

Open

Board Meeting Agenda, Friday 19 May 2017  
 Tāmaki Makaurau Boardroom, L8 139 Quay Street

Item	Subject	Action	Start Time	Duration	Pg.
<b>OPEN AGENDA</b>					
1	Start of Meeting: Chairman's Welcome, Apologies	To Note	1.40 p.m.	1 mins	
2	Open Minutes 27 January 2017 and Open Action Tracker, Brett O'Riley	To Approve	1.41 p.m.	2 mins	<b>2</b>
3	Directors Interest Register, Conflicts of Interest Declaration	To Note	1.43 p.m.	2 mins	<b>5</b>
4	Chief Executive's Activity Report, Brett O'Riley	To Note	1.45 p.m.	15 mins	<b>12</b>
5	Finance Report, Joy Buckingham	To Note	2.00 p.m.	15 mins	<b>23</b>
	Chairman's close and invitation to the public to leave				
	<b>Close of Meeting</b>		<b>2.15 p.m.</b>		

# BOARD MINUTES

<b>What:</b>	Minutes of a Meeting of Board of Directors of Auckland Tourism Events and Economic Development Limited
<b>Where:</b>	Tamaki Makaurau Boardroom, Level 8, 139 Quay St, Auckland
<b>When:</b>	Friday, 31 March 2017 at 1.05 p.m.
<b>Directors:</b>	David McConnell Norm Thompson Danny Chan Mike Taitoko Sir Pita Sharples
<b>Apologies:</b>	Helen Robinson Franceska Banga Stuart McCutcheon
<b>In Attendance:</b>	Brett O'Riley, Chief Executive Martin Fairweather, Chief Operating Officer Joy Buckingham, Chief Financial Officer Tim Kingsley-Smith, Company Secretary
<b>Public &amp; Media Attendance:</b>	N/A

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## Background

- A. David McConnell was appointed as Chairperson for the meeting.
- B. It was noted that the quorum is a majority of the directors (12.9 of the Constitution) and there currently being seven 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

The apologies of Franceska Banga, Helen Robinson and Stuart McCutcheon were **noted**.

### 2. Minutes of Previous Meetings and Action Tracker

The Board discussed the draft minutes of the meeting held on 24 February 2017 and the Open Action Tracker.

The Board **approved** the minutes of the meeting held on 24 February 2017 and confirmed the minutes were a true and correct record.

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

The Board **noted** the Directors' interests register.

### 4. Chief Executive's Activity Report

Brett O'Riley spoke to the paper. The key points discussed were:

- The Board discussed health & safety in relation the Kumeu Film Studio and the imminent implementation of Risk Manager.
- The recent Board and Council Workshop went well and the feedback received had been very positive.
- A few years ago there was a movement to try and achieve World Heritage Status for Auckland's Maunga. It was possible that that would be restarted. ATEED would support the application and assist where possible.
- Management noted that ATEED would be entering into The New Zealand Workplace Health & Safety Awards 2017 shortly and one of the categories being considered for entry was the Governance category for best board level engagement in health & safety.

### 5. Finance Report

Joy Buckingham spoke to the paper. The key points discussed were:

- The forecast process was progressing well.
- It looked likely that due to certain efficiencies, ATEED would come in under budget. The Board noted that Destination and Marketing had spent less than 50% of their budget to date and asked why this was the case. Management responded that the primary reason was a change to certain team functions and reporting lines which explained most of the difference. The Board requested that a reconciliation be provided to the Board to show the movements. (**ACTION POINT**)
- With a lot of focus on the proposed Accommodation Sector Targeted Rate and on ATEED's budget, the Board requested that a break-down of the Destination & Marketing and Tourism budget be provided to the Board. (**ACTION POINT**)

Following the conclusion of discussions, the Board **noted** the paper.

The Chairperson declared the meeting closed at 1.32 p.m.

**SIGNED** by the Chairperson as an accurate record of the meeting:

\_\_\_\_\_  
Chair

\_\_\_\_\_  
Date

**Open Board Action Tracker**  
**As at 19 May 2017**

No.	Action	Status	Result	Target Date	Responsibility
<b>31 March 2017</b>					
<b>1</b>	The Board requested that a reconciliation be provided to the Board to show the movements in Destination & Marketing March accounts.	<b>COMPLETED</b>	Footnote on p. 1 of the April Finance Report addresses this action point.	19 May 2017	Brett O'Riley
<b>2</b>	The Board requested that management prepare a break-down of the Destination & Marketing and Tourism budget for analysis.	In Progress		19 May 2017	Martin Fairweather

### 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

	<p>Director, Hawkins Construction North Island Limited          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</p>
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	<p>Director, Wilkins &amp; Davies Limited          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>
<b>Director</b>	<b>Roles &amp; Responsibilities outside of ATEED</b>
Norman Thompson	<p>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 2017 Committee</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>
<b>Director</b>	<b>Roles &amp; Responsibilities outside of ATEED</b>
Franceska Banga	<p>Director, Fab NZ Limited          Director, Constellation Capital          Director, Continuity Capital Limited (NZ)          Director, Frogparking Limited          Trustee, Fred Hollows Foundation</p>

	<p>Trustee, Peka Peka Trust (Family Trust) Investments in:</p> <ul style="list-style-type: none"> <li>- Pohutukawa Fund, Maui Capital Indigo Fund</li> <li>- 82 Limited Partnership and Advisory Board member</li> </ul> <p>Shareholder (1%) – Business Growth Limited  Shareholder – the Breakthrough Co. Limited (Family business)  Shareholder – National Business Coaching Limited  Member, Institute of Directors NZ Inc.</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>
<b>Director</b>	<b>Roles &amp; Responsibilities outside of ATEED</b>
Mike Taitoko	<p>Director and Shareholder of Waiora Consulting Limited  Director and Shareholder of Waiora Pacific Limited  Director of Takiwi Health Limited  Director of Mercury NZ Limited  Director of Mercury LTI Limited  Director of Cognition Education Limited  Director of the Committee for Auckland Limited  Advisory Board Member of Massey University School of Business</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>
<b>Director</b>	<b>Roles &amp; Responsibilities outside of ATEED</b>
Danny Chan	<p>Director and Shareholder, A1 Flower Wholesalers Limited  Director and Shareholder, Global Academic Group Holco Limited  Director and Shareholder, Alpha Asset Management Limited</p>



