

Auckland Tourism, Events and Economic Development Ltd Board meeting

OPEN AGENDA

Will be held as follows:

DATE: 27 November 2015
TIME: 1.00 pm start
VENUE: The Gulf Boardroom, Level 8, 139 Quay St, Auckland

Board members:

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

Attendees

<i>Board Strategic Advisor</i>	Dr Pita Sharples
<i>Board Intern</i>	Daniel Mussett
<i>CEO</i>	Brett O'Riley
<i>Company Secretary</i>	Libby Nuth
<i>Others TBC</i>	

OPEN AGENDA

1. **APOLOGIES**

An apology has been received from Helen Robinson.

2. **MINUTES OF 18 SEPTEMBER 2015 AND OPEN ACTION TRACKER**

Brett O'Riley, Chief Executive.....X

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

Brett O'Riley, Chief Executive.....X

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

Brett O'Riley, Chief Executive.....X

5. **FINANCE REPORT**

Barbara Imlach, Chief Financial Officer.....X

FOR INFORMATION ONLY

6. **Q1 REPORT TO COUNCIL**

Friday, 27 November 2015



OPEN AGENDA

1. **APOLOGIES**

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Friday, 27 November 2015



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2. **MINUTES OF 18 SEPTEMBER 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, 18 September 2015 at 12.20pm
Directors:	David McConnell Norm Thompson Richard Jeffery Helen Robinson Stuart McCutcheon
Apologies:	Franceska Banga Danny Chan
In Attendance:	Brett O'Riley (Chief Executive) Martin Fairweather (Chief Operating Officer) Barbara Imlach (Chief Financial Officer) 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 Franceska Banga and Danny Chan.

2. Minutes of Previous Meetings and Open Action Tracker

The draft minutes of the meeting held on 28 August 2015 and the Open Action Tracker were discussed. The Board requested that the Commercial Sponsorships action be moved to the Confidential Action Tracker.

Following the conclusion of discussions, the Board resolved that the minutes of the ATEED meeting held on 28 August 2015 be confirmed as a true and correct record.

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

David McConnell advised that the company in which he has an interest (McConnell Property Ltd) was no longer involved in the Request for Expression of Interest process for the Screen and Studio Infrastructure Precinct Project at Hobsonville.

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 September 2015

Brett O'Riley spoke to the Report.

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

5. Finance Report, August 2015

Barbara Imlach spoke to the Report.

Following the conclusion of discussions, the Board resolved to note the Finance Report for the period 31 August 2015.

6. Closing the Meeting to the Public

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

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

The Chairperson noted the open part of the meeting concluded at 12.30pm.

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

Friday, 27 November 2015



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, Halo Fund No. 1 Limited (non-operating company) · Director, Halo Fund Investment Management Limited (non-operating company) · Director, 82 Above Limited (non-operating company) · Director, Frogparking Limited

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

	<p>ACG Australian International Education Services Company Limited New Zealand Management Academies Limited ACG Yoobee School of Design Limited Yoobee Pty Limited (Australia) New Zealand Career College Limited NZ Nannies Plus Limited ACG Norton College Limited ACG NZIC Limited ACG English School Limited ACG Parnell College Limited ACG Senior College Limited ACG Strathallan Limited ACG Tauranga Limited ACG Sunderland Limited ACG Property Holdings (NZ) Limited ACG Property 345 Queen Street Limited ACG Parnell College Property Limited ACG Senior College Property Limited ACG Strathallan College Property Ltd ACG Education Services Limited ACG Tauranga Property Limited Education Investments Group Limited Sunderland School Property Limited ACG Early Childhood Education Group limited</p> <ul style="list-style-type: none"> • Director and Shareholder, Alpha Asset Management Limited • Director and Shareholder, ARN Investments Limited • Director and Shareholder, Danting Investments Limited • Director and Shareholder, Education Investment Limited • Director and Shareholder, Flowerzone International Limited and subsidiaries • Director and Shareholder, Green Cut Limited • Director and Shareholder, Griff Trading Limited • Director and Shareholder, Lady White Snake Film Limited • Director and Shareholder, Orient Group Limited and subsidiaries • Director and Shareholder, Orpac International Limited • Director and Shareholder, Planit Products NZ Limited
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	<ul style="list-style-type: none"> · Director and Shareholder, Rhino Security Limited and subsidiaries · Director and Shareholder, Sharp Multi-Media Limited · Director and Shareholder, Sharp Multi-Media Productions Limited · Director and Shareholder, Simtics Limited · Director and Shareholder, SimTutor Limited · Director and Shareholder, Tahere Callas Limited and subsidiary · Director and Shareholder, Talaforf 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 · Council Member, Open Polytechnic NZ

	<ul style="list-style-type: none"> · 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 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, 27 November 2015



OPEN AGENDA

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

Brett O'Riley, Chief Executive

Friday, 27 November 2015



OPEN AGENDA

5. **FINANCE REPORT**

Barbara Imlach, Chief Financial Officer

Finance Report, October 2015

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

TABLE 1								
Summary Income Statement For the Period Ended 31 October 2015								
Month			Year to Date			Full Year		
Actual	Forecast	Variance	Actual	Forecast	Variance	Forecast	Budget	Last Year
			Net operational expenses:					
251	289	38	804	917	113	3,571	3,590	3,282
1,050	973	(77)	3,404	3,287	(117)	10,928	10,257	10,380
709	950	241	3,374	3,596	222	10,397	11,599	15,992
376	625	249	2,530	2,865	335	10,755	10,301	7,969
792	881	89	3,323	3,424	101	11,511	12,627	9,138
3,178	3,718	540	13,436	14,089	653	47,163	48,374	46,761
0	0	0	0	0	0	2,237	1,000	280
(358)	467	826	884	897	13	1,642	1,642	50
2,819	4,186	1,367	14,320	14,985	665	51,042	51,015	47,091
Approved Council Funding						50,451	50,307	48,381

Key Points

ATEED's net deficit: is \$0.5m less than forecast for the month; \$0.7m for the year.

This is a result of a number of projects and activities are behind plan in terms of spend, as well as savings from delays in recruitment.

For detailed commentary on full year forecast against budget, please refer to the Forecast paper.

Business Attraction and Investment: YTD savings due to the marketing campaign for Screen Attraction deferred until November. This had originally been planned for September.

Destination and Marketing: Unfavourable variance due to reduced iSites brochure revenue. The team are following up with customers as to reasons for the reduced renewals.

Major Events: YTD spend below forecast due to delays with signing of sponsorship contracts for a number of events.

Business, Innovation and Skills: Favourable variance as a result of GridAKL not yet utilising the Huawei Sponsorship funds, and delays in marketing relating to the Talent Attraction programme with Immigration NZ.

Corporate: Favourable variance due to recruitment of key positions not as advanced as originally planned.

