

Auckland Tourism, Events and Economic Development Ltd Board meeting

OPEN AGENDA

Will be held as follows:

DATE: 28 August 2015
TIME: 12.00 noon start
VENUE: The Gulf Boardroom, Level 8, 139 Quay St, Auckland

Board members:

<i>Chair</i>	David McConnell
<i>Deputy Chair</i>	Norm Thompson
<i>Director</i>	Franceska Banga
<i>Director</i>	Richard Jeffery
<i>Director</i>	Danny Chan
<i>Director</i>	Helen Robinson
<i>Director</i>	Stuart McCutcheon

Attendees

<i>CEO</i>	Brett O'Riley
<i>Company Secretary</i>	Libby Nuth
<i>Board Intern</i>	Daniel Mussett
<i>Others TBC</i>	

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1. **APOLOGIES**

An apology has been received from Stuart McCutcheon.

2. **MINUTES OF 31 JULY 2015 AND OPEN ACTION TRACKER**

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1. **APOLOGIES**

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2. **MINUTES OF 31 JULY 2015 AND OPEN ACTION TRACKER**
Brett O'Riley, Chief Executive

BOARD MINUTES

- What:** Minutes of a Meeting of Board of Directors of Auckland Tourism Events and Economic Development Limited
- Where:** Gulf Boardroom, ATEED Central Office, Level 8, 139 Quay Street
- When:** Friday, 31 July 2015 at 12.15pm
- Directors:** David McConnell
Norm Thompson
Franceska Banga
Richard Jeffery
Danny Chan
Helen Robinson
- Board Intern:** Daniel Mussett
- In Attendance:** Brett O'Riley (Chief Executive)
Martin Fairweather (Chief Operating Officer)
Laura Fayerman (Executive Manager)
Libby Nuth (Company Secretary)
- Public & Media Attendance:** Dave Jaques, Good Governance NZ
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Background

- A. David McConnell was appointed as Chairperson for the meeting.
- B. It was noted that the quorum (12.9 of the Constitution) is a majority of the directors and there currently being 6 directors, a quorum of directors was present. It was noted that each director had been given proper notice of the meeting.

Meeting Business

1. Apologies

No apologies were received. The Chair advised of Professor Stuart McCutcheon's appointment and noted that he had been invited to attend Board meetings from 28 August 2015.

2. Minutes of Previous Meetings and Open Action Tracker

The draft minutes of the meeting held on 26 June 2015 and the Open Action Tracker were discussed. The Board noted an update from Brett O'Riley on the work underway by the Central City Integration Group.

Following the conclusion of discussions, the Board resolved that the minutes of the ATEED meeting held on 26 June 2015 be confirmed as a true and correct record.

3. Register of Directors' Interests and Conflicts of Interests Declaration

Norm Thompson advised that he was to be appointed as a Director of Preno Limited and that his interest in Golf Tourism New Zealand had concluded and could be removed from the Interests Register.

Danny Chan advised that he had been appointed as a Director of SimTutor Limited.

The Chief Executive noted that he was not aware of any ATEED Management or Officers having any undeclared Conflicts of Interests in relation to any ATEED activities and/or events.

4. Chief Executive Review of July 2015

Brett O'Riley spoke to the Report. The key points were as follows:

- Management had defined ATEED's strategic priorities for the next 12 months.
- There had been positive media coverage of the Global Auckland Project with the Advisory Group approached to provide comments to the media.
- Maori Signature Festival: a second hui with Mana Whenua had been held and feedback was being obtained on the governance structure for the Festival.
- Major Events:
 - A number of events held over the past few months had won industry awards and ATEED was now receiving a number of interesting event proposals.
 - Pasifika 2016 would be located at Western Springs following feedback that the central location was more advantageous to festival outcomes.

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

5. Finance Report, June 2015

Barbara Imlach spoke to the Report. The key points were as follows:

- This was the final Finance Report for the year with the year end audit nearing completion.
- ATEED's spend for the year aligned to the approved funding.
- The finance team had worked with Council and Audit NZ to apply the IPSAS Accounting Standards.

Following the conclusion of discussions, the Board resolved to note the Finance Report for the period 30 June 2015.

6. Audit & Risk Committee – Report Back to Board

The Chair of the Audit and Risk Committee provided an update to the Board on the meeting held on 30 July 2015. The key points were as follows:

Internal Audit: KPMG attended the meeting and provided an update on their internal audit of the GridAKL project. The project processes and controls would be assessed with KPMG due to report back to the Committee over the next month. Development of the 2016 Internal Audit Plan was underway.

Annual Report: Audit New Zealand attended the meeting. The Audit and Risk Committee would review the Annual Report and provide feedback to management before recommending Board approval of the Annual Report.

Cyber Security: an extensive discussion was held on cyber security and the Board was advised that management would report back to the Committee on ATEED's cyber security risks and the mitigants in place for these.

Legislative Compliance: an update on legislative compliance was provided to the Committee.

Policy update: an update on ATEED's policies, procedures and guidelines was provided to the Committee. The Board requested that an update on ATEED's privacy policy be brought to the Committee **(ACTION)**.

Health and Safety: the Board requested that a schedule of Directors event site visits be maintained, and a schedule of upcoming events be provided to the Board. **(ACTION)**

7. General Business

Brett O'Riley updated the Board on the following matters:

- Restaurant Month: This year ATEED had partnered with Heart of the City on Restaurant Month.
- NRL Nines: There would be a press announcement regarding the 2016 NRL Nines and legacy activities.

8. Closing the Meeting to the Public

It was resolved to exclude the public from the remainder of the meeting in accordance with paragraph 12.3 of the Company's constitution.

Resolutions in relation to the discussions around confidential items are recorded in the confidential section of these minutes and are not publicly available.

The Chairperson noted the open part of the meeting concluded at 12.55pm.

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

Chairman

Date

Open Board Action Tracker

Action	Result of Action	Status of Action	Target Date	Responsibility
5 May 2015 Meeting				
Finance Report: Provide a full list of sponsors to the Major and Business Events Committee.	In progress	In progress	To be circulated to the Major and Business Events Committee	Barbara Imlach
31 July 2015 Meeting				
Health and Safety: the Board requested that a schedule of Directors event site visits be maintained, and a schedule of upcoming events be provided to the Board.	<p>A schedule of event site visits including minutes is held electronically.</p> <p>A schedule including dates for a Health and Safety site visit to the Diwali Festival will be circulated to Directors.</p>	In progress	Q1 2015/16	Barbara Imlach

Friday, 28 August 2015



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

Brett O'Riley, Chief Executive

ATEED Board Interests and Conflicts Register

Director	Interests and Conflicts
David McConnell	Managing Director, McConnell Group Deputy Chair, Committee for Auckland Board Member, University of Auckland’s Business School Advisory Board Director, 429 Limited Director, Addison Developments Limited Director, Addison Group Limited Director, Addison Retirement Village Limited Director, Anselmi Ridge Limited Director, Arnot Investments Limited Director, Ascot Parade Limited Director, Beaumont Park Limited Director, BPB Plasterboard Limited Director, British Plasterboard Limited Director, C 60 Display Limited Director, Citygate Limited Director, Ecoclean Technology SDS BHD Ltd Director, Element NZ limited Director, Galleon Limited Director, Harker Underground Construction Limited Director, Hawkins Construction Group Limited Director, Hawkins Construction Guam Inc. Director, Hawkins Construction Hobsonville Limited Director, Hawkins Construction Limited Director, Hawkins Construction NI Limited Director, Hawkins Construction North Island Group Limited Director, Hawkins Construction North Island Limited

	<p> Director, Hawkins Construction South Island Limited Director, Hawkins (Fiji) Ltd Director, Hawkins Group Limited Director, Hawkins Infrastructure Guam Inc. Director, Hawkins Infrastructure Limited Director, Hawkins Management Limited Director, Hawkins Plant Limited Director, Hawkins PNG Ltd Director, Learning Infrastructure Partners GP Limited Director, Learnings Infrastructure Investment Limited Director, McConnell Development Holdings Limited Director, McConnell Developments Limited Director, McConnell Funds Management Limited Director, McConnell GP No.1 Limited Director, McConnell Group Limited Director, McConnell International Pty Ltd Director, McConnell Limited Director, McConnell Property Limited Director, McConnell Property Services Limited Director, MTC Land Investments Limited Director, Pancho Hawkins Phillipines Inc. Director, Pomander Holdings Limited Director, Projects (M.I.L.) Limited Director, Shelf Company 2012A Limited Director, Spiral Welded Pipes Limited Director, Steelpipe Limited Director, The Shooting Box Limited Director, Titanium Park Development Limited Director, Wilkins & Davies Limited </p>
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	<p>Director, Hawkins Singapore Pte Limited Director, MC (Jervois) General Partner Limited Director, Hawkins Construction Schools 2 PPP Limited Director, Future Schools Partners GP 1 Limited Director, Future Schools Partners GP 2 Limited</p> <p>Party to a Deed of Indemnity and Undertaking between the Director and the Company and an insured party under a Directors and Officers Liability Insurance Policy and a Defence Costs Insurance Policy arranged and funded by the Company</p>
Director	Roles & Responsibilities outside of ATEED
Norman Thompson	<ul style="list-style-type: none"> · Director, Dot.Kiwi Limited · Director, Preno Limited · Director, Queenstown Airport Corporation Limited · Director, Tourism New Zealand Board · Chartered Fellow of Institute of Directors · Trustee, Young Enterprise Scheme (YES) · Member, New Zealand Golf Open 2016 Committee <p>Party to a Deed of Indemnity and Undertaking between the Director and the Company and an insured party under a Directors and Officers Liability Insurance Policy and a Defence Costs Insurance Policy arranged and funded by the Company</p>
Director	Roles & Responsibilities outside of ATEED
Franceska Banga	<ul style="list-style-type: none"> · Chief Executive, NZ Venture Investment Fund Limited · Director, Constellation Capital · Director, Halo Fund No. 1 Limited (non-operating company) · Director, Halo Fund Investment Management Limited (non-operating company) · Director, 82 Above Limited (non-operating company) · Director, Frogparking Limited

	<ul style="list-style-type: none"> · Trustee, Fred Hollows Foundation · Trustee, Peka Peka Trust (Family Trust) Investments in: <ul style="list-style-type: none"> - Pohutukawa Fund, Maui Capital Indigo Fund - 82 Limited Partnership and Advisory Board member · Shareholder (1%) – Business Growth Limited (Holds shares in Xero) · Shareholder – the Breakthrough Co. Limited (Family business) · Shareholder – National Business Coaching Limited · Member, Institute of Directors NZ Inc. · Observer – Fisher & Paykel Healthcare Corporation (IoD Future Directors Initiative) <p>Party to a Deed of Indemnity and Undertaking between the Director and the Company and an insured party under a Directors and Officers Liability Insurance Policy and a Defence Costs Insurance Policy arranged and funded by the Company</p>
Director	Roles & Responsibilities outside of ATEED
Richard Jeffery	<ul style="list-style-type: none"> · Chief Executive, Vodafone Events Centre · Trustee of the Rising Foundation · Owner – I Like Gallery Limited, Art Gallery & Project Consulting · Director and Shareholder, Knight Star Covenants Limited · Director, The Original Art Sale Limited · Director, Museum of Transport and Technology (MOTAT) <p>Party to a Deed of Indemnity and Undertaking between the Director and the Company and an insured party under a Directors and Officers Liability Insurance Policy and a Defence Costs Insurance Policy arranged and funded by the Company</p>
Director	Roles & Responsibilities outside of ATEED
Danny Chan	<ul style="list-style-type: none"> · Director and Shareholder, A1 Flower Wholesalers Limited · Director and Shareholder, Academic Colleges Group Limited and subsidiaries as follows: <ul style="list-style-type: none"> Australian International Schools Limited (BVI) New Zealand International College Limited ACG New Zealand International College Jakarta Limited

	<p>ACG Australian International Education Services Company Limited New Zealand Management Academies Limited ACG Yoobee School of Design Limited Yoobee Pty Limited (Australia) New Zealand Career College Limited NZ Nannies Plus Limited ACG Norton College Limited ACG NZIC Limited ACG English School Limited ACG Parnell College Limited ACG Senior College Limited ACG Strathallan Limited ACG Tauranga Limited ACG Sunderland Limited ACG Property Holdings (NZ) Limited ACG Property 345 Queen Street Limited ACG Parnell College Property Limited ACG Senior College Property Limited ACG Strathallan College Property Ltd ACG Education Services Limited ACG Tauranga Property Limited Education Investments Group Limited Sunderland School Property Limited ACG Early Childhood Education Group limited</p> <ul style="list-style-type: none"> • Director and Shareholder, Alpha Asset Management Limited • Director and Shareholder, ARN Investments Limited • Director and Shareholder, Danting Investments Limited • Director and Shareholder, Education Investment Limited • Director and Shareholder, Flowerzone International Limited and subsidiaries • Director and Shareholder, Green Cut Limited • Director and Shareholder, Griff Trading Limited • Director and Shareholder, Lady White Snake Film Limited • Director and Shareholder, Orient Group Limited and subsidiaries • Director and Shareholder, Orpac International Limited • Director and Shareholder, Planit Products NZ Limited
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	<ul style="list-style-type: none"> · Director and Shareholder, Rhino Security Limited and subsidiaries · Director and Shareholder, Sharp Multi-Media Limited · Director and Shareholder, Sharp Multi-Media Productions Limited · Director and Shareholder, Simtics Limited · Director and Shareholder, SimTutor Limited · Director and Shareholder, Tahere Callas Limited and subsidiary · Director and Shareholder, Talaforde Investments Limited and subsidiary · Director and Shareholder, The Academic Coaching School Limited · Director and Shareholder, Turners Flower Exports NZ Limited · Director, Abano Healthcare Limited · Director, Simtics Limited · Shareholder, Aire Cut Company Limited · Shareholder, CLOUD M Limited · Member, NZ China Advisory Council (appointed 20 November 2012) · Member, NZ Markets Disciplinary Tribunal · Director, Farmers Mutual Group (Mutual Society) <p>Party to a Deed of Indemnity and Undertaking between the Director and the Company and an insured party under a Directors and Officers Liability Insurance Policy and a Defence Costs Insurance Policy arranged and funded by the Company</p>
Director	Roles & Responsibilities outside of ATEED
Helen Robinson	<ul style="list-style-type: none"> · Chair, CLOUD M Ltd · Chair, Mondiale Technologies Ltd · Chair, Organic Intimates Ltd · Chair, The Network for Learning Ltd (N4L) · Chair, Valens Group · Director, KND Investments Ltd · Director, Penguin Consulting Ltd · Co-Op Member, NZ Rugby Union, Board Strategic Relations & Planning Committee · Trustee, Aktive Auckland Sport & Recreation

	<ul style="list-style-type: none"> · Trustee, Open Polytechnic NZ · Trustee, Robinson Family Trust <p>Party to a Deed of Indemnity and Undertaking between the Director and the Company and an insured party under a Directors and Officers Liability Insurance Policy and a Defence Costs Insurance Policy arranged and funded by the Company</p>
Director	Roles & Responsibilities outside of ATEED
Stuart McCutcheon	<ul style="list-style-type: none"> · Chairman of Directors, Auckland UniServices Ltd · Director, Universitas 21 international university network · Council Member, University of Auckland · Member, Partnership Board, the Worldwide Universities Network · Member, Steering Committee, the Association of Pacific Rim Universities · Trustee, UK Friends of the University of Auckland <p>Party to a Deed of Indemnity and Undertaking between the Director and the Company and an insured party under a Directors and Officers Liability Insurance Policy and a Defence Costs Insurance Policy arranged and funded by the Company</p>
Board Intern Programme Participant	Roles & Responsibilities outside of ATEED
Daniel Mussett	<ul style="list-style-type: none"> · Trustee and Board Chairman, Dilworth Old Boys Centennial Foundation Trust, a registered charity <p>An insured party under a Directors and Officers Liability Insurance Policy and a Defence Costs Insurance Policy arranged and funded by the Company</p>

Friday, 28 August 2015



OPEN AGENDA

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

Brett O'Riley, Chief Executive

Chief Executive Review of August 2015

Report to Auckland Tourism Events and Economic Development Limited Board

Health & Safety

ATEED are currently in the process of procuring audit services for its events. ATEED is working closely with the Council's procurement team and the Health & Safety (H&S) team and are optimistic to have a contract in place early September.

The next steps are the appointment of an advisory consultant and an employee for ATEED's in-house H&S role. The aim of this is to buy in specialist advice to ensure ATEED is set up with the most efficient processes utilising best practice whilst working with our own person who can implement and learn from this specialist.

A schedule of major events will be circulated to Board members so we can formalise a review. We can then arrange a pre event briefing and a site visit at the event.

Health & Safety Scorecard update

Four incidents were reported in July (workstation pain and discomfort and three minor injuries that required no first aid treatment). All four incidents have been closed.

No near misses were reported.

One hazard reported: This was an electric shock from faulty equipment, since repaired. A full electrical audit was scheduled to take place during July across all sites and this has been completed.

Training: We had three staff who had not received H&S training by the deadline, one of these has been escalated as we cannot engage the individual to complete this. The other two have since been completed.

ATEED Strategic Priorities

Development of the Global Auckland Brand

The Global Auckland Project continues to make good progress, with key highlights that include:

- The recommended strategic framework was presented by Colenso. This framework will be validated with international target audiences in September/October. It will be presented to the Board at this month's meeting.
- The first Project Advisory Group meeting was convened chaired by Jane Hastings, CEO of New Zealand Media and Entertainment.

- A number of high-profile Aucklanders have agreed to be public advocates, including Michael Barnett, CEO, Auckland Chamber of Commerce; Tupara Morrison, Ngāti Whātua Toki Taiao; Anthony Healy, CEO Bank of New Zealand and Martin Snedden, CEO Duco Events.

Māori Signature Festival

ATEED continues to progress the Tamaki Herenga Waka Festival (Māori Signature Festival). At the July mana whenua hui, broad endorsement was received for the mana whenua steering group and for the tentative date of the event to be held during Auckland Anniversary weekend.

ATEED is also developing a partnership framework that includes commercial, city and mana whenua partners. With partnership being central to the approach for developing and delivering the festival, it is crucial that there is some structure to manage the diversity of relationships. It is envisaged that benefits from the partnerships will include commercial revenue, content, venue space and participation in a wider umbrella of activity around the core event activity.

Tripartite Alliance

Delegates who attended the recent Tripartite Economic Alliance Summit in Los Angeles in June re-connected at an alumni-style function as part of kicking off preparations for the 2016 summit to be held in Auckland. More than 40 people attended the event, held at ATEED's Quay Street office, including business people who were part of the Auckland delegation, Mayor Len Brown, Councillors Denise Krum and Bill Cashmore, and key partners from the US Embassy and the Ministry of Foreign Affairs and Trade.

In addition to sharing learnings from the LA summit, delegates also gave updates on business outcomes from the summit, and ideas for the 2016 Auckland summit, expected to be held in Q4 2015/16. These outcomes are already significant and will be further tracked for reporting. One of the companies Immersia will be presenting during this month's board meeting.

Presentations were also made to the 6 August Regional Strategy and Policy Committee and the 18 August Economic Development Committee meeting to update the councillors on Auckland's engagement in the Tripartite Economic Alliance and the planning associated with the 2016 programme.

Visitor Infrastructure

Cruise

The Cruise NZ conference was held in Auckland on July 31 with guest speakers from around Australia, US and Asia. The mood of the conference was very upbeat around the forecast growth, the value the industry is returning to regions, and the announcement and discussions of new ships and new itineraries benefitting Auckland. Key themes discussed and highlighted by the international speakers were around infrastructure development, port costs, and the introduction of the border levy as being potential limiting factors to the rapid growth being forecast.

Holland America Line (HAL) will be increasing their turnarounds in Auckland by 50% as they change a number of their itineraries currently starting and ending in Sydney to either start or end in Auckland. HAL operates in the premium sector of the market, attracting mainly American, European and Australian visitors.

Accommodation

ATEED is working with NZTE in Australia to pull together a national picture for hotel investment. On 6 August ATEED attended a series of meetings facilitated by NZTE with a hotel investment company and a leading hotel investment consultant in Sydney together with representatives from Wellington and Christchurch. NZTE are coordinating data and insights from each region and will engage a consultant to put together a document reflecting the opportunities across NZ and each region's unique demand profiles and requirements.

Work has started on the refurbishment of the Copthorne Hotel on Quay Street to turn it into a new Millennium-branded hotel. This will add another 4.5-star offering when completed but a reduction in available rooms during the construction period.

Screen and Innovation Production Precinct (SIPP)

The Requests for Expressions of Interest (REOI) to develop a SIPP at Hobsonville Point was lodged on the Government Electronic Tenders Service (GETS) on 30 July. Potential respondents have until 31 August to supply a response to questions, not exceeding 10 pages.

Business Attraction

ATEED's review of the Business Attraction and Investment (BA&I) strategy and function has been completed. The team's overall focus will be to lead the attraction of productive foreign direct investment into Auckland's focus sectors of competitive advantage, and to promote Auckland as a destination for investment and business, effectively becoming Auckland's Investment Promotion Agency.

As a result, the team will organise its activities into three core areas, with the exception of our stand-alone Screen Auckland unit, which will continue to attract and advise film productions in Auckland as it does today. The three areas are:

- Marketing – promoting Auckland's business and investment brand
- Business Development – following up with target businesses, investors and migrants, and managing our aftercare programme – Aroha Auckland
- Operations – case management for individual investors, including matching them with our partners.

Talent Attraction

The draft ATEED Talent Attraction Framework was reported to the July Board meeting, and work continues on the five priority areas in the framework, including:

- In-market activity – Engaging with construction and engineering, and ICT sectors and employers regarding attending the Working International UK expos in October 2015 (London and Manchester) on an Auckland stand.
- Agreeing joint sectors of focus and sector engagement strategies with Immigration New Zealand (INZ) and an international partnering model, with ATEED and INZ identifying joint project activity in our key markets. ATEED would also provide after care for migrants, including through Aroha Auckland for Investor Plus migrants.
- An INZ/NZTech/ATEED sector engagement workshop trial with the ICT sector was held on 6 August at GridAKL to get sector-led input into what a collaborative and responsive migrant talent acquisition model for the sector looks like. INZ is surveying sector representatives to determine next steps, with the sector keen to collaborate with INZ and ATEED on a digital marketing campaign to attract ICT talent into Auckland.
- Planning is underway for the next Auckland Regional Partnership Agreement meeting in September, including a workshop with Incisive Consulting to look at what drives migrants' decision making, and help build the Auckland value proposition for attracting skills and talent.

Growing Auckland's Innovation Ecosystem

GridAKL

Polperro Building

Residents in the Polperro Building have remained steady at 15 businesses, and the building remains at capacity. 22 events were held at GridAKL in July.

Lysaght Building

- ATEED has received approval from the Governing Body for the new commercial terms and lease expansion for the head lease with Waterfront Auckland. The Heads of Terms have been executed and the Programme Team are working to prepare a new draft deed of lease for review with Waterfront Auckland.

Innovation 5A Building

- Preliminary designs are underway for the internal fit out of the building. They are expected for review and approval at the end of August.

GridEx (Innovation network expansion programme)

The programme aims to facilitate the development of latent innovation hubs, or dense geographic clusters of innovation activity, across Auckland. Interest in the programme is high and ATEED has fielded multiple inquiries from proposed hubs seeking to engage.

FoodBowl

Highlights for July include:

- Showcased the FoodPortal at the July/August Foodshow on ATEED's "Auckland on the Menu" stand
- The I&E team has been working with the FoodBowl to review and improve the customer journey
- 17 companies with three quarters of a billion dollars' worth of annual turnover attended new product development (NPD) workshops in August. Participants included Brinks, Ngai Tahu, Prolife Foods, Tasti, Jacks Links, Barkers and Kohu Road.

Tertiary Student Entrepreneurship

A project scoping document will be reviewed by OLT in September while activity is currently underway to progress the initiative. This includes early stage conversations with several prominent tertiary institutions and a feasibility study being undertaken by the University of Auckland to investigate the potential establishment of a student entrepreneur 'hatchery' scheme. The study is due for completion in October at which time ATEED and partners will explore next steps for the overall proposal.

Discussions to-date, including with AUT and the University of Auckland, indicate strong interest by the tertiary sector in ATEED's student entrepreneurship proposals and willingness to explore expansion opportunities.

August in Perspective

New ATEED board appointment and advisor

At its July meeting, the CCO Governance & Monitoring Committee approved the appointment of University of Auckland Vice-Chancellor Professor Stuart McCutcheon to the ATEED Board. The appointment brings the board back up to its full complement of seven directors.

Professor McCutcheon's recent roles at the University of Auckland include being its CEO, and also chair of Auckland UniServices Ltd, the institution's research commercialisation company which doubled its revenues under his leadership. He has also served directorships previously the economic growth agencies in Wellington and Palmerston North.

2014/15 cruise season

The latest Cruise New Zealand Economic Impact Summary report showed 115 voyages were made into Auckland in 2014/15, bringing with them 188,500 passengers and around 75,000 crew. This contributed \$190 million to the Auckland economy, up almost 20 per cent on the previous season.

With the introduction of the Auckland Cruise Action Plan earlier this year, ATEED and the Auckland Council group have a clear plan in place to identify economic opportunities in one of the fastest growing sectors within tourism. The 2015/16 season, which kicks off on 8 October will see a record 125 voyage calls to Auckland and a 32 per cent increase in passengers to 249,400, worth an estimated \$251.7 million to the local economy.

Strategic tourism partnership with Chan Brothers

ATEED collaborated with Chan Brothers – one of Singapore's leading tour operators – to change the Singaporean travel perception of Auckland from a gateway to a destination. A direct result of this collaboration includes visitors who book package holidays to New Zealand through Chan Brothers will now spend a minimum of two days in Auckland, with strong promotion of Waiheke Island and Matakana. This is the first time Auckland has ever featured in Chan Brothers' packages.

International Conference on Privacy, Security and Trust

The Auckland Convention Bureau secured the PST 2016: International Conference on Privacy, Security and Trust (PST) which will provide some exciting opportunities to connect and collaborate. The three day conference will attract more than 250 delegates comprising world leading researchers in cyber security from around the world and inject \$350,000 into the local economy.

