori businesses that have been through an ATEED programme or benefitted from an ATEED intervention (LTP measure)	03-May-18	123	120	Final results will be available in July.

Attract business and investment				
Facilitation of the establishment, or significant expansion, of multinational and local companies in target sectors (LTP Measure)	11-Apr-18	3	5	3 multinationals (MNCs) in target sectors, 1 MNC in other, an increase from 0 reported at the end of Q2.
Number of intensively account managed customers in ATEED Aftercare programme (Aroha Auckland)	11-Apr-18	72	85	An increase from 60 at the end of Q2.
Total GDP contribution of deals effected with ATEED involvement	11-Apr-18	\$87.2m	\$59.6m	Target exceeded by \$27.6m. An increase from \$51.9m at the end of Q2. FDI projects in target sectors: \$42.7m. FDI projects in other sectors: \$1.7m. Screen projects (export of services): \$42.8m. Note: GDP impact for 3 projects not yet finalised with necessary data being collated.
Value of investment deals effected by ATEED within the financial year	11-Apr-18	\$218m	\$292m	An increase from \$89.7m at the end of Q2. FDI projects in target sectors: \$82m. FDI projects in other sectors: \$3.4m. Screen projects (export of services): \$132.4m.
Grow and retain skilled talent				
Number of 'live' signatories to the Youth Traction Hub Employers Pledge (LTP Measure)	29-Mar-18	70	50	Target exceeded by 20. An increase from 60 at the end of Q2.
Number of young people enabled into employment as a result of ATEED and partner activity (Youth - incl. Māori and Pacific youth)	31-Mar-17	358	500	93 youth were enabled into employment through the wider Youth Connections programme and CBD Jobs and Skills Hub.
Number of expressions of interest from skilled migrants in working and living in Auckland resulting from ATEED Marketing activity (Talent) - via LinkedIn	29-Mar-18	2815	1500	Target exceeded by 1315 Auckland - Make the Smart Move LinkedIn followers. 2815 followers at 28 March (up from 1315 at the end of Q2) with 39 percent of visitors viewing jobs in construction and technology.
Growth in value of international student spend to Auckland	31-Dec-16	-	2.306	The result will be provided to ATEED by Education New Zealand in August 2018.
Grow the visitor economy				
Number of international business event bids submitted or supported	31-Mar-18	34	35	An increase from 23 at the end of Q2.
Business event bid win/loss ratio (based on results received in financial year) (3)	31-Mar-18	60	60	Target met. An increase from 56% in Q2.
Value of business event bids won in financial year	31-Mar-18	\$24.9m	\$22m	Target exceeded by \$2.9m. An increase from \$8.9m at the end of Q2. Bid wins valued at \$13.6m announced at the end of March.
Percentage of customers satisfied with visitor information centres and services (LTP Measure)	31-Mar-18	98.6	85	Target exceeded. An increase from 98% at the end of Q2. On 1 May, the Auckland i-SITES will transfer to AIS and this measure will no longer be tracked.

Contribution to regional GDP from major events invested in (LTP measure)	6-Apr-18	\$58.6m	\$49m	Target exceeded by \$9.6m. An increase from \$11.7m as at the end of Q2. Represents the results of 21 of the 34 events in ATEED's 2017/18 major events portfolio.				
Percentage of Aucklanders who agree events make Auckland a great place to live (engender pride and sense of place)	30-Jun-17	-	80	Annual measure. Next result due in June 2018.				
Visitor nights generated by major events invested in	6-Apr-18	305,370	165,000	Target exceeded. Updated from 231,748 in March. Total for 21 of 34 events in ATEED's 2017/18 major events portfolio.				
Percentage of customers satisfied with delivered major events (LTP measure)	6-Apr-18	85.3	85	Change from 86% at the end of Q2. Result includes Diwali, Tāmaki Herenga Waka Festival and Lantern Festival as at 31 March. The April result which includes Pasifika Festival stands at 83%, therefore year end target will not be met and status will be changed to red in Q4 report.				
Build Auckland's brand and identity								
Total visits to www.aucklandnz.com (LTP Measure)	31-Mar-18	1.65	3.8	An increase from 1.06m at the end of Q2, due to an increase in general search volumes. The Auckland Anniversary, Lantern Festival, Pasifika Festival and Easter weekend activities drove higher than usual traffic to the website, however target will not be met at year-end.				
Percentage of visitors to www.aucklandnz.com located outside of Auckland	31-Mar-18	41.5	50	A decrease from 46% reported at the end of Q2. Analysis shows that non-Auckland sessions continue to grow month-on-month, up 15.8% on February, however the growth has been overshadowed by an increase in the number of Auckland sessions. The 50% target is unlikely to be met.				
Local economic development								
Percentage of approved local economic development projects delivered by ATEED using local board "Locally Driven Initiatives" (LDI) funding.	4-May-18	54% funding spent YTD	70	The total value of the work programme for 2017/18 is \$960,000 across 31 projects. At 5 May, \$514,564 of the approved programme had been spent.				
Mana whenua engagement								
Percentage Mana Whenua satisfaction with quality of engagement	31-Jul-17	-	Maintain / improve	Results pending annual survey in June 2018.				
Monitoring indicator								
Spend by visitors in Auckland (4)	28-Feb-18	\$5,700	6617	An increase from \$2.4b at the end of Q2. Domestic tourism spend for this period was \$2.7m and international spend was \$3.0m. This compares to \$4.8m for the previous month.				
Key		On track / Target exceeded		Off-track		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 and 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.</p> <p>3. Calculated as wins divided by wins + losses. Does not account for bids pending, not proceeded with, cancelled or not submitted.</p> <p>4. We are reporting year-to-date figures from July each FY to provide a cumulative view.</p>								