Income Statement

			Income Statement							TABLE 2
			For the Period Ended 31 October 2015							\$000's
Month			Year to Date							
Actual	Forecast	Variance	Actual	Forecast	Variance	Forecast	Budget	Last Year		
			Operational income							
198	198	0	Funding from Government	477	477	0	1,577	1,211	3,518	
542	588	(46)	Sponsorship	647	696	(49)	2,074	2,005	967	
(6)	11	(17)	Fees & Subscriptions	279	293	(15)	499	609	510	
220	329	(109)	i-Sites	617	739	(123)	2,508	2,483	2,580	
96	86	11	Sundry income	475	425	49	1,417	1,683	1,348	
1,050	1,212	(162)	Total Operating income	2,494	2,630	(137)	8,074	7,991	9,053	
1,645	1,722	77	Staff costs	6,682	6,736	54	21,489	20,735	19,208	
517	738	221	Professional fees, consultancy & contractors	1,608	2,080	472	9,477	10,644	7,675	
199	508	309	Grants & sponsorships	2,614	2,834	220	6,155	7,586	12,004	
42	46	4	Depreciation & amortisation	167	169	2	580	656	540	
178	183	4	Shared services and lease costs	714	722	8	2,184	2,192	2,475	
208	223	14	Occupancy	833	874	41	2,652	2,676	2,495	
187	149	(38)	Travel & entertainment	485	440	(45)	1,601	1,445	1,510	
254	330	76	General, admin & other	730	737	7	2,334	1,741	2,610	
997	1,033	36	Advertising, marketing & research	2,097	2,126	30	8,766	8,689	8,182	
4,228	4,930	702	Total Operating Expenditure	15,930	16,719	789	55,236	56,365	56,701	
3,178	3,718	540	ATEED Net deficit	13,436	14,089	653	47,163	48,374	47,648	

Revenue

Operating income at the end of October is slightly behind forecast due to delays in renewals for the iSites brochure displays. This is being actively managed by the iSite management.

Expenditure

We have an under spend for the month of \$0.7m (YTD of \$0.8m)

- **Professional fees.** General underspend across most business units as we look to maintain a tighter rein on contractor and consultancy costs, as well as deferral of some activity within BA&I until after the GM is recruited.
- **Grants and sponsorships.** Timing variance for the month due to delays in signing of major events contracts.

Summary of major projects

Summary of Major Projects: Spend and/or (Revenue) > 0.5m									TABLE 3
For the Period Ended 31 October 2015									
Month				Year to Date			Full Year		
Actual	Forecast	Variance		Actual	Forecast	Variance	Forecast	Budget	Last Year
29	83	54	Business, Innovation and Skills						
(192)	(115)	77	The FoodBowl	333	333	0	1,000	1,000	1,000
			GridAKL	272	336	64	2,254	2,255	1,486
			Destination and marketing						
35	75	40	Global Auckland Project	120	173	53	550	550	253
			Major Events						
1	17	16	Maori Signature Event	3	22	19	499	500	29
151	112	(39)	V8 Supercars	384	356	(28)	1,549	1,993	461
(1)	10	11	2016 NRL Nines - Delivery	700	710	10	1,750	2,450	3,262
			Total Major Events	2,684	2,924	241	8,295	9,575	14,371
			Contingent Asset				5,886	4,649	3,649

- GridAKL is reporting higher than planned net revenue. This is a result of delays in utilising the Huawei sponsorship revenue.
- The remainder of the above projects are on track and any variances are as a result of timing.
- Our contingent asset 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 October 2015									
Month				Year to Date			Full Year		
Actual	Forecast	Variance		Actual	Forecast	Variance	Forecast & Budget	Last Year	
13	5	8	Revenue from Activities	59	26	33	1,212	26	
625	0	625	Funding from Government	750	750	0	2,625	2,500	
10	0	10	Sponsorship	10	0	10	885	1,225	
55	0	55	Sundry income	520	530	(10)	0	200	
703	5	698	Total Operating income	1,339	1,306	34	4,722	3,951	
			Net Operational costs						
187	205	18	Staff costs	749	764	15	3,105	1,605	
			Professional fees, consultancy & contractors	285	199	(86)	855	447	
0	50	50	Grants & sponsorships	695	742	47	832	861	
5	6	1	Depreciation & amortisation	19	21	2	51	21	
11	13	2	Occupancy	68	69	1	502	83	
43	79	36	Travel & entertainment	122	124	2	164	124	
19	13	(6)	General, admin & other	97	105	8	856	362	
(14)	47	61	Advertising, marketing & research	188	177	(11)	0	498	
345	472	127	Total Operating Expenditure	2,223	2,202	(21)	6,364	4,001	
			Operating surplus/(deficit)	(884)	(897)	13	(1,642)	(50)	

- Overall World Master Games results for October are in line with budget
- An updated forecast will be available for our Q2 forecast reporting

	Prior Year	2015 YTD	Total To Date	To Go	Revised Forecast	Original Budget
Total Spend	8,885	2,223	11,108	23,642	34,750	33,000
ATEED Funding	3,004	884	3,888	7,862	11,750	11,000

- The revised forecast of \$34.75m is offset by increased commercial and sponsorship revenue of \$1.0m and additional funding required from ATEED to offset director's fees and forex not included in original budget.

Summary Statement of Financial Position



Statement of Financial Position, ATEED Group As at 31 October 2015

TABLE 5	YTD	Jun-15
	\$000's	
Current assets		
Cash and cash equivalents	1,981	2,206
Receivables and prepayments	7,384	9,512
Other current assets, including iSite inventory	77	55
Total current assets	9,442	11,773
Current liabilities	8,520	11,230
Working capital	922	543
Non-current assets		
Receivables and prepayments (non-current)	1,129	1,236
Property, plant and equipment	3,127	2,240
Investment in Joint Venture, The FoodBow I	2,047	2,047
Total non-current assets	6,303	5,523
Non-current liabilities	395	436
NET ASSETS	6,830	5,630
EQUITY	6,830	5,630
Capex spend	1,065	FY BUD 2,730
Total commitments (at September 2015)	\$31.6m	\$46.1m

- Receivables and prepayments: Decrease of \$1.7m mainly due to intercompany settlement and cash sweeps.
- 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 October 2015

Signatories

Manager: Avika Singh, Finance Manager

GM: Barbara Imlach, Chief Financial Officer

Friday, 27 November 2015



OPEN AGENDA

Q1 Report to Council

For information only

A stylized graphic of a hand with a dotted texture, pointing its index finger towards a target graphic consisting of concentric circles. The background is a vibrant mix of purple, blue, and red with abstract light patterns.

DIG MY IDEA.

MĀORI INNOVATION CHALLENGE

MARANGA AKE

He Mihi

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

E whakaruruhau ana i nga ahikaa mai tawhiti.

E maumahara ana i te nguha a Mataoho.

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

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

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

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

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

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1. Executive summary

Highlights for the Quarter

GridAKL continues to track well with 16 tenants in residence (on track for 25 by year end), site preparation works for the Innovation 5A and 5B Buildings commencing in September and the start of physical works for the internal fit out of the Lysaght Building.

The FoodBowl – Te Ipu Kai continues to grow its reputation as a centre where food and beverage professionals can develop both their technical and business capability building skills. The facility had two record breaking months in August and September in terms of revenue, a number of clients were named as finalists and winners in the 2015 New Zealand Food Awards and the FoodPortal was launched over the quarter.

ATEED supported Auckland's food and beverage businesses through a number of activities including an 'Auckland on the Menu' stand at **The Food Show Auckland**, nine Auckland-based winners at the **2015 New Zealand Food Awards** held in September, and supporting four innovative Auckland food and beverage businesses participating in **Fine Food Australia**, Australia's largest food and beverage trade show. In addition, over two days in August, ATEED facilitated a series of events for the Auckland food and beverage industry with three award-winning restaurateurs from the United States, including promotion of Auckland Restaurant Month.

Quarter One performance for the **Regional Business Partner (RBP)** programme is progressing well this year, with 240 actively managed businesses (target 360 for the year) and a 93 per cent satisfaction rate with the programme (target 85%).

The **DigMyIdea Māori Innovation Challenge** launched on 24 August, aimed at growing Maori involvement in New Zealand's digital economy. Entrants were asked to submit a digital business idea that has the potential to go global. Winners will be announced in November.

