

# Auckland Tourism, Events and Economic Development

## Quarter 1 Performance Report

**For the period ending 30 September 2019**

This report outlines the key performance of Auckland Tourism, Events & Economic Development, which includes economic development and visitor economy-related activities and investments

# ATEED Q1 summary

## Highlights, issues & risks as at the end of Q1

### Highlights:

1. ATEED, in association with Tourism Industry Aotearoa, secured \$5.2m of government funding for the **Go with Tourism** platform to promote and attract talent into the visitor economy.
2. Auckland was selected as the main production base for Amazon Studios' **The Lord of the Rings**-based television series and Netflix's original series **Cowboy Bebop**, with the help of ATEED and the New Zealand Film Commission.
3. The refreshed **Auckland Film Protocol** was adopted by the Environment and Community Committee on 10 September, following public consultation and local board feedback.
4. An MoU has been signed with **Northland Inc.** to underpin a mutually beneficial working partnership into the future, extending existing work in the tourism industry to other industries and shared aspirations in growing employment growth and prosperity, Māori economic development, innovation and investment attraction.
5. A submission has been made to MBIE for the official Crown and Council **leverage/legacy programme for the 36h America's Cup (AC36)**.
6. The inaugural **Elemental AKL** winter festival was successfully held in July, and agreements were announced for Auckland to host a World Surf League event from 2020-22, and a round of the 2020 FIA World Rally Championship.
7. ATEED supported the official opening of the **Manukau and North jobs and skills hubs** on 29 August.
8. ATEED has achieved **Enviro-Mark® Gold certification** for its ongoing commitment to sustainability.
9. ATEED's **three new directors** were announced and will attend their first board meeting in November.

### Key Issues/Risks:

1. There were no significant health and safety issues during the quarter.
2. Work continued for AC36, with managing the 'reputational risks' and the 'On Water Spectator' areas being the most significant issue.

Financials (\$m)	YTD actual	YTD budget	Actual vs Budget
Capital delivery	0.0	0.0	0.0
Direct revenue	6.6	5.8	↑ 0.8
Direct expenditure	15.4	16.0	↓ 0.6
Net direct expenditure	8.8	10.2	↓ 1.4

### Financial Commentary

- **Capital delivery:** no reportable activity
- **Direct revenue:** Increased revenue due to the commencement of new leases.
- **Direct expenditure:** Impacted by changes of events timing and project resourcing.

### Key performance indicators

(Refer to pg. 9 for complete list)

	FY 20 Quarter 1			Commentary	
	Year	Previous Actual	Target		Status
KPI1: Contribution to regional GDP from ATEED interventions	\$103m	No result	Grow	<b>No result</b>	No quarterly target, this performance indicator is measured six-monthly. The year-end target is to grow the FY19 benchmark. Result is for contributory measure related to regional GDP from major events, where results are available.
KPI2: Number of businesses that have been through an ATEED programme or benefited from an ATEED intervention	3,303	823	3,000	<b>Met</b>	On track to meet the year-end target.
KPI3: Number of new jobs created, safeguarded or retained in Auckland as a result of an ATEED intervention	1,280	No result	Grow	<b>No result</b>	No quarterly target, this performance indicator is measured six-monthly. The year-end target is to grow the FY19 benchmark.
KPI4: Number of visitor nights resulting from an ATEED intervention.	295,282	3,959	370,000	<b>No result</b>	Result is for major events, where results are available.
KPI5: Customer satisfaction of customers, partners and stakeholders who have interacted with ATEED	77%	No result	Maintain or grow	<b>No result</b>	No quarterly target, this performance indicator is measured six-monthly. The year-end target is to maintain or grow the FY19 benchmark.