Highlights for the quarter

Build a culture of innovation and entrepreneurship

GridAKL

Business continuity and retention at the GridAKL Lysaght Building was a key focus for the period following ATEED taking possession on 20 December. There have been no reported issues to date and the building is now near to capacity for tenants with only 'flexi/casual' memberships being accepted.

The number of GridAKL events for the quarter exceeded expectations with more than 139 events attracting 3611 attendees across the Lysaght, 12 Madden Street and Mason Brothers properties.

A cohesive approach is being taken to market the GridAKL brand and properties by bringing the Lysaght (ATEED) and Generator teams together.

Stimulating and promoting innovation and entrepreneurship

Techweek'18 kicked off with the official launch on 21 March. At 31 March, 52 events were registered for the Auckland programme. ATEED-organised events will showcase Māori digital businesses, sport performance, innovation for social change, and big data.

ATEED has been facilitating a Wynyard Techweek Working Group made up of partners in the Wynyard Quarter precinct who expressed an interest in being involved with Techweek'18 and a coordinated approach from ATEED. The group is proving beneficial for bilateral co-ordination. In-kind sponsorship from Generator will see 12 Madden Street activated as a hub during Techweek'18 for the ATEED and national teams.

Supporting R&D and STEM-focused industries and advanced industries

ATEED sponsored the Digital Nations 2030 Summit held 19-20 February. The summit brought together 600 delegates from government, industry, tertiaries and the entrepreneurial ecosystem to discuss how New Zealand could become a truly digital nation by 2030. ATEED had an on-site booth promoting Auckland as a place to work, study and do business and handled enquiries relating to Auckland's business ecosystem, immigration, and conventions.

The Kitchen Project, located in the Central One building on Henderson Valley Road, opened for business in March. The project is part of a six-month joint initiative with Pānuku Development Auckland and the Auckland Council group. It is based upon the highly successful La Cocina project (<https://www.lacocinasf.org/>) in San Francisco. Five start-up food and beverage companies were selected for the first incubator programme, which offer participants access to affordable kitchen space for product development and a mentoring programme. Plans are in place for further Auckland kitchens following evaluation of the Henderson pilot.

Registrations opened for the Sport Performance Innovation Forum to be held during Techweek'18 on 23 May. Designed to grow the emerging sport performance sector in Auckland, the forum will showcase the latest cutting-edge businesses and research from around New Zealand and beyond. Keynote speakers include: Simon van Velthooven from Emirates Team New Zealand; world-leading artificial intelligence sport performance researcher Professor Nic James (UK); and Indira Neg, Director, Business Development, Olympic Program Office for Intel in San Francisco.

Supporting local economies and local businesses

A new partnership model saw the establishment of the Auckland Business Support Forum via an MoU with The Auckland Chamber of Commerce, EMA (including ExportNZ, The Manufacturers' Network previously NZMEA), and ATEED. The purpose of the forum is to improve engagement and coordination with key business support organisations in Auckland

More than 70 per cent of the Regional Business Partner Network capability voucher fund was allocated at the end of Q3. The number of Callaghan Innovation grants facilitated by ATEED is down slightly on last year, however a strong number of referrals are being made.

The second annual Local Economic Development Masterclass was delivered from 22-23 March attracting 218 registrants and up to 1617 people on the Facebook live stream². The event provided an opportunity to discuss and develop ideas and initiatives to grow business and entrepreneurs across Auckland. The programme included high profile international speakers Neil McInroy, Chief Executive of the Centre for Local Economic Strategies, Manchester, England – a leading commentator on economic development and public policy, and Dr Ingrid Burkett, Social Design Fellow at the Australian Centre for Social Innovation. Post event survey results have reinforced the value of the Masterclass event. Of those surveyed, 90 per cent believed the information presented was very useful or useful, 93.5 per cent felt the information presented was extremely relevant or relevant and 93.6 per cent rated the international material as having strong application or some application.