As the business event aligns to one of ATEED's sector priorities in ICT, this opportunity will allow ATEED to collaborate with central government entities such as Callaghan Innovation in order to further leverage the event.

JobFest15

The second JobFest15 was held on 7 August at QBE (North Harbour) Stadium, Albany. The event, which attracted 2000 young people, provided a unique opportunity for employers and job seekers, aged between 16 and 24, to connect face-to-face and discuss job opportunities was held. The 60 employers who attended the event interviewed applicants for more than 300 entry-level jobs.

Young Enterprise Scheme Trade Fair

The annual Lion Foundation Young Enterprise Scheme (YES) Trade Fair was held on 8 August at the ASB Showgrounds, providing teams with an opportunity to sell their products to the general public. This year, more than 1,400 students from 52 Auckland schools are taking part in YES, forming more than 180 small enterprises. Two Auckland YES students, Wendy Lee and Aiden Scott have won 1st prize at the Asia-Pacific Grand Final of the FedEx Express Junior Achievement International in Singapore.

DigMyIdea

ATEED and Ngā Pū Waea, the National Broadband Working Group co-designed the DigMyIdea Māori Innovation Challenge which will be launched on 24 August. DigMyIdea calls on entrants to submit a digital business idea that has the potential to go global. Ideas could be anything from an app to a web initiative, or ways to enhance or add digital elements to a more traditional business, product or even a process. Ideas can be submitted through www.digmyidea.nz.

Awards

An ATEED-commissioned video designed to leverage the ICC Cricket World Cup 2015 and promote the wider Auckland experience to visiting cricket fans has won a 'Gold Camera' award at the 36th US Film & Video Festival, held in Los Angeles last month. The winning video, produced by Auckland company Omnicron and starring former New Zealand cricketer Simon Doull, focusses on Auckland's food and beverage offering, and is one of a series of four themed destination videos.

The ATEED-supported Heineken Open tennis tournament has been named 'Best Fan Experience' for the second year running by the Association of Tennis Professionals (ATP). The award caps off a great year for the New Zealand Festival of Tennis, which also saw the ASB Classic voted Best Tournament in the Asia Pacific region by the Women's Tennis Association players earlier in the year.

Statement of Intent KPIs and Monitoring Indicators

Metrics within the ATEED SOI are categorised as either:

1. Key Performance Indicators: an agreed set of performance measures and targets which form the basis for accountability to delivering on our strategic objectives
2. Monitoring Indicators: Indicators which we have a strong interest in and aim to influence through our activity, but which ultimately are driven by a range of factors outside of our direct control (e.g. exchange rates, government policy etc.)

Latest progress against both sets of metrics are provided in the attached Scorecard. Key highlights year to date are summarised below.

KPIs

A month into the financial year, no results are available on a number of KPIs. Among those for which information is available:

- 17 employers have now signed up to a Youth Traction Hub Employers Pledge
- The ACB has supported the submission of 6 international bids and received confirmation of 1 successful bid (100% success rate)
- Visits to www.aucklandnz.com continue to track strongly

Monitoring Indicators

- Commercial visitor nights are up 3.9% to 7.1 million for the year end June 2015
- International visitor arrivals through Auckland airport are up 7.1% to 2.1 million for the year end June 2015

Burning Issues

Regional Business Partner programme

Our proposal to deliver the Regional Business Partner Programme across Auckland for 2016 was submitted on 27 August. The proposal includes a more coordinated and cohesive approach to delivering business support services across the region and a greater integration with other ATEED delivered activities.

It also includes increased collaboration with business support partners and the Auckland Chamber of Commerce to deliver the Business Mentors programme. It is expected that ATEED will be asked to present its proposal over the coming weeks, with a final decision due in October. If successful, the new contract will commence from 1 January 2016 for a period of three and a half years.

Looking Forward

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

Scheduled event date	Event name	Location
24-30 August	New Zealand Fashion Week	ANZ Viaduct Events Centre
24-27 September	Auckland on the Water Boat Show	Viaduct Harbour
29 September	EY Youth Employer Pledge signing	EY, Britomart
17-18 October	Auckland Diwali Festival	Auckland CBD
21-29 October	Young Enterprise Scheme Awards	Various
1 November	Auckland Marathon	Various
5-8 November	Taste of Auckland	Western Springs
6-8 November	ITM 500 Auckland V8 Supercars	Pukekohe Park Raceway
29 November	Farmers Santa Parade	CBD

Finance

The finance team has been working with both Council and Audit New Zealand on finalising the Council annual reporting pack and the Annual Report. ATEED have experienced some delays in obtaining audit clearance due to staff sickness at Audit NZ, however they have now given verbal clearance and will send a draft Management letter by the end of August. The Annual Report, complete with Statement of Service performance is being presented to the Board for approval.

July reporting against budget is favourable due to revenue generated a month earlier than planned, offset by some timing differences and increased staff costs as ATEED maintained a higher level of temporary and contracted staff than had been planned for in July. ATEED is monitoring staff costs carefully as this is the biggest area of operational expenditure (opex) risk.

ATEED is also working with Council to transfer increased funding for the Local Economic Development staff who transferred to ATEED. There is no risk associated with this and ATEED will finalise process and confirm amounts over the next month.

Risk

ATEED is working through the recommendations of a recent risk review and maturity assessment undertaken by Grant Thornton. The Audit & Risk Committee will be informed of the findings and an implementation plan at their next meeting.

We have not attached a heat map this month as we work through our reporting framework and classification/categorisation of risks.

ATEED's high rated project risks under active management are:

- Screen Innovation and Production Precinct: ATEED continues to actively manage the risks associated with this deal.
- Māori Signature Festival, Tamaki Herenga Waka Festival: ATEED has a robust project governance structure in place to enable delivery of this event. The objectives of this inaugural event have been approved and roles, responsibilities and timeframes associated with delivery clearly understood.
- GridAKL risk is carefully monitored by the Steering group. The independent internal audit report will be available after close out meetings with key people.
- The Global Auckland Project is tracking well and is on schedule. Whilst we are taking all care to mitigate risks at each stage, the media attention remains high so associated project risk remains at an amber classification.

Recommendations

1. The report be received.
-

Signatory

Chief Executive: Brett O'Riley

Friday, 28 August 2015



OPEN AGENDA

5. **ANNUAL REPORT FOR THE PERIOD ENDED 30 JUNE 2015**
Barbara Imlach, Chief Financial Officer

Annual Accounts, including Statement of Service Performance

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

Proposal

The purpose of the report is to obtain Board approval of the Annual Accounts (including the Statement of Service Performance) for the year ended 30 June 2015.

Strategic Alignment

Under its constitution the Board must, within three months after year end, deliver to the Shareholders, and make available to the public, a report on the operations of the company for that year.

Our Annual Accounts have been prepared and presented as required by:

- Local Government Act 2002
- Financial Reporting Act 1993; and
- Companies Act 1993

Under Section 96 of the Local Government (Auckland Council) Act 2009 ATEED must hold a meeting after 1 July each year for the purpose of considering ATEED's performance under its Statement of Intent for the previous financial year. At this meeting the Board must allocate a reasonable amount of time for members of the public to address the Board in relation to the subject matter of the meeting.

This August board meeting is when the Board will consider ATEED's performance against the Statement of Intent for the year ended 30 June 2014. Members of the public may attend this meeting and address the Board in relation to this.

Comment

The Annual Accounts are to be signed by the Chair and Deputy Chair. These accounts have been audited and Audit NZ have given verbal clearance as of 21 August that there are no outstanding audit matters that have a bearing on these accounts and they have committed to sending us the Audit Report for inclusion in the Annual Accounts by Monday 31 August.

Audit NZ also require a letter of representation from the Chair and Deputy Chair in support of these accounts.

In support of this letter of representation, the Chief Executive and Chief Financial officer have represented to the Board on the same.

Update from Draft Accounts

There has been one small update from the accounts sent 19 August. In the highlights section, 'Growing the visitor economy' the second to last paragraph has been updated to read: "The 2014/15 cruise ship season was another strong one – 115 voyages brought more than 263,000 passengers and crew to the Port of Auckland. The ships' visits injected about \$190 million into Auckland's economy."

This replaced: "The 2014/15 cruise ship season was another strong one – 92 ships brought more than 266,000 passengers and crew to the Port of Auckland. The ships' visits were expected to inject about \$160 million into Auckland's economy."

Consultation

These Accounts have been prepared in consultation with ATEED'S Audit and Risk Committee, Audit NZ, and Auckland Council.

Decision Making

The Board will need to:

- Approve the Annual Accounts, including the Statement of Service Performance
- Authorise The Chair and Deputy Chair to sign the Directors Report as part of the Annual Accounts
- Authorise The Chair and Deputy Chair to sign the representation letter to Audit NZ

Financial Implications

There are no financial implications. The audit fee for the year ended 30 June 2015 has been accrued and is included in the results for the year to 30 June 2015.

Recommendations

It is recommended that the Board:

1. **approve** the Annual Accounts, including Statement of Service Performance, for the year ended 30 June 2014, and authorise The Chair and Deputy Chair to sign the Directors Report as part of these accounts;
2. authorise The Chair and Deputy Chair to sign the representation letter to Audit NZ.

Attachments

- Annual Accounts for the year ended 30 June 2015
-

Signatories

Barbara Imlach, CFO

Brett O'Riley, Chief Executive

28 August 2015

Leon Pieterse
Director
Audit New Zealand
PO Box 1165
Auckland, 1140

Dear Leon

Letter of representation for the year ended 30 June 2015

This representation letter is provided in connection with your audit, carried out on behalf of the Auditor-General, of the financial statements and performance information of Auckland Tourism, Events and Economic Development Limited (the company) and group, comprising the company and its subsidiary (World Masters Games 2017 Ltd) for the year ended 30 June 2015.

We understand that your audit was carried out in accordance with the Auditing Standards issued by the Auditor-General, which incorporate the International Standards on Auditing (New Zealand). We also understand that your examination was (to the extent that you deemed appropriate) for the objective of:

- 1 providing an independent opinion on whether the company and group's financial statements:
 - o present fairly, in all material respects:
 - . its financial position as at 30 June 2015; and
 - . its financial performance and cash flows for the year then ended; and
 - o comply with generally accepted accounting practice in New Zealand and have been prepared in accordance with Tier 1, Public Benefit Entity Standards; and
- 2 providing an independent opinion on whether the performance information of the company presents fairly, in all material respects, the company and group's achievements measured against the performance targets adopted for the year ended 30 June 2015; and
- 3 reporting on other matters relevant to the company and group's financial and other management systems that come to your attention and are material (for example, compliance with statutory obligations or probity).

General responsibilities

We acknowledge the following responsibilities, and to the best of our knowledge and belief:

- the resources and activities under our control have been operating effectively and efficiently;
- we have complied with our statutory obligations including laws, regulations and contractual requirements;

- we have carried out our decisions and actions with due regard to minimising waste;
- we have met Parliament's and the public's expectations of appropriate standards of behaviour in the public sector (that is, we have carried out our decisions and actions with due regard to probity); and
- any decisions or actions have been taken with due regard to financial prudence.

We also acknowledge that we have responsibility for designing, implementing, and maintaining internal control (to the extent that is reasonably practical given the size of the company) to prevent and detect fraud.

Responsibilities for the financial statements and performance information

We confirm that all transactions have been recorded in the accounting records and are reflected in the financial statements and performance information, and that, to the best of our knowledge and belief, having made such enquiries as we considered necessary for the purpose of appropriately informing ourselves:

- we have fulfilled our responsibilities for preparing and presenting the financial statements and performance information as required by:
 - Local Government Act 2002; and
 - Companies Act 1993;
- we consider the company and group's financial statements:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2015; and
 - its financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand and have been prepared in accordance with Tier 1, Public Benefit Entity Standards;
- we consider the performance information of the company presents fairly, in all material respects, the company and group's achievements measured against the performance targets adopted for the year ended 30 June 2015;
- we believe the significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable;
- we have appropriately accounted for and disclosed related party relationships and transactions in the financial statements and performance information;
- all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements and performance information have been disclosed to you

and have been accounted for and disclosed in accordance with generally accepted accounting practice;

- we have adjusted or disclosed all events subsequent to the date of the financial statements and performance information that require adjustment or disclosure;
- we believe that the effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements and performance information as a whole. A list of the uncorrected misstatements is attached as Appendix 1 to this representation letter; and
- we believe the effects of uncorrected disclosure deficiencies, including both omitted and incomplete disclosures, are quantitatively and qualitatively immaterial, both individually and in aggregate, to the financial statements and performance information as a whole.

Responsibilities to provide information

We confirm that, to the best of our knowledge and belief, having made such enquiries as we considered necessary for the purpose of appropriately informing ourselves:

- we have provided you with:
 - all information, such as records and documentation, and other matters that are relevant to preparing and presenting the financial statements and performance information; and
 - unrestricted access to persons within the company from whom you determined it necessary to obtain audit evidence;
- we have disclosed to you the results of our assessment of the risk that the financial statements and performance information may be materially misstated as a result of fraud;
- we have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the company and group and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial statements and performance information;
- we have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the company and group's financial statements and performance information communicated by employees, former employees, analysts, regulators, or others;
- we have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements and performance information; and

- we have disclosed the identity of the related parties, all of their relationships, and all of their transactions of which we are aware.

Going concern

We confirm that, to the best of our knowledge and belief, the company and group has adequate resources to continue operations at their current level for the foreseeable future. For this reason, the Board continues to adopt the going concern assumption in preparing the financial statements and performance information for the year ended 30 June 2015. We have reached this conclusion after making enquiries and having regard to circumstances that we consider likely to affect the company during the period of one year from 28 August 2015, and to circumstances that we know will occur after that date which could affect the validity of the going concern assumption.

We consider that the financial statements and performance information adequately disclose the circumstances, and any uncertainties, surrounding the adoption of the going concern assumption by the company and group.

Throughout the year, the company has conformed with the requirements of its banking arrangements, debenture trust deeds, or negative pledge agreements, including those relating to its net tangible assets ratios.

Publication of the financial statements and performance information and related audit report on a website

The Board accepts that it is responsible for the electronic presentation of the audited financial statements and performance information.

The electronic version of the audited financial statements and performance information and the related audit report presented on the website are the same as the final signed version of the audited financial statements and performance information and audit report.

We have clearly differentiated between audited and unaudited information on the website and understand the risk of potential misrepresentation without appropriate controls.

We have assessed the security controls over the audited financial statements and performance information and the related audit report and are satisfied that procedures are adequate to ensure the integrity of the information provided.

Where the audit report on the full financial statements and performance information is provided on a website, the financial statements and performance information are also provided in full.

Sign-off on these representations

The representations in this letter are made at your request, and to supplement information obtained by you from the records of the company and group and to confirm information given to you orally.

Yours sincerely

David McConnell

Norm Thompson

Appendix 1: Uncorrected misstatements

Current year misstatements	Assets	Revenue / Interest
	Dr (Cr)	Dr (Cr)
To recognise World Masters Games adjustments in relation to a number of sponsorship agreements adjustments as a result of the transition to PBE IPSAS accounting framework.	\$282,194	(\$282,194)
Cr. Revenue - sponsorship 290,000		
Dr Interest expense 7,806		
Dr Current assets - receivables 110,000		
Dr Non-current assets - receivables 172,194		
<i>Note: adjustments are at a group level only</i>		
Total group	\$282,194	(\$282,194)

Explanations why not adjusted:

Management considered this adjustment to be immaterial from a Group perspective. It relates to the recognition of future WMG sponsorship income as a result of the implementation of the reporting standards referred to above. In agreement with Auckland Council we decided the preferred treatment was to keep the ATEED financial statements in our Annual Report aligned to the reporting pack that had been submitted to Council. There is no impact on our 2015 funding from Council.



ATEED

Annual Report for the year ended 30 June 2015





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Statement from the Chairman

This is an exciting time for Auckland and ATEED, with unlimited possibilities for economic growth as we work to deliver on Auckland Council's ambitious plans for the region.

As the region's economic growth agency, we share this aspirational approach. ATEED's Board challenges the organisation to be single-minded about identifying market failures, developing interventions that serve as industry catalysts which will leave legacies for Auckland and New Zealand, and producing world-leading outcomes.

ATEED can play a big role in defining Auckland's relevance internationally: what will our region become known for? Auckland is a big city in a small country – the challenge is how to make it relevant in the Asia-Pacific region.

ATEED has put in place a comprehensive strategic framework. Now we need to ramp up our delivery – with our valued partners – of these imperatives: to grow a culture of innovation and entrepreneurship; attract business and investment; grow a skilled workforce; enable education and talent; grow the visitor economy; and expand Auckland's brand and identity.

ATEED's Board recognises the need to define what ATEED can really affect – where do we intervene, and what do we stand back and let evolve? – and for action plans with clear targets.

We have identified innovation as the key driver of economic transformation and therefore our key intervention. This year saw the release of the Auckland Innovation Plan which sets out a plan through to 2025 which is being guided by an advisory panel led by Sir Stephen Tindall.

GridAKL is the major critical intervention and investment by ATEED on behalf of council to drive innovation, and transform the perception of Auckland into a hub of world-leading innovation.

This precinct for information and communication technologies, and digital companies, is thriving – it is a lightning rod to showcase the energy and activity happening in Auckland's innovation and tell that story globally. GridAKL is a perfect example of how our interventions can influence Auckland's economic trajectory.

ATEED's successful delivery of its Major Events Strategy and refreshed Auckland Visitor Plan are already improving the 'amenity' of the city, which is fundamental to fostering innovation. Events and visitors encourage improved cultural aspects such as restaurants, and entertainment.

When you get the visitor economy right, it underwrites the amenity of the city in a symbiotic relationship. Manhattan Island is a great example. Visitors spend many times more than residents on a daily basis, but everybody wins because the infrastructure developed to cater for visitors is of huge benefit to residents as well.

So getting Auckland's visitor economy right is critical, and the amenity created is crucially also part of what attracts the right talent we need to grow our high-tech economy.

We believe intervention is needed to solve youth unemployment; and to specifically support Māori economic growth. These both require fundamental economic levers which ATEED can help deliver. Work on these crucial areas began in earnest this year, and will expand significantly in the next.

To really making a transformational difference we need bold thinking – major long-term game changers which challenge the existing assumptions about Auckland. For example, New Zealand is taking part in negotiations for the Trans-Pacific Partnership free trade agreement which involves other countries – including the US, Australia, and Singapore – with more than \$21 trillion in GDP between them. Auckland will need to think laterally about all opportunities a resulting once-in-a-generation agreement may provide.

A key contribution New Zealand has made to the proposed TPP is around intellectual property relating to the internet and online trading. This fits well with Auckland's mainly 'cloud'-based innovation in which distances become irrelevant.

ATEED's proposal for a world-class Screen Innovation and Production Precinct on council land at Hobsonville Point which was previously earmarked for the marine industry is another example of the strategic thinking required to make a step change to our economy.

We are in a brutally competitive game, competing with other cities to attract businesses, and to be the city where talented people want to be. We have to be connected.

After four full years of operation, ATEED has a strong sense of the transformation it can achieve within a 10 year horizon; and we have a significant proportion of the right building blocks in place.

We now need to accelerate from being about a third of the way along the journey to seeing the outcomes we want from programme execution: new smart investment, and new high-value jobs for our children. This is the challenge as we look towards the next operating year.

David McConnell

ATEED Chairman

Statement from the Chief Executive

ATEED has focussed on successfully delivering its six strategic priorities in 2014/15, to achieve our purpose of creating new investment and new jobs for Auckland.

These priorities are to grow a culture of innovation and entrepreneurship; attract business and investment; grow a skilled workforce; enable education and talent; grow the visitor economy; and expand Auckland's brand and identity.

Operationally, we recognise the need to deliver greater and more integrated outcomes through ATEED's activities, and working with other parts of Auckland Council group. We also are determined to partner more closely with central government and the private sector at both a strategic and operational level.

ATEED also assumed responsibility for work programmes for skills and local economic development which were previously with council. Collectively, these new programmes and the expansion of other ATEED activities contributed to increased people costs. We continue to explore opportunities to drive efficiencies and we again out-sourced activities during the year including the Pasifika Festival and i-SITES.

The results of a comprehensive review of ATEED and the other council-controlled organisations were a strong validation of our operating model and strategic approach.

We operate in a global environment where cities and regions compete to attract investors, multi-national companies, skilled migrants, international students, and visitors. This means a balance of activity in Auckland and offshore, the latter in partnership with central government agencies and the private sector.

We challenge team members to think outside the square when driving synergies across major events, business events and tourism. Nowhere was this better illustrated than our golf/equine/marine strategy to engage with China's growing luxury visitor market. ATEED worked with NZ Bloodstock to showcase the Karaka Million Series and the company's national yearling sales to a delegation of Chinese equine industry leaders. Central government agencies were also involved in developing this equine opportunity.

Partnership is a bedrock ATEED principle. This year, we partnered with more Auckland businesses, and more organisations, than ever. Another perfect example was the major role ATEED played in the formation of the multi-agency Destination New Zealand Superyacht Attraction Initiative Group, which helped to drive the arrival of a record 57 superyachts to this country in the 2014/15 season – an increase of more than 50 per cent. As with many of our other initiatives, this programme will have cross-sector benefits – in this case, for Auckland's world-class marine industry.

The first summit of the Tripartite Economic Alliance signatories – Los Angeles, Guangzhou, and Auckland – in Los Angeles in June was a watershed event for our region, showcasing how Auckland can connect internationally and stamp its mark on the global marketplace. Focused on themes of innovation and new entertainment technology, the summit was a major catalyst for new deals for the attending Auckland

businesses – many from the ICT, and screen and digital sectors.

The GridAKL innovation precinct at Wynyard Quarter continued to grow and expand, with Huawei announced as foundation partner, and the precinct becoming a thriving hub of the region's innovation ecosystem. We continued to incubate and develop strong foundations for the new Auckland Investment Office (AIO), which is responsible for attracting inbound investment into transformative projects for the region. The AIO will transition to council in the new financial year.

We need to be smarter and stay ahead of the game. During the year, a special ATEED project team worked on a proposal for council land at Hobsonville Point to be used for a private sector built and owned screen precinct. Just after the reporting period, council's Auckland Development Committee voted to give ATEED and the Auckland Investment Office just over three months to secure a deal in principle with a private sector investor.

If a deal is approved by Auckland Council, this purpose-built studio facility would create high-value jobs for the surrounding community and tens of millions in export dollars for the region.

We are evaluating legacy economic growth opportunities from Auckland's growing global reputation as a sports city. We want to leverage this investment to grow a viable world-leading high-performing sports sector.

Our ability to be nimble and react to change came to the fore when the hugely popular Auckland Pasifika Festival had to be moved from its regular venue at Western Springs at short notice due to a fruit fly outbreak. The festival was held in South Auckland, and was again successful thanks to a lot of hard work by ATEED, our event delivery partner Orange, and the Pacific people's community.

Pasifika was held amid an unprecedented 2014/15 summer of major events for Auckland. ATEED managed an astounding volume and diversity of events, more than most cities in the world, including internationally significant events such as Dick Smith NRL Auckland Nines, ICC Cricket World Cup 2015, the Volvo Ocean Race 2015 stopover and the FIFA U-20 World Cup 2015. Our business leveraging programme run throughout these events enabled us to showcase Auckland's growth sectors to the world.

Our Business, Innovation and Skills division – including the four area business hubs – was re-aligned into a structure which reflects new priority actions in innovation and skills development, and to best deliver our target outcomes.

In 2014/15, ATEED 'achieved' or 'substantially achieved' 21 of its 27 key performance indicators, and the tables beginning on p69 of this report show some outstanding results. We will focus in the coming year on improving the areas where targets were not achieved.

The year ahead will be another exciting one for ATEED. It will include the development of a signature Auckland Māori festival which will showcase Tāmaki Makaurau's unique and treasured Māori identity. Meaningful collaboration with

Auckland's 19 mana whenua authorities about their vision and aspiration for the festival has seen us working together towards an inaugural event in January 2016. There will be a five-year commercial growth plan for the festival to help fuel Māori economic development.

Our subsidiary, World Masters Games 2017 Ltd, will continue to make great progress towards Auckland hosting this huge global event and its more than 25,000 participants.

We will complete the hugely important Global Auckland project to review and define our region's unique global identity.

As we deliver on economic growth aspects of Auckland Council's ambition to be the world's most liveable city, we will in 2015/16 take our operating model to the next level – ATEED 3.0 as I call it, with integration, strategy and culture coming together to drive performance.

Brett O'Riley

Chief Executive

Directors' report

The Board of Directors have pleasure in presenting the annual report of Auckland Tourism, Events and Economic Development Limited, incorporating the financial statements, statement of service performance and the auditors' report, for the year ended 30 June 2015

David McConnell

Chairman

Norm Thompson

Deputy Chair

Independent Auditor's Report

To the ratepayers of Auckland Tourism, Events and Economic Development Limited



Highlights

2014 / 2015

Growing a culture of innovation and entrepreneurship

The Auckland Innovation Plan was released in November. Developed with close involvement of ATEED's partners including Callaghan Innovation, NZTE, MBIE and tertiary institutions, the plan aims to create an innovation ecosystem which generates an additional \$8 billion a year into the regional economy by 2025 through increased research and development, and innovation activity.

Auckland's journey towards being an innovation hub of the Asia-Pacific region made major strides during the year with the rapid growth of GridAKL, Auckland Council's innovation hub and precinct at Wynyard Quarter. The ICT and digital precinct's first building was at capacity by the middle of the financial year, with 15 start-up tenants.

GridAKL entered a partnership to be the Auckland home of New Zealand's leading digital start-up accelerator, The Lightning Lab; the hub has already become a central focal point and generator of innovation events and productive industry networking across the region. By year end, it had hosted more than 100 innovation events.

The precinct reached a major milestone in May with the announcement of global technology giant Huawei as foundation partner, in a three-year \$1 million deal. This partnership is the cornerstone of ATEED's strategy to leverage council's \$20 million investment in GridAKL by developing commercial opportunities which deliver for Auckland's economy. The partnership will allow Huawei to showcase its world-leading communications technology with state-of-the-art systems installed within GridAKL's buildings. China is a huge growth market for Auckland, and the partnership creates significant potential opportunities for GridAKL companies to connect with China and other regions through Huawei's international networks.