	<p> Director and Shareholder, ARN Investments Limited  Director and Shareholder, Danting Investments Limited  Director and Shareholder, New 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  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 Group Limited and subsidiary  Director and Shareholder, The Academic Coaching School Limited  Director and Shareholder, Turners Flower Exports NZ Limited  Director and Shareholder, Asia Pacific Centre for Food Integrity 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> <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>
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<b>Director</b>	<b>Roles &amp; Responsibilities outside of ATEED</b>
Helen Robinson	<p>           Chair, CLOUD M Ltd            Co-Founder &amp; Executive Director, 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            Director, Fulbright NZ Ltd            Director, NZ Defence Force            Trustee, Aktive Auckland Sport &amp; Recreation            Trustee, Robinson Family Trust         </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>
<b>Director</b>	<b>Roles &amp; Responsibilities outside of ATEED</b>
Stuart McCutcheon	<p>           Chairman, Universities New Zealand (from 1 January 2017)            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> <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	<p>           Director, Tu Maori Mai Limited            Hoani Waititi Marae - Taumata            Te Ropu Manatangi – Kai ako            Te Whare Tu Taua – Tumu Whakaarei            Ngā ti Kahungungu iwi – Taumata            Te Toa Takitini – Kaumatua advisor            Aorangi maori trust board – Kaumatua            Rakau Tatathi Marae – Paepae            Mahi Tahi trust Board – Member            Maori and Pacific Trade Training – Manawhaka haere            Maori Heritage Council – Member            NZ Heritage Trust Board – member            Emerge Aotearoa – Board Kaumatua            NPM – Patron            Te Arapai – Member            Auckland Museum Trust Board - Member            Auckland Museum Maori Council – Member            Special Expert Group on Organ Donation – Member            Pacific Leaders Programme – Consultant            Matatini – Life Member            Zin and Tane Chinese Maori Dance Production – Producer            White Ribbon Campaign – Ambassador            West Auckland Task Force against Domestic Violence – Member            Pillars – Patron            Tamaki Makaurau Haka Society – Life Member            Unitech Maori Advisor            Maori Chinese youth forum – Kaumatua            Heritage NZ Pouhere Taonga Trust         </p>

# Chief Executive Review of May 2017

Report to Auckland Tourism, Events and Economic Development Limited Board

## Health & Safety (H&S)

In April, Auckland Council's Legal team held training on H&S influence and control where duties overlap in Council. Examples include a contracting chain, a lease or hire agreement, a sponsorship agreement or facilitation arrangement, an infrastructure funding agreement or development agreement, or where there are two entities working on one site at the same time.

### Risk Manager

A work plan is in place for the new H&S system Risk Manager, with the go-live date now 9 June. H&S is undertaking background testing of processes, templates and reports to ensure that they meet ATEED's requirements, and feedback will be provided to the developers accordingly. Training will be provided to all users throughout May.

### Kumeu Film Studios (KFS)

H&S policy, procedures and plans are being updated to reflect the Screen Code of Practice.

### Major Events

The World Masters Games 2017 (WMG2017) took place from 21-30 April. H&S plans and documentation for 12 public spaces were reviewed by ATEED's H&S Manager prior to the event. The WMG2017 Business Leveraging programme consisted of four events which each required H&S plans. These were developed in consultation with the BIS team and ATEED's H&S Manager.

Wellbeing activity in April included:

- Free flu injections promoted via the staff intranet page and H&S reps. Bookings were made through the Council RE:New Wellbeing portal, with appointments in early May
- ATEED staff participated in the Auckland Walk Challenge
- ATEED representation on the Council RE:New Crew Wellbeing Group
- ATEED indoor netball team organised
- ATEED had multiple participants in the World Masters Games 2017 in sports and as volunteers. Several gold, silver and bronze medals were won.

### H&S scorecard for April



## **ATEED strategic priorities**

### ***Building a Culture of Innovation and Entrepreneurship***

#### **GridAKL - the place**

##### Lysaght Building

One new resident has joined the community at Lysaght, growing the number to 171 staff across 99 resident businesses (compared to 165 staff across 98 companies in the previous month). The café and kitchen remodel work is due to start on 17 May, and the café will then close until 9 June. A temporary outdoor food and beverage provider will be available in the interim.

##### 12 Madden Street building

The procurement activities for the soft fit-out at GridAKL 12 Madden Street are progressing well. The operator design changes impact on the overall programme is still under review by the contractor, and expected to be finalised by 10 May. The current forecast completion for levels 2, 4 and 5 is 15 June, and completion for levels 1 and 3 are pending until 10 May. The current forecast completion is for the end of July to mid-August, with opening scheduled for early September.

Tenancing negotiations are continuing with several corporate businesses for levels 5 and 4. April was a slower month for enquirers.

##### Mason Brothers building

GridAKL Mason Brothers inter-tenancy stairs installation is progressing on schedule, with completion expected by 16 June. The contractor has started planning works for the fit-out, which is scheduled for completion by the end of August.

#### **GridAKL - the community**

There have been 389 events at GridAKL since July 2016, with 1408 attendees across 30 events and programmes during April. GridAKL hosted another successful ImpactNPO from 23-25 April, The hackathon brings together IT volunteers with a wide range of skills to help local charities and not-for-profit organisations with IT challenges. Two groups which received assistance were One Co-operative and CIDANZ. Both organisations presented four different challenges to be solved to improve the work they do with the Pacific Island community in South Auckland (<https://www.onecoop.co.nz/>).

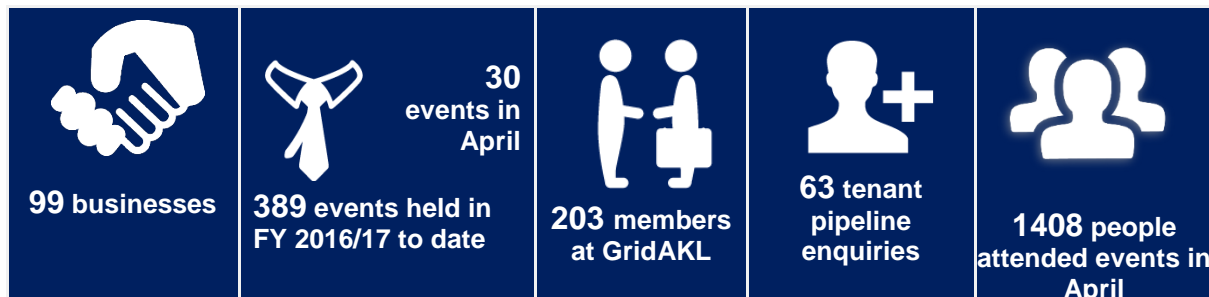
The GridAKL tech café and event space was used as the WMG2017 business hub, supporting the wider Business, Innovation and Skills 'A Smart Move' campaign.

