

Auckland Tourism, Events and Economic Development Ltd Board meeting

OPEN AGENDA

Will be held as follows:

DATE: 29 January 2016
TIME: 12.15 pm start
VENUE: Orakei Marae, 59B Kitemoana St, Orakei

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

OPEN AGENDA

1. **APOLOGIES**

An apology has been received from Richard Jeffery.

2. **MINUTES OF 27 NOVEMBER 2015 AND OPEN ACTION TRACKER**

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

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1. APOLOGIES

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2. **MINUTES OF 27 NOVEMBER 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, 27 November 2015 at 1.00pm
Directors:	David McConnell Norm Thompson Franceska Banga Richard Jeffery Danny Chan
Board Intern:	Daniel Mussett
Apologies:	Helen Robinson Stuart McCutcheon
In Attendance:	Brett O'Riley (Chief Executive) Martin Fairweather (Chief Operating Officer) Barbara Imlach (Chief Financial Officer) Laura Fayerman (Executive Manager) Libby Nuth (Company Secretary)
Public & Media Attendance:	N/A

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 7 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

Apologies were received from Helen Robinson and Stuart McCutcheon.

2. Minutes of Previous Meetings and Open Action Tracker

The draft minutes of the meeting held on 18 September 2015 and the Open Action Tracker were discussed. The Board were advised that there had been a health and safety visit to the Diwali Festival site.

Following the conclusion of discussions, the Board resolved that the minutes of the ATEED meeting held on 18 September 2015 be confirmed as a true and correct record.

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

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 November 2015

Brett O'Riley spoke to the Report. The Board noted the Health and Safety scorecard and discussed the work underway on hotels in the city and attendance at the 2015 ITM 500 Auckland V8 Supercars event.

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

5. Finance Report, October 2015

Barbara Imlach spoke to the Report. The Board discussed the operational income and expenditure for the iSites.

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

6. Report to Council for the Quarter Ending 30 September 2015

The Board noted the Report to Council for the Quarter Ending 30 September 2015 which had previously been approved and provided to Council.

7. 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 1.10pm.

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
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.	In Progress	In Progress	Q2 2015/16	Barbara Imlach

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OPEN AGENDA

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, Continuity Capital Limited (NZ) • 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)

	<ul style="list-style-type: none"> · Director, Frogparking Limited · 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

	<p> ACG New Zealand International College Jakarta Limited 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
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	<ul style="list-style-type: none"> · Director and Shareholder, Planit Products NZ Limited · 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, Organic Initiative Ltd · Chair, The Network for Learning Ltd (N4L) · Chair, Valens Group · Director, KND Investments Ltd · Director, KND Trustees Ltd · Managing Director, Penguin Consulting Ltd · Member, NZ Rugby, Board Strategic Relations & Planning Committee

	<ul style="list-style-type: none"> · Council Member, Open Polytechnic NZ · Trustee, Aktive Auckland Sport & Recreation · 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 Advisor	Roles & Responsibilities outside of ATEED
Sir Pita Sharples	<ul style="list-style-type: none"> · Director, Tu Maori Mai Limited
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, 29 January 2016



OPEN AGENDA

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

Brett O'Riley, Chief Executive

Chief Executive Review of January 2016

Report to Auckland Tourism Events and Economic Development Limited Board

Health & Safety (H&S)

The focus for this month is to ensure detailed health and safety planning for the Tamaki Herenga Waka and the Lantern Festivals. Adi Courtney, Health & Safety Manager is working closely with the respective teams to finalise these, including arranging event site visits for Board members for both events. Collaboration with key partners is critical to ensure roles and responsibilities are clearly defined and understood, and this forms part of our planning.

In addition, our ATEED Health and Safety Committee have refreshed their charter which clearly sets out roles and responsibilities, is finalising ATEED's own Health and Safety Policy, and are confirming their 2016 action plan. These have all been reviewed in light of legislative requirements and actions arising from recent assessments, and are covered on the overall detailed plan developed by our H&S Manager.