The next two stages of GridAKL are in motion, with ATEED taking possession of the refurbished character Lysaght Building which will open in late 2015; and design discussions underway for the precinct's first new building, which ATEED will take the head lease on.

GridAKL is at the hub of the region's innovation corridor, and other exciting parts of the ecosystem emerged and rapidly grew during the year – including the 'Techapuna' and iTEC high-tech clusters on the North Shore, the AUT Millennium world-class sports training facility, and the new technology incubator Astrolab.

The FoodBowl – Te Ipu Kai state-of-the-art food and beverage production and test facility near Auckland Airport (a joint venture with Callaghan Innovation) continued to fuel growth in Auckland's world-class food and beverage sector, engaging with more than 120 companies during the year. Double the number of medium-sized companies (\$500,000 to \$5 million turnover) used The FoodBowl, compared to the previous year. It also hosted specialist delegations from China, Korea and Australia. The FoodBowl continued to build its reputation as an industry training centre for technical and business skills.

ATEED's delivery of the Government's Regional Business Partner Network programme saw its research and development specialists help Auckland companies successfully apply for

\$3.59 million in Callaghan Innovation grants. ATEED worked on maintaining momentum created by the inaugural Tāmaki Makaurau Māori Economic Growth Forum in June last year, and springboard this into a wider programme to develop the region's Māori economy through initiatives such as workshops for Māori tech businesses.



Attracting business and investment

ATEED facilitated the establishment or expansion in Auckland of six multi-national companies, and secured investment deals worth an estimated \$265 million.

The Tripartite Economic Alliance summit in Los Angeles in June was the culmination of many months' planning and engagement by ATEED and council's Global Partnerships team with Auckland's tech exporters, following the signing of the historic agreement between Los Angeles, Auckland and Guangzhou in November 2014. More than 40 Auckland businesses were part of the delegation and reported great immediate results, including potential new and angel investment, as well as long-term leads and connections.

The summit created an ideal forum for ATEED's screen and investment attraction experts to pursue promising opportunities for Auckland.

ATEED has been a significant partner in the 'NZ Inc' VIP programme on the US West Coast which grew out of successful business leveraging at the America's Cup event in San Francisco. Led by the Ministry of Foreign Affairs and Trade (MFAT), the programme continues Auckland's international connectivity in California, and was integral to the success of the tripartite summit.

The programme works with people hosted at a range of events – which began at the 2013 America's Cup – who are of value to New Zealand, either as potential investor migrants, luxury travellers, investors or entrepreneurs (or a combination of all these interests). The relationships developed with these US investors has led to new networks and connections. The programme has connected Auckland entrepreneurs to potential investors, partners and talent.

Leveraging the business growth opportunities created by Auckland's hosting of major sporting and business events was a major focus during the year. ATEED took part in a government trade delegation to India in November which forged links with India's hugely powerful business and investment community, and invited its members to visit Auckland during ICC Cricket World Cup 2015. ATEED supported the subsequent multi-agency business growth programme to develop business connections and showcase Auckland's growth industry sectors during the tournament. The visiting Indian delegation included tech entrepreneurs, investors and companies, and international education agents. Programmes were also held for business leaders from Australia, Pakistan and South Africa.

ATEED's Aroha Auckland programme – which promotes regular engagement with 100 of the top multi-national companies and investors present in Auckland – made major strides during the year. The programme now includes 85 companies being actively managed, and helping to meet their needs. This has huge potential for growing jobs and investment into the region.

ATEED continued to oversee – on behalf of the council group – the development of the Auckland Investment Office, which has the mandate to lead an integrated approach to the attraction of investment into the region's crucial transformational projects such as the City Rail Link, and large-scale residential developments in the region's 85 special housing areas. The AIO's operation will transition to Auckland Council in the 2015/16 year.

ATEED's Screen Auckland team issued a record 543 permits for filming on open public spaces across the region, for shoots worth nearly \$130 million to the region's economy. This year, major international co-production *Crouching Tiger Hidden Dragon II – The Green Destiny* was completed in Auckland, and ATEED's screen attraction specialists played a key role in bringing new productions to the region worth \$111 million. These included *Shannara*, a MTV Networks and Sonar Entertainment television adaption of the best-selling fantasy novels, and the return of Auckland regular *Power Rangers* – which has been a hit show for more than 20 years.



Growing a skilled workforce

Auckland has a major youth unemployment issue, with 22 per cent of 15-24-year-olds unemployed (about 27,000 not in education, employment or training). ATEED is at the forefront of programmes to tackle this issue, being a partner in the Mayor's Youth Employment Traction Plan. It also hosts the plan's hub, which leads Auckland Council's holistic approach to employment solutions. The team developed the Youth Employer Pledge which makes the employment process much easier for both employers and young people. ATEED has obtained commitment to the pledge protocols from major Auckland companies – initially in the construction and hospitality sectors. By year end, 13 companies had signed the pledge.

JobsFest15, an event in South Auckland to connect unemployed youth with 40 potential employers, was attended by more than 2000 Aucklanders. A Youth Employability Passport trial began in April – a partnership with the Ministry of Social Development, Careers New Zealand and the Employers and Manufacturers Association.

ATEED's delivery of the Lion Foundation Young Enterprise Scheme in the 2014 school year saw more than 1200 students from 40 Auckland schools compete another multi award-winning programme. IdeaStarter – a new ATEED-supported competition for entrepreneurial Aucklanders aged 15-24 – attracted more than 60 entries of innovative business concepts.

Through its delivery of the Regional Business Partner Network, ATEED actively managed 884 businesses, and facilitated more than \$1.76 million in NZTE Capability Development Vouchers to improve the management skills of small to medium enterprises.



Enabling education and talent

Collaboration with central government agencies is the hallmark of ATEED's increased initiatives to attract talented students and business migrants to Auckland.

A new Auckland Regional Partnership Agreement with Immigration New Zealand helped drive initiatives to attract talented migrants for Auckland's key growth sectors. In March, ATEED was part of an Auckland Council group showcase at job fairs in London and Manchester aimed at attracting skilled migrants

In partnership with the Ministry of Business, Innovation and Employment (MBIE), ATEED hosted stands at two November government job expos in Australia – ATEED's focus in Sydney was ICT workers, and the Perth one centred on construction and infrastructure roles.

ATEED supported MBIE and Workhere New Zealand's 'Innovation Islands' digital marketing campaign launched in September. It is designed to attract top tech talent from Australia.

ATEED's Study Auckland team worked with more than 130 client organisations to expand Auckland's \$1.6 billion a year international student economy. This included the launch of the INAKL international student experience pilot programme to improve engagement with the region's 60,000 fee-paying students, and particularly help convince those with the right skills to stay on to work in Auckland's growth sectors. The pilot was launched with a vibrant welcome event which was attended by more than 2000 international students. The INAKL programme's digital engagement level by year end was excellent, with more than 2200 Facebook followers and exceptional click through statistics compared to industry standards. INAKL will become business as usual in 2015/16.



Growing the visitor economy

Auckland's portfolio of more than 30 major events injected \$73.1 million into the regional economy and generated 29.2 million visitor nights. In the calendar year to December 2014, Auckland Airport received more than two million international arrivals for the first time.

This helped to push hotel occupancy rates to record levels – 93.5 per cent in February 2015. The growth in high-end tourism requires a major increase in the number of luxury hotel rooms available. During the year, ATEED helped efforts to secure investment from international companies which have the capability and experience to construct high-quality hotels in Auckland.

The portfolio featured memorable global events from the Festival of Tennis through to group matches, knock-out rounds and the final of FIFA U-20 World Cup 2015 – the largest football event held in New Zealand.

Planning by ATEED's subsidiary company towards World Masters Games 2017 proceeded well, with milestones including the announcement and contracting of 45 competition venues; two strategic partners, an experience partner and a trust partner; and setting of three registration price points. WMG2017 developed a comprehensive suite of social media channels which already have substantial followings, grew its staff to 18 with a number of key positions in place, and developed a fully integrated risk management framework, policy and registers (for full details, see p75).

ATEED worked with a range of partners to further develop its programme to bring luxury market Chinese visitors with specialist interest in golf, equine and marine sectors to Auckland – this programme has cross-sector benefits for inbound investment and exports. Key actions this year included ATEED leading a multi-organisation equine mission to the Beijing Horse Fair, a strategic partnership with Inner Mongolia's influential Rider Horse Group, an ongoing relationship with the China Cup regatta, a memorandum of understanding with China Southern Airlines, and a growing relationship with China's Mission Hills Golf Resorts.



ATEED's Auckland Convention Bureau (ACB) team developed the Auckland Business Events Plan in conjunction with industry. The nation's first specific regional business plan was released in August, and outlines a compelling action plan to nearly double the annual economic contribution of this sector to \$430 million in 2023. Reducing seasonality is a key aim in the plan.

ACB's innovative Auckland Business Events Advocate Programme was launched in May, in partnership with Tourism New Zealand. It is designed to contribute to an increase in international convention bid opportunities within key sectors for Auckland. The bureau's International Bid team won 12 international conferences during the year – these will make an estimated \$9.6 million contribution to Auckland's regional economy. Bids for a further 17 events were in progress at year end.

A major milestone was reached with the iwi-led new visitor experience Rangitoto Motutapu Haerenga – 'A Journey Through Sacred Islands' operational in November, to coincide with Conservation Week. The haerenga is a collaboration between ATEED and partners including the Department of Conservation, Ngai Tai, Ngati Whatua Orākei, and Ngati Pāoa.

The regional i-SITE network managed by ATEED experienced a significant uplift in tourism sales this year. By the height of summer, the number of bookings in the key branches at Auckland Airport, Sky City, and Princes and Queens wharves, had increased by 6.5 per cent (a value of \$2.17 million for tourism operators). This growth was enabled by improved cruise ship operations at Princes and Queens wharves, with the total value of bookings up more than 28 and 20 per cent respectively.

The 2014/15 cruise ship season was another strong one – 115 voyages brought more than 263,000 passengers and crew to the Port of Auckland. The ships' visits injected about \$190 million into Auckland's economy.

ATEED continued to support local tourism clusters in Auckland's Franklin and Rodney regions, and on Great Barrier and Waiheke islands; and strengthened its international industry partnerships with Flight Centre Australia and Virtuoso.

Building Auckland's brand and identity

ATEED's commitment to totally refreshing Auckland's domestic and international tourism identities was a focus this year. The region's domestic tourism campaign 'AKL – the show never stops', developed in partnership with Heart of the City, was added to with a comprehensive domestic tourism campaign for Auckland's summer of major events.

To join partners in celebrating Auckland's 175th anniversary, ATEED commissioned renowned animator Ian Taylor to develop a special video about the city's story. This was subsequently adapted into versions suitable for showcasing the region to global investors.

ATEED instigated a number of strategic international marketing programmes including a special profile on Auckland published by influential international luxury publication Monocle Magazine. Jointly funded by a partnership with Tourism New Zealand, Air New Zealand, and New Zealand Trade & Enterprise, the insert in October's issue profiled the city's food, retail, innovation and transportation.

In the second half of the year, ATEED embarked on the Global Auckland project – an incredibly important review of its global identity and story. We asked a diverse range of Aucklanders what makes their city unique. If Auckland is to remain competitive in attracting both visitors and investment, and sustain a vibrant and competitive economy, Auckland needs to stand out from global competitors.



ATEED'S MAJOR ACCOLADES

2015 New Zealand and Recreation Awards

- 'Innovation Excellence' award for Dick Smith NRL Auckland Nines

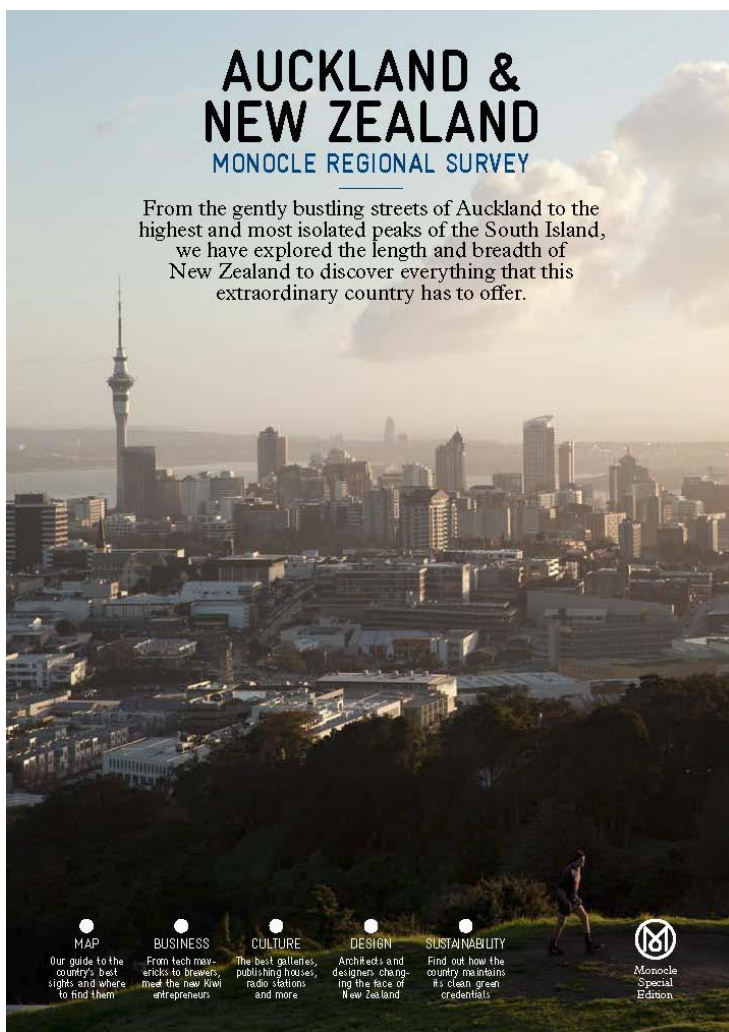
2015 Local Government New Zealand Excellence Awards

- Highly Commended, 'Fulton Hogan Excellence Award for Community Impact', for Auckland Lantern Festival

New Zealand Association of Event Professionals Awards 2015

- The Volvo Ocean Race Auckland Stopover – 'Best New Zealand Hosted Major Event'
- Dick Smith NRL Auckland Nines – joint winner, 'Best New Zealand Owned Major Event'

At the end of the review in October, we expect to be able to articulate what makes Auckland unique on a global level, and have developed a distinctive brand which can help to differentiate Auckland and enhance its international reputation by providing a coherent value proposition to attract skilled migrants, investors, innovators, visitors, entrepreneurs and events – and the economic growth benefits they bring.





Financial statements

Statement of comprehensive revenue and expense

For the year ended 30 June 2015

	Notes	PARENT		GROUP	
		2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
INCOME					
Service and other revenue	4	57,364	51,796	60,190	53,049
Finance income (interest)		66	37	66	37
Other gains	5	-	-	55	88
Total income		57,430	51,833	60,311	53,174
EXPENDITURE					
Personnel costs	6	(18,780)	(16,556)	(20,352)	(17,340)
Depreciation and amortisation	14,15	(540)	(457)	(561)	(470)
Finance expenses (bank charges)		(70)	(7)	(11)	(66)
Other expenses	7	(38,047)	(35,119)	(39,714)	(34,448)
Total expenditure		(57,437)	(52,139)	(60,638)	(52,324)
(Deficit)/surplus before tax		(7)	(306)	(327)	850
Income tax expense	8	-	-	-	(550)
Profit from continuing operations		(7)	(306)	(327)	300
(Deficit)/surplus after tax		(7)	(306)	(327)	300
OTHER COMPREHENSIVE INCOME					
Cash flow hedge	23	67	(235)	67	(237)
Total comprehensive income for the year		60	(541)	(260)	63
PROFIT IS ATTRIBUTABLE TO:					
Equity holders of Auckland Tourism, Events and Economic Development Limited		(7)	(306)	(327)	300
TOTAL COMPREHENSIVE INCOME FOR THE YEAR IS ATTRIBUTABLE TO:					
Equity holders of Auckland Tourism, Events and Economic Development Limited		60	(541)	(260)	63

Summary of significant accounting policies and the accompanying notes form part of these financial statements.

Statement of changes in equity

For the year ended 30 June 2015

		ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY			
		Contributed equity \$'000	Hedging reserve \$'000	Accumulated funds \$'000	Total equity \$'000
PARENT	Notes				
Balance as at 1 July 2013		4,376	(5)	(994)	3,377
COMPREHENSIVE INCOME					
Profit or loss for the year		-	-	(306)	(306)
OTHER COMPREHENSIVE INCOME					
Cash flow hedge	23	-	(235)	-	(235)
Total comprehensive income		-	(235)	(306)	(541)
Balance as at 30 June 2014		4,376	(240)	(1,300)	2,836
Balance as at 1 July 2014		4,376	(240)	(1,300)	2,836
COMPREHENSIVE INCOME					
Profit or loss for the year		-	-	(7)	(7)
OTHER COMPREHENSIVE INCOME					
Cash flow hedge	23	-	67	-	67
Total comprehensive income		-	67	(7)	60
Other equity movements	22	-	-	-	-
Balance as at 30 June 2015		4,376	(173)	(1,307)	2,896
		ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY			
		Contributed equity \$'000	Hedging reserve \$'000	Accumulated funds \$'000	Total equity \$'000
GROUP	Notes				
Balance as at 1 July 2013		4,332	(3)	1,499	5,828
COMPREHENSIVE INCOME					
Profit or loss for the year		-	-	300	300
OTHER COMPREHENSIVE INCOME					
Cash flow hedge	23	-	(237)	-	(237)
Total comprehensive income		-	(237)	300	63
Other equity movements	22	44	-	(44)	-
Balance as at 30 June 2014		4,376	(240)	1,755	5,891
Balance as at 1 July 2014		4,376	(240)	1,755	5,891
COMPREHENSIVE INCOME					
Profit or loss for the year		-	-	(327)	(327)
OTHER COMPREHENSIVE INCOME					
Cash flow hedge	23	-	67	-	67
Total comprehensive income		-	67	(327)	(260)
Other equity movements	22	-	-	-	-
Balance as at 30 June 2015		4,376	(173)	1,428	5,631

Summary of significant accounting policies and the accompanying notes form part of these financial statements.

Statement of financial position

As at 30 June 2015

	Notes	PARENT		GROUP	
		2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	11	2,206	1,464	2,206	1,464
Debtors and other receivables	12	8,424	6,943	9,514	8,014
Other financial assets	16	-	12	-	12
Inventories	13	55	73	55	73
		10,685	8,492	11,775	9,563
Total current assets		10,685	8,492	11,775	9,563
NON-CURRENT ASSETS					
Property, plant and equipment	14	2,094	2,263	2,239	2,329
Intangible assets	15	79	106	79	106
Debtors and other receivables	12	1,044	886	1,118	886
Other financial assets	16	40	40	40	40
Investment in other entities	21	4	4	2,046	1,991
Derivative financial instruments	19	-	-	-	-
Deferred tax assets	10	-	-	-	-
Total non-current assets		3,261	3,299	5,522	5,352
Total assets		13,946	11,791	17,297	14,915
LIABILITIES					
CURRENT LIABILITIES					
Payables and accruals	17	8,785	7,054	9,382	7,090
Employee entitlements	18	1,417	1,173	1,437	1,206
Derivative financial instruments	19	59	70	59	70
Provisions	20	353	40	353	40
Total current liabilities		10,614	8,337	11,231	8,406
NON-CURRENT LIABILITIES					
Derivative financial instruments	19	114	170	114	170
Creditors and other payables	17	318	447	318	447
Employee entitlements	18	3	1	3	1
Total non-current liabilities		435	618	435	618
Total liabilities		11,049	8,955	11,666	9,024
Net assets		2,897	2,836	5,631	5,891
EQUITY					
Contributed equity	22	4,377	4,376	4,376	4,376
Reserves	23	(173)	(240)	(173)	(240)
Accumulated funds	23	(1,307)	(1,300)	1,428	1,755
Total equity		2,897	2,836	5,631	5,891

Summary of significant accounting policies and the accompanying notes form part of these financial statements.

Statement of cash flows

For the year ended 30 June 2015

	Notes	PARENT		GROUP	
		2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Interest received		66	37	66	37
Receipts from other revenue		56,712	48,372	59,216	49,622
Payments to suppliers and employees		(55,249)	(48,449)	(57,632)	(49,622)
Income tax paid		-	-	-	-
Goods and services tax net refunded		(152)	(86)	(152)	(86)
Other cash flows from operating activities		2	2	2	2
Net cash from operating activities	24	1,379	(124)	1,500	(47)
CASH FLOWS FROM INVESTING ACTIVITIES					
Disposals/(purchases) of property, plant and equipment	14	(654)	(483)	(778)	(560)
Other cash flows from investing activities		17	37	20	37
Net cash from investing activities		(637)	(446)	(758)	(523)
CASH FLOWS FROM FINANCING ACTIVITIES					
Other cash flows from financing activities		-	-	-	-
Net cash from financing activities		-	-	-	-
Net increase/(decrease) in cash and cash equivalents		742	(570)	742	(570)
Cash and cash equivalents at the beginning of the period		1,464	2,034	1,464	2,034
Cash and cash equivalents transferred to disposal group		-	-	-	-
Cash and cash equivalents at end of the year	11	2,206	1,464	2,206	1,464

The GST component of cash flows from operating activities reflects the net GST paid to and received from the Inland Revenue. The GST component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes and to be consistent with the presentation basis of the other primary financial statements.



Notes to the financial statements

1 General information

The role of Auckland Tourism, Events and Economic Development Limited (ATEED, Parent or the Company) is to help deliver Auckland Council's vision of creating the world's most liveable city by supporting the growth of a vibrant and competitive economy, with a particular focus on facilitating new money and new high-value jobs for Auckland. The extent to which new opportunities deliver new money into Auckland and also increase the level of jobs within Auckland are two key pre-requisites upon which we prioritise and allocate our resources.

ATEED regards innovation as the most crucial driver of growth and the area where it can make the greatest contribution to delivering council's economic priorities.

ATEED must work in partnership with others, informing, promoting, innovating and integrating to the best of its ability and mindful of the resources available. ATEED is committed to the principle of kotahitanga – a shared unity of purpose – and the notion of ko tou rourou, ko toku rourou, ka ora ai te iwi (with your contribution and my contribution, we will thrive).

In delivering on its role, ATEED will contribute to the priorities and growth goals contained in council's *Auckland Plan* and the *Economic Development Strategy* to:

- Grow a business friendly and well-functioning city
- Develop an innovation hub of the Asia-Pacific region
- Become internationally connected and export driven
- Enhance investment in people to grow skills and a local workforce
- Develop a creative, vibrant international city.

ATEED was established and commenced operations on 1 November 2010. It is a council controlled organisation (CCO) as defined under section 6 of the Local Government Act (LGA) 2002, by virtue of equity securities carrying 50 per cent or more of the voting rights at a meeting of the shareholders of the Company being held by Auckland Council.

ATEED has designated itself and the group as public benefit entities (PBEs) for financial reporting purposes.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements have been prepared on the going concern basis, and the accounting policies have been applied consistently throughout the period.

Statement of compliance

The financial statements of ATEED and group have been prepared in accordance with the requirements of the LGA, which include the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

ATEED is a registered company under the Companies Act 1993 and is domiciled in New Zealand.

The financial statements have been prepared in accordance with Tier 1 PBE accounting standards.

These financial statements comply with PBE Standards.

These financial statements are the first financial statements presented in accordance with the new PBE accounting standards. The material adjustments arising on transition to the new PBE accounting standards are explained in note 2.25.

Measurement base

These financial statements have been prepared under the historical cost convention.

Presentation currency and rounding

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000).

2 Summary of significant accounting policies (continued)

Standards issued and not yet effective and not early adopted

In May 2013, the External Reporting Board issued a new suite of PBE accounting standards for application by public sector entities for reporting periods beginning on or after 1 July 2014. ATEED has applied these standards in preparing the 30 June 2015 financial statements.

In October 2014, the PBE suite of accounting standards was updated to incorporate requirements and guidance for the not-for-profit sector. These updated standards apply to PBEs with reporting periods beginning on or after 1 April 2015. ATEED will apply these updated standards in preparing its 30 June 2016 financial statements. ATEED expects that there will be minimal or no change in applying these updated accounting standards.

2.2 Consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Company as at 30 June 2015 and the results of its subsidiary for the year then ended. World Master Games 2017 Limited is the only subsidiary of ATEED.

Subsidiaries are all those entities over which the Company and Group have the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company and Group controls another entity.

The subsidiary is fully consolidated from the date of incorporation.

The Company financial statements show the investment in subsidiary at cost less impairment.

Inter-entity transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of our subsidiary are aligned to ensure consistency with the policies adopted by the Company and Group.

The results of subsidiaries acquired or disposed of during the year are included in the surplus or deficit from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

Joint Ventures

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. Joint control is the contractually agreed sharing of control over an economic activity whereby no party to the agreement is able to act unilaterally to control the activity of the entity.

ATEED is accounting for its interest in its joint venture using the equity method. The Group financial statements recognises the investment retained in NZFIA at fair value.

2.3 Foreign currency translation

Foreign currency transactions (including those for which foreign exchange contract are held) are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in the statements of comprehensive income.

2.4 Property, plant and equipment

Initial recognition

Property, plant and equipment are initially shown at cost or at fair value in the case where an asset is acquired at no cost or for a nominal cost, less accumulated depreciation and any impairment losses. Cost includes any costs that are directly attributable to the acquisition of the items including the costs of bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended. Note, in the case of the assets acquired by the Company and Group on establishment at 1 November 2010, cost was the carrying value of the asset by the previous owning entities.

Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Company and Group and the cost of the item can be measured reliably.

In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

2 Summary of significant accounting policies (continued)

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are reported in the net surplus or deficit.

Assets or disposal groups held for sale

Property, plant and equipment or disposal groups are classified as assets or disposal groups held for sale if their carrying amount will be recovered principally through a sale rather than through continuing use and a sale is considered highly probable. Assets or disposal groups held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Depreciation

Depreciation on assets is provided on a straight line basis at rates that will write off the cost of the assets to their estimated residual values over their useful lives. The useful lives have been estimated as follows:

<u>Class of asset depreciated</u>	<u>Estimated useful life (years)</u>
• Plant and machinery	1-50
• Computer equipment	1-8
• Furniture, fittings and other office equipment	1-15
• Motor vehicles	1-10

The residual value and remaining useful life of an asset is reviewed, and adjusted if applicable, at each financial period end.

