

Open

Board Pack (Papers Only) Friday 21 December 2018

Item	Subject	Action	Pg.
<b>CONFIDENTIAL AGENDA</b>			
C1	<a href="#">CE Report – December 2018</a>	To Note	<b>2</b>
C2	<a href="#">Finance Report – December 2018</a>	To Note	<b>13</b>

# Chief Executive Report - December 2018

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

## Purpose

This report provides the Board with a summary of key issues and opportunities facing ATEED and a summary of operational highlights during the previous month.

## Strategic issues/opportunities

### Auckland Economic Development Strategy





We have followed up the Board discussion on a refresh of the Auckland Economic Development Strategy. The objective is to keep it tightly focussed on principles and objectives, and to draw in government and other players.









### GridAKL development

The Lysaght building is facing issues with plumbing, air conditioning, car parks, internet provision and a possible toxic waste problem. The building will need to be completely shut down during works and tenants will not be able to access it. A proposed contingency plan has begun and is being led by Beca. The Hatchbox and Pop Up Incubator spaces on Level 4, 12 Madden Street are likely to be used to house displaced Lysaght tenants while repair works are done in March 2019. The works (cost and project management) are Pānuku's responsibility and ATEED will need to seek compensation for any lost Lysaght income.

## ATEED priority projects

The overall status and overview of current ATEED priority projects – APEC 2021, 36<sup>th</sup> America's Cup and Manukau is provided below.

OVERALL	TIMING	RISK	RESOURCE (HR + \$)	COMMENTS
<b>APEC 2021 (APEC21)</b>				
				<p>On 23 November, the Destination Committee recommended that the ATEED Board endorse the investment case for APEC 2021, which was subsequently approved by ATEED's Board on 30 November.</p> <p>The following key meetings were held during the past month:</p> <ul style="list-style-type: none"> <li>The APEC21 Auckland Executive Steering Group had their final 2018 meeting on 28 November.</li> <li>APEC21 Programme Board will meet on 16 January.</li> </ul>

OVERALL	TIMING	RISK	RESOURCE (HR + \$)	COMMENTS
<b>36<sup>th</sup> America's Cup (AC36)</b>				
				<p>The Destination Committee recommended that the ATEED Board endorse the investment case for AC36 on 23 November, which was subsequently approved by ATEED's Board on 30 November.</p> <p>The Host Venue Agreement (HVA) was not signed by the deadline of 30 November. Rights and benefits are a key component of the HVA and are being worked through as part of the negotiations, which are ongoing between the three key parties (ACE, Crown and Council). The expected date for signing the agreement is yet to be confirmed.</p> <p>Information on key risks related to AC36 have been provided to ATEED's CE.</p>
<b>Manukau</b>				
				<p><u>Te Papa Manukau (TPM)</u></p> <p>The Te Papa Economic Impact and Leverage Assessment is being progressed by Crowe Horwath, with 20 creative industry stakeholders engaged to-date. The initial draft assessment is due in December. Assumptions and data are being shared with PwC and Market Economics who are completing cost-benefit analysis for Te Papa/Ministry of Culture and Heritage and MBIE/Pānuku respectively.</p> <p>The Southern Initiative (TSI), Pānuku and ATEED have identified high impact projects for collaboration. A combined workshop took place on 5 December to advance leadership and delivery on these projects. ATEED's cross-cutting themes (spatial, Māori economic development and sustainability) feature across all projects.</p> <p>Projects with ATEED in a lead role include:</p> <ul style="list-style-type: none"> <li>• Creative industries, including Te Papa Manukau</li> <li>• Jobs and Skills Hub</li> <li>• Manufacturing 4.0 (food and beverage)</li> <li>• Cleantech/Greentech (Greenstar communities)</li> <li>• Māori outcomes.</li> </ul> <p>Projects with ATEED in a partnership role include:</p> <ul style="list-style-type: none"> <li>• Te Haa o Manukau (TSI lead)</li> <li>• Transform Manukau investment attraction (Pānuku)</li> <li>• Social procurement (TSI)</li> <li>• The Puhinui (Pānuku)</li> <li>• Engagement and communication (Pānuku).</li> </ul>

## Month in review

### Economic Development

#### Start Acting: Japan

Start Acting: Japan was held in the Viaduct on 28 November, with 92 attendees. It is the third in a series of market workshops created to put a renewed focus on the Japanese market as it becomes an important signatory to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). It will also assess the appetite amongst Auckland companies for some form of activation in/with Japan in the lead up to Rugby World Cup 2019 (RWC2019). The workshops are sponsored by ATEED, NZTE, Staples Rodway and JETRO (Japan External Trade Organisation) and have included Start Thinking: Japan (October) and Start Planning: Japan (August).