Health & Safety Scorecard update

Three incidents were reported in December. One was a motor vehicle accident, no injury. The other two were in relation to work load management. The relevant managers have been actively managing these with HR support. In addition, our H&S Committee, with HR input, is looking at ways we can ensure both managers and staff are aware of triggers and looking at ways this can be addressed.

No near misses.

No hazards were reported. An area of focus for our H&S reps over these coming months will be working with the H&S Manager to educate staff on what is a hazard and how and why we need to report these.,

Training: All initial training is up to date. We have a specific role identified on the committee who manages this and this person works closely with the relevant H&S rep to ensure managers are proactive in this area.

ATEED Strategic Priorities

Tamaki Herenga Waka Festival (Māori Signature Festival)

To the end of Q2 2015/16 activity focused on executing the project plan while maintaining engagement with the Mana Whenua Steering Group and balancing risks.

Key achievements were;

- Finalising the event programme
- Meeting deadlines for key marketing deliverables which went into market in January e.g. Adshells
- Distribution of registration forms for Waka racing with at least 9 teams confirmed to date
- Confirming and filling all food and craft stall spaces
- Finalizing arrangements around leverage and activation for commercial partners

Based on securing additional funding the project budget has increased to \$590K (\$530K ATEED funding + \$60K commercial income). This does not include approximately \$20K of value in kind through media partners.

The highly complex political environment has manifested in some issues around protocol and process requiring intervention from the ATEED GM External Relations with guidance from ATEED Board Advisor – Sir Pita Sharples.

This has not detracted from the considerable interest the event has generated, with strong participation secured from ten waka racing team registrations, over-subscribed stall registrations and a compelling line-up of performers.

Tripartite Summit

The key issue for this project remains the formalisation of the core summit programme elements and confirmation of the main speakers. These are essential for securing international delegate participation, especially in relation to US delegates, and need to be in place to enable effective marketing of the summit. Good progress has been made in recent weeks with the securing of Dr Erez Morag, former Head of Innovation at Nike and Founder of Acceler8 Performance Ltd, proving a particular highlight.

Additional resource has been appointed to the project to assist with the current issues and also ensure effective engagement occurs with Guangzhou and US counterparts.

Following recent engagement with Guangzhou, the development of the programme includes an increased focus on business matching activities and ensuring that the appropriate mechanisms are in place to achieve this. Ongoing engagement with Guangzhou has been very positive. This has included receipt of speaker and programme suggestions.

Business and Investment Attraction

We have completed the quarterly Aroha Auckland review as at December 2015. This has resulted in seven companies being removed from the Aroha Auckland programme (as they no longer meet programme criteria) and seven new companies being added (as they are in a more imminent high growth phase). As a result, we continue to have 75 companies and five high net worth investors in the programme. The most recent list of companies in the Aroha Auckland programme (as at 31 December) is attached.

Currently we have met with 42 Aroha Auckland companies and are on track to meet with all 80 by end of June 2016. This activity has resulted in eight expansion projects that ATEED are assisting with.

Following the BA&I sub-committee meeting in December, a high-level paper is being prepared by management with a particular focus on informing the development of a more targeted and refined “hunt” strategy, and better understanding of Auckland’s value proposition.

Growing Auckland’s Innovation Ecosystem

GridAKL

As reported in December, all businesses have now transferred from the temporary Polperro Building into permanent facilities in the John Lysaght Building. We have received a final contract for the Lysaght Building which we are in the process of signing. It is expected the new building will be at full ‘resident’ capacity by March. This transition marks a significant milestone for the wider Wynyard Quarter development. In parallel, negotiations are underway with BizDojo regarding the provision of services and sub-leasing of the co-working space for the Lysaght Building. This is due for completion in early 2016.

Work has also begun on early construction works for the new 8,500m² ‘Innovation 5A’ building which is due to open by mid-2017. ATEED has also entered into a head lease agreement with Precinct Properties for the building, located at 12 Madden Street.