Capital work in progress

Capital work in progress is recognised at cost less impairment and is not depreciated. The total cost of a project is transferred to the relevant asset class on its completion and then depreciated.

2.5 Intangible assets

Computer software

Costs directly associated with the development of identifiable and unique software products are recognised as an asset.

Computer software licences are capitalised based on the costs incurred to acquire and bring to use the software. Costs are amortised using the straight line method over their estimated useful lives (3 to 8 years).

Costs associated with maintaining computer software programmes are recognised as an expense when incurred.

2.6 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment and whenever there is an indication of impairment. At each balance date the Company and Group reviews the carrying amounts of its other tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company and Group estimates the recoverable amount of the cash generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash generating units; otherwise, they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable value. An impairment loss is recognised immediately in surplus or deficit.

2 Summary of significant accounting policies (continued)

2.7 Investments and other financial assets

Financial assets

The Company and Group classifies its financial assets as loans and receivables.

Financial assets are initially measured at fair value plus transaction costs.

Purchases and sales of financial assets are recognised at trade date, the date on which the Company and Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company and Group have transferred substantially all the risks and rewards of ownership.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the period end date, which are classified as non-current assets.

After initial recognition loans and receivables are carried at amortised cost using the effective interest rate method less impairment if any.

2.8 Impairment of financial assets

Assets carried at amortised cost

The Company and Group reviews at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Company and Group uses to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of the issuer or obligor,
- A breach of contract, such as a default or delinquency in interest or principal payments;
- The Company and Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for that financial asset because of financial difficulties; or
- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
 - a) Adverse changes in the payment status of borrowers in the portfolio; and
 - b) National or local economic conditions that correlate with defaults on the assets in the portfolio.

The amount of loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted using the financial asset's original effective interest rate. The asset's carrying amount is reduced and the loss is recognised in the statements of comprehensive income in "other expenses". If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Company and Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the surplus or deficit component of the statements of comprehensive income.

2 Summary of significant accounting policies (continued)

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statements of financial position when it is legally enforceable and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.9 Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as hedges of highly probable forecast transactions (cash flow hedges).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative financial instruments used for hedging purposes are disclosed in note 19. Movements in the cash flow hedging reserve in shareholders' equity are shown in note 23(a). The full value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than 12 months, and as a current asset or liability when the remaining hedged item is less than 12 months.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the "hedging reserve" within other comprehensive income. The gain or loss relating to the ineffective portion is recorded in the statements of comprehensive income within "other gains/(losses)".

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets hedge accounting criteria, any cumulative gain or loss in equity at that time remains in equity and is recognised when the forecast transaction is recorded in the statement of comprehensive income. When a forecast transaction is no longer expected to occur, the cumulative gain or loss reported in the "hedging reserve" transfers to "other gains/(losses)" within the statement of comprehensive income.

When a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, or a forecast transaction for a non-financial asset or non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, then the associated gains and losses that were recognised in other comprehensive income will be included in the initial cost or carrying amount of the asset or liability.

2.10 Inventories

Inventories held for sale on a commercial basis are valued at the lower of cost and net realisable value. The cost of purchased inventory is determined using the first in first out (FIFO) method.

The amount of any write down in the value of inventories is recognised in the statements of comprehensive income.

2.11 Debtors and other receivables

Debtors receivables are amounts due from trade debtors and other customers. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Debtors and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

For information on impairment of trade and other receivables refer to note 12. The amount of debtors assessed as impaired is recognised as a provision against the debtors and as a doubtful debts expense. Furthermore, when a trade receivable for which the provision for impairment has been recognised becomes uncollectible in a subsequent period, it is written off against the provision for impairment of receivables. Subsequent recoveries of amounts previously written off are credited against "other expenditure" in the statements of comprehensive income.

2.12 Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value, and bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

2 Summary of significant accounting policies (continued)

2.13 Creditors and other payables

Creditors and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Creditors and other payables are initially measured at fair value and subsequently measured at amortised cost, using the effective interest method.

2.14 Equity

Equity is the Auckland Council's interest in the Company, being a council controlled organisation, as measured by total assets less total liabilities. Equity has been classified into various components to identify those portions of equity held for specific purposes. These components of equity are:

- Accumulated funds
- Contributed equity

Contributed equity represents the transfer of assets on establishment of the Company.

The Company and Group objectives, policies and processes for managing capital are discussed in note 31.

2.15 Borrowings

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and amortised cost is recognised in the statements of comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company and Group has an unconditional right to defer settlement of the liability for at least 12 months after the year-end date.

2.16 Borrowing costs

All borrowing costs are recognised as an expense in the period in which they are incurred in accordance with PBE IPSAS 5.

2.17 Current and deferred income tax

Income tax expense comprises both current tax and deferred tax, and is calculated using tax rates (and tax laws) that have been enacted or substantively enacted by balance date. Income tax expense is charged or credited to the statements of comprehensive income, except when it relates to items charged or credited directly to equity or other comprehensive income.

Current tax is the amount of income tax payable based on the taxable surplus for the current period, plus any adjustments to income tax payable in respect of prior periods.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable surplus.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the entity expects to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that a taxable surplus will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset and liability in a transaction that is not a business combination and at the time of the transaction affects neither accounting surplus nor taxable surplus.

Deferred tax is recognised on taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Company and Group can control the reversal of the temporary difference and it is probable that the temporary difference will not be reversed in the foreseeable future.

2 Summary of significant accounting policies (continued)

2.18 Goods and Services Tax (GST)

All items in the financial statements are stated exclusive of GST, except for debtors and other receivables and creditors and other payables, which are presented on a GST inclusive basis. Where GST is not recoverable as an input tax then it is recognised as part of the related expense or asset.

The net amount of GST recoverable from, or payable to, the Inland Revenue is included as part of receivables or payables in the statement of financial position.

2.19 Revenue recognition

Revenue is comprised of exchange and non-exchange transactions. Exchange transaction revenue arises when one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value in exchange.

Non-exchange transaction revenue arises from transactions without an apparent exchange of approximately equal value. Non-exchange revenue includes rates, grants and subsidies and fees and user charges derived from activities that are partially funded by rates.

- Grants received from the Auckland Council and government are the primary source of funding to the Company and Group and are restricted for the purposes of the Company and Group meeting its objectives as specified in the Company's Statement of Intent. The Company and Group also receive other government assistance for specific purposes, and these grants usually contain restrictions on their use. Council, government, and non-government grants and sponsorships are recognised as revenue when they become receivable unless there is an obligation to return the funds if conditions of the grant or sponsorship agreement are not met. If there is such an obligation, the grants are initially recorded as grants received in advance and recognised as revenue when conditions of the contract are satisfied.
- Revenue from rendering of services is recognised by reference to the stage of completion of the transaction at balance date, based on the actual service provided as a percentage of the total services to be provided.
- Revenue from the sale of goods or services is recognised when a product is sold or service is provided to the customer. The recorded revenue is the gross amount of the sale, including credit card fees payable for the transaction. Such fees are included in other expenses.
- Interest income is recognised using the effective interest method.
- Rental income is recognised on a straight line basis over the lease term.
- Commission received on voucher sales is recognised as the net of voucher sale proceeds, less costs payable by ATEED to the supplier of services specified on the voucher.

2.20 Employee entitlements

Short-term employee entitlements

Employee benefits that the Company and Group expects to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, retirement gratuities and long service entitlements expected to be settled within 12 months, and sick leave.

The Company and Group recognises a liability for sick leave to the extent that absences in the coming period are expected to be greater than the sick leave entitlements earned in the coming period. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent that the Company and Group anticipates it will be used by staff to cover those future absences.

The Company and Group recognises a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

2 Summary of significant accounting policies (continued)

Long-term employee entitlements

Entitlements that are payable beyond 12 months, such as long service leave, have been calculated on an actuarial basis. The calculations are based on:

- Likely future entitlements accruing to staff, based on periods of service, periods to entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlement information; and
- The present value of the estimated future cash flows.

The discount rate is based on the weighted average of interest rates for government stock with terms to maturity similar to those of the relevant liabilities. The inflation factor is based on the expected long term increase in remuneration for employees.

Superannuation schemes

Defined contribution schemes

Obligations for contributions to defined contribution superannuation schemes are recognised as an expense in the statement of comprehensive income.

The Company has some employees who have transferred from predecessor councils and who belong to the Defined Benefit Plan contributors scheme, which is managed by the Board of Trustees of the National Provident fund. The scheme is a multi-employer defined benefit scheme.

Insufficient information is available to use defined benefit accounting, as it is not possible to determine from the terms of the scheme the extent to which the surplus / deficit is attributable to the Company. The scheme is therefore accounted for as a defined contribution scheme. If other participating employers ceased to participate in the scheme, the Company could be responsible for the entire deficit of the scheme. Similarly, if a number of employers ceased to participate in the scheme, the Company could be responsible for an increased share of the deficit.

2.21 Leases

Lessee

The Company and Group leases certain property, plant and equipment.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statements of comprehensive income on a straight line basis over the period of the lease.

Leases of property, plant and equipment, where the Company and Group has been transferred substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. The leased assets (the leased properties) and corresponding liabilities (the lease payments) are recognised in the statement of financial position. Interest on finance leases is charged to the statement of comprehensive income over the lease period. Leased assets are depreciated over the period the Company and Group is expected to benefit from their use or the lease term if ownership at the end of the lease is uncertain.

2.22 Provisions

The Company and Group recognises a provision for future expenditure of uncertain amount or timing when:

- the Company and Group has a present obligation (legal or constructive) as a result of past events;
- it is probable that expenditures will be required to settle the obligation; and
- reliable estimate can be made of the amount of the obligation.

Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

The increase in the provision due to the passage of time is recognised as an interest expense and is included in "finance costs".

2 Summary of significant accounting policies (continued)

2.23 Major Events Contracts

The Company enters into contractual arrangements for hosting, delivering and/or sponsoring major events. All expenditure incurred as a result of these contracts is expensed at the time of payment. The only exception to this is if the expenditure will be refunded if the event is not held, and then the expenditure is treated as a prepayment until the event is held.

2.24 Related Parties

Related parties include key management personnel, directors and their close family members and entities controlled by them. Key management personnel are the chief executive and executive leadership team. Close family members are spouses or domestic parties, children, dependants.

Subsidiaries and jointly controlled entities are also related parties. This is due to ATEED's influence over them.

2.25 The changes to accounting policies and disclosures caused by first time application of the new PBE Accounting Standards are as follows:

PBE IPSAS 1 Presentation of Financial Statements

There are minor differences between PBE IPSAS 1 and the equivalent NZ IFRS (PBE) standard. These differences have an effect on disclosure only. The main change in disclosure resulting from the application of PBE IPSAS 1 is the presentation of recoverables from non-exchange transactions and receivables from exchange transactions separately. This requirement affected the presentation of both current year and comparative receivables figures. Refer to note 12 for further details.

PBE IPSAS 20 Related Party Disclosures

The new standard requires public sector PBEs to disclose only those related party transactions and balances which have been entered into on terms other than arm's length, rather than the transactions and balances that would have occurred within a normal supplier or client/recipient relationship, on terms and conditions no more or less favourable than those which the entity would have adopted if dealing with the party at arm's length in the same circumstances.

Refer to note 27 for further details.

PBE IPSAS 23 Revenue from Non-exchange Transactions

The timing of the recognition of the Company's sponsorship revenue has changed. For non-executory non-exchange contracts, revenue is recognised immediately.

In addition the standard requires revenue from non-exchange transactions to be disclosed separately. Refer to note 4 for further details.

3 Critical accounting estimates and judgements

In preparing these consolidated financial statements the Company and Group have made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates, judgements and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year have been included below.

Grant and sponsorship Income

Judgement is exercised when recognising income from grants or sponsorship to determine if conditions of the contract have been satisfied. The judgement will be based on the facts and circumstances that are evident for each contract.

3 Critical accounting estimates and judgements (continued)

Estimating useful lives and residual values of property, plant, and equipment

At each balance date, the Company reviews the useful lives and residual values of its property, plant, and equipment. Assessing the appropriateness of useful life and residual value estimates requires the Company to consider a number of factors such as the physical condition of the asset, expected period of use of the asset by the Company, and expected disposal proceeds from the future sale of the asset.

An incorrect estimate of the useful life or residual value will affect the depreciable amount of an asset, therefore affecting the depreciation expense recognised in the surplus or deficit and the asset's carrying amount. The Company minimises the risk of this estimation uncertainty by:

- physical inspection of assets;
- asset replacement programmes;
- review of second hand market prices for similar assets; and
- analysis of prior asset sales.

The Company has not made significant changes to past assumptions concerning useful lives and residual values.

4 Revenue

	PARENT		GROUP	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
REVENUE FROM NON-EXCHANGE TRANSACTIONS				
Grants and subsidies	51,998	45,304	54,698	50,246
Sponsorships and other transfer revenue	4,810	6,013	4,936	2,325
Total revenue from non-exchange transactions	56,808	51,317	59,634	52,571
REVENUE FROM EXCHANGE TRANSACTIONS				
Rental income	554	477	554	477
Dividends	2	2	2	2
Total revenue from exchange transactions	556	479	556	479
Total revenue	57,364	51,796	60,190	53,049

5 Other gains

	PARENT		GROUP	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Share of profit of associates and joint ventures	-	-	55	88
Total other gains	-	-	55	88

6 Personnel

	PARENT		GROUP	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Salaries and wages	17,922	15,856	19,446	16,607
Defined contribution plan employer contributions	439	389	441	389
Redundancy expense	185	192	185	192
Other staff expenses	67	133	75	133
Increase/(decrease) in employee entitlements	167	(14)	205	19
Total personnel expenses	18,780	16,556	20,352	17,340

7 Other expenses

	PARENT		GROUP	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Audit Fees	105	113	121	128
Service delivery contracts	1,346	1,418	1,518	1,417
Impairment of receivables	4	44	4	44
Marketing expenses	7,347	6,048	7,821	6,329
Professional services	2,711	3,546	2,849	3,786
Repairs and maintenance	48	67	48	69
Utilities and occupancy	2,597	1,262	2,704	1,325
Donations	-	1	-	1
Other operating expenses	10,508	8,960	10,905	9,125
Directors' fees and expenses	331	359	490	495
Grant, contributions and sponsorship	12,743	13,220	12,865	11,648
Loss on disposal of assets	238	72	261	72
Impairment of assets	62	7	62	7
Interest expense	-	-	59	-
Net foreign exchange loss	7	2	7	2
Total other expenditure	38,047	35,119	39,714	34,448

The auditors of the financial statements are Audit New Zealand. Other than fees in relation to the audit of the financial statements, no other remuneration was paid.

8 Income tax expense/(benefit)

	PARENT		GROUP	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
COMPONENTS OF INCOME TAX EXPENSE				
Current tax expense	-	-	-	-
Deferred tax expense	-	-	-	550
Total income tax expense	-	-	-	550

RELATIONSHIP BETWEEN TAX EXPENSE AND ACCOUNTING PROFIT				
Net surplus/(deficit) before tax	(7)	(306)	(327)	850
Less net surplus/(deficit) from non-taxable activities	-	-	320	-
Surplus (deficit) before tax	(7)	(306)	(7)	850
Prima facie income tax at 28%	(2)	(86)	(2)	238
Prior period adjustment	-	-	-	-
Taxation effect of permanent differences	99	97	99	97
Loss transferred to/(from) group companies	(165)	33	(165)	33
Effect of deferred tax not recognised - current year	69	(44)	69	(44)
Effect of deferred tax not recognised - prior year	-	-	-	550
Tax credits	(1)	(1)	(1)	(1)
Total income tax (benefit)/expense	-	(1)	-	873

9 Imputation credit account

	PARENT		GROUP	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Imputation credits available for subsequent reporting periods based on a rate of 28%	121,230	113,621	121,230	113,621

Auckland Council formed a tax consolidated group. As a consequence of forming the tax consolidated group, all member companies have access to the imputation credits within the tax consolidated group. As such, the imputation balance for ATEED has increased significantly this year.

10 Deferred tax assets/(liabilities)

	PARENT		GROUP	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
THE BALANCE COMPRISES TEMPORARY DIFFERENCES ATTRIBUTABLE TO:				
Provisions	-	-	-	-
Property, plant and equipment	-	-	-	-
Total net deferred tax assets/(liabilities)	-	-	-	-
DEFERRED TAX ASSETS				
Deferred tax assets to be recovered after more than 12 months	-	-	-	-
Deferred tax assets to be recovered within 12 months	-	-	-	-
Total deferred tax assets	-	-	-	-
DEFERRED TAX LIABILITIES				
Deferred tax liabilities to be recovered after more than 12 months	-	-	-	-
Deferred tax liabilities to be recovered within 12 months	-	-	-	-
Total deferred tax liabilities	-	-	-	-

10 Deferred tax assets/(liabilities) (continued)

	Provisions	Losses to carry forward	Property, Plant and equipment	Total
	\$'000	\$'000	\$'000	\$'000
PARENT				
Balance at 1 July 2013	-	-	-	-
Credited/(charged) to surplus component of statement of comprehensive income	-	-	-	-
Charged to other comprehensive income	-	-	-	-
Balance at 30 June 2014	-	-	-	-
Balance at 1 July 2014	-	-	-	-
Credited/(charged) to surplus component of statement of comprehensive income	-	-	-	-
Credited/(charged) to other comprehensive income	-	-	-	-
Balance at 30 June 2015	-	-	-	-
GROUP				
Balance at 1 July 2013	519	-	(675)	(156)
Acquisition/disposal of subsidiary	(10)	-	717	707
Credited/(charged) to surplus component of statements of comprehensive income	14	-	16	30
Credited/(charged) to other comprehensive income	(524)	-	(58)	(582)
Balance at 30 June 2014	(1)	-	-	(1)
Balance at 1 July 2014	(1)	-	-	(1)
Acquisition/disposal of subsidiary	-	-	-	-
Credited/(charged) to surplus component of statements of comprehensive income	-	-	-	-
Credited/(charged) to other comprehensive income	-	-	-	-
Balance at 30 June 2015	(1)	-	-	(1)

11 Cash and cash equivalents

	PARENT		GROUP	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Cash at bank and in hand	2,206	1,464	2,206	1,464
Total cash and cash equivalents	2,206	1,464	2,206	1,464

12 Debtors and other receivables

	PARENT		GROUP	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
CURRENT ASSETS				
Trade receivables	1,046	456	1,104	456
Less provision for impairment of receivables	-	-	-	-
Sundry receivables	418	466	1,672	1,532
Related party receivables	5,918	5,148	5,611	5,149
Goods and services tax	424	272	424	272
Prepayments	618	601	703	605
	8,424	6,943	9,514	8,014
Current receivables from non exchange transactions	8,424	6,943	9,514	8,014
NON-CURRENT ASSETS				
Prepayments	1,044	886	1,118	886
	1,044	886	1,118	886
Total debtors and other receivables	9,468	7,829	10,632	8,900
Non-current receivables from non exchange transactions	9,468	7,829	10,632	8,900

The fair value of receivables approximates their carrying values.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above.

12 Debtors and other receivables (continued)

Impairment

At year end, all overdue receivables are assessed for impairment and appropriate provisions applied.

The status of receivables as at 30 June 2015 are detailed below:

Past due but not impaired

As at 30 June 2015, Parent trade receivables of \$773,000 and Group trade receivables of \$773,000 were past due but not impaired (2014: Parent \$20,000 and Group \$20,000). These relate to a number of independent customers for whom there is no recent history of default.

The aging analysis of trade receivables is as follows:

	PARENT		GROUP	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Current	275	436	333	436
Past due 1-60 days	773	21	773	21
Past due 61-90 days	-	-	-	-
Past due 90+ days	(2)	(1)	(2)	(1)
Balance at 30 June 2015	1,046	456	1,104	456

13 Inventories

	PARENT		GROUP	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Finished goods	55	73	55	73
Total inventories	55	73	55	73

14 Property, plant and equipment

	1 JULY 2014			CURRENT YEAR MOVEMENTS					30 JUNE 2015		
	Cost	Accumulated depreciation	Carrying amount	Current year additions	Current year disposals	Transfers	Impairment charges	Current year depreciation	Cost	Accumulated depreciation	Carrying amount
PARENT	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000		\$'000	\$'000	\$'000	\$'000
OPERATIONAL ASSETS											
<u>At cost</u>											
Plant and machinery	272	(95)	177	-	(9)	-	-	(39)	235	(106)	129
Computer equipment	456	(266)	190	75	-	13	-	(88)	485	(294)	191
Furniture, fittings and equipment	2,225	(834)	1,391	-	(236)	622	(62)	(389)	2,336	(1,011)	1,325
Motor vehicles	8	(8)	-	-	-	-	-	-	-	-	-
Capital work in progress	505	-	505	579	-	(635)	-	-	449	-	449
	3,466	(1,203)	2,263	654	(245)	-	(62)	(516)	3,505	(1,411)	2,094

	1 JULY 2013			PRIOR YEAR MOVEMENTS					30 JUNE 2014		
	Cost	Accumulated depreciation	Carrying amount	Prior year additions	Prior year disposals	Transfers	Impairment charges	Prior year depreciation	Cost	Accumulated depreciation	Carrying amount
PARENT	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
OPERATIONAL ASSETS											
<u>At cost</u>											
Plant and machinery	267	(51)	216	-	-	4	-	(43)	272	(95)	177
Computer equipment	582	(231)	351	-	(72)	5	-	(93)	456	(266)	190
Furniture, fittings and equipment	2,181	(531)	1,650	-	-	46	-	(304)	2,225	(834)	1,391
Motor vehicles	8	(6)	2	-	-	-	-	(2)	8	(8)	-
Capital work in progress	-	-	-	558	-	(55)	-	-	505	-	505
Total operational assets	3,038	(819)	2,219	558	(72)	-	-	(442)	3,466	(1,203)	2,263

14 Property, plant and equipment (continued)

	1 JULY 2014			CURRENT YEAR MOVEMENTS					30 JUNE 2015		
	Cost	Accumulated depreciation & impairment charges	Carrying amount	Current year additions	Current year disposals	Transfers	Impairment charges	Current year depreciation	Cost	Accumulated depreciation & impairment charges	Carrying amount
GROUP	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
OPERATIONAL ASSETS											
<u>At cost</u>											
Plant and machinery	272	(95)	177	-	(9)	-	-	(39)	235	(106)	129
Computer equipment	482	(269)	213	75	(3)	13	-	(96)	505	(303)	202
Furniture, fittings and equipment	2,278	(844)	1,434	-	(256)	622	(62)	(401)	2,354	(1,019)	1,335
Motor vehicles	8	(8)	-	-	-	-	-	-	-	-	-
Capital work in progress	505	-	505	703	-	(635)	-	-	573	-	573
	3,545	(1,216)	2,329	778	(268)	-	(62)	(536)	3,667	(1,428)	2,239
	1 JULY 2013			PRIOR YEAR MOVEMENTS					30 JUNE 2014		
	Cost	Accumulated depreciation & impairment charges	Carrying amount	Prior year additions	Prior year disposals	Transfers	Impairment charges	Prior year depreciation	Cost	Accumulated depreciation & impairment charges	Carrying amount
GROUP	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
OPERATIONAL ASSETS											
<u>At cost</u>											
Plant and machinery	267	(51)	216	-	-	4	-	(43)	272	(95)	177
Computer equipment	582	(231)	351	-	(72)	31	-	(96)	482	(269)	213
Furniture, fittings and equipment	2,181	(531)	1,650	-	-	97	-	(314)	2,278	(844)	1,434
Motor vehicles	8	(6)	2	-	-	-	-	(2)	8	(8)	-
Capital work in progress	-	-	-	637	-	(132)	-	-	505	-	505
Total operational assets	3,038	(819)	2,219	637	(72)	-	-	(455)	3,545	(1,216)	2,329

Capital expenditure funded by Auckland Council this reporting period \$429,000 (2014: 246,000).

15 Intangible assets

	1 JULY 2014			CURRENT YEAR MOVEMENTS				30 JUNE 2015		
	Cost	Accumulated amortisation & impairment charges	Carrying amount	Current year additions	Current year disposals	Transfers	Current year amortisation	Cost	Accumulated amortisation & impairment charges	Carrying amount
PARENT	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
AT COST										
Computer software	126	(20)	106	-	(2)	-	(25)	117	(38)	79
	1 JULY 2013			PRIOR YEAR MOVEMENTS				30 JUNE 2014		
	Cost	Accumulated amortisation & impairment charges	Carrying amount	Prior year additions	Prior year disposals	Transfers	Prior year amortisation	Cost	Accumulated amortisation & impairment charges	Carrying amount
PARENT	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
AT COST										
Computer software	11	(5)	6	115	-	-	(15)	126	(20)	106

15 Intangible assets (continued)

GROUP	1 JULY 2014			CURRENT YEAR MOVEMENTS				30 JUNE 2015		
	Cost	Accumulated amortisation & impairment charges	Carrying amount	Current year additions	Current year disposals	Transfers	Current year amortisation	Cost	Accumulated amortisation & impairment charges	Carrying amount
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
AT COST										
Computer software	126	(20)	106	-	(2)	-	(25)	117	(38)	79
GROUP	1 JULY 2013			PRIOR YEAR MOVEMENTS				30 JUNE 2014		
	Cost	Accumulated amortisation & impairment charges	Carrying amount	Prior year additions	Prior year disposals	Transfers	Prior year amortisation	Cost	Accumulated amortisation & impairment charges	Carrying amount
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
AT COST										
Computer software	11	(5)	6	115	-	-	(15)	126	(20)	106

Amortisation of \$25,000 (2014: \$15,000) (Parent) and \$25,000 (2014: \$15,000) (Group) is included in depreciation and amortisation expense in the statements of comprehensive income.

16 Other financial assets

	PARENT		GROUP	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
CURRENT				
Short term loans	-	12	-	12
Total current	-	12	-	12
NON-CURRENT				
Community loan	40	40	40	40
Total non-current	40	40	40	40
Total other financial assets	40	52	40	52

The non-current community loan is to the Methodist Employment Generation Fund (Northern) Trust to provide funds for its Young Enterprise Loan Scheme. The loan is repayable on written demand. It is acknowledged that repayment will be demanded if the loan scheme ceases to operate. No demand for repayment will apply to funds advanced to applicants.