# Strategic focus area – Economic Development

Key commentary		Strategic context	
<p><b>For the three months ended 30 September 2019, the total net direct expenditure of \$4.2m was spent on Economic Development against a budget of \$4.5m (including associated operational support costs). Highlights:</b></p> <ol style="list-style-type: none"> <li>ATEED played a lead role, alongside the New Zealand Film Commission (NZFC) and regional film offices, to attract <b>Amazon Studios' The Lord of the Rings</b>-based television series to Auckland (main production base) and New Zealand, supporting the growth of quality jobs.</li> <li>ATEED and the NZFC helped to secure the <b>Netflix original series Cowboy Bebop</b> – the first original series to be filmed in New Zealand for Auckland. <i>Cowboy Bebop</i> is employing 400 people – the largest ever crew for a television production in Auckland.</li> <li>Public consultation on the draft <b>Auckland Film Protocol</b> closed on 12 July with Local Board feedback in August. The final protocol was adopted by the Environment and Community Committee on 10 September.</li> <li>Focus continued on supporting collaboration across the three <b>Auckland jobs and skills hubs</b> (city centre, Manukau, north) including the official opening of the Manukau and North hubs on 29 August by the Minister of Employment, Willie Jackson.</li> <li>The <b>Tāmaki Employment Precinct Strategy</b> was finalised with the Tāmaki Regeneration Company and approved by the ATEED Board in July.</li> </ol> <p><b>Issues/Risks:</b> Auckland not perceived as film friendly – has moved from a high to medium risk based on clear messages to key stakeholders on the importance of the screen industry.</p>		<p>ATEED's economic development activities include business support, business attraction and investment, local economic development, trade and industry development, skills, employment and talent, and innovation and entrepreneurship. The economic growth of the wider economy reinforces Auckland as a destination by creating supply chain opportunities, international links, talent and student attraction, and by making the city attractive to international business events and conventions.</p>	
Programme	Status	Description	Outlook
Skills and workforce	<b>On track</b>	Working with employers and the Government to better understand key skill challenges and workforce development needs and enable business to attract the right talent. Partner with Government and training providers to develop pathways for students into the city's high-value industries.	The second Auckland Smart Move (ASM) campaign <i>Make this your place. Make this your future</i> launched on 15 July with Immigration New Zealand. The campaign reached more than 121,000 offshore high-skilled construction and tech professionals and generated more than 8,140 leads. Through the City Centre Jobs and Skills Hub, ATEED is funding the CRL Progressive Employment Programme for at-risk youth to support training and development capabilities.
Investment attraction and international partnerships	<b>On track</b>	Attracting high-value business and investment to the city to maximise economic opportunities associated with infrastructure investment for long-term impacts at a local and regional level.	<i>Cowboy Bebop</i> , a co-production between Netflix and Tomorrow Studios, licenced an East Tamaki warehouse from ATEED under an initial two-year agreement. ATEED has leased this for five years for screen production use. ATEED, with NZTE and INZ, supported a new Migrant Investor and Entrepreneur Association that will be a launching pad for migrant investors.
Local economic development	<b>On track</b>	Providing guidance to support local initiatives and focusing future investment on enhancing economic outcomes for south and west Auckland, working with Pānuku, Auckland Transport, Auckland Council (TSI), The West Way and local boards.	A draft Employment Land Research report for Onehunga, Wiri and Penrose has been completed and under review. More than 480 entries were received for the 2019 Westpac Business Awards, double the number seen last year (227). Three PopUp Business School events are confirmed for FY20 in Auckland's south, north and west/central.
Innovation	<b>On track</b>	Supporting innovation across the Council group and business. Leveraging ATEED's role to grow Auckland's innovation ecosystem, including the ongoing development of GridAKL.	A key focus over the quarter was a refresh of the GridAKL Strategic Framework for years 2020-23. At the end of Q1, GridAKL housed 147 resident businesses, 940 individuals, and almost 90 events were hosted in the period with 4650 attendees, including 21 workshops at the Hatchbox.
Business growth	<b>On track</b>	An enhanced focus on existing small businesses, raising their capability, encouraging business networking, connecting them to talent and facilitating access to export markets.	More than 250 companies have been engaged through the Regional Business Partner (RBP) Network programme. The quarter saw \$83,231 of NZTE capability vouchers and \$823,305 of Callaghan Innovation R&D grants issued. ATEED's RBP services show high client satisfaction with NPS of +69 (target of +50 and national NPS of +71). Approximately 120 Auckland Council film permits issued in Q1. A further 401 enquiries were captured, including 48 low impact conditions.