Auckland Innovation Festival (Tech Week)

Planning for Auckland 'Tech Week' is advancing to plan, involving a sector-led, week-long programme of innovation-related events and activities from 16 – 22 March. The initiative will generate significant awareness of Auckland's innovation capability and commences a long-term programme of innovation events for the city with upwards of 40 innovation themed events occurring across 5 days. Tech Week will coincide with the Tripartite Summit.

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 for delivering on our strategic objectives.
2. Monitoring Indicators: Indicators which we have a strong interest in and we aim to influence through our activity, but which ultimately are driven by a range of factors outside of our direct control.

Changes to KPIs and Monitoring Indicators since reporting in December are as follow.

KPIs

Building a Culture of Innovation and Entrepreneurship

- As at 31 December, 2015 we have facilitated \$723,505 worth of Callaghan Innovation R&D grants (target \$4.0 million) and have 492 actively managed businesses through the Regional Business Partner programme (target 360). Satisfaction with delivery of the programme sits at 89% (target 85%).

Attracting Business and Investment

- No change since December.

Growing a Skilled Workforce

- No change since December.

Enabling Education and Talent

- No change since December.

Growing the Visitor Economy

- Results available for Q1 events (to end September) are as follows:
 - GDP generated from major events invested in; \$5.2m (target \$49m)
 - Visitor night generated by major events invested in; 45,840 (target 170,000)
 - Attendees at major events invested in; 318,428 (target 1.57m)
- The ACB has supported the submission of 18 international bids and has achieved a 63% win ratio year to date (target 35, 60%).
- Customer satisfaction with the provision of visitor information through i-SITEs sits at 86% for the period 1 July -31 December 2015 – compared to a target of 85%.

Building Auckland's Brand and Identity

- Visits to www.aucklandnz.com continue to track strongly with 1.63m page visits over the first half of the year, a 19.9% increase year on year. Based on this we remain well on track to hit the annual SOI target of 3.0 million visits.

Monitoring Indicators

- Commercial guest nights are up 2.0% to 7.1 million for the year end November 2015.
- Visitor arrivals through Auckland Airport are up 8.5% to 2.18 million for the year end November 2015. This increase in arrivals is strongest amongst those coming for a holiday/vacation (up 13.4%) compared to those arriving to visit friends or relatives (up 3.9%) or for business (up 4.1%).

Burning Issues

Recruitment

A new candidate for the General Manager Business Attraction and Investment is being progressed.

Recruitment for a senior resource to drive the development of ATEED's culture and leadership programme is underway.

Lantern Festival

Lantern Festival takes place at its new venue, the Auckland Domain from Thursday 18 to Sunday 21 February. Resource consent to use the Domain for five years (2016 -2020) was approved on the 13th January 2016. The location of the festival within the Domain is from around the Winter Gardens down towards the CBD in the spaces between Lovers Lane and Lower Domain Drive.

The events new foot print is 80,000sqm, approximately 25 per cent larger than the Albert Park site. The new venue allows Lantern Festival to grow and addresses previous concerns that heavy crowds experienced in recent years as the festival's popularity grew.

Late confirmation of the Domain means there is limited time available to market the event. This could influence event attendance, which will be measured.

Looking Forward

A portfolio of upcoming events/activities for 2015/16 is provided for the Board's information:

Scheduled event date	Event name	Location
29-31 January	ASB Auckland Seafood Festival	Halsey Wharf
30-31 January	Tāmaki Herenga Waka Festival	The Cloud
6-7 February	Dick Smith NRL Auckland Nines 2016	Eden Park
18-21 February	Auckland Lantern Festival	Auckland Domain
19-21 February	Takapuna Beach Cup	Takapuna Beach
21 February	Auckland Pride Parade	Ponsonby Road
19 Feb – 23 April	Pop-up Globe	Aotea Square
2-6 March	Holden NZ PGA Championship	Remuera Golf club
12-20 March	The Ultimate Waterman	various
12-13 March	Pasifika Festival	Western Springs
19 March	Auckland City Limits Festival	Western Springs

Finance

We were behind in our planned activity spend in November, with a number of key projects behind financial plan and some activities re-scheduled. However, the Digital project is currently the only project we are not expecting to be completed by its due date, with other in-flight projects on track. Our high level Q2 forecast will be presented as part of the January report.