17 Payables and accruals

	PARENT		GROUP	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
CURRENT				
Creditors	2,447	1,032	2,582	1,049
Accrued expenses	4,715	3,281	5,165	3,368
Related party payables	851	1,914	851	1,846
Revenue in advance	254	360	254	360
Sundry payables	389	338	401	338
Lease inducement payment	129	129	129	129
	8,785	7,054	9,382	7,090
NON CURRENT				
Lease inducement payment	318	447	318	447
	318	447	318	447
Total trade and other payables	9,103	7,501	9,700	7,537
Exchange trade and other payables	9,103	7,501	9,700	7,537

Trade and other payables are normally non-interest bearing and settled on 30 day terms, therefore the carrying value approximates fair value.

18 Employee entitlements

	PARENT		GROUP	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
CURRENT				
Annual leave	931	793	951	826
Sick leave	-	12	-	12
Accrued salaries and wages	486	368	486	368
Total current	1,417	1,173	1,437	1,206
NON CURRENT				
Long service leave	3	1	3	1
Total non-current	3	1	3	1
Total employee benefit liabilities	1,420	1,174	1,440	1,207

19 Derivative financial instruments

	PARENT		GROUP	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
NON-CURRENT ASSETS				
Forward foreign exchange contracts cash flow hedges	-	-	-	-
Total derivative financial instrument assets	-	-	-	-
CURRENT LIABILITIES				
Forward foreign exchange contracts cash flow hedges	59	70	59	70
	59	70	59	70
NON-CURRENT LIABILITIES				
Forward foreign exchange contracts cash flow hedges	114	170	114	170
	114	170	114	170
Total derivative financial instrument liabilities	173	240	173	240
Total net derivative financial instruments assets/ (liabilities)	(173)	(240)	(173)	(240)

The Parent is party to derivative financial instruments in the normal course of business in order to manage exposure to fluctuations in foreign exchange rates in accordance with the Company and Group's financial risk management policies.

The Group is party to forward exchange contracts in order to manage foreign exchange risk.

These contracts are hedging highly probably forecasted transactions.

20 Provisions

	PARENT		GROUP	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Staff cost provision	353	40	353	40

21 Investment in other entities

21.1 Investment in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiary in accordance with the accounting policy described in note 2.2

All subsidiaries are incorporated in New Zealand.

	2015	2014
	%	%
NAME OF ENTITY		
World Masters Games 2017 Limited	100	100

	PARENT		GROUP	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
World Masters Games 2017 Limited	1	1	-	-
Total investments in subsidiaries	1	1	-	-

21 Investment in other entities (continued)

21.2 Investment in jointly controlled entities

	PARENT		GROUP	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
New Zealand Food Innovation Auckland Limited	3	3	2,046	1,991
Total investments in jointly controlled entities	3	3	2,046	1,991

	Total assets \$'000	Total liabilities \$'000	Gross Revenue \$'000	Net Profit after tax \$'000	Percentage of interest held
As at 30 June 2015					
New Zealand Food Innovation Auckland Limited	8,677	2,474	3,808	143	33.30%
As at 30 June 2014					
New Zealand Food Innovation Auckland Limited	8,567	2,574	3,627	264	33.30%

22 Contributed equity

	PARENT		GROUP	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
CONSOLIDATED AND PARENT				
Equity contributed by disestablished councils	3,458	3,457	3,457	3,457
Equity contributed by disestablished CCOs	919	919	919	919
Total	4,377	4,376	4,376	4,376

	PARENT		GROUP	
	2015 Shares	2014 Shares	2015 Shares	2014 Shares
Opening number of ordinary shares issued	1,000	1,000	1,000	1,000
Issues of ordinary shares during the year/period	-	-	-	-
Closing balance of ordinary shares issued	1,000	1,000	1,000	1,000

All ordinary shares are fully paid and rank equally with one vote attached to each fully paid ordinary share. Ordinary shares do not have a par value.

Opening equity contributed by disestablished councils included opening accumulated deficit of \$44,000 held in the subsidiary of New Zealand Food Innovation Auckland Limited. This deficit has been reclassified into Accumulated Funds as this was the correct nature of the deficit when the shareholding was transferred to ATEED from the Manukau Enterprise and Employment Trust (a subsidiary of Manukau City Council pre Auckland Council amalgamation) on 1 November 2010.

23 Reserves and accumulated funds/(losses)

	PARENT		GROUP	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
(A) HEDGING RESERVE - CASH FLOW HEDGES				
Balance beginning of year	(240)	(5)	(240)	(3)
Fair value gains/(losses) in year	67	(235)	67	(237)
Balance at 30 June	(173)	(240)	(173)	(240)

Hedging reserve - cash flow hedges

The hedging reserve is used to record gains or losses on a hedging instrument in a cash flow hedge. The amounts are recognised in the surplus/deficit component of the statements of comprehensive income when the associated hedged transactions affect the surplus/deficit component of the statements of comprehensive income as described in note 2.9.

	PARENT		GROUP	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
(B) ACCUMULATED FUNDS/(LOSSES)				
Balance at beginning of the year	(1,300)	(994)	1,755	1,499
Surplus/(deficit) for the year	(7)	(306)	(327)	300
Other equity movements*	-	-	-	(44)
Accumulated funds/(losses) 30 June	(1,307)	(1,300)	1,428	1,755

* Refer to note 22

24 Reconciliation of net surplus/(deficit) after tax to net cash inflow from operating activities

	PARENT		GROUP	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Surplus/(deficit) after tax	(7)	(306)	(327)	300
ADD/(LESS) NON-CASH ITEMS:				
Depreciation and amortisation expense	539	456	561	470
Impairment of assets	64	-	62	-
Loss on disposal of assets	238	72	270	72
Reduce investment in NZFIA		7		7
Share of surplus in joint venture		-	(55)	(88)
Income tax benefit	-	(1)		550
Net foreign exchange loss	(7)	-	(7)	(3)
Lease inducement costs	(129)			
ADD/(LESS) ITEMS CLASSIFIED AS INVESTING OR FINANCING ACTIVITIES				
Property, plant and equipment financed by working capital		(191)	-	(191)
ADD/(LESS) MOVEMENTS IN WORKING CAPITAL:				
Debtors and other receivables	(1,627)	(2,955)	(1,731)	(2,961)
Inventories	18	15	18	15
Tax payable	-	-	-	-
Creditors and other payables	1,731	2,757	2,163	2,793
Provisions	313	(59)	313	(59)
Employee benefits	246	81	233	114
Net cash inflow (outflow) from operating activities	1,379	(124)	1,500	(47)

25 Commitments and operating leases

Operating leases as lessee

The Company and Group lease property, plant and equipment in the normal course of their business. The majority of these leases have a non-cancellable term, varying from 1 to 12 years. The future aggregate minimum lease payments payable under non-cancellable operating leases are as follows:

	PARENT		GROUP	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
MINIMUM OPERATING LEASE PAYMENTS PAYABLE:				
Less than one year	2,542	4,585	2,681	4,647
Between one and five years	7,011	7,830	7,073	7,846
More than five years	6,468	6,831	6,468	6,831
Total non-cancellable operating leases at lessee	16,021	19,246	16,222	19,324

The total minimum future sublease payments expected to be received under non cancellable subleases at balance date is \$663,000 (2014: 128,000).

Leases can be renewed at the Company and Group's discretion, with rents set by reference to current market rates for items of equivalent age and condition.

There are no restrictions placed on the Company and Group by any of the leasing arrangements.

As at 30 June 2015 ATEED had entered into a number of contracts. ATEED recognises a future year financial commitment where there is a clear obligation to pay and there is no indication the event will not occur.

	PARENT	GROUP
	2015 \$'000	2015 \$'000
Less than one year	7,598	9,189
Between one and five years	6,643	12,740
Total non-cancellable contracts	14,241	21,929

The value of these contracts does not exceed Auckland Council funding reflected in the long term plan 2015 – 2025.

ATEED has entered into a Services Agreement with the International Masters Games Association (IMGA) on behalf of its subsidiary, World Masters Games 2017 Limited. This Services Agreement commits ATEED to a hosting fee of 3.5m Euro for which ATEED have entered into a contract to hedge the foreign currency. The expenditure relating to the hedge transactions is recognised in WMG 2017 Ltd.

26 Contingencies - assets & liabilities

As at 30 June 2015, ATEED has entered into contracts to host, deliver or sponsor a number of events: The World Masters Games (2017), NRL Auckland Nines, the Volvo Ocean Race stopover and the V8 Supercars. Any revenue and costs related to these events will be accounted for when they are incurred. Any known contractual obligations have been included as commitments (note 25).

The Parent has a contingent asset of \$3,647,081 as at 30 June 2015 (2014: \$3,400,000), relating to a memorandum of understanding with Auckland Council whereby unused funds from prior years are returned to Council and available to be drawn down in future years for the delivery of the Major Events Strategy.

27 Related party transactions

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and condition no more or less favourable than those that it is reasonable to expect ATEED and group would have adopted in dealing with the party at arm's length in the same circumstances.

Related party disclosures have also not been made for transactions with entities within the Council group (such as funding and financing flows), where the transactions are consistent with the normal operating relationships between the entities and are on normal terms and conditions for such group transactions.

All related party transactions have been at an arms length.

28 Remuneration

	PARENT		GROUP	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
KEY MANAGEMENT REMUNERATION				
Directors	315	332	474	496
Senior management salaries and other short term benefits	1,096	2,159	1,890	2,625
Total key management remuneration	1,411	2,491	2,364	3,121

	PARENT		GROUP	
	2015	2014	2015	2014
	Number of employees	Number of employees	Number of employees	Number of employees
THE NUMBER OF EMPLOYEES THAT RECEIVED OVER \$100,000 P.A. AS AT 30 JUNE IS AS FOLLOWS:				
\$100,000 - \$109,999	1	10	1	11
\$110,000 - \$119,999	25	7	26	8
\$120,000 - \$129,999	6	3	8	3
\$130,000 - \$139,999	5	4	5	4
\$140,000 - \$149,999	2	4	2	4
\$150,000 - \$159,999	5	2	5	2
\$160,000 - \$169,999		-	1	-
\$170,000 - \$179,999	1		2	
\$180,000 - \$189,999	3	2	3	2
\$190,000 - \$199,999	1	2	1	2
\$200,000 - \$209,999	1	2	1	2
\$210,000 - \$219,999		2	1	3
\$220,000 - \$229,999	2		2	
\$230,000 - \$239,999		-	-	-
\$240,000 - \$249,999		-	-	-
\$350,000 - \$359,999		1	-	1
\$370,000 - \$379,999	1		1	

28 Remuneration (continued)

	PARENT		GROUP	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
DIRECTORS' REMUNERATION BY DIRECTOR				
David McConnell	81	81	81	81
Franceska Banga	47	47	47	47
Norm Thompson	51	51	51	51
Richard Jeffery	41	41	41	41
Vvien Bridgwater	15	41	15	41
Helen Robinson	41	30	41	34
Danny Chan	41	40	41	40
John Wells		-	60	60
Diana Puketapu		-	20	20
Kevin Ross		-	20	20
Martin Snedden		-	20	20
Dianne McAteer		-	20	20
Barry Maister		-	19	20
Andy Higgs		1		1
Graham Child	-	-	-	-
Total directors remuneration	315	332	474	496

29 Events occurring after the balance date

There were no significant events occurring after the balance date.

30 Financial risk management

The Company and Group's activities expose it to a variety of financial risks: market risk, liquidity risk and credit risk. The Company and Group's risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company and Group.

The Company and Group's treasury management is carried out by the Auckland Council Treasury group, and their policies and procedures are applied.

These policies do not allow any transactions that are speculative in nature to be entered into.

	Notes	CARRYING AMOUNT		FAIR VALUE	
		2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
PARENT					
FINANCIAL ASSETS					
Derivative financial assets	19	-	-	-	-
Debtors and other receivables	12	7,382	6,071	7,382	6,071
Cash and cash equivalents	11	2,206	1,464	2,206	1,464
Other financial assets	16	40	51	40	51
Total financial assets		9,628	7,586	9,628	7,586
FINANCIAL LIABILITIES					
Derivative financial liabilities	19	(173)	(240)	(173)	(240)
Creditors and other payables	17	(8,402)	(6,565)	(8,402)	(6,565)
Total financial liabilities		(8,575)	(6,805)	(8,575)	(6,805)
Net financial assets/(liabilities)		1,053	781	1,053	781
GROUP					
FINANCIAL ASSETS					
Derivative financial assets	19	-	-	-	-
Debtors and other receivables	12	8,387	6,071	8,387	7,137
Cash and cash equivalents	11	2,206	1,464	2,206	1,464
Other financial assets	16	40	52	40	52
Total financial assets		10,633	7,587	10,633	8,653
FINANCIAL LIABILITIES					
Derivative financial liabilities	19	(173)	(240)	(173)	(240)
Creditors and other payables	17	(8,999)	(6,601)	(8,999)	(6,601)
Total financial liabilities		(9,172)	(6,841)	(9,172)	(6,841)
Net financial assets (liabilities)		1,461	746	1,461	1,812

30 Financial risk management (continued)

(a) Market risk

Foreign exchange risk

The Company and Group won the rights to host the World Masters Games 2017 in 2012 and as a consequence has an obligation to make Euro denominated rights payments in each of the 5 years until 2017. The Company and Group decided to hedge the foreign currency risk associated with these payments and entered in August 2013 into forward foreign exchange contracts for each of the payments to 2017.

Foreign currency risk arises when the cost of a product or service sourced offshore rises due to a deterioration in the exchange rate between the New Zealand dollar and the relevant foreign currency (2015: Euro, 2015: Euro) between the time a commitment is made to incur the expenditure and the time payment is actually made. The Company and Group is able to mitigate the risk of such an adverse movement in exchange rates by utilising the services of the Auckland Council Treasury group and by entering into forward foreign exchange contracts.

In applying a sensitivity of plus or minus 5% (2014:5%) movement in foreign exchange rates, the Company and Group is exposed to either a foreign exchange loss of \$65,000 or loss of \$274,000 in other comprehensive income (2014: \$100,000 loss or \$372,000 loss in other comprehensive income). The Company and Group considers this potential movement reflects reasonably possible changes in foreign exchange rates.

Interest rate risk

The Company and Group have no borrowings and are therefore not exposed to interest rate risk.

(b) Credit risk

Credit risk is the risk that a third party will default on its obligation to the Company and Group causing the Company and Group to incur a loss. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions and credit exposures to receivables and other debtors.

The Company and Group have limited exposure to credit risk on debtor accounts due. The main debtors at any point in time are Auckland Council and government agencies. These debtors are parties to signed contracts with the Company and Group. Exposure to credit risk on other debtors is limited by having contractual support, payment in advance of services received, and by spreading the risk (e.g. many advertising sales in publications). When it is deemed prudent, a credit risk assessment will be undertaken.

The Company and Group have no collateral or other credit enhancements for financial instruments that give rise to credit risk. No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by counterparties.

Maximum exposure to credit risk

ATEED's maximum credit exposure for each class of financial instrument is as follows:

	PARENT		GROUP	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	2,206	1,464	2,206	1,464
Debtors and other receivables	7,382	6,071	8,387	6,071
Other financial assets	40	51	40	52
Total	9,628	7,586	10,633	7,587

30 Financial risk management (continued)

Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

	PARENT		GROUP	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
CASH AT BANK AND SHORT-TERM BANK DEPOSITS				
"AA-" Standard and Poor's rating	2,206	1,464	2,206	1,464
Total cash at bank and short-term bank deposits	2,206	1,464	2,206	1,464
COUNTER PARTIES WITHOUT CREDIT RATINGS				
Existing counterparty with no defaults in the past	7,422	6,122	8,427	6,122
Total counter parties without credit ratings	7,422	6,122	8,427	6,122

30 Financial risk management (continued)

(c) Liquidity risk

Liquidity risk is the risk that the Company and Group will encounter difficulty raising liquid funds to meet commitments as they fall due.

Funding requirements of the Company and Group are provided, as needed, by the Auckland Council Treasury group.

The Company and Group has nil overdraft facility.

Contractual maturity analysis of financial liabilities

The table below analyses the Company and Group's financial liabilities into relevant maturity groupings based on the period remaining at balance date until the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

	On demand	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount liabilities
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
PARENT - 30 JUNE 2015							
NON-DERIVATIVES							
Creditors and other payables	(8,402)	-	-	-	-	(8,402)	(8,402)
Total	(8,402)	-	-	-	-	(8,402)	(8,402)

DERIVATIVES							
Forward foreign exchange contracts	-	-	-	-	-	-	(173)
- (inflow)	-	(786)	(802)	(818)	-	(2,406)	-
- outflow	-	720	744	769	-	2,233	-
Total	-	(66)	(58)	(49)	-	(173)	(173)

	On demand	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount liabilities
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
GROUP - 30 JUNE 2015							
NON-DERIVATIVES							
Creditors and other payables	(8,999)	-	-	-	-	(8,999)	(8,999)
Total	(8,999)	-	-	-	-	(8,999)	(8,999)

DERIVATIVES							
Forward foreign exchange contracts	-	-	-	-	-	-	(173)
- (inflow)	-	(786)	(802)	(818)	-	(2,406)	-
- outflow	-	720	744	769	-	2,233	-
Total	-	(66)	(58)	(49)	-	(173)	(173)

30 Financial risk management (continued)

	On demand	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount liabilities
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
PARENT - 30 JUNE 2014							
NON-DERIVATIVES							
Creditors and other payables	6,565	-	-	-	-	6,565	6,565
Total	6,565	-	-	-	-	6,565	6,565

DERIVATIVES							
Forward foreign exchange contracts	-	-	-	-	-	-	240
- (inflow)	-	(627)	(655)	(1,408)	-	(2,690)	-
- outflow	-	697	720	1,513	-	2,930	-
Total	-	70	65	105	-	240	240

	On demand	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount liabilities
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
GROUP - 30 JUNE 2014							
NON-DERIVATES							
Creditors and other payables	6,601	-	-	-	-	6,601	6,601
Total	6,601	-	-	-	-	6,601	6,601

DERIVATIVES							
Forward foreign exchange contracts	-	-	-	-	-	-	240
- (inflow)	-	(627)	(655)	(1,408)	-	(2,690)	-
- outflow	-	697	720	1,513	-	2,930	-
Total	-	70	65	105	-	240	240

30 Financial risk management (continued)

(d) Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table presents the Group's assets and liabilities that are measured at fair value as at 30 June 2015.

	Level 1	Level 2	Level 3	Total balance
	\$'000	\$'000	\$'000	\$'000
PARENT - 30 JUNE 2015				
ASSETS				
Forward foreign exchange contracts - cash flows hedges	-	-	-	-
Total Assets	-	-	-	-
LIABILITIES				
Forward foreign exchange contracts - cash flows hedges	-	(173)	-	(173)
Total liabilities	-	(173)	-	(173)
PARENT - 30 JUNE 2014				
ASSETS				
Forward foreign exchange contracts - cash flows hedges	-	-	-	-
Total Assets	-	-	-	-
LIABILITIES				
Forward foreign exchange contracts - cash flows hedges	-	240	-	240
Total liabilities	-	240	-	240
GROUP - 30 JUNE 2015				
ASSETS				
Forward foreign exchange contracts - cash flows hedges	-	-	-	-
Total Assets	-	-	-	-
LIABILITIES				
Forward foreign exchange contracts - cash flows hedges	-	(173)	-	(173)
Total liabilities	-	(173)	-	(173)

30 Financial risk management (continued)

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total balance \$'000
GROUP - 30 JUNE 2014				
ASSETS				
Forward foreign exchange contracts - cash flows hedges	-	-	-	-
Total Assets	-	-	-	-
LIABILITIES				
Forward foreign exchange contracts - cash flows hedges	-	240	-	240
Total liabilities	-	240	-	240

The fair value of financial instruments that are not traded in an active market (for example, over the counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

The fair value of forward foreign currency contracts is calculated as the present value of the estimated future cash flows based on observable yield curves.

(e) Financial instruments by category

Assets as per balance sheet

	Derivatives for hedging \$'000	Loans and receivables \$'000	Total \$'000
PARENT			
AT 30 JUNE 2015			
Derivative Financial Asset - Forward foreign exchange contracts	-	-	-
Cash and cash equivalent	-	2,206	2,206
Debtors and other receivables	-	7,382	7,382
Other financial assets	-	40	40
Total	-	9,628	9,628
AT 30 JUNE 2014			
Derivative Financial Asset - Forward foreign exchange contracts	-	-	-
Cash and cash equivalent	-	1,464	1,464
Debtors and other receivables	-	6,070	6,070
Other financial assets	-	52	52
Total	-	7,586	7,586
GROUP			
AT 30 JUNE 2015			
Derivative Financial Asset - Forward foreign exchange contracts	-	-	-
Cash and cash equivalents	-	2,206	2,206
Debtors and other receivables	-	8,387	8,387
Other financial assets	-	40	40
Total	-	10,633	10,633
AT 30 JUNE 2014			
Derivative Financial Asset - Forward foreign exchange contracts	-	-	-
Cash and cash equivalents	-	1,464	1,464
Debtors and other receivables	-	6,070	6,070
Other financial assets	-	52	52
Total	-	7,586	7,586

30 Financial risk management (continued)

(e) Financial instruments by category (continued)

Liabilities as per balance sheet

	Derivatives for hedging \$'000	Loans and receivables \$'000	Total \$'000
PARENT			
AT 30 JUNE 2015			
Derivative Financial Liability - Forward foreign exchange contracts	(173)	-	(173)
Trade and other payables	-	(8,402)	(8,402)
Total	(173)	(8,402)	(8,575)
AT 30 JUNE 2014			
Derivative Financial Liability - Forward foreign exchange contracts	240	-	240
Trade and other payables	-	6,565	6,565
Total	240	6,565	6,805
GROUP			
AT 30 JUNE 2015			
Derivative Financial Liability - Forward foreign exchange contracts	(173)	-	(173)
Creditors and other payables	-	(8,999)	(8,999)
Total	(173)	(8,999)	(9,172)
AT 30 JUNE 2014			
Derivative Financial Liability - Forward foreign exchange contracts	240	-	240
Creditors and other payables	-	6,601	6,601
Total	240	6,601	6,841

31 Capital management

The Company and Group's capital is its equity, which comprises equity contributed by disestablished councils and accumulated funds. Equity is represented by net assets.

The Local Government Act 2002 requires the Company and Group's sole shareholder, the Auckland Council to manage its revenues, expenses, assets, liabilities and general financial dealings prudently. The Company and Group's equity is largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments, and general financial dealings. These are monitored by using cash flow forecast analysis and detailed budgeting processes.

The objective of managing the Company and Group's equity is to ensure that the Company and Group effectively achieves its objectives and purpose, whilst remaining a going concern.

32 Variances against financial targets in the Statement of Intent (SOI)

	Actual 2015	Target 2015	Variance 2015
TARGET			
Operating deficit (\$'000)	(327)	(251)	76
Shareholder's funds (\$'000)	5,631	5,457	174
Total assets (\$'000)	17,297	12,841	4,456
Ratio of consolidated shareholder funds to total assets (%)	33	42	10

Operating deficit

Our 2015 target in the SOI did not include the impact of the adoption of the new PBE accounting standards which negatively impacted current year results by \$375,000. In addition there was also a number of minor variances

Shareholder's Funds

In addition to the operating deficit, there was a minor difference arising from accounting for financial instruments.

Total Assets

Total assets as at 30 June 2015 is greater than target due to the increase in trade debtors, some of which is as a result of the adoption of the new PBE accounting standards where we had to recognise revenue from debtors earlier than planned, as well as timing of Council funding transfers.








Statement of service performance

ATEED Performance Measures – Annual Result

For the period ended 30 June 2015

Auckland Tourism, Events and Economic Development Ltd (ATEED), has progressed well since inception in 2010, and in our work towards the targets set in our 2014-17 Statement of Intent (SOI). The Key Performance Indicators (KPIs) set out in the SOI have been refined from those used in previous years.

Against the 27 KPIs contained in the 2014-17 SOI, ATEED has made significant progress towards achieving our vision to improve New Zealand's economic prosperity by leading the successful transformation of Auckland's economy. ATEED has adopted the 5-tier assessment which Auckland Council uses to assess KPIs, with the following statuses applied:






Symbol	Status	Definition
	Achieving	Result has met or exceeded target (also includes where baseline has been established)
	Substantially achieved	Result within 2 per cent of target
	Not achieved but progress made	Target not achieved, but improvement over last year
	Not achieved	Target not achieved and no improvement over last year
	No result	Unable to measure






ATEED's performance against the KPIs is set out in the table below, along with commentary regarding the results, measurement methods, and previous year's performance as appropriate. In summary, of the 27 KPIs:

- 19 were 'achieved'
- 2 were 'substantially achieved'
- 1 was 'progressing'
- 4 were 'not achieved'
- 1 has 'no result'

Key Performance Indicators for Auckland Tourism, Events and Economic Development Limited






For the period ended 30 June 2015

No.	How we will demonstrate success in achieving our aims	We will measure our progress against these targets at these times	2015 Result	2014 Result	Status	Comment
Growing the Visitor Economy						
1.1	Number of visitor nights in Auckland (LTP measure)	30 June 2015: 26.6m 30 June 2016: 28.2m 30 June 2017: 29.8m	29.2m	27.7m		This result is for the 2014 calendar year, and has been modelled based on data available from the Commercial Accommodation Monitor, prepared by the Ministry of Business, Innovation and Employment, alongside the now discontinued Regional Tourism Estimates 2006-2011 dataset. The target has been exceeded and reflects a growth in the number of visitors (see measure 1.3).
1.2	Spend by visitors in Auckland (LTP measure)	30 June 2015: \$5,194m 30 June 2016: \$5,412m 30 June 2017: \$5,665m	\$5,340m	\$4,772m		This result is for year ending March 2015, and has been modelled based on data available from the new Regional Tourism Estimates (dated March 2014) alongside the Regional Tourism Indicators, prepared by the Ministry of Business, Innovation and Employment. The target has been exceeded. This is being driven by the spending of international visitors. This may be partly related to the ICC Cricket World Cup and Volvo Ocean Race Auckland stopover which were held in early 2015.
1.3	Number of visitors to Auckland (LTP measure)	30 June 2015: 13.7m 30 June 2016: 14.2m 30 June 2017: 14.6m	15.3m	14.6m		This result is for the 2014 calendar year, and has been modelled based on data available from the International Travel and Migration figures, prepared by Statistics NZ, alongside the now discontinued Regional Tourism Estimates 2006-2011 dataset, prepared by the Ministry of Business, Innovation and Employment. The target has been exceeded and reflects a continued year-on-year increase in visitor arrivals into Auckland Airport.
1.4	Overall visitor satisfaction (all visitors) with the experience in Auckland (as measured through the Visitor Insights Programme)	30 June 2015: 8.1 30 June 2016: 8.1 30 June 2017: 8.1	7.8	7.8		Based on 1206 interviews with visitors to Auckland over the period April 2014 to March 2015. Respondents were asked to provide a rating on a scale of 1 (not at all satisfied) to 10 (extremely satisfied). Satisfaction with local transport was rated lower than satisfaction with tourism products, attractions and accommodation.
1.5	Percentage of customers satisfied with visitor information centres and services overall (LTP Measure)	30 June 2015: 90% 30 June 2016: 90% 30 June 2017: 90%	93%	92%		Based on 88 surveys undertaken across the Auckland iSITE network to the question: Overall, how satisfied were you with your experience at the iSITE today?