Previously Unavailable (a GridAKL resident) featured on Stuff during April, with an article on their *Big I, Little i* innovation report. This report provides insights from the CEOs of New Zealand's biggest companies and most successful start-ups, and was produced in association with ATEED (<http://www.stuff.co.nz/business/innovation/91675621/innovation-series-report-tells-of-top-bosses-biggest-barriers>).

A highlight for the month was feedback from Stephen MacAskill from the Blockchain Association on the GridAKL space. Stephen noted that "The Blockchain Association would be lost without GridAKL. It is an incredibly welcoming space for us to hold events of all kinds so that professionals in New Zealand can learn about blockchain technology. The GridAKL team goes above and beyond to meet our needs so that we always have a successful event."

The GridAKL space has an exceptional programme of events and activations scheduled for Techweek. GridAKL is providing venue sponsorship, marcomms support, and some catering support to Techweek organisers hosting events in the space. The largest event is the *Future Realities* conference which will use the entire tech café and event spaces from the 11-14 of May, with a mix of workshops, presentations, exhibitions and hackathons.

Work on refreshing the GridAKL brand guidelines and further developing the brand identity in partnership with the new operator continues. The work includes how the brand hierarchy will work with both operator and any new sponsorship.



### ***Grow and attract skilled talent***

#### **Investor migrant update**

ATEED hosted a potential investor migrant who works for Elon Musk’s not-for-profit organisation, OpenAI. The investor visited New Zealand to determine which city to live in once he becomes a resident, to understand the innovation ecosystem, and explore investment opportunities. Since returning to the US, the guest has confirmed he will progress with his investor plus application.

#### **Investment Attraction Taskforce**

The Global Impact Visa Scheme, being managed through the Edmund Hillary Fellowships (EHF), has attracted tremendous international interest, with more than 300 applications from candidates wishing to undertake globally impactful projects in New Zealand. A meeting has also been held with Kjesten Wiig of MBIE to ascertain how ATEED can assist in R&D attraction activities.

#### **Study Auckland**

The Study Auckland team is developing new destination digital marketing resources for recruitment agents. This activity is being carried out in partnership with the University of Auckland and AUT, and is targeted at growing the US Study Abroad university market.

The International Student Experience design project, in partnership with Education New Zealand, is nearing completion. A number of priority themes have emerged covering student on-boarding, access to trusted information, opportunities to be better integrated with youth, and experience sport, travel, food, and cultural experiences. Following on from the project, a pilot programme is in development with Auckland Rugby to better integrate international students and education institutions into rugby related fan, athlete and event experiences.

Study Auckland is partnering with Immigration New Zealand to deliver employability seminars for STEM students at the University of Auckland, NTEC, MIT, and Massey University. The team is also working in partnership with Immigration New Zealand and Industry Connect to deliver the final ICT software development talent boot camp for 15 recent graduates seeking professional employment in Auckland.

#### Ministry of Education

ATEED met with the CE of the Ministry of Education, Iona Halstead and her leadership team to brief them on the advanced industries framework, and on opportunities to work more closely together, particularly around skills and talent development.

### ***Growing the visitor economy***

#### **GEMS**

Work continues on an upcoming JinJiang local government and business delegation group visit to Auckland in September. This visit will be used to look at potential business investment opportunities

with Fujian companies, and possible partnerships with local business. ATEED is collaborating with China Yacht Association and Pānuku Development Auckland to deliver this activity.

## **Cruise**

Following Council's Planning Committee support for an inner dolphin, an Australian-based maritime consultancy will be engaged by the Harbourmaster to complete further technical work, including a risk assessment. This work should confirm the most appropriate next phase of infrastructure required to moor larger cruise ships at Queens Wharf. The key consideration for the technical work is the maximum wind strength which will be safe for the larger ships to moor at Queens Wharf, and any acceptable mitigation measures.

The required structure will not only need to be functional and safe, but also respect the heritage listing of the wharf, public use and amenity, and the newly opened lighthouse sculpture.

## **Visitor arrivals**

There were a record-breaking 2.53m international visitor arrivals in the year to March 2017, up 9.9 per cent year-on-year. Tourism spend for the year to March 2017 was \$7.62b, up 3.8 per cent on the previous year.

Domestic spend was up 3.2 per cent, while international spend grew by 4.4 per cent. Visitor numbers from the US saw the biggest growth, up 27.2 per cent for the year. Spend by Chinese visitors was down by 10.4 per cent compared with the year to March 2016, with visitors citing the cost of accommodation and activities as the main reason for their lack of spending. Visitor numbers from the US saw the biggest growth, up 27.7 per cent for the year ending March 2017.

The average daily rates for hotels continue to rise, averaging at \$191 a night – up 13.3 per cent on the previous year. Occupancy rates were also up, averaging 86.6 per cent<sup>1</sup> – up 2.6 per cent on the previous year.

## **Marketing activity**

The second burst of the Auckland short-break campaign in partnership with Tourism New Zealand and Auckland International Airport will be live in Australia from 15 May to 15 June. All digital traffic is sent to a [landing page](#) on aucklandnz.com. Additional activity as part of this campaign, will include a third feature story and video live on *Urban List*, a leading Australian publication (Sydney, Brisbane and Melbourne).

A four-page Auckland destination spread in Travel Associates' *Inspirations Magazine* - targeting high-end clients will be in market until 30 May. A digital campaign will also run, promoting existing video content via social media. Other trade marketing activity in Australia includes the Flight Centre campaign from 1-30 May, and Cruise About (cruise and three-night Auckland packages) from 1 May to 6 June.

The All Blacks Auckland content for the DHL New Zealand Lions Series 2017 will be shown on Air New Zealand international flights from May to July. The TNZ Upper North Island campaign, a month-long campaign due to launch in July, is in the content-planning stage. This is a joint campaign with Tourism New Zealand and a number of other regional tourism operators including Northland, Hamilton, Waikato, Coromandel, Rotorua, Taupo and Ruapehu.

## **World Masters Games 2017 (21-30 April)**

WMG2017 was successfully delivered from 21-30 April 2017, with ten days of fantastic competition, camaraderie and social events across Auckland and the Waikato. International Masters Games Association (IMGA) President, Kai Holm declared the 2017 World Masters Games the best Games ever.

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<sup>1</sup> Tourism Industry Aotearoa

### **DHL New Zealand Lions Series 2017 (7 June – 8 July)**

The World Cups Office in Sport NZ is hosting a multi-stakeholder Auckland Host City Forum in May, to discuss and assess event preparations and contingency arrangements for the series. A Chief Executives briefing will take place alongside the forum, with the aim of ensuring an understanding of the event's logistical challenges, effective communication and co-ordination needs, and that agencies have systems in place to address capacity, capability and risk issues.

Activity is underway to recruit more than 150 city ambassadors (volunteers) to support the series. Applications are being accepted for the series as well as future events. A pre-event ATEED Board briefing will occur in May.