We have refined our planning process to ensure better alignment between the financial years, as well as early planning for 2016/17. A detailed phased 19 month forecast/budget will be finalised over January/February, allowing improved forward look at how our business is running as well as the impact of longer run decisions. This will result in alignment of our budgets across business units and strategic priorities prior to reporting back to Council at the end of February.

Risk

Darroch Todd, our new Risk Manager is developing a 90-day plan, covering key deliverables as well as induction activities to bring him up to speed with our project, corporate and business unit risk. As part of this induction we are working with GM's to ensure risk reporting is up to date, relevant and consistent within a business unit and across the organisation.

Changes from last month's risk profile include:

- Resource consent for the Lantern Festival has been received and as the project is tracking to plan we have removed this risk from the top 10.
- Work underway on the screen precinct has highlighted opportunities which we are working with Council on.

Recommendations

1. The report be received.
-

Signatory

Acting Chief Executive: Martin Fairweather

Friday, 29 January 2016



OPEN AGENDA

5. **FINANCE REPORT**

Barbara Imlach, Chief Financial Officer

OPEN
January 2016

Finance Report, December 2015

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

Summary Income Statement									TABLE 1
For the Period Ended 31 December 2015									\$000's
Month			Year to Date			Full Year			
Actual	Forecast	Variance	Actual	Forecast	Variance	Forecast	Budget	Last Year	
			Net operational expenses:						
183	346	163	1,236	1,599	363	3,571	3,590	3,282	Business Attraction & Investment
605	700	95	4,927	5,223	296	10,928	10,257	10,380	Destination & Marketing
284	751	467	5,331	6,192	861	10,397	11,599	15,992	Major Events
624	1,041	417	4,008	5,068	1,060	10,755	10,301	7,969	Business, Innovation and Skills
912	1,101	189	4,962	5,474	512	11,511	12,627	9,138	Corporate
2,608	3,940	1,332	20,464	23,556	3,092	47,163	48,374	46,761	ATEED net deficit
0	0	0	0	0	0	2,237	1,000	280	Major Events Fund deposit
(465)	(272)	193	729	1,019	290	1,642	1,642	50	World Masters Games 2017 Ltd, net deficit
2,143	3,668	1,525	21,194	24,575	3,381	51,042	51,015	47,091	Operating deficit
Approved Council Funding						50,451	50,307	48,381	

Key Points

We have a \$3.1m YTD underspend and \$1.3m underspend for the month compared to our Q1 forecast.

Whilst this underspend represents over 10% of our YTD funding, our high level forecast indicates majority of projects and activity do not present any financial risk with budgets being utilised this financial year. Key reasons for this are:

- A number of our large projects (GridAKL, Global Brand, Tripartite, Digital upgrade) are behind financial plan
- Recruitment of key positions has been slower than forecast
- Timing delays in our sponsorship of a number of key events

Our high level year end position summary (Appendix 1) has confirmed the majority of our projects or activity will be back on track or completed over the remaining six months. This reduces the risk of incomplete projects requiring funding from future budget years. We will confirm this once our detailed phased forecast is consolidated later this month and we will present this to the Board in February.

Business Attraction and Investment

Net spend is behind plan due to delayed Tripartite summit spend and a deferral of project activity pending General Manager recruitment.

Destination and Marketing

YTD net underspend as a result of Global Auckland being behind in delivery of key milestones and associated expenditure. This is recognised as a timing delay only, with budgeted expenses being utilised prior to year end. In addition, the Digital Project is expected to push costs into next year. This is expected to be part of the detailed planning forecast.

Major Events

Variance due to delays with signing of sponsorship contracts for a number of events. This is a timing issue and will not impact on the final year end expenditure position. In addition there are permanent savings of \$0.2m from the V8 Supercars budget.

Business, Innovation and Skills

GridAKL has a YTD underspend of \$0.4m, primarily caused by recruitment delays, savings from revised operator cost structure, and relocation costs from Polperro lower than planned. Although no savings were identified as part of the high level year end position, it is expected that the detailed forecasting process underway will identify permanent savings.