No.	How we will demonstrate success in achieving our aims	We will measure our progress against these targets at these times	2015 Result	2014 Result	Status	Comment
Growing the Visitor Economy – Building a World Class Major Events Portfolio						
2.1	Return on Regional Investment (RORI) from major events invested in (LTP measure)	30 June 2015: \$47m 30 June 2016: \$49m 30 June 2017: \$86m ¹	\$73.1m	\$46.3m		Based on analysis undertaken by Fresh Information of ATEED's 2014/15 Major Events portfolio. This figure covers 35 events, including NRL Auckland Nines, ITM500 Auckland V8 Supercars and ICC Cricket World Cup 2015. Note: ICC Cricket World Cup 2015 was evaluated by PwC and uses a different methodology of evaluation to the other events in the portfolio. The target has been exceeded due to the number of international events held in Auckland this year including the high returns from the Volvo Ocean Race Auckland stopover and the ICC Cricket World Cup 2015. <i>(FIFA U20 World Cup 2015 and New Zealand International Comedy Festival results still to come)</i>
2.2	Percentage of those (Aucklanders) who agree events make Auckland a great place to live (engender pride and sense of place)	30 June 2015: 80% 30 June 2016: 80% 30 June 2017: 80%	79%	79%		Measured via the Auckland Council Annual Residents Omnibus survey of 5,282 Auckland residents. 46% of respondents strongly agreed that events make Auckland a great place to live, while 33% agreed. The proportion saying they strongly agreed has increased by 3 percentage points since 2013/14
2.3	Visitor nights generated by major events	30 June 2015: 150,000 30 June 2016: 170,000 30 June 2017: tbc	390,000	298,000		As per comment above at 2.1. <i>(FIFA U20 World Cup 2015 and New Zealand International Comedy Festival results still to come)</i>
2.4	Estimated number of attendees at major events (LTP measure)	30 June 2015: 1.52m 30 June 2016: 1.57m 30 June 2017: 1.93m ²	1.87m	1.47m		As per comment above at 2.1. <i>(FIFA U20 World Cup 2015 and New Zealand International Comedy Festival results still to come)</i>
2.5	Percentage of attendees satisfied with major events overall. (LTP Measure)	30 June 2015: 85% 30 June 2016: 85% 30 June 2017: 85%	92%	90%		Based on an average of surveying undertaken at Pasifika, Lantern and Diwali. Total sample size was 1211, with 1116 respondents across the three events reporting they were satisfied or very satisfied with the event. The target has been exceeded demonstrating the high quality of these three events.







¹ Target includes the impact of World Masters Games 2017

² Target includes the impact of World Masters Games 2017

No.	How we will demonstrate success in achieving our aims	We will measure our progress against these targets at these times	2015 Result	2014 Result	Status	Comment
2.6	Number of ³ major international events attracted or facilitated (LTP measure)	30 June 2015: 5 30 June 2016: 5 30 June 2017: 5	9	10		Major international events facilitated were : Auckland Marathon, Fast 5 Netball, ASB Classic/Heineken Open, Ironman 70.3, NRL Auckland Nines, ITU World Series, ICC Cricket World Cup 2015, FIFA U20 World Cup, Volvo Ocean Race Auckland stopover. The target has been exceeded with a number of one off events for 2015.
Enabling Education and Talent						
3.1	Value of international student spend to the Auckland economy	30 June 2015: \$1.454b 30 June 2016: \$1.564b 30 June 2017: \$1.888b	\$1.75b	n/a		Based on information provided by Education NZ. This figure is for the year end December 2014. The target has been exceeded due to an increase in the number of students studying in Auckland.
Building a Culture of Innovation and Entrepreneurship						
4.1	Percentage of Auckland businesses innovating	30 June 2015: benchmark 30 June 2016: improve 30 June 2017: improve	77%	n/a		Measured via the Auckland business survey of 529 businesses undertaken in March 2015. Respondents were asked: The next few questions are about business innovation. Here, innovation is broadly defined as introducing new ideas and ways of doing things. In the last 12 months, did your business do any of the following?
4.2	Number of businesses taking up tenancy at GridAKL (Wynyard Innovation Precinct) (cumulative)	30 June 2015: 20 30 June 2016: 25 30 June 2017: 30	15	9		Fifteen companies have taken up residence at GridAKL. The target has not been met due to capacity constraints at GridAKL which is currently at 100% occupancy. There will be a small increase in available space when the Lysaght building opens in November.
4.3	Total value of Callaghan Innovation R&D grants through Regional Business Partner Programme ⁴	30 June 2015: \$4m 30 June 2016: tbc 30 June 2017: tbc	\$3.59m	\$4.66m		This figure relates to the total value of Callaghan Innovation R&D grants approved between 1 st July 2014 and 30 th June 2015. The target has not been met this year. This is due to changes in external processes which have doubled the time taken to process grants. This KPI will be reviewed following the current RFP process being undertaken by Callaghan Innovation.

³ Tier A events are defined in the Major Events Strategy as being “recognised international event; or 2000+ international nights; or strong export focus high international media coverage”







⁴ ATEED’s contract to deliver the Regional Business Partner Programme currently ends on 30 June 2015

No.	How we will demonstrate success in achieving our aims	We will measure our progress against these targets at these times	2015 Result	2014 Result	Status	Comment
4.4	Percentage of stakeholders satisfied with provision of business advice, start-up, training and mentoring programmes (LTP Measure)	30 June 2015: 85% 30 June 2016: tbc 30 June 2017: tbc	94%	94%		Based on 100 surveys undertaken by NZTE to the question: Overall, how would you rate your satisfaction with your Regional Business Partner? The survey result of 94% is for July 2014 to March 2015. This exceeds the target of 85% and reflects the high quality advice provided by the ATEED team.
4.5	Number of actively managed businesses through Regional Business Partner Programme	30 June 2015: 360 ⁵ 30 June 2016: tbc 30 June 2017: tbc	884	842		This is the number of businesses managed through the Regional Business Partner Programme. This figure excludes all other ongoing client relationships which are managed throughout the year. The target has been exceeded due to efficiency improvements and good pipeline management from the team.
4.6	Total GDP in targeted sectors compared with total Auckland GDP (sectors include marine, transport and logistics, IT, food and beverage, film, bioscience, creative/digital, export education) (LTP Measure)	30 June 2015: improve 30 June 2016: improve 30 June 2017: improve	Not improved	Improved		Sector growth results are derived from annual economic modelling for Auckland undertaken by Infometrics. For the year to March 2014, GDP in targeted sectors was \$18,314m (24.1% of the Auckland total) compared to \$17,941m (24.3% of the Auckland total) for the year to March 2013.
4.7	Number of economic initiatives with Maori ⁶	30 June 2015: improve 30 June 2016: improve 30 June 2017: improve	19	15		These 19 initiatives include: Maori tourism showcasing; Tourism workshops for iwi; Maori signature event in development; and Maori Digital Technology working group.
Attracting Business and Investment						
5.1	GDP Global Investment Promotion Agency (IPA) benchmarking ⁷ (LTP Measure)	30 June 2015: n/a 30 June 2016: 70% 30 June 2017: n/a	n/a	52%		This report is biennial and is therefore not reported in 2015.
5.2	Facilitation of the establishment, or significant expansion of multinational companies in target sectors	30 June 2015: 5 30 June 2016: 5 30 June 2017: 5	6	5		The establishment of five multinational was facilitated during 2014/15, while one company has seen significant expansion.

⁵ Target based on 80 businesses per FTE (4.5) as specified in contract with NZTE.

⁶ An initiative is an arrangement where parties agree to cooperate to advance their mutual economic interests

⁷ GDP Global Investment conducts a mystery shop type survey by making fictitious investment enquiry and ratings are given based on responses. Survey is conducted biennially

No.	How we will demonstrate success in achieving our aims	We will measure our progress against these targets at these times	2015 Result	2014 Result	Status	Comment
5.3	Number of intensively account managed customers in ATEED Aftercare programme	30 June 2015: 105 30 June 2016: 110 30 June 2017: 115	85	100		Account Management Plans and Strategies have been completed for 85 companies. Since the inception of the programme 104 companies and 12 high net worth individuals have been engaged. Regular reviews are made to ensure all programme members fit the Aroha Auckland criteria. The current programme consists of 80 companies and 5 high net worth individuals. ATEED is scoping future potential members of this programme.
5.4	Total GDP contribution of deals effected with ATEED involvement	30 June 2015: +5% 30 June 2016: +5% 30 June 2017: +5%	\$604m	\$49m		This figure is based on 16 deals achieved by the Business Attraction and Investment team this year, including 11 screen transactions. In establishing last year's baseline, the value of four substantial deals was included which explains the difference between the 2014 and 2015 results.
5.5	Value of investment deals effected by ATEED within the financial year	30 June 2015: \$252m 30 June 2016: \$265m 30 June 2017: \$278m	\$265m	\$266m		ATEED has effected \$265m of investment deals in this financial year. This includes \$113m of screen transactions.
Growing a Skilled Workforce						
6.1	Number of 'live' signatories to the Youth Employment Traction Hub Employers Pledge	30 June 2015: 50 30 June 2016: 50 30 June 2017: 50	13	n/a		As at 30 th June 2015, 13 businesses have signed the Youth Employment Traction Hub Employer Pledge. The target has not been met due to the long lead in time from approaching a business to signing the Pledge. To date, 42 organisations have agreed to join the Auckland Employer Pledge programme with half still working their way through the authorisation process.
Building Auckland's Brand and Identity						
7.1	Total visits to www.aucklandnz.com	30 June 2015: 20% increase 30 June 2016: 20% increase 30 June 2017: 20% increase	3,189,623 (46.4% increase)	2,178,563		Total visits to aucklandnz.com between 1 st July 2014 and 30 th June 2015. The launch of the AKL On digital platform during 2014 has directed more traffic to www.aucklandnz.com and hence led to the target being exceeded.
Delivering Corporate Capability						
8.1	Percentage of CCO monitoring and accountability requirements that meet target ⁸	30 June 2015: 100% 30 June 2016: 100% 30 June 2017: 100%	100%	100%		SOI and quarterly reports delivered to required timeframes.

⁸ Accountability requirements are the delivery of draft and final SOIs, quarterly reports and annual reports within the timeframes specified in Auckland Council's CCO Accountability Policy

World Masters Games 2017 Limited

As the largest multi-sport event in the world, World Masters Games 2017 will be the largest sporting event in New Zealand since the Rugby World Cup 2011 and the largest event New Zealand will deliver in at least the next decade.

World Masters Games 2017 Limited (WMG2017) was incorporated 19 September 2013 and is a 100% subsidiary of Auckland Tourism, Events and Economic Development (ATEED). WMG2017 has its own board of Directors, guided by the Constitution and Terms of Reference put in place by ATEED. Directors are: Sir John Wells (Chairman), Martin Snedden, Diana Puketapu, Kevin Ross, Dianne McAteer and Graham Child.

WMG2017 leads all aspects of the event planning, with the exception of leverage and legacy activities, which is led by ATEED.

Core activities of the organisation include:

- Contracting sports organisations and venues to be part of the sports programme for WMG2017
- Marketing the Games to ensure registration targets are met
- Securing sponsorship and commercial partnerships
- Legal aspects including insurances, risk management and compliance
- Operational delivery of the event.

World Masters Games 2017 is a multi-year project. The major key performance indicators (KPIs) are based on the outcome of the Games and are specified in the Terms of Reference between ATEED and WMG2017. Achieving these KPIs will be the basis on which the performance of the organisation is judged. For this reason, there are no specific annual KPIs. However, the organisation will ensure that regular reporting to ATEED, Ministry of Business, Innovation and Employment (MBIE) and International Masters Games Association (IMGA) reflects appropriate budgetary and financial management, risk management and demonstrated progress with the planning of the Games and achieving milestones.

The project's major KPIs specified between ATEED and WMG2017 include:

- GDP impact meets or exceeds \$36.16 million
- Auckland visitor nights exceed 250,810
- The direct cost to ATEED does not exceed \$11 million and the direct cost to MBIE does not exceed \$11 million
- IMGA agree that Auckland successfully met the obligations of the Hosting Agreement
- A survey of competitors/participants captures that more than 85 per cent agree that the Games were well organized
- A survey of public attendees captures that more than 85 per cent agree that the Games were well delivered and enhanced their pride in the city.

Over the past year the platform has been set to support WMG2017 in achieving its vision of not just delivering the best World Masters Games ever but one that ignites a passion for masters sport and enables inspirational stories to be told around the globe of those competing.

Although the organisation is in its infancy, substantial progress has been made to date. The most notable of the 2014/2015 financial year achievements include:

- The announcement and contracting of the 45 competition venues required to support the delivery of the 28 sports;
- The announcement and contracting of Sky City and Air New Zealand as Strategic Partners of the Games, Pita Pit as an Experience Partner and the New Zealand Community Trust as a Trust Partner;
- Developing the Value Proposition for the Games including setting the three registration price points and securing the inclusions athletes and companions will receive in exchange for their investment;
- Exceeding the numbers and following held by previous editions of the World Masters Games across digital channels such as Facebook, Twitter and Instagram. Numbers continue to grow on all channels daily but at the time of writing Facebook followers had already exceeded 17,000 individuals.
- The dedicated employee workforce has grown from 10 to 18 with a number of key positions now in place including: Manager Governance, General Manager Sport and Games Operations, Volunteer Programme Manager and Marketing Manager. The employee workforce will continue to grow, reaching an approximate 55 FTE's come Games time.
- The development of a fully integrated Risk Management Framework, Policy and Registers. The Registers capture over 60 risks which each have active mitigation strategies in place.

The support and positive level of engagement received from the 28 sport delivery partners, 45 competition venue partners, funding partners, rights holder and key stakeholders continues to be immense and is as instrumental as ever to the success achieved to date. Fostering and developing these relationships further will remain a top priority.

There is a high degree of confidence (both internally and externally) that World Masters Games 2017 is poised to be the 'best Games ever'. With less than two years to go, public awareness and excitement will build about the Games drawing near, enabling World Masters Games 2017 further opportunity to reinforce the extensive benefits the New Zealand community will reap as a result of playing host to the largest multi-sport event in the world.

New Zealand Food Innovation Auckland Ltd (NZFIA)

Food Innovation Auckland Ltd, trading as 'The FoodBowl', is a central pillar in Auckland's food innovation ecosystem. Located near Auckland's international airport, it is a joint venture between ATEED and Callaghan Innovation, the Government's innovation agency.

The FoodBowl – Te Ipu Kai is a major Auckland Council strategic investment to support the region's food and beverage sector, which is identified in Auckland Council's *Economic Development Strategy 2012-2022* as a key growth export industry. Auckland's F&B sector contributed \$3.2 billion (about 4 per cent) to Auckland's regional GDP in 2014 and employs about 25,000 people.

The year ended 31 June 2015 was a hugely successful year for The FoodBowl. Double the number of medium sized companies (\$500,000 to \$5 million turnover) used The FoodBowl, compared to the previous year.

The FoodBowl engaged with more than 120 companies on specific projects during the year. A number of large companies are undertaking ongoing project work over a two-year period within the facility. Smaller companies carry out regular production as they build their business and make plans to ultimately build their own production facility.

All key performance indicators were exceeded as the business development team continued to increase their reach of engaged companies, but also focussed on collaborations with other capability providers, Crown Research Institutes and tertiary institutions.

The FoodBowl has strong connections across the F&B sector. These connections have led to many opportunities to bring new innovations to market and grow or develop the industry as a whole.

Clients' feedback has been that The FoodBowl provided them with a bridge to go from development of the technology at the bench to commercial scale, easy access to specialised equipment and opportunities to train staff – all resulting in considerable savings and speedier access to their new markets.

Open days held at The FoodBowl in March 2015 were very successful, attracting more than 900 people who toured the facility and attended workshops. This was a great way to educate and inform companies of The FoodBowl's product development possibilities.

The FoodPortal – a significant new project that will benefit Auckland's F&B sector – began during the year, and is well underway. The FoodPortal is a comprehensive on-line directory covering Auckland's entire F&B industry. It is envisioned that the portal will ultimately enable greater opportunities for Auckland F&B companies to collaborate and manage issues. The FoodPortal was showcased at the 2015 Auckland FoodShow under ATEED's 'Auckland on the Menu' pop up area.

Directory

For the year ended 30 June 2015

Directors

The Directors as at the year ended 30 June 2015 are as follows:

- David Arnot Williamson McConnell
- Norman John Thompson
- Francesca Banga
- Richard Jeffery
- Danny Chan
- Helen Alison Robinson

Vivien Anna Bridgwater resigned as a Director of ATEED on 1 November 2014. There have been no other changes in the composition of the ATEED Board since 1 July 2014.

Shareholders

Auckland Council (100%)
Civic Building, 1 Greys Avenue,
Auckland, 1010 ,
New Zealand

Registered Office

Level 8, 139 Quay Street
Auckland, 1010
New Zealand

Auditors

Audit New Zealand
Level 6, 280 Queen Street
Auckland 1140
New Zealand

Bankers

Bank of New Zealand
330 Broadway, Newmarket
Auckland, 1023
New Zealand

Solicitor

Simpson Grierson,
Level 27, 88 Shortland Street,
Auckland, 1010 New Zealand

Registered Company Number

3089625

Friday, 28 August 2015



OPEN AGENDA

6. **FINANCE REPORT**
Barbara Imlach, Chief Financial Officer

Finance Report, July 2015

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

Summary Income Statement					TABLE 1
For the Period Ended 31 July 2015					<small>\$000's</small>
	Year to Date			Full year	
	Actual	Budget	Variance	Budget	Last Year
Net operational expenses:					
Business Attraction & Investment	209	177	(32)	3,590	3,282
Destination & Marketing	603	925	322	10,257	11,267
Major Events	1,504	1,468	(36)	11,599	15,992
Business, Innovation and Skills	821	718	(103)	10,301	7,969
Corporate	928	855	(73)	12,627	9,138
ATEED net deficit	4,066	4,144	78	48,374	47,648
Major Events Fund drawdown	0	0	0	1,000	280
World Masters Games 2017 Ltd, net deficit	198	377	179	1,642	50
Operating deficit	4,264	4,521	257	51,016	47,978
Approved Council Funding				50,307	48,659

Key Points

ATEED's net deficit for the month is \$0.1m less than budget. No impact on current year funding as majority relates to timing differences across both ATEED and WMG.

We do carry some capital risk as we go through the approval process for rollover of \$1.1 m of unspent GridAKL capex from 2015. We are working closely with Council on this as we await approval from Finance & Performance Committee (September meeting).

Our Q1 forecast will be undertaken in September, with a focus on:

- Projected staff cost and headcount
- Reallocation of funds to the Business Units for approved projects funded from our Integration Fund
- Increased spend and transfer of funding from Council relating to the transfer of the local ED team
- Clarity of additional capex funding rolled over from 2015

ATEED's net deficit for the year is \$0.1m favourable to budget.

- **Destination and Marketing.** Favourable variance due to ACB Membership revenue invoiced earlier than budgeted.
- **Business Innovation & Skills.** Majority of variance is timing related and will correct over the coming months.

Income Statement

Income Statement					TABLE 2	
For the Period Ended 31 July 2015						
	Year to Date			Full Year		
	Actual	Budget	Variance	Budget	Last Year	
Operational income						
Funding from Government	110	93	17	1,211	3,518	
Sponsorship	19	1	18	2,005	967	
Fees & Subscriptions	279	5	274	609	510	
i-Sites	141	135	5	2,483	2,580	
Sundry income	72	80	(8)	1,683	1,348	
Total Operating income	622	315	307	7,991	9,053	
Expenditure						
Staff costs	1,815	1,721	(95)	20,735	19,559	
Professional fees, consultancy & contractors	335	357	22	11,309	7,325	
Grants & sponsorships	1,484	1,412	(72)	7,921	12,004	
Depreciation & amortisation	42	61	19	656	540	
Shared services and lease costs	178	183	4	2,192	2,475	
Occupancy	213	211	(3)	2,676	2,495	
Travel & entertainment	56	36	(19)	1,445	1,510	
General, admin & other	193	165	(28)	1,741	2,610	
Advertising, marketing & research	372	313	(59)	8,689	8,182	
Total Operating Expenditure	4,687	4,458	(229)	57,365	56,701	
ATEED Net deficit	4,066	4,144	78	49,374	47,648	

Revenue

Revenue higher than budget due to the early invoicing of ACB membership fees.

Expenditure

Staff costs are over budget by \$0.1m due to additional ED staff transferred from Council as well as some temp staff and contracted positions continuing from last year that were not included in the budget. We are working with business units to track and monitor this spend to ensure that we come within budget at end of this financial year.

Grants and sponsorships. Unfavourable variance relating to a month end timing issue for our FoodBowl grant.

Advertising and Marketing has been impacted by costs incurred earlier than planned in relation to ACB international bids.

Summary of major projects

This table reflects only those projects with YTD spend and/or budget

Summary of Major Projects: Spend and/or (Revenue) > 0.5m							TABLE 3
For the Period Ended 31 July 2015							\$000's
	Year to Date				Last Year		
	Actual	Budget	Variance	Last Year	Budget	Last Year	
Business, innovation and skills							
The FoodBowl	149	83	(66)	68	1,000	1,000	
GridAKL	152	181	29	0	2,255	1,486	
Destination and marketing							
Global Auckland Project	7	45	38	0	550	253	
Major Events							
Maori Signature Event	2	15	13	0	500	29	
V8 Supercars	224	216	(8)	(329)	1,549	461	
2016 NRL Nines - Delivery	701	700	(1)	2	1,750	3,262	
Total Major Events							
Contingent Asset					4,369	3,369	

All projects are tracking well against budget. FoodBowl had an over accrual of \$0.06m and this will be corrected in August.

World Masters Games


World Masters Games 2017 Ltd							TABLE 4
Summary Income Statement							\$000's
For the Period Ended 31 July 2015							\$000's
	Year to Date				Full Year		
	Actual	Budget	Variance	Last Year	Budget	Last Year	
Revenue from Activities	0	5	(5)	0	1,212	26	
Funding from Government	0	0	0	0	2,625	2,700	
Sponsorship	0	0	0	0	885	1,225	
Total Operating income	0	5	(5)	0	4,722	3,951	
Net Operational costs							
Staff costs	183	213	30	78	3,105	1,765	
Professional fees, consultancy & contractors	5	41	36	21	855	287	
Grants & sponsorships	(93)	1	94	0	832	861	
Depreciation & amortisation	1	2	1	0	51	21	
Occupancy	21	20	(1)	10	502	83	
Travel & entertainment	6	37	31	15	164	124	
General, admin & other	12	25	13	11	856	362	
Advertising, marketing & research	64	43	(21)	(2)	0	498	
Total Operating Expenditure	198	382	184	134	6,364	4,001	
Operating surplus/(deficit)	(198)	(377)	179	(134)	(1,642)	(50)	

	Prior Year	2015 YTD	Total To Date	To Go	Revised Forecast	Original Budget
Total Spend	8,885	198	9,083	25,857	34,940	33,000
ATEED Funding	3,004	198	3,202	7,798	11,000	11,000

WMG monthly results have been impacted by the early release of a number of accruals. This will be corrected in the August results.

Work is underway with the steering group on the revised Terms of Reference and clarity of funding. This is in response to the paper tabled at the Events sub-committee requesting ATEED's SOI be updated to reflect funding of \$11.75m.

Summary Statement of Financial Position

TABLE 5  Auckland Tourism, Events and Economic Development <small>An Auckland Council Organisation</small>		
Statement of Financial Position, ATEED Group As at 31 July 2015		
	YTD	\$000's Jun-15
Current assets		
Cash and cash equivalents	1,593	2,206
Receivables and prepayments	7,433	9,512
Other current assets, including iSite inventory	55	55
Total current assets	9,081	11,773
Current liabilities	8,140	11,230
Working capital	941	543
Non-current assets		
Receivables and prepayments (non-current)	1,077	1,236
Property, plant and equipment	2,198	2,240
Investment in Joint Venture, The FoodBow l	2,047	2,047
Total con-current assets	5,322	5,523
Non-current liabilities	434	436
NET ASSETS	5,829	5,630
EQUITY	5,829	5,630
Capex spend	0	FY BUD 1,581
Total commitments (at June 2015)	\$14.2m	\$14.2m

Capex: Budget reflects approved 2016 budget, mainly all GridAKL related. We are awaiting approval for the additional \$1.1m carry over from 2015. Lysaght fit out work is due to commence late August.