#### Accommodation

The Alexandra Park campervan park resource consent was approved on 2 May. Both the Ellerslie Racecourse and Alexandra campervan parks will be promoted throughout May and June via ATEED and partner channels.

The 'Campable' mobile app has also been created, and will allow motorhome travellers to check availability to stay with local landowners and businesses.

### **Rugby League World Cup 2017 (26 October – 2 December)**

A number of promotional activities are being planned in the lead up to the Samoa vs New Zealand match on 28 October, including a New Zealand Warriors fan activation, and campaigns targeting Pacific Island communities during the Samoan and Tongan language weeks (30 July – 5 August and 3-9 September).

#### Pasifika Festival (25-26 March)

An event debrief was held with Orange Productions on 20 April, with a full event handover is planned in May now that their contract has concluded.

#### Tāmaki Herenga Waka Festival (28-30 January)

The Mana Whenua Steering Group met in April to review the customer survey results and discuss the festival's future. The Steering Group agreed to maintain the current membership to ensure continuity.

## **Month in review**

### **Accommodation Provider Targeted Rate**

During the month, ATEED management has continued to support the Mayor's proposal for a targeted rate for accommodation providers, including the latest revision presented to Councillors and the public on Friday, 5 May. Management has supplied budget and performance information for those ATEED work programmes within the scope of the rate. A workshop is to be held with Councillors on 17 May, before a decision is made at the 1 June Finance and Performance Committee meeting, where a proposal to adopt the rate will be on the agenda.

An additional verbal update on the proposal and information discussed at the 17 May workshop will be provided to the Board as part of the APTR Board agenda item on 19 May.

### **Business Growth Agenda (BGA) Ministers' meeting**

The ATEED presented to the BGA Export Ministers' meeting in Wellington. The theme of the presentation was "accelerating high value trade growth", which was designed to highlight the opportunity to grow exports from the Auckland economy in partnership with central government, and the private sector. ATEED also highlighted the MoU recently signed with NZTE, to recognise our strategic partnership, and opportunities with APEC 2021 and trade development.



## Digital Development Project

A new and improved [www.aucklandnz.com](http://www.aucklandnz.com) website was launched on 5 May, providing a vastly improved user experience for people looking to find out more about Auckland. The switch-over went according to plan, and the user experience and feedback to date has been very positive.

## TRENZ 2017

Auckland was the host city for TRENZ this year, held at The Cloud from 9-12 May. There were 1200 delegates, including more than 270 international and New Zealand tourism and travel buyer and influential media in Auckland for TRENZ.

As host region, Auckland benefits from the immediate economic impacts from having people attending TRENZ staying in accommodation, eating in restaurants, and experiencing some of Auckland's tourism activities, all of which injects an estimated \$2 million into the local economy. It also helps leave a lasting impression on the buyers who visit, and secures Auckland's place on future itineraries.

There were a series of presentations with key industry leaders during the event, creating the platform for a range of announcements, including Minister Bennett's pre-budget announcement of a \$178 million tourism infrastructure fund. Minister Bennett acknowledged the positive outlook for tourism, however noted the challenges the country is facing coping with the influx of visitors. Auckland Councillor Penny Hulse provided the city welcome at the TRENZ Opening Function. ATEED's Head of Tourism was invited to present to media and announced Sir John Kirwan's new role working with ATEED to promote Auckland.

## Techweek17

The second Techweek was successfully delivered, with event now having been successfully transferred to NZTech to facilitate its expansion to a national event. ATEED worked to bring world-class speakers to New Zealand for two days of presentations, panels and networking during Techweek (8-9 May). Auckland hosted 80 events, with highlights including the Magnify VR event, the Blockchain conference, FOOD+TECH, and the DIGMYIDEA Māori Innovation Challenge 2017.

A number of announcements were made highlighting the success of ATEED's activities, including the foreign direct investment into local technology firms. This figure has increased from \$51m to \$173m in the last year, largely due to ATEED facilitated events such as the Tripartite Economic Summit and Techweek being used as a platform for overseas businesses to announce their growth into the New Zealand market.

## JobFest

JobFest was successfully delivered by the Skills team on 3 May, with 1401 people attending the event, including 74 employers and 1250 jobs listed by JobFest employers.

## Statement of Intent KPIs

As at 30 April, ATEED was on track to achieve 23 of its 24 targets set out in the Statement of Intent (SOI 2016-19). KPI results as at 30 April are recorded in the appendix. Key highlights include:

### *Build a Culture of Innovation and Entrepreneurship*

- The resident population of GridAKL has increased to 99, approximately 88 per cent of these businesses are considered 'innovation led'. Both results are well over the annual target of 55 residents and 70 per cent 'innovation led'.
- This month has seen the team exceeding the FY 16-17 actively engaged contractual KPI by 104 per cent (current actively engaged = 752 businesses). This is a great result for the team with two months still to go.
- Please note that there is a change in the methodology for the KPI 'Percentage stakeholders satisfied with the provision of business advice, start-up, training and mentoring programmes'. Survey results provided by NZTE had previously included a measure of satisfaction. This has

now been changed to net promoter score methodology (NPS) and it is proposed to reflect this change in the next LTP. An alternative methodology to measure satisfaction in the meantime is being investigated. NPS is an index ranging from -100 to +100 that measures the willingness of customers to recommend an organisation's products and services to others. It is used as a proxy for gauging the customer's overall satisfaction, loyalty and advocacy. The current NPS stands at +60. An NPS of +50 is considered excellent.

#### *Attract Business and Investment*

- The total GDP contribution of deals resulting with ATEED involvement to date is \$339 million, which is well over the target of \$56.7 million.
- The value of investment deals resulted by ATEED within the financial year is \$484.5 million, exceeding the target of \$278 million.

#### *Grow a Skilled Workforce*

- The number of 'live' signatories to the Auckland Youth Employers Pledge stands at 66. The SOI target requires ATEED to maintain a pool of 50 signatories.

#### *Grow the Visitor Economy*

- Spend by visitors to Auckland has previously been an annual measure, however it is now available on a monthly basis as well. From March 2017, we will report year-to-date figures from July each financial year to provide an accumulative view. Previously this was reported as current year-end figures. Year-to-date visitor spend in Auckland stands at \$5.99 billion and has now exceeded the financial target of \$5.412 billion.
- The number of international business event bids submitted or supported stands at 24. It is now unlikely to reach the annual target of 35 due to resourcing constraints in quarter 1. Other business events measures are well ahead of target, including a bid win/loss ratio of 81 per cent (target 60 per cent).
- The value of business even bids won in the financial year stands at \$30.8 million, exceeding the \$19 million target.