There is also delayed expenses across a number of projects and work programmes: Tertiary Student Entrepreneurship Project, Talent Attraction Project, skills and employment, and local economic growth.

Corporate

YTD net underspend due to recruitment of key positions behind plan. Two new senior roles have been filled in December. In addition there are a number of key strategic projects that have been identified which will commence in the second half of the financial year.

Income Statement

Income Statement									TABLE 2		
For the Period Ended 31 December 2015									S000's		
Month				Year to Date			Full Year				
Actual	Forecast	Variance		Actual	Forecast	Variance	Forecast	Budget	Last Year		
			Operational income								
93	349	(256)	Funding from Government	795	919	(124)	1,577	1,211	3,518		
0	7	(7)	Sponsorship	696	728	(31)	2,074	2,005	967		
17	82	(66)	Fees & Subscriptions	301	388	(87)	499	609	510		
316	263	53	i-Sites	1,315	1,269	46	2,508	2,483	2,580		
350	72	279	Sundry income	879	596	283	1,417	1,683	1,348		
776	772	4	Total Operating income	3,986	3,900	86	8,074	7,991	9,053		
1,859	2,030	171	Staff costs	10,294	10,481	188	21,489	20,735	19,208		
439	894	455	Professional fees, consultancy & contractors	2,637	3,967	1,330	9,477	10,644	7,675		
167	357	190	Grants & sponsorships	3,868	4,283	415	6,155	7,586	12,004		
42	46	4	Depreciation & amortisation	254	260	7	580	656	540		
178	183	4	Shared services and lease costs	1,071	1,088	17	2,184	2,192	2,475		
140	226	86	Occupancy	1,156	1,320	165	2,652	2,676	2,495		
78	137	59	Travel & entertainment	678	720	42	1,601	1,445	1,510		
313	216	(97)	General, admin & other	1,248	1,175	(73)	2,334	1,741	2,610		
167	624	457	Advertising, marketing & research	3,247	4,163	916	8,766	8,689	8,182		
3,384	4,713	1,329	Total Operating Expenditure	24,451	27,456	3,005	55,236	56,365	56,701		
2,608	3,940	1,332	ATEED Net deficit	20,464	23,556	3,092	47,163	48,374	47,648		

Revenue

- Funding from government less than forecast due to timing of Education NZ funding for International Education offset by income from MBIE. Monthly income less than forecast due to income from the Tindall Foundation for the Support of the Implementation of the Youth Attraction plan received in November but forecast in December.

- Fees and subscriptions: Study Auckland membership fees invoiced in January but forecasted in December.
- Sundry Income more than forecast. Lantern Festival stall rental earlier than planned. Callaghan Rental received for December but lease originally expected to end in November. Additional revenue received from Council and external funding for the All Black welcome home parade, both of which were not including in the Q1 forecast.

Expenditure

We have an underspend for the month of \$1.3m (YTD of \$3.1m)

- **Staff costs** for the five month period are in line with forecast, however savings due to recruitment delays are offsetting additional costs associated with annual leave and temporary staff.
- **Professional fees:** General underspend across most business units as we look to maintain a tighter rein on contractors and consultancy costs, however significant deferral/delays with professional fees in BA&I and BIS, as well as some corporate consultancy budget deferred to second half of year with strategic work about to commence.
- **Grants and sponsorships:** Timing variance for the month due to delays in signing of major events contracts. This is not considered at risk and contracts are to be finalised over the next few months.
- **Occupancy:** Variance relating to timing of accounting entries for Lysaght lease costs.
- **General Admin and Other:** Overspend due to All Black welcome home spend that was not forecast. Note, revenue has been received from Council to partially offset this cost.
- **Advertising and marketing:** Month and YTD variance primarily caused by Global Auckland and Digital capability project being behind plan (totaling 0.3m), NRL 9's promotional activity delayed a month, and timing of screen attraction promotional activity, as well as a number of smaller activities across the business delayed or deferred.