Recommendation

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

Signatories

Manager: Avika Singh, Finance Manager

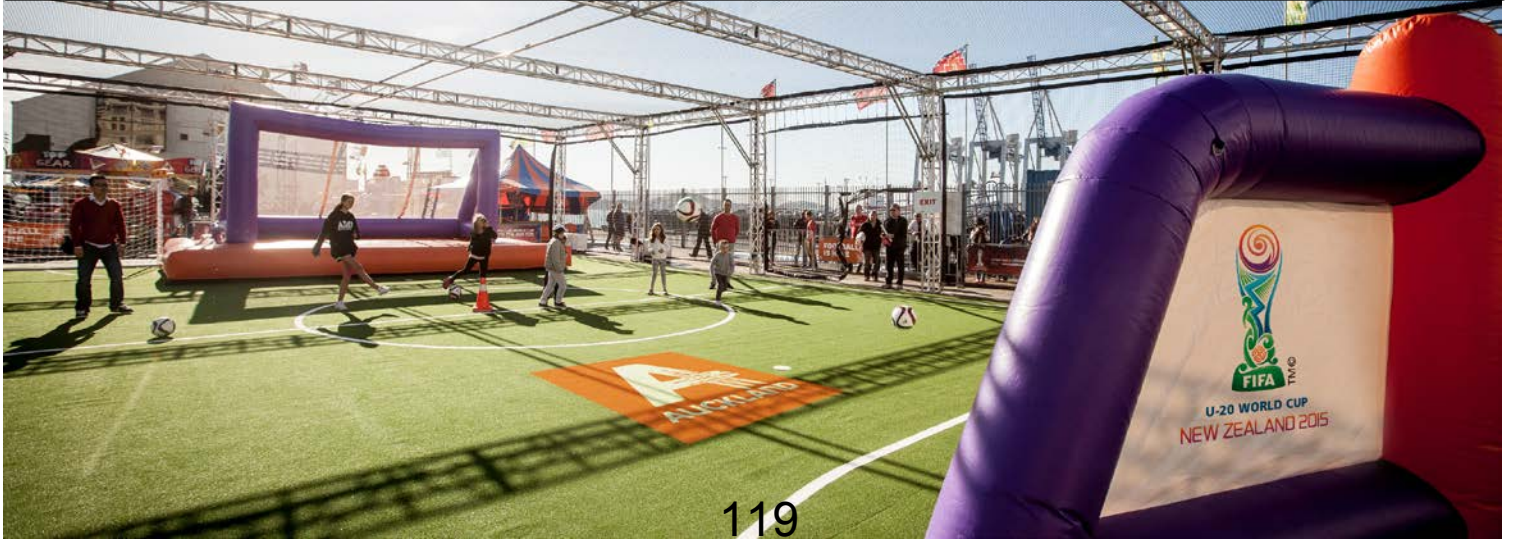
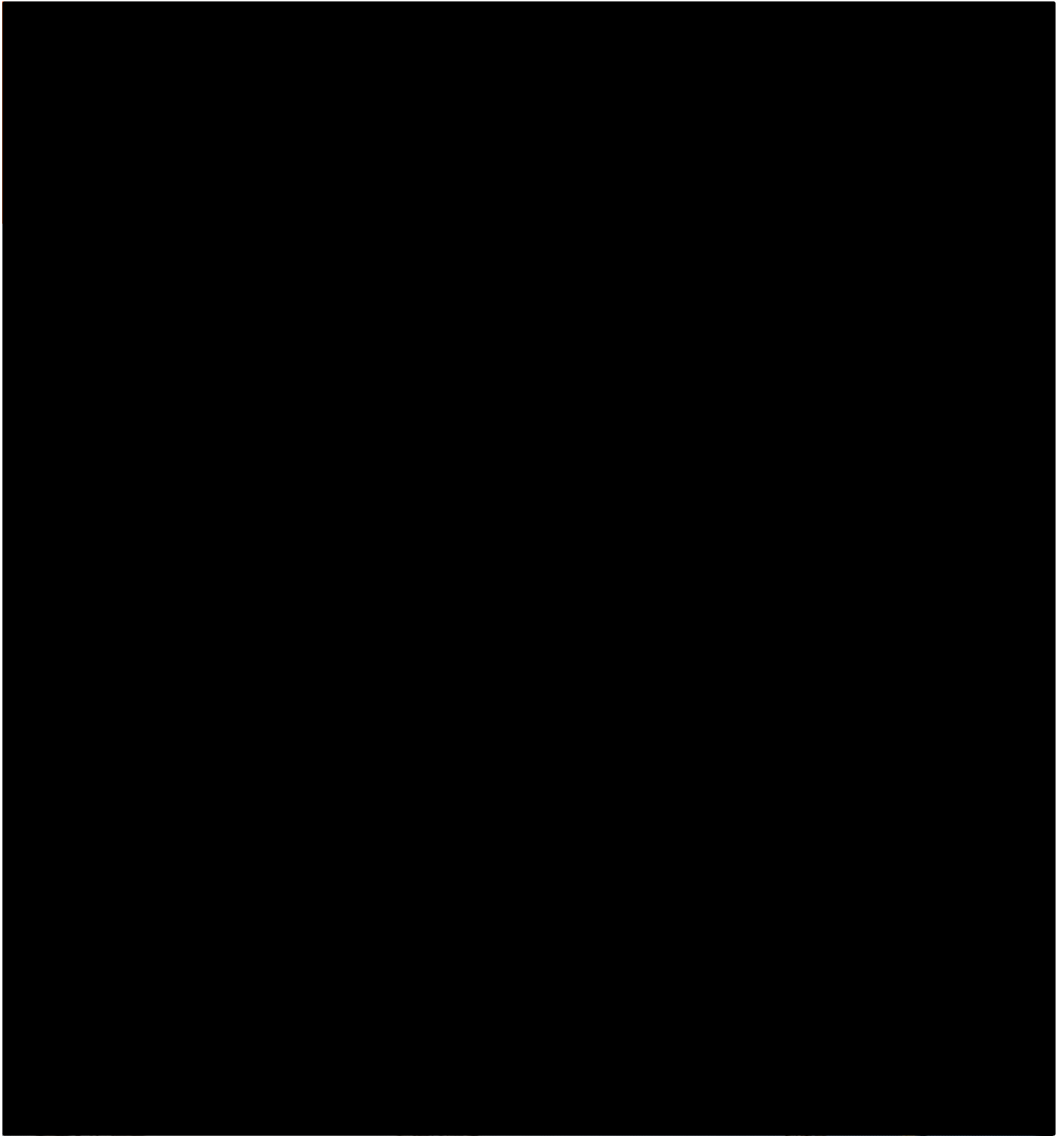
GM: Barbara Imlach, Chief Financial Officer

Friday, 28 August 2015



OPEN AGENDA

ATEED QUARTER 4 REPORT
For information only



He Mihi

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

E whakaruruhau ana i nga ahikaa mai tawhiti.

E maumahara ana i te nguha a Mataoho.

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

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

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

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

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

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1. Executive summary

Highlights for the Quarter

Notable highlights for **GridAKL** during the quarter included the announcement of global networking and telecommunications giant Huawei as the foundation partner of GridAKL in a \$1 million sponsorship deal, and the Finance and Performance Committee's approval for ATEED to enter into a lease and development for the Innovation 5A building.

The **FoodBowl – Te Ipu Kai** is now typically at 100 per cent use and continues to enhance its reputation as an industry training centre to upskill industry in both technical and business capability building. Actual revenue for FY2014/15 was \$630,000, a 30 per cent increase from the previous financial year.

The **Regional Business Partner Network** (RBPN) programme performed well this year, with 884 actively managed businesses and a 93 per cent satisfaction rate with the programme, both well exceeding their targets (360 businesses and 85 per cent satisfaction rate).

The inaugural **Tripartite Economic Alliance Summit** was held in Los Angeles in June, with Auckland's delegation comprising more than 40 innovative organisations from the region's growth sectors including ICT, screen and digital, niche manufacturing, and education.

The new **film permit fees and Auckland Film Protocol** was adopted by the Governing Body in May. The revised film fees and redirection will come into effect on 1 November 2015.

By year-end, ATEED had facilitated the establishment or significant expansions of six multinational companies in target sectors. Total GDP contribution of deals facilitated this year reached \$604 million and the value of investments deals secured by ATEED is estimated at \$265 million.

The **Auckland Convention Bureau's** Advocate Programme was officially launched on 20 May. The programme sees Auckland being represented by 14 distinguished leaders in the health, medical, education and ICT fields on the world stage when the city bids for international business events.

Auckland was a host city for the **FIFA U-20 World Cup New Zealand 2015**, the second largest men's tournament in the FIFA stable. Nine matches, including the opening ceremony match and grand final, were played at QBE (North Harbour) Stadium.

ATEED's Major Events Portfolio measures well exceeded their 2014/15 targets. By year-end, there had been an estimated 1.87 million event attendees and 390,000 visitor nights generated by ATEED sponsored major events. Event attendee satisfaction was measured at 92 percent and the Return on Regional Investment from investment into these major events achieved \$73.1 million.

Notable achievements during the quarter for the **World Masters Games 2017 (WMG2017)** subsidiary company included a 10-day integrated marketing campaign around the '2 Years To Go' milestone and the appointment of a new Director to the WMG2017 Board.

The **Global Auckland Project** completed its 'Discovery Phase', which included interviewing more than 80 internal and external stakeholders. The **#loveakl** social media campaign which also launched during the quarter received nearly 50,000 engagements.

ATEED and its Dick Smith NRL Auckland Nines partner Duco Events won the 'Innovation Excellence' award at the **New Zealand Sport and Recreation Awards**. The awards celebrate sporting sector excellence in commercial partnerships, communication, community impact, events and innovation.

Non-financial performance

Against the 27 KPIs contained in the 2014-17 Statement of Intent, ATEED made significant progress towards achieving our vision to improve New Zealand's economic prosperity by leading the successful transformation of Auckland's economy. ATEED has adopted the 5-tier assessment which Auckland Council uses to assess KPIs.

In summary, 19 KPIs were 'achieved', two were 'substantially achieved', one was 'progressing', four were 'not achieved' and one had 'no result'. Of the four KPIs which were 'not achieved', key reasons included changes in external processes which have increased the time taken to process R&D grants, a change in focus to fewer, more intensive, relationships as part of the ATEED aftercare programme, and longer than anticipated lead-in times for securing organisations signing up to the Auckland Employer Pledge programme.

Looking ahead to Quarter One

Quarter One activity focuses on **GridEx** – the GridAKL expansion programme. This programme aims to facilitate the development of latent innovation hubs, or dense geographic clusters of innovation activity, across Auckland.

The FoodBowl – Te Ipu Kai is expecting the arrival of new capital equipment which will help fast-track the project work of at least three large companies working in the facility. The Food Portal is also expected to be ready to start signing up both capability providers and end users.

The **Auckland Investment Office (AIO)** is progressing towards being a separate functioning unit within Council, with ATEED seconding resources into the office.

Planning is underway for a 2015/16 **Tripartite Economic Alliance** programme of activity. This includes delivery of the next summit in Auckland, which is expected to be held in Q4 2015/16.

In July, the Auckland Development Committee gave approval for ATEED to progress a private sector deal for the proposed **Screen Innovation and Production Precinct** at Hobsonville Point. A preferred investor must be secured by 31 October, to be considered by the committee's November meeting.

The next **JobFest15** event was held on 7 August at QBE (North Harbour) Stadium, Albany. More than 60 employers attended the event hoping to interview and attract applicants for more than 300 entry-level jobs.

'The AKL: Show Never Stops' domestic marketing campaign continues with **'Auckland Restaurant Month'** in August in collaboration with Heart of the City.

It was recommended that the **Pasifika Festival** returns to Western Springs Park in 2016. The recommendation, based on feedback from the Pacific Island community, was presented to the 22 July Arts Culture and Events Committee.

A second mana whenua hui for the **Tāmaki Herenga Waka Festival (Māori Signature Festival)** was held on 16 July with ATEED proposing a joint project governance arrangement with mana whenua.

Key focus areas for **WMG2017** will include the announcement of a motor vehicle partner and the entertainment hub venue and concept.

The **Global Auckland Project** moves into next phase of validation research which will include focus groups with advertising, actors, restaurant and film communities and continuation of the *#loveakl* social media campaign.

The **Local Economic Development** function within Council moved to ATEED from 3 August. Moving this function to ATEED will reduce confusion and perceived duplication in the delivery of local economic development, and recognise that as Council moves from a planning mode into a delivery mode, ATEED is best placed to effectively deliver economic development initiatives aligned with local board priorities.

Financial performance and risk management

ATEED and our subsidiary company, World Masters Games 2017 Ltd were successful in achieving required outcomes under our six strategic priorities within our approved funding envelope. External funding is a priority for ATEED and we will continue to work with our business partners to ensure quality outcomes which they want to contribute to.

We were able to utilise and leverage from our nonstop summer of events, achieving integrated outcomes across a number of our activities. We also took on responsibility for work programmes (skills and local economic development) transferred from Council, as well as continuing to fund or contribute to a number of incubation projects on behalf of Council.

Capex spend is behind plan and we are relying on being able to rollover unspent funds to progress completion of the Lysaght building fit-out for GridAKL over the first part of the 2016 year.

There are currently no financial risks that could impact the Council family. Audit NZ have provided clearance to Council on our Q4 reporting pack, and have given verbal clearance on the results in our Annual Report for the Year Ended 30 June 2015.

2. Strategic framework and focus areas

ATEED's Strategic Framework

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

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

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

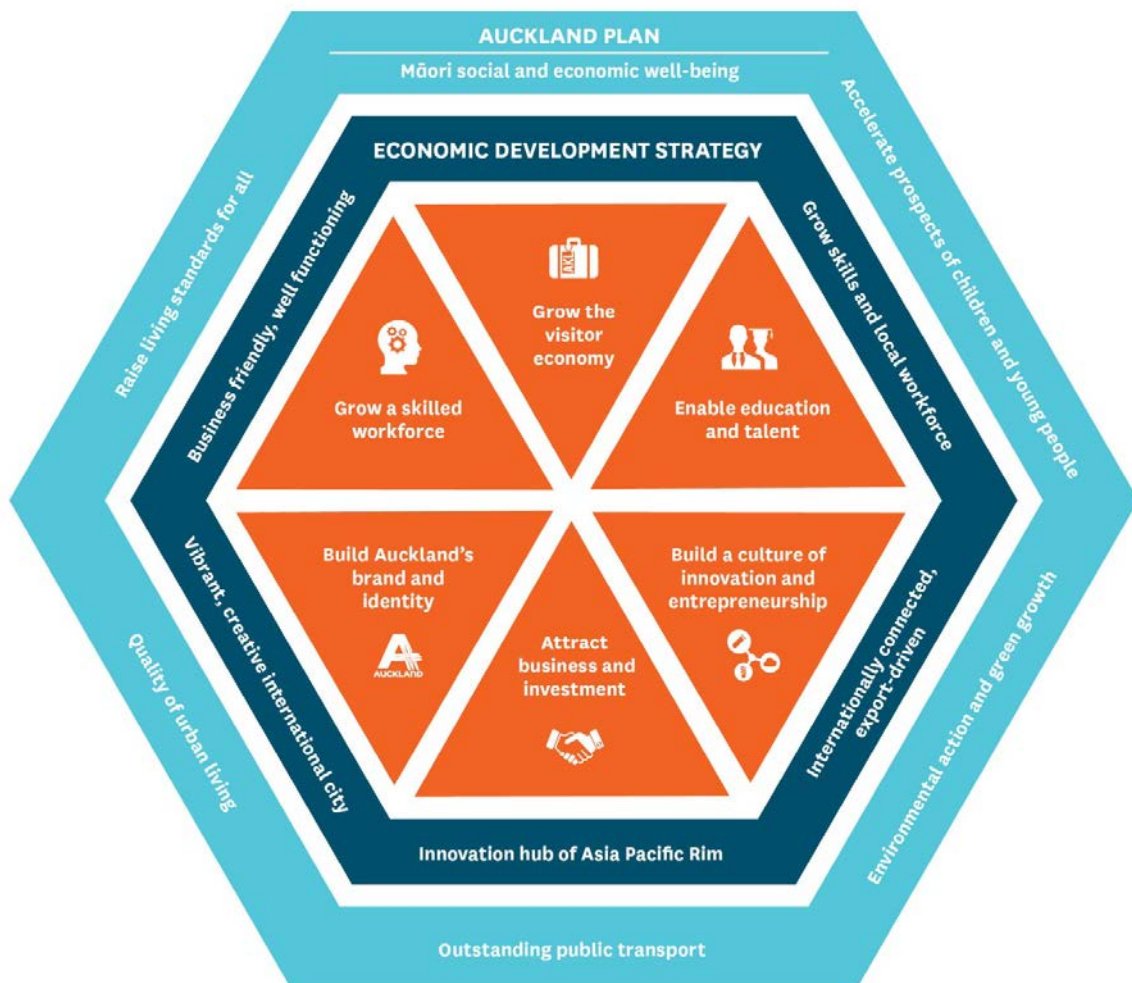


Figure 1 – ATEED's Strategic Framework

Strategic Issue: Enhancing Māori responsiveness

Over the past six months, ATEED has worked on a number of processes and activities to enhance its ability to respond to the needs of, and work with Tāmaki Makaurau’s mana whenua and mataawaka. This has been triggered by a combination of Council activity (establishment of Te Toa Takitini, finalisation of the Long Term Plan, application of Council’s Māori Responsiveness Framework) and the ongoing maturity of ATEED’s capability to exploit Auckland’s Māori identity as a point of difference on which economic opportunity can be built.

This encompasses a number of key initiatives:

- ATEED is in the process of finalising its first Māori Responsiveness Plan to align with the Māori Responsiveness Framework established by Council in late 2013. The plan outlines key actions ATEED will undertake over the next three years to:
 - a. Build the internal knowledge, capability and capacity of ATEED staff to respond more effectively to Māori stakeholders
 - b. Ensure ATEED has the right relationships and processes in place to enable Māori participation in decision making processes
 - c. Effectively deliver positive economic outcomes for Māori.
- ATEED Chief Executive Brett O’Riley is the Programme Convenor for the Whai Rawa Māori Economic Wellbeing workstream of Council’s Te Toa Takitini Māori Responsive High Performance programme. Through his role, ATEED will be responsible for convening a cross-council work programme to significantly lift Māori economic wellbeing.
- Through the Long Term Plan process, ATEED has confirmed direct operating expenditure of at least \$825,000 towards activities which can help to transform Māori economic wellbeing.
- In addition, ATEED now has four full time roles and one contractor focussed on the delivery of positive economic outcomes for Māori in the fields of tourism, major events, business and enterprise and engagement.
- Over the last six months, ATEED has been through an intensive process of consultation and engagement with mana whenua regarding the delivery of a Māori Signature Festival for Auckland (a key deliverable outlined in the Mayor’s Letter of Expectation). As a result, ATEED has recommended festival co-governance with iwi, has agreed on the festival scope and has assigned dedicated staff to deliver it in early 2016 – in partnership with iwi.
- Initial findings of ATEED’s Global Auckland project to develop a new global identity for the region confirmed that Auckland’s Māori identity will be a key component.

Auckland’s *Economic Development Strategy 2012-2022* identifies “Facilitating an Iwi/Māori Economic Powerhouse” as a key cross cutting theme to facilitating the growth of Auckland’s economic prosperity. ATEED is putting in place foundations to help a step change for its work with mana whenua and mataawaka over the 2015/16 year and beyond. The principle of kotahitanga – one shared purpose – is at the centre of this programme.

3. Highlights for the last quarter

Building a culture of innovation and entrepreneurship

GridAKL is tracking well against all programme expectations and milestones. Notable highlights for the quarter included:

- The Mayor's Innovate Auckland Forum was held in April as part of the preparation for the first Tripartite Economic Alliance summit. The forum generated discussion of growth opportunities the tripartite agreement will create for Auckland businesses in Los Angeles and how innovation can shape Auckland's economic future.
- In May, global networking and telecommunications giant Huawei became the foundation partner of GridAKL in a \$1 million sponsorship which is expected to help Auckland's most innovative ICT and digital companies make inroads into international markets. The three-year partnership between Huawei and ATEED is the cornerstone of ATEED's strategy to leverage council's \$20 million investment in GridAKL by developing commercial opportunities which deliver for Auckland's economy.
- On 21 May, the Finance and Performance Committee approved for ATEED to enter into a lease and development agreement for the Innovation 5A (working title only) building – the precinct's first new build.
- Demand for co-working space within the hub (Polperro) exceeds capacity (currently 15 businesses in residence), establishing a strong pipeline of tenants for the Lysaght and Innovation 5A buildings, and also strengthening the GridAKL expansion proposals.

The **FoodBowl – Te Ipu Kai** is now typically at capacity, with 50 per cent of the time in productions, 30 per cent in essential cleaning and 20 per cent in set-up time. The FoodBowl's reputation as an industry training centre to upskill industry in both technical and business capability building was clearly evident during the quarter. This included:

- Formal introduction of two independent clients which are now collaborating on high-value products which could result in a \$150 million investment in a plant
- A company which initially sold only at local markets is now exporting to the US and looking to ultimately build its own factory
- Active involvement with one of the largest Māori food and beverage clusters in New Zealand – Nuku ki te Puku – to promote and accelerate new product development within iwi
- The decision to invest more than \$40 million in new processing technology by one client company with a sole focus on export.

Actual revenue for FY2014/15 was \$630,000, a 30 per cent increase on revenue achieved in the previous financial year.

In May, ATEED provided support to the **Pacific Wave Forum**, a conference held in Auckland exploring ICT connectivity in the Pacific and its link to the region's economic growth. Led by the Pacific Cooperation Foundation, Pacific Wave was attended by more than 110 people from a range of public and private organisations and included speakers such as Derek Handley, founder of multi-million dollar global mobile marketing company Hyperfactory and satellite business and technology expert, Christian Patouraux.

The **Regional Business Partner Network** (RBPN) programme performed well this year, with 884 actively managed businesses and a 93 per cent satisfaction rate with the programme, both well exceeding their targets (360 businesses and 85 per cent satisfaction rate respectively). However, the total value of Callaghan Innovation research and development grants did not meet its target, with \$3.59 million in grants approved during the financial year (against a \$4 million year-end target). This is due to changes in external processes which have increased the time taken to process grants.

Attracting business and investment

In June, the inaugural **Tripartite Economic Alliance Summit** was held in Los Angeles. Auckland's delegation to Los Angeles included more than 40 innovative organisations from the region's growth sectors including ICT, screen and digital, niche manufacturing, and education. ATEED, with support from the US Consulate, New Zealand Trade and Enterprise (NZTE) and Ministry of Foreign Affairs and Trade (MFAT) was instrumental in helping the Auckland organisations prepare for the summit.

As part of the summit, **Screen Auckland** has held discussions with its Los Angeles and Guangzhou counterparts and identified potential production opportunities that could be worth tens of millions to the Auckland economy in the long term. Screen Auckland will be working hard to secure these opportunities.

The new **film permit fees and Auckland Film Protocol** was adopted by the Governing Body in May. Fees from filming activities in local parks will be transferred to the area's Local and Sports Parks unit and Auckland Transport will work with Screen Auckland to determine how best to redirect film fees recouped from filming on roads, paths and berms to respective local boards. The revised film fees and redirection will come into effect on 1 November 2015.

The **Auckland Investment Office (AIO)** continued to play a valuable role in building relationships with Treasury and central government. A senior officials' meeting was held in June, and this will be followed by a pan-Council and government officials' group meeting looking at accelerating funding on several multi-outcome projects (scheduled for early July).

ATEED performed well against its **business and investment** targets. By year-end, ATEED had facilitated the establishment or significant expansions of six multinational companies in target sectors. Total GDP contribution of deals facilitated this year has reached \$604 million and the value of investments deals secured by ATEED is estimated at \$265 million. The 85 intensively account managed customers in ATEED's Aroha Auckland aftercare programme did not reach its year-end target of 105, however it should be noted that since the inception of the programme 104 companies and 12 high net worth individuals have been engaged.

Growing a skilled workforce

During Quarter Four, six new employers signed up with to the **Youth Employment Traction Hub** 'Employers Pledge', bringing the end year total to 13. New signees for the quarter were ATEED, Rainbow's End, The Stamford Plaza, AWF, Wharehine and G.J. Gardner Homes Rodney. Another four pledges are expected to be signed with the Mayor by end July, bringing the total to 17. The long lead-in time from approaching a business to signing the pledge has meant that the target of 50 organisations within the financial year was not met. So far, 42 organisations have agreed to join the Auckland Employer Pledge programme with half still working their way through the authorisation process.

IdeaStarter, an ATEED supported competition which commenced in Quarter Three, culminated in a summit held in GridAKL in May. The competition, which was aimed at young Aucklanders aged 15-24 with a business idea for a new product or service, is part of Youth Connections, a programme which is primarily funded by The Tindall Foundation and Council to support youth employment and enterprise in Auckland. The judges named 15 winners from 60 teams comprising 146 candidates, and each received mentoring sessions with a business or social entrepreneur.

The **Lion Foundation Young Enterprise Scheme (YES)** Dragon's Den events were conducted during the quarter. This phase provided the opportunity for YES students to pitch their business plans to a panel of 'dragons', comprising Auckland business community representatives, to obtain essential feedback on their ideas.

Enabling education and talent

In partnership with Auckland tourism operators and businesses, two **INAKL international student** events were successfully delivered during the quarter; a barbecue at Auckland Zoo on 8 April which included a mayoral welcome and announcement of the **INAKL International Student Ambassadors**, and a group attendance at the Auckland Blues vs ACT Brumbies rugby game on 10 April. More than 440 international students were also hosted at five FIFA U-20 World Cup 2015 games in Auckland

Growing the visitor economy

The **Auckland Convention Bureau's Advocate Programme** was launched on 20 May. The programme is the first of its kind in New Zealand and aims to help ATEED achieve its aim of increasing delegate days in Auckland from 1.98 million to 2.55 million by 2023. Auckland will be represented by 14 distinguished leaders in the health, medical, education and ICT fields on the world stage when the city bids for international business events.

Quarter Four saw Auckland playing host city to the **FIFA U-20 World Cup New Zealand 2015**, the second largest men's tournament in the FIFA stable. Nine matches, including the opening ceremony match and grand final, were played at QBE (North Harbour) Stadium. The tournament is expected to bring \$8.6 million into Auckland's economy, resulting in an additional 42,800 international and domestic visitor nights for Auckland.

The **2014/15 major events programme** of lifestyle, cultural and sporting major events was completed for the year with the hosting of the 2015 New Zealand International Comedy Festival, New Zealand Badminton Open 2015 and 2015 Auckland Writers Festival.

By year-end there had been an estimated 1.87 million event attendees and 390,000 visitor nights generated by ATEED sponsored major events. Both major event attendee satisfaction and the Return on Regional Investment from investment into these major events well exceeded targets with 92 per cent and \$73.1 million respectively.