Attract business and investment

Invoke joined the AR/VR Garage as a new tenant in February adding valuable insight and expertise into hardware development for Garage tenants and the AR/VR industry. The Animation College also doubled its tenancy, from four to eight, during the quarter. Key activities over the coming months include preparations for a Taiwanese delegation in April and confirming the future strategy for the next phase of operation.

Screen Auckland

More than 130 Auckland Council film permits were issued in Q3, including 103 permits for domestic productions, 25 international productions and four co-productions. Total enquiries logged were 342.

A new online permitting system which is part of a wider Electronic Booking System project being led by Council, goes live in May.

Screen Auckland, on behalf of Regional Film Office NZ, was invited to participate in the Ministerial Film Industry Working Group to provide a regional voice on a review of the Film Production Work Amendment Act 2010, commonly referred to as the 'Hobbit law'. The review is a critical piece of work that will affect growth of the Auckland screen industry and businesses, and Auckland's ability to attract productions. Recommendations are expected to the minister in June/July.

The Request for Proposal for a KFS and AFS operator was released to the market on 8 January. Despite receipt of a number of proposals and following a robust evaluation process, which involved follow up dialogue with several applicants, no appropriate operator eventuated, and the process has been halted. ATEED is working with key stakeholders to explore other options for management of the studios – looking for the best long-term outcome for the industry, Auckland, and New Zealand. In the meantime, it is business as usual, with ATEED efficiently managing both studios, as it has done since last year. Both studios continue to experience strong demand. KFS has a pipeline of firm bookings up until the end of 2019 and AFS is expected to be fully occupied for approximately 12 months from early May, subject to final negotiations.

Construction of the two new purpose-built sound stages at KFS is complete with a major international production on site from mid-May.

A Screen Industry Open Day was held at KFS on 17 March in partnership with Film Auckland. Key speakers included Annabelle Sheehan, CEO of NZFC, and Alex Lee, Chair of Film Auckland. The open day provided an opportunity to reach out to industry, satisfy industry curiosity and be open and collaborative with industry about KFS activities. The event attracted more than 200 industry representatives and was well-received.

Grow and attract skilled talent

Skilled talent attraction and retention

The Auckland - Make the Smart Move LinkedIn project has focussed on engagement and retention of current followers (2815) and leads in the build up to a full integrated marketing campaign roll-out in Q4. This work is being influenced by business and industry partners to support recruitment to Auckland-based roles.

² The 2017 event attracted 129 attendees and 300 viewers via livestream.

Youth Employer Pledge programme

A review of the Auckland Council Youth Connections programme, which includes the ATEED-led Youth Employer Pledge network, commenced in March. The review will be completed in May with recommendations to the steering group for decisions on the programme's future functions, shape and funding (including the relationship with ATEED) from the 2018/19 financial year.

Workforce development

Approximately \$31,000 of local board funding was used to support the Kickstart/Timata days delivered in February Auckland. About 1400 students attended seven Kickstart/Timata events over five days. Mini Kickstart events were rolled out in early March to support schools that could not attend the larger events.

ATEED and Tourism Industry Aotearoa (TIA) engaged in a joint research project on youth perceptions towards tourism careers as part of the tourism skills campaign project.

Employment pathways

Minister of Employment, Willie Jackson visited the CBD Jobs and Skills Hub on 9 March. This was followed by a press release acknowledging the hub's outstanding work in response to employment demands in the construction industry. As at 28 March, the hub had supported 166 people into employment towards the 12-month target of 200. Of those employed, 37 per cent were Māori – against a target of 40 per cent. More than 500 training outcomes were also facilitated. The majority of placements continue to be from the Work and Income benefit register, with only 22 per cent returning to a benefit.

The hub continues to serve the Commercial Bay, New Zealand International Convention Centre, and Wynyard Quarter sites. SKYCITY is now being account-managed via the hub team – with six referrals and one confirmed job offer made from mid-March. ATEED's role in future Auckland-wide hub activity is being scoped, and an MoU for the CBD hub is being considered.

Grow the visitor economy

Road to 2021

The Ministry of Foreign Affairs and Trade (MFAT) provided a presentation on APEC 2021 leaders' week to the TIA Auckland Hoteliers' Group on 14 March, at which options for a variation to the date of leaders' week was raised by attendees. ATEED has provided occupancy data to MFAT to assist with decision-making.

ATEED's GM Destination attended the APEC21 Programme Board meeting in Wellington on 21 March, where discussion took place on additional APEC21 year events which could be located in Auckland.

The inaugural meeting of the APEC21 Auckland Executive Steering Group took place on 27 March with Auckland Council, Auckland Transport and the Mayor's office. The group considered the additional events noted above, and the draft MoU received from MFAT.

The first Auckland City Operations Working Group meeting took place on 5 April. Good progress has been made on assessing the city's operational requirements and spatial developments (city form) in 2021, which will be shared with MFAT to assist with venue planning.