#### *Build Auckland's Brand and Identity*

- Visits to [www.aucklandnz.com](http://www.aucklandnz.com) continue to track strongly with 2.8 million visits as at 30 April. Please note that we are now reporting 'sessions' instead of 'views' as previously used from Google Analytics. This reflects the LTP definition more closely.

## **Burning issues**

### **Auckland Council's review of Accountability mechanisms for CCOs**

Since November, the Governing Body has been assessing opportunities to increase the accountability and value for money of CCOs by reviewing up to 20 mechanisms that Council has at its disposal for this purpose. The Governing Body has approved a formal work programme that will review a total of 17 mechanisms.

The objectives of the review are to increase the accountability and value for money of CCOs by:

- Increasing the transparency of CCO decision-making
- Increasing the responsiveness of CCOs to the public and Council
- Improving the recognition of ratepayer funding for CCO activity
- Increasing the ability to align CCOs to the direction set by the Council.

The refinement of accountability mechanisms is essentially part of the ongoing evolution of Auckland Council and its CCOs. Of the 17 mechanisms at Council's disposal, the review of the following three have the greatest implication for ATEED governance and operations.

1. The appointment of the CCO Board of Directors (including the appointment of the Chair and Deputy Chair).

Council will update its current appointment policy to ensure that it attracts the best candidates to apply for Board Director positions. Legislation requires that Council has a robust and transparent director appointment policy. Council will use the update process to ensure that there is sufficient political input into appointment. The objective is to ensure that there is increased alignment between CCOs and Council. Policy refinements are expected to be in place by September 2017.

2. Shareholder-led independent CCO Board performance reviews

Council is considering the best way of assessing and improving the performance of the CCO Boards. CCO Boards are currently required to undertake their own reviews of their performance (Board-led reviews), and Council has no input regarding the scope or supplier for these reviews. Council does not undertake its own independent Board performance review.

Council is in the process of developing the scope of the review for this mechanism. It has been indicated that the issues and options analysis (scope and methodology) will be completed by the end of May 2017. If the Governing Body agrees to proceed with this part of the review, then it could be completed and reported by December 2017. A review of this mechanism would contribute to Council's objective of increasing the ability to align CCOs to the direction set by Council.

3. Service delivery reviews under section 17 of Local Government (Auckland Council) Act 2009

Council last undertook s17A service delivery reviews of CCO activities as part of the 2014/2015 CCO review. The programme and scope of the review process was agreed by the Finance and Performance Committee in March. The first tranche of the reviews includes 'Investment Attraction and Global Partnerships' and organisational support for 'Communications and Engagement' activities. Reviews will be completed by the end of September 2017.

Management has provided input into the terms of reference for this review, and will have input into the independent panel that will conduct the review. The progress of the review will be reported through the Chief Executives monthly report to the Board.

The s17a reviews contribute to Council's objective of improving the recognition of ratepayer funding of CCO activity, and increasing the ability to align CCOs to the direction set by Council.

Management is confident that ATEED is operating in line with all of Council's existing accountability requirements, and is providing value for money to ratepayers. None of the mechanisms under review specifically mentions ATEED, or places materially significant requirements on ATEED that will impact operations. ATEED's draft 2017-20 SOI already provides greater transparency of our budget and our governance framework requires the development of business cases for significant investments. Management will notify the Board of any changes to the review.

**Statement of Intent 2017-20**

Last month, management reported Council's proposed feedback on ATEED's draft Statement of Intent 2017-20, and suggested response to this. Final feedback has now been received and this included two additional points:

1. A commitment to increasing non-Council sources of revenue should be included in the Statement of Intent.
2. A clear statement that members of the public can read to explain what ATEED does and the role it plays would be useful. Where possible, this should be clear about what improvements in economic development indicators are attributable to ATEED's activities, and give examples of how specific projects have contributed to improved outcomes, rather than relying on aggregated statistics.

Management will make the required changes to the document prior to consideration and approval by the Board. To ensure that the changes are incorporated into the Statement of Intent 2017-20 prior to the Board's approval on 30 June.

## Looking forward

A portfolio of upcoming events/activities is provided below for the ATEED Board's information.

Scheduled event date	Event name	Location
28 April-21 May	NZ International Comedy Festival	Various Auckland venues
6-14 May	Techweek 2017	Various locations
16-21 May	Auckland Writers Festival	Aotea Centre
7 June-8 July	Blues vs British and Irish Lions (7 June) All Blacks vs Lions (24 June and 8 July)	Eden Park

## Finance

ATEED is tracking \$1.8m behind forecast, a significant movement of \$1.6m from last month. This positive variance is a combination of both permanent savings of \$0.3m due to efficiencies, and a \$1.5m timing-related underspend. ATEED's leadership team is proactively managing this underspend, and there is a firm commitment that we will deliver as per our forecast.

Permanent savings in the WMG2017 leverage programme of \$0.2m occurred as ATEED optimised relationships with partners, and scaled up activity in some areas without necessarily incurring additional costs. Additional savings of \$0.1m in the Ultimate Waterman event are due to an over-estimation of costs.

There is a timing-related underspend of \$1.5m across multiple projects at ATEED. They are as follows:

- An underspend of \$0.5m in advertising across domestic and international campaigns in Tourism, Destination Development and in International Education. We are still expecting to incur these costs during the current financial year.
- The GridAKL programme is underspent by \$0.4m due to agency letting fees for 12 Madden Street and depreciation costs for Mason Bros not yet incurred. The agency letting fees will be paid in the next financial year, and ATEED will request a deferral of current Auckland Council funding for this.
- Talent Attraction programme with Immigration New Zealand and the e Rea project are also underspent by \$0.2m, however we expect this to be paid during the current financial year.

### WMG2017

The WMG2017 team delivered a world-class event within their funding envelope. There is a YTD \$0.6m underspend against WMG2017's November 2016 forecast. The timing of spend has changed significantly during the financial year, however the team is working through their management accounts and expect a slight surplus in this financial year-end.