Notable achievements during the quarter for the **WMG2017** subsidiary company included:

- Auckland attractions secured as inclusions for the three registration packages
- Completed phase 1 review meetings with all 28 sports, including the provision of sports specific competition format requirements for the registration kit
- A 10-day integrated marketing campaign around the '2 Years To Go' milestone
- Commencement of a series of local board briefings, which is expected to conclude in August
- The appointment of Graham Child to the Board of Directors, replacing Barry Maister.

Building Auckland's Brand and Identity

During the period the **Global Auckland Project** completed its 'Discovery Phase', in which activity was focused on interviewing more than 80 internal and external stakeholders. The **#loveakl** social media campaign launched on 15 June to ask people what Auckland means to them received nearly 50,000 engagements.

During the quarter, registration opened for **Team AKL, a volunteer programme** run by ATEED for people keen to get involved in helping out with the Auckland Lantern Festival, Diwali Festival, the ITM 500 Auckland V8 Supercars and Dick Smith NRL Auckland Nines. The programme provides Aucklanders a great opportunity to be at the heart of what's going on in Auckland, meet new people and see a new side to the events and Auckland.

ATEED and its Dick Smith NRL Auckland Nines partner Duco Events scored a great win at the **New Zealand Sport and Recreation Awards** in April, winning the 'Innovation Excellence' category. The awards celebrate sporting sector excellence in commercial partnerships, communication, community impact, events and innovation.

ATEED received a 'Highly Commended' in the Fulton Hogan Excellence Award for Community Impact at the **Local Government New Zealand Awards** for its work on the Auckland Lantern Festival.

4. Looking ahead to Quarter One

Building a culture of innovation and entrepreneurship

Next quarter activity for GridAKL will focus on the **GridEx expansion programme** which aims to facilitate the development of latent innovation hubs, or dense geographic clusters of innovation activity, across Auckland. A core final pillar of the programme is the development and activation of GridAKL to support expansion of Auckland's innovation network.

The detailed design process for **Lysaght Building** is being fast tracked. The fit-out works are expected to commence in Quarter One with completion scheduled for 17 December.

Quarter One activity at **The FoodBowl – Te Ipu Kai** will encompass the expected arrival of new capital equipment which will help fast-track the project work of at least three large companies working in the facility. In addition, the Food Portal is expected to be ready to start signing up both capability providers and end users. The portal is a comprehensive on-line directory covering Auckland's entire F&B industry.

The **Food Show Auckland** ran from 30 July – 2 August, with ATEED once again running the 'Auckland on the Menu' pop up space to support emerging Auckland food and beverage businesses. ATEED had 26 businesses involved this year, a significant number of which have been supported by ATEED through the Regional Business Partner programme supported by New Zealand Trade and Enterprise (NZTE).

Attracting business and investment

The **Auckland Investment Office (AIO)** is progressing towards being a separate functioning unit within Council, with ATEED seconding resources into the office.

Planning is now underway for new 2015/16 **Tripartite Economic Alliance** programme of activity. This includes delivery of the next Tripartite Summit in Auckland in, expected to be held in Q4 2015-16.

In July, the Auckland Development Committee gave approval for ATEED to progress a private sector deal for the proposed **Screen Innovation and Production Precinct** at Hobsonville Point. A preferred investor must be secured by 31 October, to be considered by the committee's November meeting.

Growing a skilled workforce

The next **JobFest15** event was held on 7 August at QBE (North Harbour) Stadium, Albany. JobFest15 is a unique opportunity for employers and job seekers, aged between 16 and 24, to connect face-to-face and discuss job opportunities. About 65 employers attended the event hoping to interview and attract applicants for more than 300 entry-level jobs.

The annual **Lion Foundation Young Enterprise Scheme (YES)** Trade Fair, held on 8 August at the ASB Showgrounds provided teams with an opportunity to sell their products to the general public. This year, more than 1,400 students from 52 Auckland schools are taking part in YES, forming more than 180 small enterprises.

Growing the visitor economy

In the **visitor infrastructure** space, ATEED continues to work with New Zealand Trade and Enterprise (NZTE) to consolidate a national "current state" analysis for hotel investment. ATEED is also working alongside the AIO to produce a presentation designed to narrate the hotel investment in Auckland.

'*The AKL: Show Never Stops*' domestic marketing campaign continues with the '**Auckland Restaurant Month**' in August in collaboration with Heart of the City. ATEED continues to explore opportunities to build a series of food and beverage related activities and festivals into a calendar of events during the shoulder seasons to address seasonality and create reasons to visit.

On July 8, the ATEED **2016/17 Major Events sponsorship** process commenced, enabling major events applications seeking sponsorship for multi-year and one-off events from the 2016/17 financial year onwards. The annual sponsorship window was opened earlier this year, and for a longer period, to allow longer term planning and enhance the quality of Auckland's major events offering.

The world's largest celebration of Pacific Island culture, **Pasifika Festival**, was recommended for a return to Western Springs Park in 2016. The recommendation, based on feedback from the Pacific Island community via the Pacific People's Advisory Panel and the Pasifika Village Coordinators was presented to the 22 July Arts Culture and Events Committee.

A second mana whenua hui for the **Tāmaki Herenga Waka Festival (Māori Signature Festival)** was held on 16 July. ATEED is proposing a joint project governance arrangement with mana whenua and is seeking feedback on this and the overall festival approach.

Public awareness and excitement is building around the **World Masters Games 2017**, the largest multi-sport event in the world. Key focus areas for the quarter will include:

- Major Event Ministers' Group briefing in July
- Tender for a merchandise partner to go into market
- Confirmation of athlete and companions registration packages
- Announcement of a motor vehicle partner in July
- Announcement of the entertainment hub venue and concept.

Major events being delivered and/or facilitated for Quarter One include New Zealand International Film Festival, Bledisloe Cup – All Blacks vs Australia, New Zealand Fashion Week, Auckland on Water Boat Show and *CATS The Musical*.

Building Auckland's brand and identity

The **Global Auckland Project** moves into next phase which will include focus groups with advertising, actors, restaurant and film communities and validation research and completion of further stakeholder interviews and the *#loveakl* social media campaign.

Local Economic Development

As a result of the recent review of the Auckland Council Chief Planning Office and the CCO Review, it has been decided that the **Local Economic Development (LED)** function that currently sits within the council moves to ATEED commencing 3 August. Moving this function to ATEED will reduce confusion and perceived duplication in the delivery of local economic development, and recognise that as Auckland Council moves from a planning mode into a delivery mode, ATEED is best placed to effectively deliver economic development initiatives aligned with local board priorities.

In the next two quarters, ATEED will review a broader roll-out of the **Local Board Engagement and Action Plans** across more local boards and ways to integrate action plans with ATEED's new responsibility for LED.

5. Key Deliverables

Key deliverables from last quarter

Deliverable	\$000	Completed/ carry over to next quarter/ deferred	Status	Comments
GridAKL	1,486	Carry over to next quarter	Ongoing	Full occupancy (15 resident companies), establishing strong pipeline for tenants at Lysaght. Huawei announced as Foundation Partner of GridAKL
Auckland Investment Office (AIO)	405	Carry over to next quarter ¹	Ongoing	Completion of 2016-18 Business Plan Framework.
Tripartite Economic Alliance Summit	93	Completed	Handover and Closure	Successful delivery of the LA Summit programme.
Youth Employment Traction Plan Programme	N/A	Carry over to next quarter	Ongoing	Programme activity includes: <ul style="list-style-type: none"> • Employer Pledge partner attraction • Preparation for JobFest15 on 7 August at QBE Stadium • Support for Youth Connections • Completion of IDEASstarter competition
International Student Experience Program	72	Completed	Handover and Closure	Pilot phase of International Student Experience programme complete. Project to transfer to Business-as-usual activities.
Global Auckland Project	101	Carry over to next quarter	Ongoing	<ul style="list-style-type: none"> • Completion of more than 80 stakeholder interviews. • Launched #loveakl social media campaign • Deployed surveys to KEA, Auckland Council's People Panel and international students.

¹ Operations of the Auckland Investment Office is expected to transition to Auckland Council and be finalised in Q1 2015-16 with ATEED seconding resources into the office.

Key deliverables for next quarter

As part the recently completed Annual Business Planning process ATEED has defined its Strategic Priorities for FY2015/16. These are outward facing priorities and deliverables for the business over the next 12 months.

Deliverable	Comments
Global Auckland	Transition to next phase which will include focus groups and validation research
Tamaki Herenga Waka Festival (Māori Signature Festival)	Following endorsement of the business case by ATEED's Major and Business Events Sub-Committee, a second mana whenua hui was held on 16 July in which a joint project governance arrangement is being proposed.
Tripartite Economic Alliance	Planning is now underway for new 2015/16 programme of activity. This includes delivery of the next Tripartite Summit in Auckland in April / May 2016.
Visitor infrastructure	<p><i>Cruise</i></p> <ul style="list-style-type: none"> ATEED continues to be involved in the Central Wharves and Central City Integration Group meetings. <p><i>Accommodation</i></p> <ul style="list-style-type: none"> ATEED is working with NZTE to consolidate a national "current state" analysis for hotel investment ATEED is working with Auckland Investment Office to produce a presentation designed to narrate the hotel investment in Auckland.
Screen infrastructure (Hobsonville Point)	In July, the Auckland Development Committee gave approval for ATEED to progress a private sector deal for the proposed Screen Innovation and Production Precinct at Hobsonville Point. A preferred investor must be secured by 31 October, to be considered by the committee's November meeting.
Business attraction and investment	A refreshed Business Attraction & Investment Strategy will focus on confirmation of budget and resourcing requirements and the development and commencement of a work programme for 2015/16.
Talent attraction	A draft ATEED Talent Attraction Framework is finalized and to be considered by the ATEED Board. The Auckland WORK URL http://www.aucklandnz.com/business/work will go live during the quarter, including an Auckland jobs widget.

<p>Innovation ecosystem (Grid AKL, innovation event etc.)</p>	<p>This priority includes the GridEx expansion programme, GridAKL, The Foodbowl – Te Ipu Kai, Tertiary Student Entrepreneurship, Auckland Innovation Event and Innovation Measurement.</p> <p>The GridEx expansion programme aims to facilitate the development of latent innovation hubs, or dense geographic clusters of innovation activity, across Auckland.</p> <p>The Tertiary Student Entrepreneurship programme has two primary objectives:</p> <ul style="list-style-type: none"> • Increase the number and calibre of student entrepreneurs across Auckland's tertiary sector and • Establish pathways for student to develop their business ideas, including linkages with the wider innovation ecosystem. <p>The initiative aims for a collaborative, sector-led approach to the expansion of successful existing student entrepreneurship programmes. ATEED is supporting a feasibility study for a proposed business incubator or 'hatchery' for the development of early stage business ideas by teams of entrepreneurs from across Auckland's tertiary sector.</p> <p>The Auckland Innovation Event programme will leverage events to develop Auckland's reputation as an innovation hub whilst authentically delivering on that promise. The initiative will deliver solutions to improve coordination and collaboration between event organisers, increase the visibility of innovation events and develop signature events that will enhance Auckland's culture and reputation nationally and internationally. Increased visibility of events and targeted attraction of industry specific events is expected to increase participation in the innovation ecosystem and better connect individuals to enable business growth.</p> <p>Work is underway to deliver an Innovation Measurement framework for innovation in the region. The framework will:</p> <ul style="list-style-type: none"> • Present a coordinated overview of the performance and impact of ATEED Innovation & Entrepreneurship interventions • Monitor the progress of key related innovation ecosystem activity across Auckland and • Benchmark Auckland's innovation performance internationally.
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6. Financial performance

Financial Performance For the Year Ended 30 June 2015				
\$'m	Actual	Forecast	Variance f/(u)	Full Year Budget
Operational				
External Revenue	13.0	12.3	0.7	13.2
AC Funding	48.0	48.2	(0.3)	47.5
Operational expenditure excl. depreciation	60.1	59.6	(0.6)	62.4
Depreciation	0.6	0.6	0.0	0.7
Capex				
Expenditure	0.8	1.8	1.0	1.8
AC Funding	0.4	0.4	0.0	0.4

ATEED's external revenue was up \$1.5m from last year and in line with our budget. We had forecast a reduction in sponsorship income, however due to the introduction of new reporting standards we were required to account for some revenue that had been planned in future periods. This is in line with Council and Audit NZ recommendations.






Approved Council funding increased during the year as a result of a transfer of activity from Council. This will continue into 2016 with ATEED taking further responsibility for local economic development.

Operating expenditure during the year was less than budget. This was mainly due to a slower than planned expansion of GridAKL into the new premises, as well as savings across a number of marketing activities.

Capital expenditure is behind plan. This is due to delays in the GridAKL expansion into the new premises and we will be looking to roll forward this variance into 2016 to complete the fit-out. This is due to be activated early 2016.




7. Performance measures













Against the 27 KPIs contained in the 2014-17 SOI, ATEED has made significant progress towards achieving our vision to improve New Zealand's economic prosperity by leading the successful transformation of Auckland's economy. ATEED has adopted the 5-tier assessment which Auckland Council uses to assess KPIs, with the following statuses applied:

Symbol	Status	Definition
	Achieved	Result has met or exceeded target (also includes where baseline has been established)
	Substantially achieved	Result within 2 per cent of target
	Not achieved but progress made	Target not achieved, but improvement over last year
	Not achieved	Target not achieved and no improvement over last year
	No result	Unable to measure

ATEED's performance against the KPIs is set out in the table below. In summary, of the 27 KPIs:

- 19 were 'achieved'
- 2 were 'substantially achieved'
- 1 was 'progressing'
- 4 were 'not achieved'
- 1 has 'no result'

Measure	Year-end target	On track	Year end Actual	Date of last measure
Build a culture of innovation and entrepreneurship				
Percentage of Auckland businesses innovating	Improve		77%	30 June 2015
Number of businesses taking up tenancy at GridAKL (formerly Wynyard Quarter Innovation Precinct) (cumulative)	20		15	30 June 2015
Total value of Callaghan Innovation R&D grants through the Regional Business Partner Network programme	\$4m		\$3.59m	30 June 2015

Percentage of stakeholders satisfied with provision of business advice, start-up, training and mentoring programmes (LTP Measure)	85%		93%	30 June 2015
Number of actively managed business through Regional Business Partner Network programme activity	360		884	30 June 2015
Total GDP in targeted sectors (marine, transport and logistics, ICT, food and beverage, bioscience, screen and digital, export education) compared with total Auckland GDP (LTP Measure)	Improve		Not improved	30 June 2015
Number of economic initiatives with Māori ²	Improve		19	30 June 2015
Attract business and investment				
GDP Global Investment Promotion Agency benchmarking (LTP Measure, undertaken bi-annually)	N/A		N/A	30 June 2015
Facilitation of the establishment, or significant expansion, of multinational companies in target sectors	5		6	30 June 2015
Number of intensively account managed customers in ATEED Aroha Auckland aftercare programme	105		85	30 June 2015
Total GDP contribution of deals effected with ATEED involvement	+5%		\$604m	30 June 2015
Value of investment deals effected by ATEED within the financial year	\$252m		\$265m	30 June 2015
Grow a skilled workforce				
Number of 'live' signatories to the Youth Employment Traction Hub 'Employers' Pledge'	50		13	30 June 2015
Enable education and talent				
Value of international student spend to the Auckland Economy	\$1.454b		\$1.75b	30 June 2015
Grow the visitor economy				
Number of visitor nights in Auckland (LTP measure)	26.6m		29.2m	30 June 2015

² An initiative is an arrangement where parties agree to cooperate to advance their mutual economic interests. The initiatives include Māori tourism showcasing, tourism workshops for iwi, Māori Signature Festival and Māori ICT workshops.

Spend by visitors in Auckland (LTP measure)	\$5,194m		\$5,315m	30 June 2015
Number of visitors to Auckland (LTP Measure)	13.7m		15.3m	30 June 2015
Overall visitor satisfaction (all visitors) with the experience in Auckland (as measured through the Visitor Insights Programme)	8.1		7.8	30 June 2015
Percentage of customers satisfied with visitor information centres and services overall (LTP Measure)	90%		93%	30 June 2015
Grow the visitor economy – build a world class major events portfolio				
Return on Regional Investment (RORI) from major events invested in (LTP Measure)	\$47m		\$73.1m	30 June 2015
Percentage of those (Aucklanders) who agree events make Auckland a great place to live (engender pride and sense of place)	80%		79%	30 June 2015
Visitor nights generated by major events	150,000		390,000	30 June 2015
Estimated number of attendees at major events (LTP Measure)	1.52m		1.87m	30 June 2015
Percentage of attendees satisfied with major events overall (LTP Measure)	85%		92%	30 June 2015
Number of major international events attracted or facilitated (LTP measure)	5		9	30 June 2015
Building Auckland's brand and identity				
Total visits to www.aucklandnz.com	2.6million		3.18m	30 June 2015
Corporate capability				
Percentage of CCO monitoring and accountability requirements that meet target ³	100%		100%	30 June 2015

³ Accountability requirements are the delivery of draft and final SOIs, quarterly reports and Annual Reports within the timeframes specified in Auckland Council's CCO Accountability Policy.

8. Contribution to Māori outcomes

How it contributes to Māori outcomes	Progress	Total Spend 2014/15	2015/16 Budget
Whai Rawa			
To significantly lift Māori economic well-being, and enable and contribute to Māori economic needs and aspirations through focused activities that target: <ul style="list-style-type: none"> tribal development whanau well-being Māori business sector development. 	<p>ATEED leads the Whai Rawa workstream of the Te Toa Takitini initiative with its Chief Executive acting as workstream sponsor.</p> <p>To date ATEED has convened two meetings of key stakeholders within the workstream including Te Waka Angamua and other CCOs to review the proposed work programme and alignment with current work being undertaken.</p> <p>ATEED is now focussed on determining governance of key projects and programmes that fall within Whai Rawa.</p>	N/A	N/A
Māori Economic Growth Programme			
Grow Māori business capability and economic prosperity	<p>Current key areas of focus within the programme are:</p> <ul style="list-style-type: none"> Dig My Idea – a Māori digital innovation challenge in collaboration with Nga Pu Waea, open nationwide, designed to encourage Māori to develop online businesses. Entries to open in August. Māori Economic Forum (MEF) – based on feedback from the last Forum, it is likely the next MEF will be redesigned as a series of forums targeted at specific audiences/themes such as youth/rangatahi, digital, Māori business. 	67,346	125,000
Tamaki Herenga Waka Festival (Māori Signature Festival)			
Celebrates and showcases Māori culture and provides a vehicle to leverage Māori business and investment opportunities	<p>ATEED is developing a partnership with the Tāmaki Herenga Waka Trust around the festival and ongoing engagement with mana whenua around appropriate dates, design and development principles and the development of a legacy plan.</p> <p>The project scope and resourcing has been confirmed from Q1 2015/16.</p> <p>ATEED is proposing a joint project governance arrangement with mana whenua and is seeking feedback on this and the overall festival approach at a hui on 16 July.</p>	29,371	500,000

How it contributes to Māori outcomes	Progress	Total Spend 2014/15	2015/16 Budget
Māori Tourism Development Programme			
Tourism business development opportunities for locals and iwi	<ul style="list-style-type: none"> Rangitoto-Motutapu Haerenga – continuing to work with DoC and iwi with a focus on securing MBIE Tourism Growth Partnership Funding. Cultural Centre – facilitating meetings with stakeholders to identify most suitable locations for a new Cultural Centre. Motorhome Park – working with Ngati Whatua Orakei who are investigating an opportunity to develop a motorhome park. Woodhill Tourism Cluster – working with Ngati Whatua Ki Kaipara to promote Woodhill and surrounding areas as an Auckland adventure hub. Airport Tourism Cluster – ATEED have commissioned research to identify how marae/iwi in the vicinity of the Airport can best leverage tourism opportunities. 	75,076	80,000
FIFA U-20 World Cup 2015			
Celebrates and showcases Māori culture	<p>Three welcome events for the FIFA U-20 World Cup 2015 were facilitated in Auckland with meaningful engagement from local iwi. Traditional Māori protocol was upheld through proper consultation with Ngāti Whātua Ōrākei.</p> <p>FIFA officials were welcomed onto the marae at Ōrākei with a full powhiri, the New Zealand national U-20 team were also welcomed onto Aotea Square with a full powhiri and the Ukrainian national U-20 team experienced a waiata from Haka the Legend (affiliated with Tainui). All of these welcome events attracted significant media attention.</p>	N/A	N/A
ATEED Māori Responsiveness Plan			
The plan seeks to enhance internal understanding of ATEED's responsiveness to Māori, hence supporting the delivery of Council's commitment to Te Tiriti o Waitangi	<p>Over the last three months ATEED has been following the methodology recommended by Te Waka Angamua to develop its own Māori Responsiveness Plan. A number of internal workshops have been held and a draft Plan has now been developed. This will be refined and finalised over the coming months.</p> <p>In addition, ATEED has also developed its own internal Māori Engagement Guide to assist staff in building their capability to engage with Māori appropriately.</p>	N/A	N/A

9. Key Local Board activity

Initiatives	Comments
Local Board Engagement & Activity Plan – pilot project	<p>During the quarter, ATEED continued to develop Local Board Engagement and Action Plans with a pilot group of local boards (Franklin, Kaipātiki, Orākei, Waiheke, Waitākere Ranges and Waitemata) and agreed specific actions with each local board that ATEED can visibly support in 2015/16.</p> <p>ATEED is continuing the review of a broader roll-out of the Local Board Engagement and Action Plans across more local boards, and ways to integrate action plans with ATEED's new responsibility for local economic development. This review will conclude by 2015.</p>
Economic Growth	<p>ATEED's Local Economic Growth Manager is ATEED's primary point of contact with local boards. During this period ATEED's Local Economic Growth Manager and the local economic growth team began meeting local board members across the region. The aim was to establish relationships with members and increase visibility of ATEED's economic growth activity with businesses in each local board area. In most areas these update meetings now regularly scheduled. Should a local board raise any queries related to the broader activities across ATEED's areas of responsibility this team arranges for the appropriate person to respond to the local board.</p> <p>The transfer of Council's Local Economic Development (LED) function to ATEED will commence 3 August. The administration and management of Business Improvement Districts (BIDs) will remain within the Plans and Places department of Auckland Council.</p>
Major events	<p>All local board chairs were informed of the 2015/16 major events portfolio prior to the public announcement. In addition, local board chairs were invited to express interest in attending one ATEED event where hosting opportunities or tickets are available during the 2015/16 financial year.</p> <p>This process recognises the importance of the region's elected representatives being able to experience the fantastic portfolio of major events sponsored by ATEED on behalf of Auckland Council, while balancing priorities for sponsorship benefits to be used to drive economic growth.</p>
Auckland Film Studios	<p>In April 2015 ATEED briefed the Upper Harbour and Henderson-Massey Local Boards regarding the film studios proposed at Hobsonville Point. Staff addressed a range of queries from both local boards about the impact of the proposal on the respective communities.</p> <p>Further engagement with the Upper Harbour Local Board has been scheduled for 1 September to determine how community needs might best be addressed under the Hobsonville screen precinct option. ATEED is also currently engaging with the Hobsonville Point Local Residents Association.</p>

<p>Local Board Chairs Forum</p>	<p>ATEED's Chief Executive attended the Local Board Chairs Forum on 25 May to provide updates on the Lion Foundation Young Enterprise Scheme, and ATEED's Youth Employer Pledge programme.</p> <p><u>Lion Foundation Young Enterprise Scheme</u></p> <p>As well as highlighting the achievements of the current programme, the update included discussion of ATEED's vision for the YES programme and how local boards could support this and the programme in general.</p> <p>As a result of the presentation details of opportunities for local board members to support the YES programme, and a breakdown of the schools participating in each local board area, have been sent to all local board members.</p> <p><u>Youth Employer Pledge</u></p> <p>The employer pledge programme aims to establish a partnership between Auckland businesses and the Council to grow youth employment.</p> <p>At the time of the presentation 13 companies had been signed up as Pledge partners. Work to advance this programme will continue throughout 2015/16.</p>
<p>ATEED Board of Directors engagement</p>	<p>ATEED will be offering local board chairs and economic development (or other relevant) portfolio holders the opportunity to meet the ATEED Board during a working lunch at the 27 November Board meeting.</p> <p>These opportunities are intended to build relationships at the governance level. All meetings are held at ATEED's office at 139 Quay Street.</p>

10. Risk management

There has been no change to ATEED's risk framework; monthly updates are provided to the ATEED Board and each quarter a full risk update is tabled. The Audit and Risk Committee continue to meet quarterly.

ATEED has recently undertaken a series of risk sessions across the organisation with the key focus on identifying positive risk. This is also in line with a recommendation from Audit NZ where they recommended greater emphasis on recognising positive risk. Feedback from these sessions will feed into our risk management improvement plan. We have also run a series of ethics workshops to ensure all staff have completed ethics training and/or refresher sessions.

We continue to actively monitor risk across our portfolio. Our current significant portfolio risks are:

- Screen Innovation and Production Precinct: There is a short timeframe to secure a deal and all the associated risk around this are under active management and being mitigated.
- The Maori Signature Festival, Tamaki Herenga Waka Festival. With this high profile event and tight delivery timelines, this project has been set up with a robust governance structure and stakeholder engagement plan.
- Our Global Auckland Project has completed its discovery phase and we will continue to monitor and engage with media to continue to ensure correct messaging is being delivered. The establishment of the Advisory Group has helped with the advocacy of this strategic priority.
- GridAKL, due to its size and complexity, has a number of mitigating strategies to manage the risk, including the establishment of a steering committee as well as an internal audit assurance review initiated in June.

Internal audit: KPMG were successful in being appointed ATEED's internal auditors, and a review of our GridAKL project was the first assignment. The audit plan for 2016 is currently being developed in conjunction with our audit and risk committee.

External audit: We believe all recommendations made by Audit New Zealand as part of their management report to the ATEED Board for the year ended 30 June 2014 are closed. At this stage Audit NZ have not given us any indication of potential recommendations from their 2015 year end work.

Financial risk: Our delivery of innovation and entrepreneurship outcomes is dependent upon GridAKL. ATEED is reliant on approved capital funding as well as carry over from 2015 in order to achieve these outcomes.