Considerable activity took place in Q3 with MBIE and the Council group on the proposed location and investment options for the America's Cup 36 (AC36). This culminated in a Host City Appointment Agreement (HCAA) executed by Auckland Council, Emirates Team New Zealand (ETNZ), and central government, with the Wynyard Hobson location approved by the Governing Body on 29 March. ATEED will lead the assessment of the Council family contribution to event delivery, and will be directly involved in the development of the event concept by ETNZ for government and Council approval within 120 days of HCAA execution. A revised resource consent application for the Wynyard Hobson location option that has been approved by government, Council and ETNZ will be made by the end of April.

Tourism

The year to March 2018 saw a substantial 2.72m international visitors to Auckland, an increase of 7.5 per cent on the previous year. The month of March saw an 11.8 per cent increase in international visitor numbers compared to the previous year. Arrivals from the UK saw the biggest growth, up 15.8 per cent for the year.

Total tourism spend for the year to March was \$8.36b, up 9.2 per cent on the previous year. Domestic spend was \$3.97b (up 6.6 per cent) and international spend was \$4.39b (up 11.7 per cent).

Hotel average daily rates were \$214 over the past 12 months, and \$249 for the month of March (up 12 per cent on the previous year). Occupancy rates were high (averaging 86.1 per cent for the year, down 0.6 per cent compared to the previous year).

International destination marketing

The Grand Pacific Tours (GPT) JV marketing campaign ran in January and February with advertisements placed in the *Melbourne Herald Sun* and *Sydney Daily Telegraph*. These included advertising of offerings across key GPT New Zealand coach touring products that are pushing more travellers and longer stay into Auckland. The publications have a combined circulation of approximately 1.03m and readership of 2.83m.

ATEED partnered with Australia's highest rated breakfast news show, Channel 7's *Sunrise*, to broadcast live weather crosses from Matakana over two days in early February. The broadcasts reached approximately 2.4 million people, with an airtime value of \$487,000 and approximate ROI of 14:1 for the approximately \$35,000 investment.

On 1 March, two short-break campaigns went live in the Australian market with Webjet and Expedia. This was produced by ATEED and funded by Auckland Airport, at a combined value of A\$200,000. The Webjet campaign runs until 31 March with the Expedia campaign wrapping up 30 April.

Domestic destination marketing

At the end of Q3, the 2018 winter campaign was in creative development and final media planning. The campaign will promote visitation during winter to address seasonality, and provide a platform to tell Auckland's unique food story to encourage regional dispersal.

A project to produce 360° images to showcase Auckland's regions and highlight key attractions/experiences within each region is also underway. These images will be housed on www.aucklandnz.com, and will be available as content using VR Goggle technology, and for use at trade shows and conferences.

Trade marketing

Auckland featured in the 14th annual edition of *Burgess Superyacht Living & Style Magazine* in early January as part of a global marketing campaign to promote Auckland as a superyacht destination. As a result, a superyacht will travel to and be based in Auckland at the end of year. Three charter interests have also been registered.

A live webinar was launched for Virtuoso Travel Advisors in late January with a focus on north of Auckland, and Matakana in particular. Approximately 60 travel advisors from the US, Canada, Costa Rica and Brazil took part.

As part of the Volvo Ocean Race Hong Kong Stopover, ATEED hosted a VIP Auckland event in Hong Kong in January, in association with the New Zealand Chamber of Commerce, New Zealand Consulate-General, Royal Hong Kong Yacht Club and Hong Kong Airlines. The event attracted approximately 150 guests, including a number of Hong Kong high net worth individuals and business people that ATEED has now formed a relationship with. Peter Burling and Blair Tuke headlined the event and it was a very successful promotion of Auckland before the Volvo Ocean Race leg to Auckland.

Destination development

Vector Lights displays ran during Auckland Anniversary Weekend and the Tāmaki Herenga Waka Festival (27-29 January), Auckland Lantern Festival (1-4 March) and Pasifika Festival (24-25 March). The Governance Group approved lighting for Anzac Day and Techweek'18 in May. Council and Vector are developing an evaluation criteria for publicly and privately funded shows and static lights. The evaluation report will be shared with the Governance Group for review in April, and reviewed every six months.

Key strategic stakeholders have been kept up to date on progress relating to the city's cruise infrastructure. Pānuku is anticipated to lodge a notifiable resource consent for the mooring dolphin in early April, with submissions of support sought from key stakeholders. ATEED also provided feedback on the Ports of Auckland Draft 30-Year Plan to be presented to the Planning Committee in May.

Business event attraction and leverage (Auckland Convention Bureau)

The World Congress on Genetics Applied to Livestock Production was held at the Aotea Centre during the week of 12 February, attracting just over 1400 delegates. This was led by Professor Hugh Blair from Massey University and the Auckland Advocate Alliance – which brings together influential thought leaders from multiple industries and communities who work to promote Auckland as an international business events destination.