# Strategic focus area – Destination

Key commentary		Strategic context	
<p><b>For the three months ended 30 September 2019, the total net direct expenditure of \$4.7m was spent on Destination against a budget of \$5.7m (including associated operational support costs). Highlights:</b></p> <ol style="list-style-type: none"> <li>1. ATEED worked closely with Tourism Industry Aotearoa and MBIE to secure \$5.2m from the new International Visitor Levy (IVL) fund to support the 'attract/promote' pillar of the <b>Go with Tourism</b> (GWT) jobs platform. A wider investment case is being developed for the education and upskilling pillars, which will be considered by the IVL Council by early October. The project will be referred to by central government as Building the Tourism Workforce. Initial discussions are underway with key stakeholders in Australia regarding the potential for the platform to be sub-licensed.</li> <li>2. The <b>Destination AKL 2025 Industry Leaders' Group</b> (ILG) continues to progress key areas of implementation outside of ATEED's remit. ATEED will lead the development of an information-sharing framework to support the ILG. A strategic advocacy programme is also being considered for the ILG to better communicate the benefits of the visitor economy and the City Centre Masterplan to city leaders and residents.</li> <li>3. The inaugural <b>Elemental AKL</b> winter festival was successfully held 1-31 July, featuring 67 events across the region and 120 restaurants taking part through <b>Elemental Feast</b>. Feedback received was positive from the public and key stakeholders.</li> <li>4. The New Zealand round of the <b>Virgin Australia Supercars Championship</b> was held at Pukekohe Park Raceway attracting a combined three-day audience of 113,999, a 3.5% increase in attendance from 2018.</li> <li>5. In September ATEED announced a new three-year agreement with the World Surf League. The <b>2020 Challenger Series</b> event is scheduled to be held in Piha from 17-22 March. Additionally, the <b>FIA World Rally Championship</b> will return to Auckland in 2020.</li> <li>6. An <b>Australia market strategy</b>, targeting high-value visitation and untapped potential on Australia's eastern seaboard has been developed and received positive feedback from key stakeholders.</li> </ol> <p><b>Issues/Risks:</b> 1. Cruise infrastructure – ATEED continues to work closely with the cruise industry to maintain confidence in Auckland as a destination. 2. 2 November events – ATEED continues to support stakeholders in managing numerous large (non-ATEED) events, moving from high to medium risk.</p>		<p>Destination work includes a focus on destination marketing and management, major events, business events (meetings and conventions), and international student attraction and retention – and driving the implementation of the <a href="#">Destination AKL 2025</a> strategy. Auckland's visitor economy is an important part of the city's wider economy that underwrites the amenity of the city, making it more attractive to residents and visitors alike.</p>	
Programme	Status	Description	Outlook
Tourism	<b>On track</b>	ATEED's Tourism team has two key areas of focus: leading and partnering in destination marketing and advocating or co-ordinating in destination management.	A trade campaign, targeting Australian travel agents ran from 20 May to 19 July, to increase arrivals in shoulder/low season and to increase length of stay, also complementing ATEED's Short Breaks campaign. ATEED partnered with inbound tour operator Southern World to showcase Auckland and New Zealand as a premium destination to 75,000 selected Virtuoso consumers and advisors in the US, Canada and Latin America.
Business Events	<b>On track</b>	Sales and marketing activity to grow the value and volume of business events in Auckland, and position Auckland as a premium business events destination (by Auckland Convention)	Together with ACB members and industry partners, ACB have won 29 event opportunities with an estimated \$8,085,188 of tourism spend, 19,475 delegate days and 20,618 visitor nights. Nine of the bids won were submitted in FY18/19. 111 opportunities have been submitted in Q1, with estimated tourism spend of \$38,866,551 with 92,306 delegate days and 95,644 visitor nights.
Major Events	<b>On track</b>	ATEED intervenes in the events landscape through strategic influencing, investment in major events, event production, activation, leverage and marketing.	The month long <i>Elemental AKL</i> festival was well received by the public and stakeholders. The World Surf League Piha Pro Challenger Series event is secured for 2020, 2021 and 2022 along with the World Rally Championship in 2020. The 18 <sup>th</sup> Auckland Diwali Festival is on track for delivery from 12-13 October.
International student attraction, retention	<b>On track</b>	Growing Auckland's reputation as an innovative international education hub through Study Auckland interventions, ensuring students access high-value tourism services and experiences.	The new international student alumni influencer programme was rolled out to support new premium study abroad marketing campaigns in the Japan market. The Global Talent Challenge took place on 30 September in partnership with Talent Solutions, attracting 50 students in various fields. The challenge simulates the best-practice graduate recruitment process and gives students invaluable experience to prepare them for work.