## Recommendations

1. The report be received.

## Attachments

- ATEED KPI Scorecard and dashboard

## **Signatory**

ATEED Chief Executive, Brett O'Riley

## Appendix I – ATEED SOI KPIs (YE April)

ATEED KPI Scorecard					Apr-17
ATEED SOI KPIs	Measurement	Date of Measure/latest	Latest Result	Annual Target to 30 June 2017	Status
<b>Build a culture of innovation and entrepreneurship</b>					
No. of businesses taking up tenancy at GridAKL (cumulative) and percentage "innovation-led" <sup>1</sup>	Number & (%)	30-Apr-17	99 (88%)	55 (70%)	●
Number of individual entrepreneurs supported through an ATEED delivered or funded entrepreneurship programme	Number	31-Oct-16	1975	1500	●
Percentage stakeholders satisfied with provision of business advice, start-up, training & mentoring programmes (LTP Measure) <sup>7</sup>	%	Discontinued	Not measured	85	□
Number of actively managed business through Regional Business Partner programme	Number	30-Apr-17	752	720	●
No. businesses that have been through an ATEED programme or benefitted from an ATEED intervention (LTP Measure)	Number	30-Jun-16	4073	1500	□
No. Maori businesses that have been through an ATEED programme or benefitted from an ATEED intervention (LTP measure)	Number	30-Jun-16	157	100	□
<b>Attract business and investment</b>					
Facilitation of the establishment, or significant expansion, of multinational and local companies in target sectors (LTP Measure)	Number	30-Apr-17	4	5	●
Number of intensively account managed customers in ATEED Aftercare programme (Aroha Auckland)	Number	30-Apr-17	67	85	●
Total GDP contribution of deals effected with ATEED involvement	\$(million)	30-Apr-17	339	56.7	●
Value of investment deals effected by ATEED within the financial year	\$(million)	30-Apr-17	484.5	278	●
<b>Grow and attract skilled talent</b>					
Number of 'live' signatories to the Youth Traction Hub Employers Pledge (LTP Measure)	Number	30-Apr-17	66	50	●
Growth in value of international student spend to Auckland	\$(billion)	31-Oct-16	2.17	1.888	●
<b>Grow the visitor economy</b>					
Spend by visitors in Auckland <sup>2</sup>	\$(million)	31-Mar-17	5,990	5,412	●
Number of international business event bids submitted or supported	Number	30-Apr-17	24	35	●
Business event bid win/loss ratio (based on results received in financial year) <sup>4</sup>	%	30-Apr-17	81%	60%	●
Value of business event bids won in financial year	\$(million)	30-Apr-17	30.8	19	●
Percentage of customers satisfied with visitor information centres and services overall (LTP Measure)	%	30-Apr-17	95.7	85	●
Contribution to regional GDP from major events invested in (LTP measure) <sup>5</sup>	\$(million)	30-Apr-17	32.6	86	●
Percentage of Aucklanders who agree events make Auckland a great place to live (engender pride and sense of place)	%	30-Jun-16	73	80	□
Visitor nights generated by major events invested in <sup>6</sup>	Number	30-Apr-17	277,490	415,000	●
Percentage of customers satisfied with delivered major events (LTP measure)	%	30-Apr-17	90	85	●
<b>Build Auckland's global brand identity</b>					
Total visits to www.aucklandnz.com (LTP Measure)	Number (million)	30-Apr-17	2.8m	3.4m	●
<b>Local economic development</b>					
Percentage of actions in ATEED Local Board Engagement and Action Plans completed	%	30-Aug-16	86	80	●
<b>Mana whenua engagement</b>					
Percentage Mana Whenua satisfaction with quality of engagement	%	N/A	N/A	Establish baseline	□
<p><b>Key:</b></p> <p>● On track / Target exceeded      ● Off-track          ● Potential for Slippage      □ No recent result</p> <p><sup>1</sup> Innovation-led is defined as businesses developing new or improved technologies or services  <sup>2</sup> From 2016/17 targets have reset to align with latest Ministry of Business, Innovation and Employment Monthly Regional Tourism Estimates (MRTEs).          From March 2017 we are reporting year to date figures from July each FY to provide an accumulative view. Previously this was reported as current Year End figures.  <sup>4</sup> Calculated as wins divided by wins + losses. Does not account for bids pending, not proceeded with, cancelled or not submitted  <sup>5</sup> Target includes the impact of World Masters Games 2017  <sup>6</sup> Target includes the impact of World Masters Games 2017. Targets for visitor nights generated by major events reflect the targets originally endorsed by council through the Major Events Strategy. It has since become apparent that these targets are low and ATEED aims for significantly higher KPIs internally. Refreshed target will be developed for 2017/18.  <sup>7</sup> Survey results provided by NZTE had previously included a measure of satisfaction. This has now been changed to Net Promoter Score methodology (NPS). NPS is an index ranging from -100 to +100 that measures the willingness of customers to recommend an organisation's products and services to others. It is used as a proxy for gauging the customer's overall satisfaction, loyalty and advocacy. Current NPS stands at +60 and comparatively, a NPS of +50 can be considered as excellent.</p>					

OPEN  
May 2017

## Finance Report, month ending April 2017

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

Summary Income Statement									TABLE 1	
For the Period Ended 30 April 2017									\$000's	
Month				Year to Date			Full Year			
Actual	Forecast	Variance		Actual	Forecast	Variance	Forecast	Budget	Last Year	
			<b>Net operational expenses:</b>							
17	279	262	Business Attraction & Investment	2,462	2,518	56	3,501	3,820	2,549	
(1)	0	1	Destination & Marketing	744	753	9	753	5,637	3,239	
1,311	1,649	338	Major Events	8,273	8,735	462	10,571	10,349	11,739	
806	1,260	454	Visitor and External Relations	8,853	9,251	398	*11669	7,932	7,759	
1,087	1,610	523	Business, Innovation and Skills	8,445	9,191	746	*13680	11,193	11,642	
655	893	238	Corporate	6,564	6,712	148	9,091	10,390	9,088	
<b>3,875</b>	<b>5,690</b>	<b>1,815</b>	<b>ATEED net deficit</b>	<b>35,341</b>	<b>37,160</b>	<b>1,819</b>	<b>49,263</b>	<b>49,320</b>	<b>46,016</b>	
6,869	5,170	(1,699)	World Masters Games 2017 Ltd, net deficit	5,926	5,374	(552)	8,015	8,072	1,427	
<b>10,744</b>	<b>10,861</b>	<b>117</b>	<b>Operating deficit before Council funding</b>	<b>41,268</b>	<b>42,534</b>	<b>1,266</b>	<b>57,278</b>	<b>57,392</b>	<b>47,443</b>	
			Approved opex funding				55,777	56,200	46,856	
			WMG Reserves drawdown				691	0	0	
			<b>Operating Deficit</b>				<b>(810)</b>	<b>(1,193)</b>	<b>(587)</b>	
			Capex funding				14,207	7,385	2,975	
			<b>Surplus</b>				<b>13,397</b>	<b>6,192</b>	<b>2,387</b>	

### Key Points

#### Current month's financial results

#### ATEED

ATEED is tracking \$1.8m behind forecast, a significant movement of \$1.6m from last month. This positive variance is a combination of both permanent savings of \$0.3m due to efficiencies and a \$1.5m timing related underspend. ATEED's leadership team is proactively managing this underspend which has been tabled at the lead team meeting. There is a firm commitment from the leadership team that we will deliver as per our forecast.