Major event sponsorship and leverage

The following events were sponsored by ATEED, on behalf of Auckland Council in Q3: ASB Classic (1-13 January), Auckland Pride Parade (17 February), Splore Music and Arts Festival (23-25 February), Volvo Ocean Race Auckland Stopover (24 February – 18 March) and SKYCITY Vertical Pursuit (18 March).

The Volvo Ocean Race Auckland Stopover Race Village opened on 24 February and the race fleet arrived from Hong Kong on 1 March.

The prize winner for the leverage campaign, which included a prize package comprising flights, accommodation, Auckland sightseeing and an on-board race experience on Team Brunel during the in-port race on March 10, was filmed with content used in future marketing campaigns to showcase Auckland as 'the home of sailing'.

The departure ceremony and start of leg 7 took place on 18 March. The event marked the official handover of the port race from Auckland Mayor Phil Goff, to the Mayor of Itajai (Brazil) – the next port city. ATEED worked with Council's GPS team to organise a civic meeting and Auckland sightseeing excursion for the visiting mayor and accompanying dignitaries on 15 March. The post-event evaluation report is expected to be completed by late May/early June.

The final post event report for the DHL NZ Lions Series 2017 was released by MBIE on 1 March. The report showed that the series exceeded set targets, including the forecast GDP impact of \$26.7m, and 165,210 visitor nights. The series was reported to have an economic impact of 25,446 international and 33,607 domestic visitors to Auckland, staying for a combined 232,213 nights; contributing \$67.9m to the regional GDP; with 808 full time equivalent positions required to support the GDP impact.

Major event delivery and operational support

The Tāmaki Herenga Waka Festival was held at the Viaduct Events Centre from 27-29 January attracting 24,321 unique attendees (see Contribution to Māori outcomes section).

The 19th Auckland Lantern Festival was delivered at Auckland Domain from 1-4 March, opening with a Lantern Appreciation Evening on 1 March. Confirmed unique attendance was 165,176 (gross attendance was 189,480), which was a three per cent increase on 2017. More than 90 per cent of Auckland residents surveyed at the festival said events such as the festival make Auckland a more enjoyable place to live and 75 per cent said it increased their pride in Auckland, against a target of 80 per cent.

The Pasifika Festival took place at Western Springs from 24-25 March. The inaugural VIP event to host Pasifika sponsors and supporters was held at The Cloud on 22 March, coinciding with the lighting of the bridge. Post event results will be reported in Q4.

This was the first time in three years that ATEED delivered the festival, after being outsourced to Orange Productions in 2015. A number of learnings have been captured for the 2019 event.

International student attraction and retention (Study Auckland)

The first round of the Rukuhia Youth Leadership Programme was held on 22 March at Ōrākei Marae, including eight institutions and 15 students. The programme, delivered by Ngati Whatua Orakei, covers an introduction to Te Reo Māori, values-based leadership, and Māori business and innovation. The sessions were well-received, with students noting a deeper understanding and connection to Māori culture and New Zealand. Five further pilot programmes (with larger groups of 30 participants) are planned over Q4.

A Facebook and Instagram competition ran from 26 February to 31 March encouraging international students to explore Auckland and share their experiences. The competition provided exposure for Auckland and the students' institutions, as well as a database of students who could be potential city influencers/advocates in the future. Three winners were chosen from the about 40 eligible entries. Each of the winners were interviewed and different stories created and shared on Facebook. During the campaign period, the Study Auckland New Zealand Facebook page increased by almost 150 followers. The campaign reached more than 10,600 people and generated about 2000 reactions (likes or comments) or shares.

Visitor information provision

The Auckland Airport, SKYCITY and Princes Wharf iSITES have been sold to AIS Tourism Limited (AIS) and will transfer on 1 May. AIS is a consortia of well-established, family-owned New Zealand tourism companies, which include Guthrey Tourism, Asset Management and Freephones International Limited. Guthrey Tourism has successfully operated the high-profile Queenstown i-SITE for more than 20 years.

As part of the sales agreement, all 16 i-SITE consultants and centre managers employed by ATEED were offered the opportunity to retain their existing positions under the new ownership. Twelve staff decided to transfer across to AIS.

ATEED will maintain a close ongoing relationship with AIS, and i-SITES as it does with i-SITES operated by the regional tourism clusters. The sale to AIS means the business can be operated on a more commercially viable basis and will allow ATEED to focus on the implementation of the new *Destination AKL 2025* strategy.

Stakeholder engagement

ATEED's new three-year strategy has been shared with central and local government officials, mana whenua and elected members. Meetings have been held with the Mayor and his office, a number of elected members and the Council's executive leadership team, the CEs of Auckland Transport, Pānuku Development Auckland, Ports of Auckland, the Southern Initiative and Te Waka Anga Mua. Feedback has been favorable, with an increasing understanding of the validity of ATEED's role, and strong interest in closer collaboration from CCOs and others. There has also been engagement and positive feedback with senior officials and leaders from MBIE, NZTE, and Business NZ. Officials see the plan as having a high degree of alignment with Government priorities. In addition to this work, ATEED has met the private secretaries of ministers covering the portfolios of tourism, local government, Māori economic development, and innovation with a view to establishing longer term relationships and understanding their priorities. The Mayor's office has been kept informed of this work.