Quarter One activity for the mid-2016 **Tripartite Economic Alliance Summit** to be held in Auckland included;

- an alumni style function attended by delegates who participated in the 2015 summit in Los Angeles,
- the ATEED Chief Executive accompanying the Mayor as part of his small delegation to Singapore, Xiamen and Guangzhou and,
- the signing of a Memorandum of Understanding (MoU) with Guangzhou incubator InnoHub, which will pave the way for a \$20 million investment fund into Auckland start-up companies.

Requests for Expressions of Interest to develop the **Screen Innovation and Production Precinct** at Hobsonville Point were lodged and closed, with the Auckland Investment Office (AIO) progressing negotiations with preferred respondents. A report recommending a preferred way forward will be presented to the Auckland Development Committee in November.

The second **JobFest15** was held at QBE (North Harbour) Stadium, attracting 2,000 young people and 65 employers for more than 500 entry-level jobs. It is estimated at least 95 youth were employed as a result of participation.

Initial engagement with city partners on the **Tāmaki Herenga Waka Festival (Māori Signature Festival)** has been positive with all expressing a desire to collaborate. Significant progress was made with the Mana Whenua Steering Group over the period including confirmation of membership, terms of reference endorsed and two meetings held.

ATEED is supporting the Auckland **Rima Tourism Cluster Group** to engage the Australian trade market.

ATEED has facilitated an Australian and NZ trade famil that involved four Maori operators and ended with many of these Agents attending the NZ Maori Tourism Trade Day.

Notable achievements during the quarter for the **World Masters Games 2017 (WMG2017)** subsidiary company included an inaugural partner forum with all the commercial partners, conclusion of all 19 requested local board briefings, updates to the Major Event Ministers Group, chaired by Minister Joyce and achieving 20,000 followers on Facebook.

The **Global Auckland Project** continued to make good progress during the quarter with the Project Advisory Group's first meeting, the announcement of high-profile Aucklanders to be public advocates and international research across five target audiences. This project will articulate what makes Auckland unique on a global level and develop a distinctive brand story.

Looking ahead to Quarter Two

Quarter Two activity for **GridAKL** includes the finalisation of the **GridEx expansion programme** and the transfer of the Polperro Building residents to the **Lysaght Building** at the end of November.

Activity over the period for **The FoodBowl – Te Ipu Kai** will include two workshops, one co-hosting Alibaba and China Shipping to engage the industry about exporting to China, and another designed to advise and educate companies on the advantages and potential for new products using High Pressure Processing technology.

Sir Stephen Tindall will chair the **Auckland Innovation Advisory Board** to represent the innovation community in Auckland and oversee the implementation of ATEED's Innovation Plan for Auckland. The first meeting of the advisory board is expected to be held late November.

The **2015 Westpac Auckland Business Awards** season will kick-off from September through to November. ATEED is partnering with the Auckland Chamber of Commerce in this year's awards, which recognises excellence in business, and celebrates business innovation and best practice across the region.

Work will continue on the 2015/16 **Tripartite Economic Alliance** programme of activity including facilitating the establishment of Guangzhou incubator InnoHub's Auckland-based investment fund and physical presence in Auckland. The venue and conference organizer of next year's summit will also be confirmed.

ATEED will again partner with the Auckland Chamber of Commerce to attend the **2015 Working International Perth Expo** with a focus on construction, engineering and trades jobs.

ATEED's domestic campaign programme will continue with its spring campaign themed '**AKL: The Show Never Stops – Stellar Spring Line-up**'. In addition ATEED will launch a campaign aimed at encouraging Aucklanders to explore their own region over summer, thus influencing visitors to stay longer and spend more.

The **Pacific Asia Travel Association (PATA)** Global Insights Conference 2015 was held in Auckland on 16 October. The event was hosted with sponsorship from Auckland Airport, ATEED and Skycity and is set to become an annual fixture for Auckland.

Key milestones for the **Tāmaki Herenga Waka Festival (Māori Signature Festival)** will include confirmation of the festival's programme and prospecting for commercial partners.

Major events being delivered and/or facilitated over Quarter Two include the Auckland Diwali Festival, the Auckland Marathon, Taste of Auckland, the ITM500 Auckland V8 Supercars, the Finn Gold Cup, the Farmers Santa Parade, an Ed Sheeran concert, and a celebration to welcome home the All Blacks.

Key focus areas for the **World Masters Games 2017** will include the announcement of Volvo as the official vehicle partner of the games and the '500 Days to Go' milestone on December 8.

Design and validation work continues on the **Global Auckland Project** with a focus on research with critical Auckland stakeholders, including Māori, Pacific Islanders, youth and residents.

Financial performance, risk management and governance

External revenue was behind budget due to delays in our invoicing to Government for World Masters Games 2017 funding. Milestones have since been achieved and funding was received in October.

Due to a number of projects and activities in the latter stages of planning, spend has not been incurred in line with budget. In addition, we received reimbursement of some expenses earlier than budgeted. These phasing issues have been addressed within our quarterly forecast.

There has been no change to ATEED's risk management framework. Monthly updates are provided to the ATEED Board and each quarter a full risk update is tabled. The Audit and Risk Committee continue to meet quarterly. There are currently no critical risks across our portfolio.

KPMG presented reports and recommendations from the first of its internal audit assessments regarding GridAKL and IT/data security. The GridAKL report identified a number of areas for improvement. The rapid changes experienced in the scale and timing of this project (e.g. the need to exit Polperro earlier than initially agreed) have contributed to the challenges faced. However, the creation of a steering group has added extra depth to the governance of this project, and through the current reframing exercise that is underway it is expected that most of the issues raised will be addressed over the coming months.

Our 2016 Audit Plan was reviewed and accepted by our Audit and Risk Committee and we will work with KPMG to schedule further audits over the remainder of the year.

Audit NZ issued an unqualified audit opinion on ATEED's Annual Report for the year ended 30 June 2015, and noted the financial statements were free from material misstatements. It was also noted that there were no significant issues raised that required urgent attention.

Professor **Stuart McCutcheon** was appointed to the ATEED Board in July.