# Other statement of intent focus areas

## Auckland 2021

A submission has been made to MBIE for the official Crown and Council leverage and legacy programme for the 36<sup>th</sup> Americas Cup (AC36). Event delivery will begin in late 2020, with current focus on governance, operational and leverage planning.

The APEC 2021 Auckland programme will not be in delivery until the 2021/22 financial year. Activity until then involves governance, operational and leverage planning, in preparation for Auckland events in late 2021.

Destination Think! presented the first draft Road to 2021 plan, based on the Auckland Positioning and Narrative Project, on 20 August. Future focus includes further detailed planning and consideration of interdependencies with existing AC36, APEC21 and other ATEED activities.

## South and West Regeneration

The 'Unleash the Potential' Manukau Collaborative programme has been agreed with key stakeholders and south Auckland leaders, focussing on anchor institutions, existing economic development programmes, and new opportunities offered by business, philanthropy, government, and investors.

The first cohort of Māori and Pacific food entrepreneurs are being supported through The Kitchen Project launched by Pānuku in a commercial container kitchen at the Vodafone Events Centre.

GridAKL continues to provide funding and support to Te Haa o Manukau through the community coordinator, business support, advertising, events and programmes, including the Tukua programme for Māori entrepreneurs delivered by Ngahere Communities.

## Auckland investment story: Invest AKL

Invest AKL has been identified as a priority project for FY19/20 and a dedicated team to focus solely on the delivery of this project. A CCO working group will be established to review project progress and shared investment opportunities. This is planned from the end of Q2 FY19/20 onwards. The Invest AKL team is working alongside the APEC21 team, with a view of embedding sustainability initiatives in the project.

## Contribution towards Māori outcomes

ATEED activities in Q1 have contributed to the following Te Toa Takitini (TTT) Māori outcomes.

### 1. Economic Development

- The new, revised Tāmaki Herenga Waka Festival will return on 31 January 2020 on Captain Cook Wharf. For the first time, the festival will feature land and water performances into the evening alongside storytelling that captures the region's rich waka history, music, dance, kapa haka performances and a marketplace for kai (food) and toi (art).
- ATEED has developed a new Tourism Innovation Partnership fund to streamline funding investments and support industry growth. The fund will be made available to iwi, hapū, marae, urban Māori authorities and Māori tourism collectives.
- The Department of Conservation, with ATEED support, launched the Pūkete Taiao o Tāmaki Makaurau – the language of nature in Auckland app incorporating Te Reo Māori, Chinese and English translations. The trilingual app is a world-first and replaces the 2016 version.
- ATEED supported NZ Māori Tourism's roll out of the national Māori Tourism Capability Assessment to understand the needs and aspirations of Māori tourism businesses. The survey results will be used to better structure the support provided to Māori tourism operators by both NZ Māori Tourism and ATEED.
- The Young Animators programme, funded by ATEED, was launched at Hoani Waititi School on 19-20 September. The two-day programme, designed to introduce rangatahi to the world of animation and digital storytelling, will be delivered at three other secondary schools with high numbers of Māori students: Papakura High School, Sir Edmund Hillary College and Manurewa High School.
- ATEED supported the Māori Women's Development Inc's Te Wero Pakihi rangatahi programme which ran from 8-12 July with 40 students from around New Zealand. As part of the programme, aimed at accelerating and advancing entrepreneurship and business study at university, a Te Oho workplace co-design event was held at GridAKL on 22 July, bringing together Microsoft, Deloitte, Kiwibank and OMG Tech to learn about Te Ao Māori and explore how workplaces are preparing themselves for Māori.
- ATEED is facilitating introductions to Wynyard Innovation Neighbourhood businesses in support of Te Puni Kokiri's Cadet Internship programme.
- ATEED has engaged 27 Māori business owners through the Regional Business Partnership Network programme YTD.
- A Whāriki Māori Business Network Miromoda Sneak Peak event was hosted at the Air New Zealand Hub on 27 August as part of New Zealand Fashion Week. The event offered unique insights into Māori design stories and collections from 12 Māori designers and networking opportunities for participating Whāriki members.