Government relations were furthered during March, with the hosting of the Prime Minister and a ministerial delegation at Pasifika 2018, led by the Mayor. ATEED has been collaborating with Callaghan Innovation on a possible tour of the Auckland innovation ecosystem in April by Science, Research and Innovation Minister, Megan Woods, and seeking to organise a separate visit by Tourism Minister, Kelvin Davis in May.

Future outlook

ATEED strategy review

The ATEED strategy document was presented to the Governing Body on 8 May.

'Voice of the Customer'

A Voice of the Customer (VoC) Programme has been established as part of ATEED's measurement framework for the 2018/19 year and beyond. The programme will help ATEED gain key customer intelligence to inform design and refinement of business services. The introduction of the VoC programme supports Council's commitment to generating measures that demonstrate investment attraction and global partnerships activity, specifically the benefit that new business and investment provides to all Aucklanders, including those in less prosperous communities. This commitment was made in response to Council's Section 17a Value for Money Review.

Section 17a – Value for Money Review

A quarterly progress review on ATEED's response to the S17a – Value for Money Review Investment Attraction and Global Partnership recommendations will be submitted to Council by 7 June.

ATEED had no input to the S17a – Value for Money Review Procurement review as all procurement services are delivered by Auckland Council shared services.

Destination AKL 2025

The new *Destination AKL 2025* strategy was endorsed by the ATEED Board at its March meeting, with strong support from the Mayor and endorsement by the Industry Leader's Group which was a crucial part of the strategy's development. The strategy document will be supported by a public facing summary and an ATEED plan outlining activity across the Destination portfolio for the next three years. The strategy will be launched with industry on 11 May.

APTR Governance

The Destination Committee, a subcommittee of the ATEED Board, is being established by ATEED in response to Governing Body resolutions on the preferred governance arrangements for the Accommodation Provider Targeted Rate (APTR). Once finalised, the committee will comprise three representatives of the ATEED Board and three representatives of the Auckland accommodation sector. As per the Governing Body resolutions, the Destination Committee will be in place by 1 July.

The Auckland Council CCO Governance team has provided advice on the selection approach for accommodation sector committee representatives.

APEC21

A member of the Council's Strategic Partnerships team has been confirmed on a three-month secondment, to commence Auckland's APEC21 leverage and legacy planning (effective 30 April), with the first draft of a leverage and legacy plan expected by the end of June.

International marketing

Tourism New Zealand (TNZ) has confirmed it will discontinue investment in planned short-break marketing activity with ATEED and other partners. This is due to a mandate from MBIE that TNZ shift its focus to activity that supports regional (nation-wide) dispersal. Other planned campaigns during Q4 include a short break campaign in Australia with Air New Zealand and Auckland International Airport Limited, running from 2 April to 30 May; a South East Asia campaign with Travelport agents, from mid-April to July, to attract high-

value visitors and increase length of stay in Auckland; and a China campaign with Air New Zealand, running from 7-31 May, to increase awareness of Auckland as a destination and promote local operators.

International trade

A small Auckland delegation (of up to 10 companies) will participate in the Select LA Investment Summit to be held in Los Angeles, from 23-25 May, as part of the Tripartite alliance.

Major Events Portfolio 2018/19

The Major Events Portfolio for 2018/19 was announced on 11 April, including 14 arts, lifestyle and cultural events and six sporting events. Negotiations are now underway with event organisers/promoters/owners to confirm investment details and conditions.

The latest funding round saw ATEED receive 49 applications requesting a total of \$8.9m in sponsorship funding, with approximately \$1.3m available to allocate for contestable major events sponsorship. All sponsored events in Auckland's Major Events Portfolio are assessed for their ability to generate new money (GDP) for Auckland, grow domestic and international visitor nights, build awareness of Auckland internationally, and provide Aucklanders with the chance to enjoy world-class events.

A full list of events can be found at <https://www.aucklandnz.com/news/latest-news/aucklands-major-events-portfolio-2018-19>.