2. Strategic framework and focus areas

ATEED's Strategic Framework

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

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

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

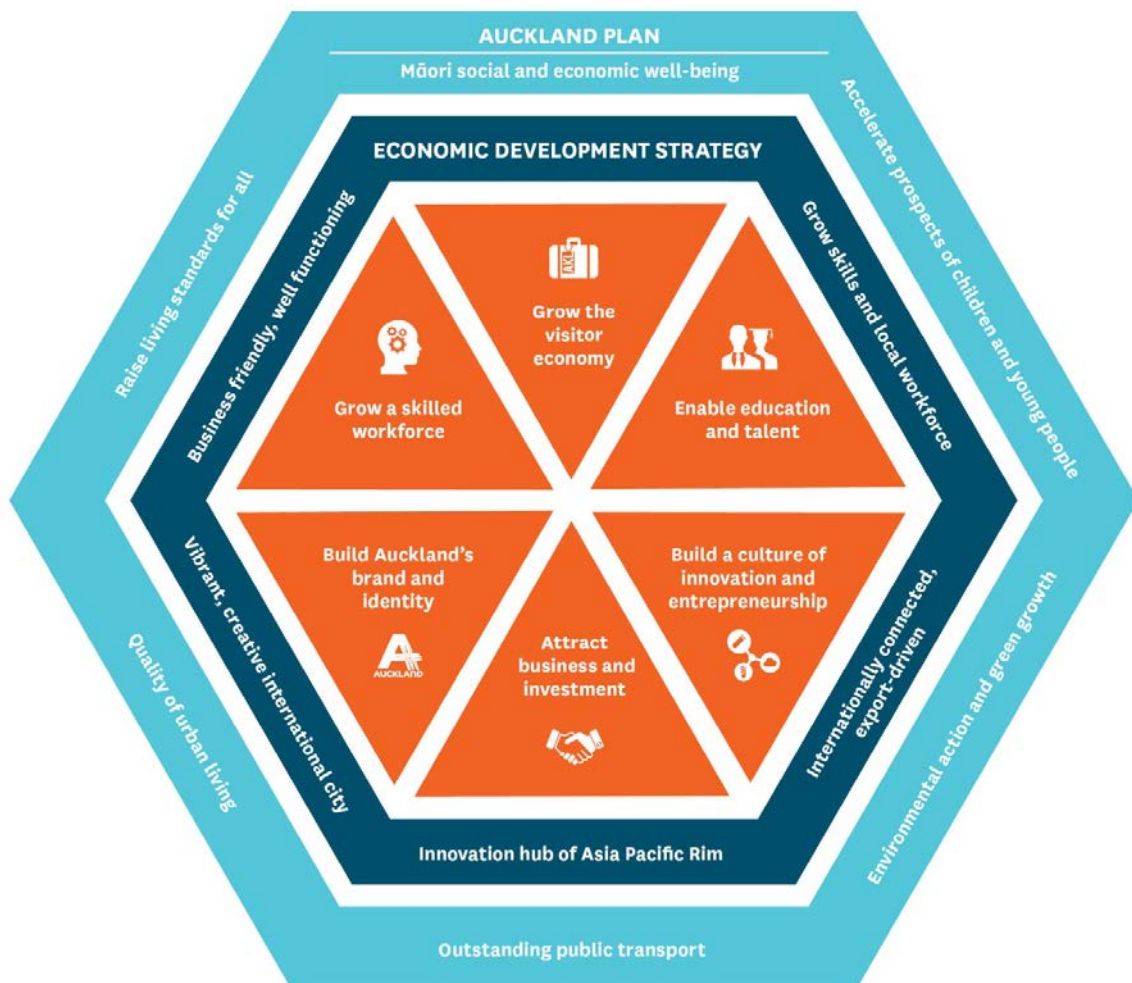


Figure 1 – ATEED's Strategic Framework

Strategic Issue: The Auckland Cruise Sector

The cruise sector has grown five-fold in the last ten years to become the equivalent of New Zealand's 3rd largest country of holiday arrivals, behind Australia and China (Statistics New Zealand, YE June 2015). This growth is set to continue, with record projections over the next two seasons.

In the 2014-2015 cruise season, 32 ships made 115 voyages to Auckland bringing 188,500 passengers and 75,000 crew. Collectively, the cruise sector via spend by passengers, crew and Cruise Lines generated \$190 million in value added to the Auckland's economy and supported 3,217 jobs.

The 2015-2016 cruise season is predicted to top that, with a forecast 33% increase in passenger numbers and 25% growth in value added. In this season, which kicked off on 8th October, 34 ships (eight of which will be new to New Zealand) will make 125 voyages, and bring 249,400 passengers and 86,000 crew to Auckland. The 2015-2016 cruise season is forecast to contribute \$251.7million to the local economy and support 4,303 jobs.

Bookings for the 2016-2017 cruise season are also on track to deliver another record season including the attraction of 12 ships making maiden voyages to New Zealand. Of note will be the entrance of *Ovation of the Seas*, which will challenge Auckland's infrastructure as the largest ever ship to call into New Zealand. The current plan for its two visits are for the ship to be moored in the harbour and tender the passengers into shore. This is the first time that a cruise line has put a brand new vessel into this region, highlighting the growing interest for cruising in the Australasia and Asia regions and potential opportunities for Auckland and New Zealand to grow this valuable sector.

Auckland's cruise sector characteristics are relatively consistent. Australia, North America and Great Britain are our largest international sources of cruise and will continue to be so over the medium term. It should be noted that China is now the fastest growing source market for cruise and while the focus for these passengers currently is short cruises in Asia the opportunity to grow New Zealand as a destination is strong as the Cruise Lines look to seek alternative destinations in their off season (November – March)

Auckland Council is currently considering an interim option to accommodate larger ships but this is unlikely to be in place for the *Ovation of the Seas* maiden voyage. In addition the Port Future Study is currently being undertaken, looking at the long term options for meeting Auckland's port needs, with the growth of the cruise sector being considered.

As the marquee and key exchange port for New Zealand, Auckland tends to attract pre and post-cruise stays and more overnight stays than the other regions. This is reflected in its comparatively larger share of passenger and crew port days. Auckland also makes up 91% of all the voyages to New Zealand, which is why it is critical that Auckland succeeds as a cruise destination, for New Zealand as a country to maximise its returns from the cruise sector.

3. Highlights for the last quarter

Building a culture of innovation and entrepreneurship

GridAKL is tracking well, with notable highlights for the quarter including:

- Site preparation works for the Innovation 5A and 5B Buildings began at the end of September, with final preliminary designs for Innovation 5A expected to be completed by October.
- Physical works for the internal fit out and construction works commenced on the Lysaght Building. The project team are working on incorporating elements of smart building technologies as part of sponsorship arrangements with Huawei, GridAKL's Foundation Partner.
- Co-working space within the hub (Polperro) is currently at capacity with 16 businesses in residence, with Preno, a team that graduated from the Lightning Lab Accelerator Programme being the latest tenant.

The FoodBowl – Te Ipu Kai has remained at capacity throughout the quarter and continues to grow its reputation as a centre for upskilling the food and beverage sector, from both a technical and a business capability building perspective. Some highlights from Quarter One include:

- Two record breaking months in terms of revenue generated, for both August and September.
- Process and product validation which has allowed two companies to capitalise on NZ and Australian importation regulations to import product, add value and then export. Ultimately, both businesses intend to build their own facilities here in Auckland.
- Soft launch of the FoodPortal – actively signing up capability providers prior to focusing on food and beverage companies. The portal is a comprehensive on-line directory covering NZ's entire food and beverage industry.

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

Auckland's food and beverage companies tasted success at the **2015 New Zealand Food Awards** held on 17 September. Nine of the fifteen awards were won by companies based in the Auckland region, with ATEED or the FoodBowl – Te Ipu Kai having worked with many of the Auckland businesses involved.

Four innovative Auckland food and beverage businesses took a big step in their exporting plans when they took part in **Fine Food Australia**, Australia's largest food and beverage trade show from 20 to 23 September. The companies were on an Auckland stand facilitated by ATEED's sector specialist, where more than 1,000 exhibitors from more than 45 countries took part, demonstrating their new and innovative products to an audience of 25,000 people.

Over two days in August, ATEED facilitated a series of events for the Auckland food and beverage industry with three award-winning restaurateurs from the United States; Will Guidara, co-owner of two Michelin Star restaurants in New York; Christina Tosi, from Momofuku Milk Bar and US MasterChef judge; and Brian Canlis, owner of Canlis restaurant in Seattle. The events included a workshop with over 50 Auckland chefs, restaurateurs and people from the wider industry to share ideas to help grow Auckland's food and beverage sector. Over the two days the restaurateurs also developed media content for The Robb Report featuring Waiheke Island and Auckland as a food destination, promoted Auckland Restaurant Month through the Taste of Federal event, and networked with Auckland food and beverage providers.