Summary of major projects

Summary of Major Projects: Spend and/or (Revenue) > 0.5m									TABLE 3
For the Period Ended 31 December 2015									
Month			Year to Date						
Actual	Forecast	Variance	Actual	Forecast	Variance	Forecast	Budget	Last Year	
			Business, Innovation and Skills						
68	83	15	The FoodBowl	500	500	0	1,000	1,000	1,000
142	334	192	GridAKL	630	1,046	416	2,254	2,255	1,486
			Destination and marketing						
2	75	73	Global Auckland Project	139	323	184	550	550	253
			Major Events						
31	64	33	Maori Signature Event	36	105	68	499	500	29
(20)	0	20	V8 Supercars	1,375	1,549	174	1,549	1,993	461
13	119	106	2016 NRL Nines - Delivery	849	961	112	1,750	2,450	3,262
			Total Major Events	4,201	5,154	952	8,295	9,575	14,371
			Contingent Asset				5,886	4,649	3,649

- GridAKL, Global Auckland and NRL Nines spend is behind plan, but we still expect all to be delivered within the planned timeframe, and budget utilised this financial year.
- V8 Supercars has been successfully completed under budget.


- Our contingent asset (un-used Major Events funds from prior years) is forecast to increase by \$1.2m. This is a result of spend being incurred last year for the NRL 9s and the V8s that were included in this current year's budget.

World Masters Games

World Masters Games 2017 Ltd									TABLE 4
Summary Income Statement									
For the Period Ended 31 December 2015									
\$000's									
Month				Year to Date			Forecast & Budget	Last Year	
Actual	Forecast	Variance		Actual	Forecast	Variance			
4	5	(1)	Revenue from Activities	65	36	29	1,212	26	
625	625	0	Funding from Government	1,375	1,375	0	2,625	2,500	
280	0	280	Sponsorship	290	0	290	885	1,225	
0	0	0	Sundry income	520	530	(10)	0	200	
909	630	279	Total Operating income	2,250	1,941	310	4,722	3,951	
Net Operational costs									
203	219	16	Staff costs	1,135	1,203	68	3,105	1,605	
12	18	6	Contractors	202	180	(22)	607	148	
22	17	(5)	Professional fees, consultancy & contractors	157	114	(43)	248	299	
35	35	0	Professional fees, consultancy & contractors	358	294	(64)	855	447	
0	0	0	Grants & sponsorships	695	742	47	832	861	
5	6	1	Depreciation & amortisation	29	33	4	51	21	
13	13	0	Occupancy	92	95	3	502	83	
26	25	(1)	Travel & entertainment	164	170	6	164	124	
29	13	(16)	General, admin & other	160	153	(7)	856	362	
134	47	(87)	Advertising, marketing & research	347	271	(76)	0	498	
444	358	(86)	Total Operating Expenditure	2,980	2,960	(20)	6,364	4,001	
465	272	193	Operating surplus/(deficit)	(729)	(1,019)	290	(1,642)	(50)	

- Overall, surplus is as a result of sponsorship income relating to 2015 financial year end. This was recognised in WMG in 2015 Annual Financial Statements, but recorded in the accounting system in December to align to half yearly results.

Summary Statement of Financial Position

 Auckland Tourism, Events and Economic Development <small>An Auckland Council Organisation</small>		
Statement of Financial Position, ATEED Group As at 31 December 2015		
\$000's		
TABLE 5	YTD	Jun-15
Current assets		
Cash and cash equivalents	3,500	2,206
Receivables and prepayments	3,981	9,512
Other current assets, including ISite Inventory	85	55
Total current assets	7,566	11,773
Current liabilities	8,191	11,230
Working capital	(625)	543
Non-current assets		
Receivables and prepayments (non-current)	1,765	1,236
Property, plant and equipment	4,154	2,240
Investment in Joint Venture, The FoodBowl	2,047	2,047
Total non-current assets	7,966	5,523
Non-current liabilities	479	436
NET ASSETS	6,862	5,630
EQUITY		
Ratepayer equity		
Contributed equity	4,376	4,376
Retained earnings	2,665	1,427
Reserves	(179)	(173)
EQUITY	6,862	5,630
Capex spend	1,668	FY BUD 2,730
Total commitments (at December 2015)	\$29.7m	\$46.1m