Permanent savings in the World Masters Games' Leverage program of \$0.2m occurred as ATEED optimised relationships with partners, and scaled up in some areas without necessarily incurring additional costs. Additional savings of \$0.1m in the Ultimate Waterman event were due to an over estimation of costs.

\* There have been significant movements between budget and forecast 3. Brand & Marketing (B&M) and Auckland Convention Bureau (ACB), are part of Destination & Marketing's budget. B&M has moved to Visitor & External Relations and ACB to Business, Innovations & Skills in a recent restructure. The actuals YTD and Forecast 3 include ACB at \$1.9m and B&M at \$3m.

There is a timing related underspend of \$1.5m is across multiple projects at ATEED.

- \$0.5m underspent in advertising across domestic and international campaigns in Tourism, Destination Development and in International Education. We are still expecting to incur these costs in this financial year.
- The Grid AKL program is underspent by \$0.4m due to agency letting fees for 12 Madden Street and depreciation costs for Mason Bros not yet incurred. The agency letting fees will be paid in the next financial year, and we will request a deferral of current Auckland Council funding for this.
- Talent Attraction program with Immigration NZ and the Transformation Project are also underspent by \$0.2m, but we expect this to be paid in this financial year.

### **World Master Games (WMG)**

World Master's Games team delivered a world class event with their existing funding. There is a YTD \$0.6m underspend against their November 2016 forecast. The timing of spend has changed significantly during the year. The team are working through their management accounts and expect a slight surplus in this financial year end.

### **Forecast 3 vs Budget**

The full year forecast net deficit is \$0.1m lower than budget. This is due to operating funding being converted to capital funding (\$0.4m) [for the AR/VR project and for the fit out costs for the Princes Wharf i-Site]. This is offset by the difference between budgeted depreciation and forecasted depreciation (\$0.4m).

**ATEED total net favourable variance of \$1.8m.**

### **Major events**

There is a YTD underspend of \$0.5m against forecast. There are permanent savings for the World Master Games Leverage program of \$0.2m due to effective partnering and collaboration across the industry. Permanent savings have also arisen from over estimating costs for the Ultimate Waterman of \$0.1m. There is a timing related underspend for the sponsorship of the Matilda Musical \$0.1m, and \$0.1m minor underspend across multiple projects.

### **Visitor and External Relations**

A YTD underspend of \$0.4m against the forecast. This is due to a timing advertising underspend of \$0.3m in domestic and international campaigns in Tourism and Destination Development and there is a timing underspend of \$0.1m with Education NZ due to delays in the University partner recruitment process.

### **Business, Innovation and Skills**

The YTD timing underspend of \$0.7m against the forecast is due to:

- agency letting fees and legal costs of \$0.3m planned earlier than incurred for the new build in the GRID AKL program,
- the timing of international bids for Auckland Convention Bureau of \$0.2m,
- Talent Attraction Immigration NZ partnership spend of \$0.1m now being aligned to the timelines of the Lion's Tour.



## Corporate

The YTD timing underspend of \$0.1m against the forecast is due to an underspend in professional fees for the eRea Transformation Project.

## Income Statement

Income Statement									TABLE 2
For the Period Ended 30 April 2017									\$000's
Month				Year to Date			Full Year		
Actual	Forecast	Variance		Actual	Forecast	Variance	Forecast	Budget	Last Year
			<b>Operational income</b>						
237	307	(70)	Funding from Government	1,596	1,666	(70)	3,313	2,013	1,742
24	9	15	Sponsorship	1,379	1,372	7	1,439	2,212	1,580
224	6	218	Fees & Subscriptions	296	316	(21)	320	493	446
124	132	(8)	i-Sites	1,636	1,647	(11)	1,826	2,270	2,502
222	237	(16)	Sundry income	1,742	1,780	(38)	2,443	1,383	1,229
<b>830</b>	<b>691</b>	<b>139</b>	<b>Total Operating income</b>	<b>6,649</b>	<b>6,782</b>	<b>(133)</b>	<b>9,341</b>	<b>8,371</b>	<b>7,630</b>
1,654	1,758	105	Staff costs	17,281	17,252	(29)	21,237	22,577	20,728
575	986	412	Professional fees, consultancy & contractors	6,042	6,621	578	9,742	9,118	7,004
754	848	94	Grants & sponsorships	5,996	6,127	131	8,080	6,482	8,739
78	106	28	Depreciation & amortisation	575	628	52	811	1,119	591
45	43	(2)	Shared services and lease costs	430	430	(0)	516	531	2,141
361	396	36	Occupancy	2,169	2,212	43	3,260	2,776	2,599
181	284	103	Travel & entertainment	862	1,026	165	1,482	1,685	1,653
146	294	148	General, admin & other	2,325	2,473	148	3,579	2,235	2,823
912	1,666	753	Advertising, marketing & research	6,309	7,173	864	9,898	11,169	7,367
<b>4,705</b>	<b>6,381</b>	<b>1,676</b>	<b>Total Operating Expenditure</b>	<b>41,990</b>	<b>43,942</b>	<b>1,952</b>	<b>58,606</b>	<b>57,691</b>	<b>53,645</b>
<b>3,875</b>	<b>5,690</b>	<b>1,815</b>	<b>ATEED Net deficit</b>	<b>35,341</b>	<b>37,160</b>	<b>1,819</b>	<b>49,264</b>	<b>49,320</b>	<b>46,016</b>

## Revenue

YTD revenue is slightly behind forecast due to government funding from Education New Zealand for International Education being received later than planned. This revenue is not at risk.

## Expenditure

YTD underspend of \$2m.

**Professional Fees, consultancy and contractors, \$0.6m lower:** This favourable underspend is timing in nature and relates mainly to the Grid AKL program. The underspend includes the agency letting fees for 12 Madden Street of \$0.2m, legal costs of \$0.1m and a general program underspend of \$0.1m.

**Grants and Sponsorships, \$0.1m lower:** This timing underspend is due to delays in payment of sponsorship fees for Matilda the Musical of \$0.05m and a permanent savings of \$0.05m as a result of Ultimate Waterman costs being over estimated.

**Travel and Entertainment, \$0.2m lower:** This is partially due to an underspend in the World Masters Games leverage program of \$0.1m and an underspend across multiple activities in Business, Innovations and Skills.

**General, admin and other, \$0.1m lower:** This positive variance is due to timing of hireage expenses for Innovation Events and Tech ICT Development programs and an underspend in WMG2017 business programme.