In late August, ATEED presented its proposal to deliver the **Regional Business Partner Programme (RBP)** across Auckland for the period 2016 to mid-2019. The proposal included a more coordinated and cohesive approach to delivering business support services across the region, a greater integration with other ATEED delivered activities and increased collaboration with business support partners and the Auckland Chamber of Commerce to deliver the Business Mentors programme. The result of the RFP process will be confirmed in Quarter Two.

Quarter One performance for the current **Regional Business Partner Network (RBP)** programme is progressing well this year, with 240 actively managed businesses (against an annual target of 360) and a 93 per cent satisfaction rate with the programme (against an annual target of 85%).

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

Planning for the **Innovation Festival** is progressing well, with high level objectives and outcomes identified during the quarter. The programme is targeting May 2016 for the inaugural events programme and will coincide with the 2016 Tripartite Economic Alliance Summit and the 2016 New Zealand Hi-Tech Awards.

Attracting business and investment

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

Preparations for the 2016 **Tripartite Economic Alliance Summit** to be held in Auckland in mid-2016 included:

- An alumni-style function at ATEED's Quay Street office. The event was attended by business people who were part of the Auckland delegation, Mayor Brown, Councillors Krum and Cashmore and key partners from the US Embassy and the Ministry of Foreign Affairs and Trade.
- Presented to the 6 August Regional Strategy and Policy Committee and the 18 August Economic Development Committee meeting to update councillors on Auckland's engagement in the Tripartite Economic Alliance and the planning associated with the 2016 programme.
- In September ATEED's Chief Executive accompanied the Mayor as part of his small delegation to Singapore, Xiamen and Guangzhou. Meetings were held with sister cities Guangzhou, Ningbo and Qingdao with further opportunities to develop, particularly around the marine sector, education and tourism.
- The ATEED Chief Executive signed a Memorandum of Understanding (MoU) with Guangzhou incubator InnoHub, paving the way for a \$20 million fund to invest in Auckland start-up companies and giving them greater exposure in the Asia and Pacific Rim markets.

During the quarter the Request for Expressions of Interest to develop the **Screen Innovation and Production Precinct** at Hobsonville Point was lodged and closed, with the Auckland Investment Office (AIO) progressing negotiations with preferred respondents. A report proposing a proposed way forward will be prepared and considered by the Auckland Development Committee in November.

Over the quarter, ATEED facilitated the establishment or significant expansions of one multinational company – an Indian multimedia company. The value of investments deals secured by ATEED to date is estimated at \$12 million. ATEED currently has 80 customers in the Aroha Auckland aftercare programme and has engaged with 16 of them over the quarter.

Growing a skilled workforce

During Quarter One, eleven new employers signed up to a **Youth Employers Pledge**, bringing the total to 24 by the end of the quarter. New signees for the quarter included Aurecon, Downer EDI, The Langham Hotel, Xero and The Just Group. ATEED is on track reach the target of 50 Pledges by the end of the financial year.

The second **JobFest15** was held on 7 August at QBE (North Harbour) Stadium, Albany. The event, which attracted 2,000 young people, provided a unique opportunity for employers and job seekers, aged between 16 and 24, to connect face-to-face and discuss job opportunities. Based on data received to date from 49 of the 65 employers that attended the August Jobfest, it is estimated that from 500+ jobs on offer;

- 2,961 CVs or job applications were received
- 653 candidates were shortlisted for vacancies
- 282 candidates were interviewed in person
- 99 youth were offered jobs
- 95 youth were employed and a further 2 offered training.

Through initiatives like the Youth Employers Pledge, JobFest and the Youth Employability Passport, ATEED and partners are continuing to work with both employers (including JobFest participants) and young job seekers to reduce the rate of youth unemployment.

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

Enabling education and talent

The **Auckland Regional Partnership Agreement (ARPA)** economic work programme continues to progress, with ATEED and Immigration New Zealand NZ meeting with a tech sector coalition regarding a potential partnership approach to growing Auckland's software industry via:

- digital and on-ground small-scale in-market expos,
- expansion of the Aroha Auckland programme to include investor migrants and
- development of the off-shore representation model to include Europe (replacing the United Kingdom project role), China, South East Asia and the USA.

Growing the visitor economy

The **Auckland Convention Bureau** hosted the first Auckland Advocate Alliance seminar in Quarter One. The event included an internationally recognised leader in the meetings and conventions industry, and was attended by 40 people including members of the ACB and 10 Business Events Advocates.

ATEED continues to progress the development and planning for the delivery of the **Tāmaki Herenga Waka Festival (Māori Signature Festival)**. The Mana Whenua Steering Group has had its membership confirmed, terms of reference endorsed and met twice over the period. Initial engagement with city partners has been positive with Arts, Community and Events (ACE), Pānuku Development Auckland, RFA – Auckland War Memorial Museum and the Maritime Museum all expressing a desire to collaborate.

Auckland Council's Arts, Culture and Events Committee endorsed ATEED's recommendation that the **Pasifika Festival** return to Western Springs Park in 2016. The 2015 festival was moved from Western Springs Park to Hayman Park at short notice, due to Western Springs Park being in the Queensland fruit fly exclusion zone established by the Ministry of Primary Industries.

The **2015/16 major events programme** of lifestyle, cultural and sporting major events commenced during the quarter with the hosting of the New Zealand International Film Festival, New Zealand Fashion Week and Auckland on Water Boat Show.

Notable achievements during the quarter for the **World Masters Games 2017** subsidiary company included:

- Agreement with Waterfront Auckland on hiring Queens Wharf for the duration of games
- Completion of preliminary sport specific operational review process across all 28 sports
- Finalisation of the first phase review of transport operations - in conjunction with Auckland Transport
- Inaugural partner forum with all the commercial partners, resulting in cross leveraging discussions.
- Conclusion of all 19 requested local board briefings on WMG2017, educating elected members and equipping them with information on how their communities can be involved.
- Progress update to the Major Event Ministers Group, chaired by Minister Joyce.
- Achievement of 20,000 followers on Facebook. By comparison, the International Masters Games Association currently have 1,935 followers and the 2013 World Masters Games had 968 followers.

The ATEED domestic campaign program continued to roll out with the Spring campaign, 'AKL: The Show Never Stops – Stellar Spring Line-up'. The campaign is focused on the cluster of events and concerts coming up during the Spring period with a mix of digital, print and outdoor media.

A joint marketing project in Australia with Auckland Airport (Aussie, Aussie, Aussie) is underway with campaigns with Flight Centre in place and discussions with Tourism New Zealand. A final strategy session to agree and commit to major new initiatives is expected in October.

The cocktail ceremony for the Commonwealth Games Federation General Assembly was hosted by the Mayor of Auckland and ATEED on 31 August. It was a successful assembly with key decisions made. The Assembly closed with a Gala Farewell at the Auckland War Memorial Museum, attended by the Hon Jonathan Coleman, Minister for Sport, His Worship James Nxumalo Mayor of Durban and CEO of Sport New Zealand Pete Miskimmin.

Building Auckland's Brand and Identity

The **Global Auckland Project** continued to make good progress during the period. This project will articulate what makes Auckland unique on a global level and develop a distinctive brand story. This brand will help to differentiate Auckland and enhance its international reputation and provide a coherent value proposition to attract skilled migrants, investors, innovators, visitors, entrepreneurs and events – and the economic benefits they bring.

with the Project Advisory Group's first meeting and announcement of high-profile Aucklanders to be public advocates (including Michael Barnett, CEO, Auckland Chamber of Commerce; Tupara Morrison, Ngāti Whātua Toki Taiao; Anthony Healy, CEO Bank of New Zealand and Martin Snedden, CEO Duco Events). A significant programme of validation research was also undertaken including in-depth interviews across five target audiences, including international businesses, investors, skilled migrants, international students and tourists in three primary markets (China, USA, Australia).