UPCOMING EVENTS/ACTIVITY IN Q4:

Key events/activity	Date	Location
Lord Mayor of Brisbane delegation	13 – 16 April	Various
Kumeu Film Studios Recognition Event for Ryu family	16 April	ATEED
DIGMYIDEA Māori Innovation Challenge 2018	17 April – 27 May	Various
<i>Destination AKL 2025</i> industry launch	11 May	ATEED
Techweek'18	19 – 27 May	Various
MFAT Leaders' Week	21 – 25 May	Wellington / Auckland
Sport Performance Innovation Forum	23 May	QBE Stadium
Select LA Investment Summit	23 – 25 May	Los Angeles
JobFest	24 May	ASB Showgrounds
Major events		
2018 FINA Water Polo World League Intercontinental Cup	3-8 April	AUT Millennium Institute
SKYCITY Auckland Double Header	14 April	Mt Smart Stadium
Gunter Von Hagen's Body Worlds Vital	23 April – 13 July	Hilton Hotel
2018 NZ International Comedy Festival	26 April – 19 May	Various
Auckland Writers Festival	15 – 20 May	Various
Auckland Art Fair	23 – 27 May	The Cloud
All Blacks v France	9 June	Eden Park

A full schedule of upcoming events can be found on www.aucklandnz.com

Financial performance

FINANCIAL PERFORMANCE FOR THE PERIOD ENDING 31 MARCH 2018

\$'m	Actual	Forecast	Variance f/(u)	Budget	Variance f/(u)	Full Year Forecast	Full Year Budget
Operational							
External Revenue	11.5	11.3	0.2	12.3	(0.8)	14.8	15.4
AC Funding	37.0	39.9	(2.9)	38.0	(1.0)	51.3	47.8
Operational expenditure excl. depreciation	47.5	50.1	2.6	50.0	2.5	65.9	63.2
Depreciation	1.7	1.1	(0.7)	1.1	(0.7)	1.5	1.4
Capex							
Expenditure	6.9	5.9	(0.9)	0.6	(6.3)	6.5	0.2
AC Funding	6.9	5.9	(0.9)	0.6	(6.3)	6.5	0.2

Actuals vs Forecast

External revenue is higher than forecast due to an early release of a finder's fee for sponsorship at GridAKL of \$0.2m which is forecasted in June 2018.

At the end of March ATEED's funding from Council is \$2.9m lower than forecast resulting from the phasing of project spend across ATEED's business units.

Operational expenditure is \$2.6m lower than forecast. This is due to savings in professional fees for GridAKL regarding management fees to the operator due to the change in the business model \$0.7m and timing of marketing spend across Destination and Business, Innovation, and Skills teams \$1.7m.

Depreciation is \$0.7m higher than forecast because the GridAKL buildings were capitalised, and depreciation back dated to September 2017. There is no overall impact on operating funding, as depreciation is funded by capital funding.

Capital expenditure relates mainly to the fit-out costs for Madden Street and Mason Brothers GridAKL buildings.

Actuals vs Budget

Revenue is lower than the budget due to lower rental revenue of \$2.2m for the new GridAKL buildings, resulting from a delayed opening. There is a corresponding decrease in property rental expense as a result. This is offset by i-Site revenue of \$0.9m and a major event sponsorship of \$0.4m not included in budget

The operational expenditure is lower than budget by \$2.5m due to a \$2.1m decrease in occupancy costs relating to the GridAKL buildings as noted above, and a cancelled NRL9's event for \$1.4m. These are offset by the timing of a \$0.4m major event marketing expense and \$0.4m for the Emirates welcome home parade which was not budgeted.

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

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

ATEED is supporting the development of a revised Council-wide approach to monitoring and delivering Māori outcomes across the Council group. Council's Executive Leadership Team is considering a proposal to develop a 10-year work programme to deliver Māori outcomes that will synthesise the various different Council-wide Māori frameworks, strategies and plans into a single high-level work programme. If adopted, this programme will bring clarity to ATEED's obligations and the range of stakeholders ATEED is expected to work with on economic development outcomes.

Major events

Tāmaki Herenga Waka Festival

Confirmed total attendance at the Tāmaki Herenga Waka Festival, held 27-29 January, was 31,135, with 24,321 unique attendance. More than 90 per cent of Auckland residents surveyed at the festival said events such as the festival make Auckland a more enjoyable place to live and 87 per cent said it increased their pride in Auckland, against a target of 80 per cent.

An event debrief has been completed with the Mana Whenua Steering Group. A future meeting will be organised with mana whenua to discuss future planning and governance arrangements for 2019 onwards.

Māori Economic Growth Programme

Whāriki Māori Business Network

Whāriki Tāmaki Makaurau Māori Business Network members were surveyed in March to understand member perceptions, and what additional offerings members might want from the network in the future. Of those surveyed, 88 per cent reported being satisfied (54%) or very satisfied (34%) with Whāriki events they had attended. Business owners were particularly satisfied with the events because they could meet and connect with fellow business people. Non business owners were particularly satisfied with the content and networking opportunities.

A workshop is planned in late May with a cross section of members to consider the development of a Whāriki strategy. The outcome of the survey Tāmaki Makaurau and workshop will support discussions about how best to resource the network.

DIGMYIDEA Māori Innovation Challenge 2018

ATEED secured \$50,000 from the Ministry of Youth Development for the DIGMYIDEA Māori Innovation Challenge 2018 to expand rangatahi support, beyond the competition. DIGMYIDEA now in its third year and running from 17 April to 27 May – aims to inspire more Māori to engage in the digital economy by helping emerging Māori innovators turn their creative ideas into reality.