### **Sustainability**

ATEED is developing its climate change and sustainability framework to help support Auckland's transition to a zero-carbon resilient economy. ATEED is also working with council and key partners to develop and cost the detailed actions of Te Tāruke-ā-Tāwhiri: Auckland's Climate Action Framework.

ATEED achieved the globally recognised Enviro-Mark® Gold certification recognising ongoing commitment to environmental responsibility and performance. In the past year, ATEED has developed and implemented an organisation-wide Environmental Management System and continued to commit to internal sustainability practices – ensuring that all activities lead to improved and beneficial environmental outcomes.

Circularity and ATEED are creating an X Labs programme to encourage companies to foster industry led circular innovation opportunities. The programme will focus on companies in west and south Auckland with delivery planned for March 2020.

ATEED is contributing to the BiotechNZ report working group looking at cleantech opportunities in New Zealand.

### **Local board engagement**

Work has commenced on behalf of local boards, on the approved Locally Driven Initiatives (LDI) work programme. The programme includes:

- Sustainability initiatives: \$112,950 (across five local boards)
- Support for PopUp Business School: \$37,500 (across seven local boards)
- Young Enterprise Scheme: \$31,000 (across 13 local boards)
- Tourism initiatives: \$205,000 (across six local boards)
- Other activities e.g. supporting town centre groups and Mangere business series: \$190,000 (across four local boards).

### **Contribution towards Māori outcomes continued**

- Feasibility study for a Māori Cultural Centre is in progress.
- Te Toa Takitini funding has been approved for the Māori Delivery Package for Auckland 2021 and expansion of the Whāriki Māori Business Network.

### **2. Organisational effectiveness (internal)**

- Māori Responsiveness Plan (MRP): The 2016 MRP is under review and will be presented to the ATEED Board for sign off in November.

# ATEED Q1 financials



## Direct operating performance

(\$ million)	Notes	FY 19	FY 20 Quarter 1 YTD			FY 20
		Actual	Actual	Budget	Variance	Budget
<b>Net direct expenditure</b>	<b>A</b>	<b>48.7</b>	<b>8.8</b>	<b>10.2</b>	<b>1.4</b>	<b>50.4</b>
<b>Direct revenue</b>	<b>B</b>	<b>17.9</b>	<b>6.6</b>	<b>5.8</b>	<b>0.8</b>	<b>21.7</b>
Fees & user charges		0.6	0.3	0.3	0.0	0.6
Operating grants and subsidies		2.2	0.8	0.6	0.2	2.8
Other direct revenue		15.1	5.5	4.9	0.6	18.3
<b>Direct expenditure</b>		<b>66.6</b>	<b>15.4</b>	<b>16.0</b>	<b>0.6</b>	<b>72.1</b>
Employee benefits	<b>C</b>	21.5	5.8	6.2	0.4	25.0
Grants, contributions & sponsorship	<b>D</b>	10.9	1.5	2.4	0.9	9.2
Other direct expenditure	<b>E</b>	34.2	8.1	7.4	-0.7	37.9
<b>Other key operating lines</b>						
AC operating funding		48.7	8.9	10.2	-1.3	50.4
AC capital funding		3.1	0.0	0.0	0.0	0.2
Vested assets		0.0	0.0	0.0	0.0	0.0
Depreciation		3.1	0.7	0.8	0.1	3.1
Divestment of other assets		1.9	0.0	0.0	0.0	0.0
Net interest expense		0.0	0.0	0.0	0.0	0.0