Auckland received numerous accolades during the period, including:

- An ATEED-commissioned video designed to leverage the ICC Cricket World Cup 2015 won a 'Gold Camera' award at the 36th US Film & Video Festival in Los Angeles.
- The ATEED-supported Heineken Open tennis tournament has been named 'Best Fan Experience' for the second year running by the Association of Tennis Professionals (ATP).
- The Volvo Ocean Race Auckland Stopover was named 'Best New Zealand Hosted Major Event', and the Dick Smith NRL Auckland Nines was a joint winner of 'Best New Zealand Owned Major Event' at the annual New Zealand Association of Event Professionals Awards.

4. Looking ahead to Quarter Two

Building a culture of innovation and entrepreneurship

Quarter Two activity for **GridAKL** will be dominated by the transfer of residents from the Polperro Building to the newly refurbished Lysaght Building at the end of November, with the completion of the full building by mid-December.

Sir Stephen Tindall will chair the **Auckland Innovation Advisory Board** to represent the innovation community in Auckland. The group will oversee the implementation of ATEED's Innovation Plan for Auckland and draws its mandate from integration with ATEED's existing governance structures. The first meeting of the advisory board is expected to be held in late November.

Quarter Two activity at **The FoodBowl – Te Ipu Kai** includes two key workshops:

- Co-hosting Alibaba and China Shipping in a joint partnership arrangement to engage the food and beverage industry, themed 'New Way to Do Business with China – a workshop for solutions of exporting consumer products from NZ to China'
- A High Pressure Processing (HPP) workshop with numerous international speakers designed to advise and educate companies on the advantages and potential for new products using the technology.

The **2015 Westpac Auckland Business Awards** season will commence through the months of September through to November. ATEED is partnering with the Auckland Chamber of Commerce in this year's awards, which recognises excellence in business, and celebrate business innovation and best practice across Auckland North, South, West and Central.

Negotiations and a final decision regarding the awarding of the **Regional Business Partner (RBP)** programme across Auckland for 2016 through to mid-2019 is expected in Quarter Two. ATEED currently delivers this programme on behalf of New Zealand Trade and Enterprise and Callaghan Innovation and is seeking to continue as the Auckland service provider.

Attracting business and investment

Planning continues for 2015/16 **Tripartite Economic Alliance** programme of activity including

- Facilitation of Guangzhou incubator InnoHub's establishment of their New Zealand-based start-up fund and presence in Auckland.
- Support of ATEED's Los Angeles-based advisor to the Tripartite Programme at the November alumni event.
- Negotiations and confirmation of the Summit's venue and conference organiser.

In November, ATEED and the AIO will present a proposal to the Auckland Development Committee for the development of land at Hobsonville for a Screen Innovation and Production Precinct. ATEED will also sponsor the 2015 China Business Summit in Auckland, a platform to increase business engagement between New Zealand and China

Growing a skilled workforce

The winner of the Auckland Regional **Lion Foundation Young Enterprise Scheme (YES)** will be announced in October, and the teams go on to compete in the national finals in December.

It is expected that a further 8-10 Youth Employment Pledges will be signed over the quarter including with Wendy's, McDonald's, Domino's, Orion Health, the Youth Hostels Association of New Zealand and the Sudima Hotel.

Enabling education and talent

ATEED hosted its Annual Auckland International Education Conference in early November featuring an address by the Hon. Steven Joyce and Mayor Len Brown.

ATEED will again partner with the Auckland Chamber of Commerce to attend the Working International Perth Expo (28 – 29 November), with a focus on attracting talent to jobs in the construction, engineering and trades sectors.

Growing the visitor economy

The **Pacific Asia Travel Association (PATA)** Global Insights Conference 2015 was held in Auckland on 16 October with 12 speakers from across the world flying in to speak and network with the New Zealand tourism industry. The event was hosted with sponsorship from Auckland Airport, ATEED and Skycity and is set to become an annual fixture for Auckland.

ATEED will launch a new AKL-AKL domestic marketing campaign – ‘Beyond your Backyard’ - aimed at encouraging Aucklanders to explore their own region over the summer period. Local Auckland residents are one of the biggest influencers on what visitors see and do when here, and therefore impact on the destination experience and level of spend of their visitors.

Milestones for the **Tāmaki Herenga Waka Festival (Māori Signature Festival)** will include confirmation of the festival’s programme and prospecting for commercial partners.

Key focus areas for the **World Masters Games 2017** will include:

- Announcement of Volvo as the official vehicle partner of the games
- Contracting the official merchandise partner
- Completing the build of the bespoke registration system for games participants and volunteers
- Planning for the ‘500 Days to Go’ milestone on December 8
- Announcement of the entertainment hub location and concept

Major events being delivered and/or facilitated for Quarter Two include Auckland Diwali Festival, Auckland Marathon, Taste of Auckland ITM 500 Auckland V8 Supercars, Finn Gold Cup, Farmers Santa Parade, Ed Sheeran concert and a celebration to welcome home the 2015 Rugby World Cup winning All Blacks.








In February 2016, a reconstruction of the Globe Theatre will pop-up in Auckland’s Aotea Quarter, behind the Auckland Town Hall and Q Theatre, for a two month season. The Pop-up Globe is supported by ATEED via the Major Events Fund, as part of the 2015/16 Major Events Portfolio.

Building Auckland’s brand and identity

Proposition development and validation work on the Global Auckland Project will continue over Quarter 2, with further research with local stakeholders, including Māori, Pacific Islanders, youth and residents.

5. Key deliverables

Key deliverables from last quarter

Deliverable	Q1 Opex \$000	Completed/ carried over/ deferred	Status	Comments
GridAKL	464	Carried over (ongoing programme)		Full occupancy (16 resident companies). Strong pipeline of tenants for Lysaght.
Regional Business Partner programme RFP	-	Completed		RFP delivered Expected to enter negotiations November
Innohub MOU	-	Completed		Innohub to deliver a \$20m investment fund into innovative Auckland start-up businesses
Screen Innovation and Production Precinct RFP	161	Completed		RFP Issued Results of negotiations presented to Council November 13
Youth Employment Programme	59	Carried over (ongoing programme)		JobFest 15 delivered 11 further businesses signed up to Youth Employment Pledges
AKL Domestic Campaign	218	Carried over (ongoing programme)		AKL: Show Never Stops – Stellar Spring Line Up campaign launched Will continue into Q2
Global Auckland	86	Carried over (due for completion Q3)		Significant stakeholder consultation, proposition development and validation undertaken Research to continue into Q2

Key deliverables for next quarter

Deliverable	Comments
Grid AKL	Completion of Lysaght Building and transfer of tenants from Polperro.
Screen Innovation and Production Precinct Report	Delivery of a report to the Auckland Council Development Committee outlining a formal proposal for the development of a Screen Innovation and Production Precinct at Hobsonville.