**Advertising, Marketing and Research, \$0.9 lower:** This positive variance is due to:

- campaigns for Tourism and Trade Partnerships (\$0.3m) occurring later than forecast as new opportunities were identified for the Virtuoso Project and delays in the Destination Development research work.
- activity for International Education occurring later than planned.
- timing related underspend in Auckland Convention Bureau (\$0.1m) for the Business Event Guide and international bidding design work.
- timing related underspend (\$0.1m) in the talent attraction project in partnership with Immigration NZ.
- permanent savings (\$0.1m) in the World Masters Games leverage program.

A previous paper was presented to the Board showing ATEED's advertising and marketing expected spend for this financial year. Management still remain confident that these costs will be incurred this year.

### Summary of major projects

Summary of Major Projects: Spend and/or (Revenue) > 0.5m									TABLE 3
For the Period Ended 30 April 2017									\$000's
Month				Year to Date			Forecast	Budget	Last Year
Actual	Forecast	Variance		Actual	Forecast	Variance			
			<b>Business, Innovation and Skills</b>						
67	83	17	New Zealand Food Innovation Auckland	833	833	(0)	1,000	1,000	1,015
175	378	203	Grid AKL	1,211	1,624	413	2,922	2,491	1,557
			<b>Major Events</b>						
424	592	168	World Masters Games 2017 leverage	689	860	172	897	947	36
0	0	0	V8 Supercars	1,047	1,048	0	1,048	1,442	2,097
3	0	(3)	NRL 9s competition	620	630	10	630	540	2,868
86	96	9	Lions Tour 2017	309	341	32	1,430	1,065	268
(14)	0	14	Tāmaki Herenga Waka Festival	492	506	14	506	500	514
<b>Total of all Major Events Projects</b>				<b>6,705</b>	<b>7,138</b>	<b>433</b>	<b>8,039</b>	<b>7,972</b>	<b>9,642</b>

- **Grid AKL, \$0.4m lower** – Underspend in agency fees relate to the letting of the corporate floors in 12 Madden Street, underspend in depreciation for Mason Bros that was planned to be opened early May but now scheduled for early September, and an underspend of the sponsorship funds due to delays in the work program.
- **World Master Games 2017 leverage, \$0.2m lower** – This is due to effective collaboration with partners which achieved desired outcomes without incurring additional costs.

## World Masters Games

World Masters Games 2017 Ltd									TABLE 4
Summary Income Statement									
For the Period Ended 30 April 2017									
Month				Year to Date			Full Year		
Actual	Forecast	Variance		Actual	Forecast	Variance	Forecast	Budget	Last Year
211	739	(528)	Revenue from Activities	7,189	7,011	178	6,794	6,977	1,616
0	0	0	Funding from Government	3,000	3,000	0	3,655	3,655	2,625
(491)	724	(1,215)	Sponsorship	308	987	(679)	1,208	0	475
30	(200)	230	Sundry income	830	600	230	600	600	610
<b>(250)</b>	<b>1,263</b>	<b>(1,513)</b>	<b>Total Operating income</b>	<b>11,327</b>	<b>11,597</b>	<b>(270)</b>	<b>12,257</b>	<b>11,232</b>	<b>5,326</b>
			<b>Net Operational costs</b>						
456	684	228	Staff costs	3,458	3,749	291	4,158	4,513	2,621
4,306	4,364	58	Professional fees, consultancy & contractors	7,843	7,621	(222)	8,126	6,903	1,302
0	380	380	Grants & sponsorships	793	1,173	380	2,017	1,880	695
2	(14)	(16)	Depreciation & amortisation	31	9	(22)	9	70	111
12	17	5	Occupancy	127	132	5	177	164	164
352	512	160	Travel & entertainment	719	896	177	925	1,023	267
1,158	368	(790)	General, admin & other	3,009	2,443	(566)	3,774	3,785	671
332	120	(212)	Advertising, marketing & research	1,248	925	(323)	1,057	966	905
<b>6,619</b>	<b>6,433</b>	<b>(186)</b>	<b>Total Operating Expenditure</b>	<b>17,253</b>	<b>16,971</b>	<b>(282)</b>	<b>20,272</b>	<b>19,304</b>	<b>6,753</b>
<b>(6,869)</b>	<b>(5,170)</b>	<b>(1,699)</b>	<b>Operating surplus/(deficit)</b>	<b>(5,926)</b>	<b>(5,374)</b>	<b>(552)</b>	<b>(8,015)</b>	<b>(8,072)</b>	<b>(1,427)</b>

- WMG's are overall \$0.6m ahead of forecast. This forecast was completed in November and the timing of net spend changed significantly since then.
- The WMG team are currently working through their financial position and an updated commentary will be provided to the Board at the June meeting.

## Summary Statement of Financial Position

Statement of Financial Position, ATEED Group		
As at 30 April 2017		
	YTD	Jun-16
\$000's		
<b>TABLE 5</b>		
<b>Current assets</b>		
Cash and cash equivalents	2,981	2,024
Receivables and prepayments	11,655	10,714
Other current assets, including iSite inventory	40	80
<b>Total current assets</b>	<b>14,676</b>	<b>12,818</b>
<b>Current liabilities</b>	<b>13,782</b>	<b>12,448</b>
<b>Working capital</b>	<b>894</b>	<b>370</b>
<b>Non-current assets</b>		
Receivables and prepayments (non-current)	234	697
Property, plant and equipment	7,782	5,098
Investment in Joint Venture, The FoodBow I	2,067	2,067
<b>Total con-current assets</b>	<b>10,083</b>	<b>7,862</b>
<b>Non-current liabilities</b>	<b>228</b>	<b>253</b>
<b>NET ASSETS</b>	<b>10,749</b>	<b>7,979</b>
<b>EQUITY</b>	<b>10,749</b>	<b>7,979</b>
<b>Capex spend</b>	<b>3,272</b>	<b>Annual Plan Bud \$7.8m</b>
<b>Total commitments</b>	<b>\$65.8m</b>	<b>\$29.5m</b>

- Cash and cash equivalents and Receivables and prepayments: Increase mainly due to timing of intercompany settlement and cash sweeps, scheduled for May.
  - Current liabilities are higher due to large accruals raised for Grid AKL capex, and World Master Games.
  - Property Plant and Equipment increase of \$2.7m due to capitalisation of assets for Grid AKL of \$2.5m and for AR/VR garage assets of \$0.2m.
  - Significant increase in future total commitments largely due to operating lease costs of \$42m for the GRID AKL program over twelve years.
- 

### **Recommendation**

It is recommended that the Board note the Finance Report for the period 30 April 2017.

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### **Signatories**

Manager: Avika Singh, Finance Manager

GM: Joy Buckingham, Chief Financial Officer

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