## Financial Commentary

**A:** Net direct expenditure variance to Budget for Q1 YTD is due to changes in the timings of some key activities. Timing of these activities have been reforecast into later months of the financial year as key dates for expenditure are confirmed.

**B:** Increase in rental revenue higher than previously anticipated due to commencement of new leases.

**C:** Lower Staff costs relates to timing of recruitment and various unfilled positions.

**D:** Underspend of expenditure due to timing of finalising sponsorship contracts, representing a timing change only in this expenditure.

**E:** Variance primarily relates to lease costs which are offset by the increase in revenue for these leases (*refer B*)

# ATEED Q1 performance measures

Key performance indicators	Previous Year	FY 20 Quarter 1		Status	Commentary
	Actual	Target	Actual		
<p><b>Note:</b> ATEED has a total of 4 LTP measures among 7 SOI measures. For the three months to 30 September 2019, 2 measures are on track to meeting year-end targets, 2 results have evaluations pending and 3 measures are measured six-monthly.</p>					
<p><b>KPI 1: Contribution to regional GDP from ATEED interventions</b></p> <p>Contributory measure: Contribution to regional GDP from major and business events attracted or supported (LTP measure)</p>	\$103m	>\$103m	No result to date	<b>No Result</b>	No quarterly target, this performance indicator will be measured six-monthly. The year-end target is to grow the FY19 benchmark. Q1 result includes contributory measure.
<p><b>KPI 2: Number of businesses that have been through an ATEED programme or benefited from an ATEED intervention (LTP measure)</b></p> <p>Contributory measure: Number of Māori businesses that have been through an ATEED programme or benefited from an ATEED intervention (LTP measure)</p>	\$43.9m	\$52.5m	\$390,226	<b>No Result</b>	Does not include all major and business events due to pending evaluations.
<p><b>KPI 3: Number of new jobs created, safeguarded or retained in Auckland as a result of an ATEED intervention</b></p> <p>Contributory measure: Number of Māori businesses that have been through an ATEED programme or benefited from an ATEED intervention (LTP measure)</p>	3303	3000	823	<b>Met</b>	27% of the target achieved at end of Q1. On track to meet year-end target of 3000. Results include businesses that have been through or benefitted from business support (including the Regional Business Partner Network programme) GridAKL, film permits, major events investment/facilitation, tourism/advocacy and Study Auckland activities.
<p><b>KPI 4: Number of visitor nights resulting from an ATEED intervention (LTP measure)</b></p> <p>Contributory measure: Number of Māori businesses that have been through an ATEED programme or benefited from an ATEED intervention (LTP measure)</p>	244	120	72	<b>Met</b>	60% of the target achieved at end of Q1. On track to meet year-end target of 120. Results include Māori businesses that have been through or benefitted from the Whāriki Māori Business Network, RBP programme, tourism and major events interventions.
<p><b>KPI 5: Customer satisfaction of customers, partners and stakeholders who have interacted with ATEED</b></p>	1280	>1280	No result to date	<b>No Result</b>	No quarterly target, this performance indicator is measured six-monthly. The year-end target is to grow the FY19 benchmark.
<p><b>KPI 6: Number of visitor nights resulting from an ATEED intervention (LTP measure)</b></p>	295,282	370,000	3,959	<b>No Result</b>	Does not include all major and business events due to pending evaluations.
<p><b>KPI 7: Customer satisfaction of customers, partners and stakeholders who have interacted with ATEED</b></p>	77%	≥77%	No result to date	<b>No Result</b>	No quarterly target, this performance indicator is measured six-monthly. The year-end target is to grow or maintain the FY19 benchmark.