Westpac Auckland Business Awards	Delivery of Westpac Auckland Business Awards, North, West, South and Central in partnership with the Auckland Chamber of Commerce.
Young Enterprise Scheme Awards	Delivery of Young Enterprise Scheme Awards in Auckland North, South, West and Central.
Diwali Festival of Lights	Delivery of Diwali Festival of Light, October 17/18 in partnership with the Asia New Zealand Foundation.
ITM500 V8 Supercars	Facilitation of ITM500 Auckland V8 Supercars over the weekend of November 6-8 and delivery of ancillary events (drive-in movie and Fan Day).
Auckland Domestic Campaign	Launch of 'Beyond your Backyard' campaign targeting Aucklanders to explore more of the Auckland region

6. Financial performance

Financial Performance For the Year Ended 30 September 2015				
\$'m	Actual	Budget	Variance f/(u)	Full Year Budget
Operational				
External Revenue	2.1	2.6	(0.6)	12.7
AC Funding	11.2	11.6	(0.3)	50.3
Operational expenditure excl. depreciation	13.4	14.2	0.8	63.0
Depreciation	0.1	0.2	0.0	0.7
Capex				
Expenditure	0.1	0.3	0.2	2.7
AC Funding	0.1	0.3	(0.2)	2.7

This report covers the operational performance of the ATEED Group, including our subsidiary, World Masters Games 2017 Ltd (WMG).

External revenue was behind budget due to delays in our invoicing to Government for World Masters Games funding. Milestones have since been achieved and funding was received in October.

Due to a number of projects and activities in the latter stages of planning, spend has not been incurred in line with budget. In addition, we received reimbursement of some expenses earlier than budgeted. These phasing issues have been addressed within our quarterly forecast.

YTD capex spend relates to GridAKL fit out on the Lysaght building, the majority of which is due to occur over October and November.

Governance

Professor Stuart McCutcheon was appointed to the ATEED Board in July. Professor McCutcheon's recent roles at the University of Auckland include being its CEO, and also chair of Auckland UniServices Ltd, the institution's research commercialisation company. Professor McCutcheon has also previously served directorships with economic growth agencies in Wellington and Palmerston North.

7. Performance measures






Progress against ATEED's KPIs, where data is available, is provided below.

It should be noted that based on modelling of ATEED's 2015/16 major events portfolios, it is anticipated that two major event related targets may not be met by year end. These are GDP contribution of major events invested in and the number of attendees at major events invested in.

The targets set for these measures are those presented in the 2011 Auckland Major Events Strategy (MES) and the ATEED board has made a deliberate decision to keep to these targets rather than adjust them to reflect a lower level of major event investment and activity over the year.

The primary reason these targets will not be met is the absence of any significant one-off events within the year. In comparison, 2014/15 featured ICC Cricket World Cup, Volvo Ocean Race Auckland Stopover and FIFA U-20 World Cup; while 2016/17 will feature World Masters Games and the British and Irish Lions Tour.

However, it should also be noted that, when measured longitudinally against the targeted outcomes for 2021 articulated in the MES, ATEED is making good progress. Overall ATEED is tracking well against the cumulative 10 year target for GDP impact and is significantly ahead of the visitor night target over a 4 year period.


Measure	Year-end target	On track	Last Actual	Date of last measure
<i>Build a culture of innovation and entrepreneurship</i>				
Number of businesses taking up tenancy at GridAKL (formerly Wynyard Quarter Innovation Precinct) (cumulative) and percentage 'innovation-led' ¹	25 (70%)		16 (69%)	30 Sept 2015
Total value of Callaghan Innovation R&D grants through the Regional business Partner programme ²	\$4m		\$0.34m	30 Sept 2015
Percentage stakeholders satisfied with provision of business advice, start-up, training & mentoring programmes (LTP Measure)	85%		93%	30 Sept 2015
Number of actively managed business through Regional Business Partner Programme ³	360		240	30 Sept 2015
Number of businesses that have been through an ATEED programme or benefitted from an ATEED intervention (LTP measure)	1500		N/A	N/A





¹Innovation-led is defined as businesses developing new or improved technologies or services

² ATEED's contract to deliver the Regional Business Partner programme currently ends on 30 December 2015. Our ability to achieve these targets will depend on our continued delivery of this programme beyond this date

³ ATEED's contract to deliver the Regional Business Partner programme currently ends on 30 December 2015. Our ability to achieve these targets will depend on our continued delivery of this programme beyond this date

Number of Maori businesses that have been through an ATEED programme or benefitted from an ATEED intervention (LTP measure)	100	—	N/A	N/A
Attract business and investment				
Facilitation of the establishment or significant expansion of multinational and local companies in target sectors (LTP measure)	5	●	1	31 Aug 2015
Number of intensively account managed customers in ATEED Aftercare programme	80	●	16	31 Aug 2015
Total GDP contribution of deals effected with ATEED involvement	+5%	—	N/A	30 June 2015
Value of investment deals effected by ATEED within the financial year	\$265m	●	\$12m	31 Aug 2015
Grow a skilled workforce				
Number of 'live' signatories to the Youth Employment Traction Hub 'Employers' Pledge'	50	●	24	30 Sept 2015
Enable education and talent				
Growth in value of international student spend to Auckland	\$1.564b	—	\$1.75b	30 June 2015
Grow the visitor economy				
Spend by visitors in Auckland	\$5,412m	—	\$5,315m	30 June 2015
Number of international business event bids supported (and win/loss ratio).	35 (60%)	●	9 (50%)	30 Sept 2015
Percentage of customers satisfied with visitor information centres and services (LTP measure)	85%	—	93%	30 June 2015
Contribution to regional GDP from major events invested in (LTP measure)	\$49m	—	\$73.1m	30 June 2015

Percentage of Aucklanders who agree events make Auckland a great place to live (engender pride and sense of place)	80%	—	79%	30 June 2015
Visitor nights generated by major events invested in ⁴	170,000	—	390,000	30 June 2015
Estimated number of attendees at major events invested in	1.57m	—	1.87m	30 June 2015
Percentage of customers satisfied with delivered major events (LTP measure)	85%	—	92%	30 June 2015
<i>Building Auckland's brand and identity</i>				
Total visits to www.aucklandnz.com	3m		739,336	30 Sept 2015
<i>Mana Whenua Engagement</i>				
Percentage Mana Whenua satisfaction with quality of engagement.	Establish baseline	—	N/A	N/A

Symbol	Status
	On track
	Potential for slippage
	Off-track
	No recent result

⁴ 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 over 2015/16.

8. Māori transformational shifts activities

How it contributes to Māori outcomes	Progress	Spend to end Q1 (\$)	2015/16 Budget (\$)
Whai Rawa			
To significantly lift Māori economic well-being, and enable and contribute to Māori economic needs and aspirations through activities that target: <ul style="list-style-type: none"> tribal development whanau well-being Māori business sector development. 	ATEED leads the Whai Rawa workstream of the Te Toa Takitini initiative with our Chief Executive acting as workstream sponsor. ATEED is working with Te Waka Angamua and other CCOs to review the proposed work programme and alignment with current work being undertaken.	N/A	N/A
Māori Economic Growth Programme			
Grow Māori business capability and economic prosperity	<p>Current key areas of focus within the programme are:</p> <p>Dig My Idea – Maori Innovation Challenge in collaboration with Nga Pu Waea, designed to encourage Maori to develop online businesses. Entries opened on August 24th and closed on 18th October. 94 submissions were received with over 120 participating applicants.</p> <p>Maori Corporate Network breakfast. ATEED has facilitated two Maori Corporate Network breakfasts. The first was hosted by BNZ, the second by the IMSB. Auckland University will host the next breakfast on 28th October, Crowe Howarth on 19th November, and ATEED in December.</p> <p>Maori Economic Forum – ATEED in partnership with the public and private sector will be delivering business development programmes targeting Maori SME's. A priority region is South Auckland, of which ATEED will pilot with The Southern Initiative to establish a South Auckland Maori business cluster made up of primarily SME's and entrepreneurs. ATEED will look for opportunities to establish a West Auckland Maori business cluster and investigate opportunities for a North Auckland Maori business cluster. It is envisaged that these three groupings will be the target audience to the Auckland Maori Economic Forum.</p> <p>Emerging Iwi Leaders Programme: The mana whenua community have for years reiterated to Auckland Council the need to support rangatahi. ATEED is currently working through a process to identify how, as a CCO, a programme can be developed to grow Auckland Mana Whenua</p>	57,000	150,000

