

VALUE FOR MONEY IMPLEMENTATION PROGRESS REPORT

Review:	Investment Attraction & Global Partnerships	Flag	ORANGE (Overall)
Report Date	16 th November, 2018	Report Period	Sept 2018 – Dec 2018

Status Overview for the Review

ATEED has now initiated work on all three elements emerging from the value for money review of investment attraction and global partnership. Initiative 2 is completed, 1 and 3 were delayed due to ATEED's revised SOI and internal restructure. Initiative 1 is more significant in scope and will be a key deliverable as part of ATEED's 2018-19 work programme.

Initiative	Start Date	Completion Date	Flag	Work plan achievements
#1 Develop an Auckland investment story	Sept 2018	June 2019 (provisional)	A	Background research and analysis underway
#2 Investment attraction service	April 2018	September 2018	G	Review of best practice carried out and conclusions determine no further action required
#3 Better performance measures	April 2018	June 2019	A	Voice of the customer work well underway, ATEED establishing base lines for KPIs

#1 Develop an Auckland Investment Story

The value for money review identified the need for a consolidated Auckland Investment Story that presents a shared understanding of Auckland's overarching urban growth and infrastructure development plan to guide investment attraction and financing projects and explain to potential investors the roles of each of the relevant council teams and how they work together. This will be a live environment providing real time investment opportunities to support business attraction to Auckland.

Amber – As noted in earlier reports, due date will be missed due to the internal restructure of ATEED, namely the business unit leading this project (Economic Development). This new structure will, however, allow this work to meet a broader mandate across ATEED's domestic and international economic development activity. The Auckland Investment Story is a key deliverable in ATEED's 2018/19 plan.

Commentary:

The key findings of the review accepted that the delivery of investment attraction and global partnerships activities were necessary in a gateway city such as Auckland and were logically selected, well-targeted and prioritised. The Review noted that efforts had been made to improve co-ordination between Auckland and central government agencies, but that there would be benefits to be realised through the development of a consolidated investment story to guide investment attraction and financing projects. Based upon this, the proposed objectives for this project are as follows:

1. Clarify and codify the respective roles of Auckland agencies involved in investment attraction, resolving any areas of perceived overlap and/or duplication;
2. Consider how the activities of Auckland and national government agencies can be better aligned and integrated to ensure maximum reach and effectiveness;
3. Develop a coordinated Auckland Investment Story which:
 - a. Clearly articulates Auckland's investment proposition
 - b. Focuses on unlocking maximum potential value from planned investments in transport and housing infrastructure across Auckland
 - c. Sets out tangible investment opportunities of interest and relevance to international investors
4. Establish an ongoing governance and reporting framework to track progress and support collective delivery

ATEED has undertaken background research to inform the above activities in Q1 and Q2. A paper was completed by Patrick McVeigh (past GM Business Innovation and Skills) that establishes an approach for undertaking this initiative. The project team has been formed and the project plan is in final stages of completion, including terms of reference, detailing internal / external resources required (people & financial), key stakeholders (government agencies, private sector). This will provide basis for stakeholder engagement in Q2/3, with production and development (phase 1) getting underway in Q3/4.

#2 Investment attraction service

No change since previous report. ATEED completed feasibility study to analyse the potential introduction of a fees for services model to offset costs. The feasibility study provided some clear recommendations based on best practices from other economic development organisations (EDOs) in the US, Australia, Canada and UK. This process determined that there is no precedent nor justification for charging said fees

Green – As requested under recommendation 2 of the *Investment attraction and global partnerships Value for Money (s17A) Review 2017*, ATEED has adequately investigated the scope for fees and determined through the feasibility study that the introduction of “fees for those investment attraction services that generate clear private benefits to the investors and businesses receiving the investment” (see p. 9, s17A Review) is not recommended.

Commentary

The key finding of the Investment attraction and global partnerships Value for Money (s17A) Review 2017 related to this work was that “some of the information, investigation, matching, facilitation and other brokerage-type services appear similar to those private sector firms would offer at a fee”, hence “some services may be candidates for cost recovery or user charges”. The feasibility study subsequently shows that the above is clearly misaligned with the reality of how EDOs provide services across the world, especially when it comes to international investors.

- Charging fees to potential investors is not common practice and is certainly **NOT RECOMMENDED**. EDOs interviewed during the study are unanimous in rejecting the notion of charging potential investors for services as they see this role as being the key civic role of the organisation, and that fees would create a barrier to entry.
- Specific fees for other services (e.g. research, export support) are not commonplace and would likely be inconsequential to ATEED’s budget. These should be developed cautiously, if at all.

As outlined previously, a potential alternative would be to investigate the use of partnership models This was deemed outside of the scope of the s17A Review recommendations, and also raises a number of potential risks, especially around neutrality. It would also require additional staff for member acquisition, initial program implementation and servicing of members. It would be a high maintenance model with organisational infrastructure required to service the members. Additional marketing resource and back-end support may also be required. While this could be implemented in the future, ATEED does not consider this a short-term option.

Risk

None at this stage. Will need to be reviewed again should ATEED pursue “partnership model” in the future.

#3 Better performance measures

The introduction of better performance measures will allow Auckland Council and CCO’s to demonstrate that new business and investments attracted to Auckland benefit all Aucklanders. ATEED is currently looking at revising its performance measurement approach to reflect the organisation’s new strategic direction. Consequently, the s17A element is being run in parallel with the wider exercise to ensure efficiencies and integration.

As reported previously, the ATEED SOI was presented to Councillors on 21.8.18 and subsequently approved. Five new KPIs (reduced from 28) provide greater clarity around the value offered by ATEED to Aucklanders. These are supported by a number of sub-KPI’s that are still in development.

Amber - Work is progressing. ATEED establishing baseline to enable setting the KPIs at the appropriate levels.

Commentary:

As noted in previous report, Council expressed some concerns around the methodology but advised no further changes to the SOI at this stage. ATEED continues to work closely with Council staff, including Council’s Chief Economist, and GPS to ensure that elements relating to investment attraction are consistent. Baseline measures are being established for this FY, including for the Voice of Customer program, for which the pilot project is on track: initial results by end of Q2 / early Q3.