- Receivables and prepayments: This is net of intercompany funding from Auckland Council. Decrease of \$5.6m mainly due to increase in intercompany funding liability. Large payments made to vendors relating to Grid Auckland in December and funded via intercompany.
- Noncurrent prepayments have increased due to accounting treatment for WMG sponsorship recognition
- Property, plant and equipment has increased due to GridAKL fit out on the John Lysaght building

Recommendation

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

Signatories

Manager: Avika Singh, Finance Manager

GM: Barbara Imlach, Chief Financial Officer

Appendix 1

High level Year End Summary by Business Unit

High Level Year end Position	()unfavourable				
	Expected Year End	Q1 Forecast	Variance	Budget	Last year
Net operational expenses:					
Business Attraction & Investment	3,254	3,571	317	3,590	3,282
Destination & Marketing	11,163	10,928	(235)	10,257	10,380
Major Events	10,536	10,397	(138)	11,599	15,992
Business, Innovation and Skills	11,057	10,755	(302)	10,301	7,969
Corporate	11,292	11,511	219	12,627	9,138
ATEED net deficit	47,302	47,163	(139)	48,374	46,761
Major Events Fund Deposit	3,773	2,237	(1,536)	1,000	280
World Masters Games 2017 Ltd, net deficit	(33)	1,642	1,675	1,609	50
Operating deficit	51,185	51,042	0	50,983	47,091
Approved Council Funding	50,451	50,451		50,307	48,381

The above table reflects our high level year end position for each of our business units. At year end, we are expecting to balance to our approved council funding. A slight increase in net deficit, due to some additional Major Events expenses which will be funded by a reduction in the Major Events Fund.

- **Business Attraction and Investment** has a favourable variance due to the Tripartite Project transferred to Corporate External Relations.
- **Destination and Marketing** increase spend due to increased costs for Global Auckland and Study Auckland, as well as additional approved funding for the Digital development Project transferred from Corporate.
- **Major Events'** additional spend mainly due to the Lighting of the Maunga Project.
- **Business, Innovation and Skills** approved funding for the Innovations Events program and Business Sector Research Project transferred from Corporate, coupled with savings over multiple projects.
- **Corporate** funding for approved integrated projects transferred to other business units and key strategic projects identified to be delivered in this financial year, offset by the Tripartite budget.

A detailed 19 month/budget forecast is currently underway, and this will be presented to the Board in February.

Detailed Income Statement – High Level Year end position

Detailed Income Statement					
	Expected Year End	Q1 Forecast	Variance	Budget	Last year
Operational income					
Funding from Government	1,577	1,577	0	1,211	3,518
Sponsorship	1,684	2,074	390	2,005	967
Fees & Subscriptions	499	499	0	609	510
i-Sites	2,508	2,508	0	2,483	2,580
Sundry income	1,467	1,417	(50)	1,683	1,348
Total Operating income	7,734	8,074	(340)	7,991	9,053
Staff costs	21,490	21,489	(1)	20,735	19,208
Professional fees, consultancy & contractors	9,630	9,477	(154)	10,644	7,675
Grants & sponsorships	6,155	6,155	0	7,586	12,004
Depreciation & amortisation	580	580	0	656	540
Shared services and lease costs	2,184	2,184	0	2,192	2,475
Occupancy	2,596	2,652	56	2,676	2,495
Travel & entertainment	1,552	1,601	49	1,445	1,510
General, admin & other	2,334	2,334	0	1,741	2,610
Advertising, marketing & research	8,516	8,766	250	8,689	8,182
Total Operating Expenditure	55,036	55,236	201	56,365	56,701
ATEED Net deficit	47,302	47,163	(139)	48,374	47,648

Income

Corporate sponsorship reduced in line with pipeline projections.

Expenses:

Professional Fees: Key corporate strategic projects identified and to be delivered this financial year.

Advertising and Marketing: Reduction in costs in line with removal of corporate sponsorship income.