He Kai Kei Aku Ringa (part of MBIE) and Te Wananga O Aotearoa recommitted as partners this year, with a view to greater involvement in the overall management of DIGIwānanga – a mentoring workshop where finalists will pitch their ideas in front of judges from 6-8 July.

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 highlights for Q3:

- Support for the development of two new Māori tourism products in Auckland.
- Profiling of the Māori tourism offering at the Tāmaki Herenga Waka Festival and increased visibility on www.aucklandnz.com.
- Rangatahi from Te Aratika (GTX Experience) creative engaged to volunteer at Pasifika.
- Service IQ engaged to identify potential synergies around the Service IQ Maori Action Plan.
- Ngati Whatua o Orakei hosted an indigenous Australian delegation early February, facilitated by ATEED and Te Puni Kokiri. The purpose of this hui was whakawhanaugatanga (networking) and cultural business exchange.
- Support for the cross-council project 'Te Kete Rukuruku' (formerly 'Beneath our feet') and outreach to other parts of Council to identify tourism opportunities and growing the cultural offering in Tāmaki Makaurau.
- Monthly hui established with The Southern Initiative's Maori and Pasifika teams to gain a better understanding of respective work programmes and identify more collaborative ways of working to further support the growth of southern communities.

Mana whenua engagement

ATEED's Māori Stakeholder Relations team has been focused on securing a workshop with the Mana Whenua Kaitiaki Forum to discuss ATEED's three-year strategy, so its members can better understand and contribute to what ATEED is trying to achieve. Separately, the Chief Executive met with Brandi Hudson, Chief Executive of the Independent Māori Statutory Board (IMSB) to share ATEED's three-year plan. The IMSB has asked to meet ATEED's Board to discuss ATEED's strategy and draft Statement of Intent.

ATEED provided advice to Council's Executive Leadership Team regarding Māori outcomes and funding priorities for the *Long-term Plan 2018-2028*.

Key local board activity

The six monthly local board reports summarising ATEED's local economic growth activity were submitted and presented to boards during February and March. There continues to be a high degree of engagement by boards with an interest in tourism and economic development. Highlights include:

- support for the Manurewa town centre revitalisation project
- further development of the Hunua cycle trail and business support workshops
- working with Waiheke Local Board to dovetail the *Destination AKL 2025* strategy into its plan for sustainable tourism
- working with the Waitakere Ranges Local Board on the impact of kauri dieback disease on the tourism and film industries.

The draft 2018/19 local economic development work programme was prepared and workshopped with local boards in Q3.

Risk management

Health and Safety (H&S): ATEED continues to promote and embed H&S best practise in all its activities.

During the quarter ATEED:

- Had no serious injuries reported resulting from the work environment.
- Held regular meetings with relevant stakeholders to discuss clear roles and responsibilities where duties may overlap.
- Continued site inspections and site audits by the H&S Manager and H&S representatives of ATEED's facilities as per the annual schedule.
- Continued to review and improvement of H&S procedures.
- Pre-event site inspections were carried out for the Tāmaki Herenga Waka Festival, Volvo Ocean Race Auckland Stopover, Auckland Lantern Festival, and Pasifika Festival. These inspections are a standard part of ATEED's H&S process and were attended by ATEED Board members and senior managers.

Portfolio risk: A number of risks and issues were actively managed over the quarter, with the overall risk profile of ATEED relatively stable. During the period, there was one high risk after the application of mitigations, which related to Auckland's bid to secure the America's Cup not being successful.

Risks and issues managed during the quarter

General open risks:

- Timeline and industry engagement for the development of the Destination AKL 2025 strategy.
- Screen Auckland requirement to review H&S plans as part of issuing film permits.
- Cyber resilience and an impact on business continuity mitigated following ICT migration back to Council from Auckland Transport.
- Potential for compromise of insecure CRM servers mitigated by Council ICT.
- The nature of ATEED's activity makes it difficult to accurately provide a clear link between outcomes and output measurement.
- Location and infrastructure required for the 36th Americas Cup (AC36).

Risks related to facilities:

- Refurbishment of the Kumeu Film Studios (KFS), with ongoing delays in consents being issued.
- Auckland Film Studio (AFS) deferred maintenance was moved to business as usual.
- The RFP to manage KFS and AFS took place in Q3.
- BizDojo, GridAKL's operator at Lysaght Building, went into voluntary liquidation. ATEED took possession of the building and operations on 20 December.
- ATEED is finalising lease negotiations for new head office premises effective from December 2018.
- GridAKL's inter-connecting laneway access between Mason Brothers and 5A will not be complete until July/July 2018.

ATEED continues to be vigilant about areas of sensitive expenditure.

FOR MORE INFORMATION

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