	descendant capability to participate in Iwi, board, land trust and Iwi asset discussions and decisions.		
Tamaki Herenga Waka Festival (Māori Signature Festival)			
Celebrates and showcases Māori culture and provides a vehicle to leverage Māori business and investment opportunities	The Mana Whenua Steering Group has had its membership confirmed, terms of reference endorsed and met twice over the period. Deadlines around endorsement of the event concept and naming of the festival have been met with the event name being confirmed as Tamaki Herenga Waka Festival. It has been recommended that the event footprint focus on The Cloud in year 1 with this being reviewed for subsequent years. The commercial team and project manager are actively working to secure commercial income.	2,000	500,000
Māori Tourism Development Programme			
Tourism business development opportunities for locals and iwi	<p>Current key areas of work within this programme are:</p> <p>Rangitoto-Motutapu Haerenga – Te Haerenga officially launched on October 1. ATEED is currently providing industry knowledge support including facilitating opportunities to engage with trade and industry and working to gain Qualmark status.</p> <p>Auckland Rima Tourism Cluster Group – ATEED is supporting this Cluster Group to engage the Australian trade market. ATEED has facilitated an Australian and NZ trade famil that involved four Maori operators and ended with many of these Agents attending the NZ Maori Tourism Trade Day held at the Auckland Museum. Bookings having already been made and enquiries fielded as a direct result of this activity.</p> <p>Whaotapu – ATEED continues to support this proposal to create an icon as an outstanding symbol (tohu) of what distinguishes Tamaki Makaurau and New Zealand from the rest of the world.</p> <p>Airport Tourism Cluster – ATEED has commissioned research to identify how Marae/Iwi in the vicinity of the Airport can best leverage tourism opportunities.</p> <p>Motorhome Park – Supporting Ngati Whatua to investigate the opportunity of developing a Motorhome Park.</p> <p>Woodhill Tourism Cluster – ATEED will continue to work with Ngati Whatua ki Kaipara to promote Woodhill and surrounding areas as an Auckland Adventure Hub.</p> <p>Maungawhau Guide Service – ATEED are working with the Manager Volcanic Cones at Auckland Council to provide advice/assistance on future guide services on Maungawhau.</p>	73,000	150,000

9. Key local board activity

Initiatives	Comments
Local Board Engagement & Activity Plan – pilot project	<p>During the quarter, ATEED commenced implementation of the Local Board Engagement and Action Plans with the pilot group of local boards (Franklin, Kaipātiki, Orākei, Waiheke, Waitākere Ranges and Waitemātā).</p> <p>Phase two is underway with the Rodney, Hibiscus and Bays, Upper Harbour, Maungakiekie-Tāmaki, Māngere-Ōtāhuhu and Manurewa Local Boards. The boards have been chosen based on bordering regions to create scale through natural synergies for work, recreation, and business.</p>
Economic Growth	<p>The council's Local Economic Development (LED) function successfully integrated into ATEED and is assuming Local Board activities related to the Local Board Development Action Plans.</p> <p>Quarter One activities included:</p> <ul style="list-style-type: none"> • Commissioned research by Market Economics into the viability and implications of establishing an inland port at Te Hana in Northern Rodney. The recommendations were that the location was sub-optimal due to insufficient volumes and small potential sector demand. • Led the Kaipātiki New Migrant Business Skills programme to develop an environment in which new migrant entrepreneurs can more effectively integrate and invest in establishing enterprises of value to the community. • ATEED facilitated the Franklin Local Board's involvement in an Auckland-to-Auckland marketing campaign for Waiuku as a gateway to Awhitu Peninsula and the Southern Country Golf tournament at Clarks Beach.
Major events	<p>ATEED worked alongside the Franklin Local Board through the planning phase of the 2015 ITM500 Auckland V8 Supercars.</p> <p>ATEED continues to maintain regular engagement with the Orākei Local Board, businesses and residents associations on World Masters Games 2017 events that are going to affect Tamaki Drive and have been in dialogue with the Rodney Local Board in regards to the board's suite of local events.</p>
Screen Innovation and Production Precinct	<p>ATEED presented the proposed Screen Innovation and Production Precinct at Hobsonville to the Upper Harbour Local Board in September. The local board is generally supportive of the proposal in terms of its capacity to provide high quality, local employment provided the community's objectives for social and sporting amenities can be met.</p>
Screen Auckland	<p>ATEED developed and communicated a process guide for film facilitators on how filming with a drone is managed. This is in response to a request from the Albert-Eden Local Board on how Screen Auckland manages drone requests.</p>
Tourism	<p>ATEED met with the Devonport Takapuna Local Board, Council Events team and Auckland Transport to provide updates on the increasing cruise ship tours to Devonport.</p> <p>ATEED is providing support to Māori tourism operators through product development, tourism and industry knowledge and facilitating opportunities to engage and work with Travel Trade and Events. During the quarter, ATEED launched the Rima Māori Tourism Cluster Group initiative in conjunction with Kupu Tourism based in Australia.</p>
ATEED Board of Directors engagement	<p>ATEED will be offering local board chairs and economic development (or other relevant) portfolio holders the opportunity to meet the ATEED Board during a working lunch at the 29 January 2016 Board meeting.</p> <p>These opportunities are intended to build relationships at the governance level. All meetings are held at ATEED's office at 139 Quay Street.</p>

10. Risk management

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

We continue to actively monitor risk across our portfolio. We currently have no critical risks across our portfolio. High risk projects previously reported on are:

- The Maori Signature Festival, Tamaki Herenga Waka Festival. This project continues to operate as an extremely complex one with a high risk profile. Overall it is on track, with the Mana Whenua Steering group confirming its membership, terms of reference, event concept and festival name. A well-managed risk register is in place.
- Our Global Auckland Project continues the international research phase across target audiences (international businesses, investors, skilled migrants, international students and tourists). Preparation and planning work continues on local research with critical stakeholders.

Internal audit: KPMG presented reports and recommendations from the first of its internal audit assessments regarding GridAKL and IT/data security. Our 2016 Audit Plan was reviewed and accepted by our Audit and Risk Committee and we will work with KPMG to schedule further audits over the remainder of the year.

- GridAKL: a number of areas for improvement were identified. The rapid changes experienced in the scale and timing of this project (e.g. the need to exit Polperro earlier than initially agreed) have contributed to the challenges faced. However, the creation of a steering group has added extra depth to the governance of this project, and through the current reframing exercise that is underway it is expected that most of the issues raised will be addressed over the coming months.
- IT/data security: A range of findings were presented for management consideration as well as highlighting some key strengths. Some of the findings will be able to be quickly addressed, however others will be considered in light of critical cost benefit analysis, taking into consideration the level of risk involved.

External Audit: Audit NZ issued an unqualified audit opinion on ATEED's annual report for the year ended 30 June 2015, and noted the financial statements were free from material misstatements. It was also noted that there were no significant issues raised that required urgent attention.

Financial risk: We have completed our quarterly forecast and there is no risk to our current financial year's budget