A key focus of the Start Acting: Japan event was to share and build knowledge on how to approach the Japanese market successfully. Speakers included Karen Walker, who has been operating in Japan for 20 years and Dentsu, the largest advertising company in Japan. NZ Story presented consumer and business insights on Japanese perceptions of New Zealand and New Zealand products, and NZTE talked about upcoming activities for RWC2019.

#### Screen

ATEED attended New Zealand Week in Los Angeles from 2-6 December. This included a series of industry-specific events, led by the New Zealand Film Commission (NZFC) to support New Zealand screen companies and specialists to expand their connections with US studios and independents.

Outcomes of this event:

- Greater awareness of Auckland as a screen production, post-production and visual effects (VFX) destination in the Los Angeles market.
- A unified Auckland screen presence at this first New Zealand Week, combining the regional film office with key production people and businesses from the region.
- Maintenance of existing and creation of new client relationships in Los Angeles.
- Leveraging of NZ-produced feature *Mortal Engines* premiere activity in Los Angeles, which is likely to attract significant interest due to Sir Peter Jackson and the Weta Group's involvement.
- Continue an international screen attraction and marketing strategy that complements that of the NZFC, ATEED's key strategic partner.
- Strengthen relationships with NZFC on a combined programme of activity, as well as with other New Zealand Regional Film Offices members.

#### New Zealand International Business Awards 2018

ATEED hosted clients at the New Zealand International Business Awards run by NZTE to celebrate the success of New Zealand businesses on the world stage and recognise excellence and innovative practice.

Award winners that ATEED has worked with included:

- Douglas Pharmaceuticals Ltd (Inspiring Team Leadership Award)
- Aliesha Staples, StaplesVR (Inspiring Women Leaders Award) – AR/VR Garage resident, founder of StaplesVR and high-profile New Zealand producer and pioneer of VR, AR and new technologies
- Auckland BioSciences (ANZ Best Emerging Business Award)

### Business and Enterprise

ATEED staff member, Julianne Gibbs, was named one of the Top 5 Business Advisors of the Year at the Regional Business Partner Network national conference held in the Waikato from 8-9 November.

### **People, Culture and Change**

People	Current	Last month
Head count	223	218
FTE	209.12	204.97

### **Strategy**

#### Letter of Expectation

On 10 December, we received our Mayoral Letter of Expectation (Attachment 4). As has been the case in previous years, the letter contained a number of general messages and priorities relevant to all CCOs relating to programme delivery, building trust and confidence, the Auckland Plan 2050 implementation, climate change and the promotion of Māori outcomes. In addition, the letter sets out four strategic priorities, which it is expected will be reflected in ATEED's 2019-22 Statement of Intent (SOI). These are:

1. Supporting sustainable growth of Auckland's visitor economy.
2. Attract regional investment for Auckland.
3. Continue to focus on economic development outcomes in Auckland's south and west.
4. Develop robust performance measures.

The Board will receive a draft 2019-22 SOI reflecting these priorities at the February meeting.

#### Destination Narrative

A fourth and final resident workshop was held in Manukau on 11 December. This was a special workshop for Te Kotahi o Tāmaki Makaurau, a collective of Auckland marae, on the recommendation of ATEED's Māori Engagement Manager.

Destination Think! presented the top-line Place DNA™ report to the project team on 12 December.

#### Media

Highlights of this month's coverage included Auckland's waterfront transforming for the America's Cup, the ITM SuperSprint, and ASB Classic, while debate about the Pride Parade Board's plan to ban Police marching in uniform at next year's event also dominated the news agenda. Online news had the highest volume of coverage (528 items or 46 per cent of the total). A full media summary is included in Attachment 1.

### **Key Performance Indicators**

Attachment 2 shows how ATEED is tracking against the SOI KPIs, where results are available. Q2 reporting will commence in January.

## Finance

ATEED is \$3.2m behind budget. This is due to:

- \$0.7m additional operating revenue received for GridAKL, Auckland Film Studios and stallholder revenue for Lantern and Pasifika Festivals.
- \$0.6m decrease in staff costs relates to unfilled positions across the business.
- \$1.1m decrease in professional fees due to delays in project resourcing.
- \$0.1m increase in depreciation and amortisation due to timing of capex purchases.
- \$0.1m increase in travel and entertainment due to timing across Corporate, Destination and Economic Development divisions.
- \$1.2m decrease in advertising, marketing and research due to timing across Destination, Economic Development and Strategy divisions.
- \$0.3m increase in other expenditure on activities across Corporate, Destination and Economic Development divisions.

There has been significant change in the business since the budget was set in December 2017. The forecast will provide an opportunity to reflect these changes.

## Health and Safety

The health and safety scorecard for the month is included in Attachment 3.

## Recommendations

1. The report be received.

## Attachments

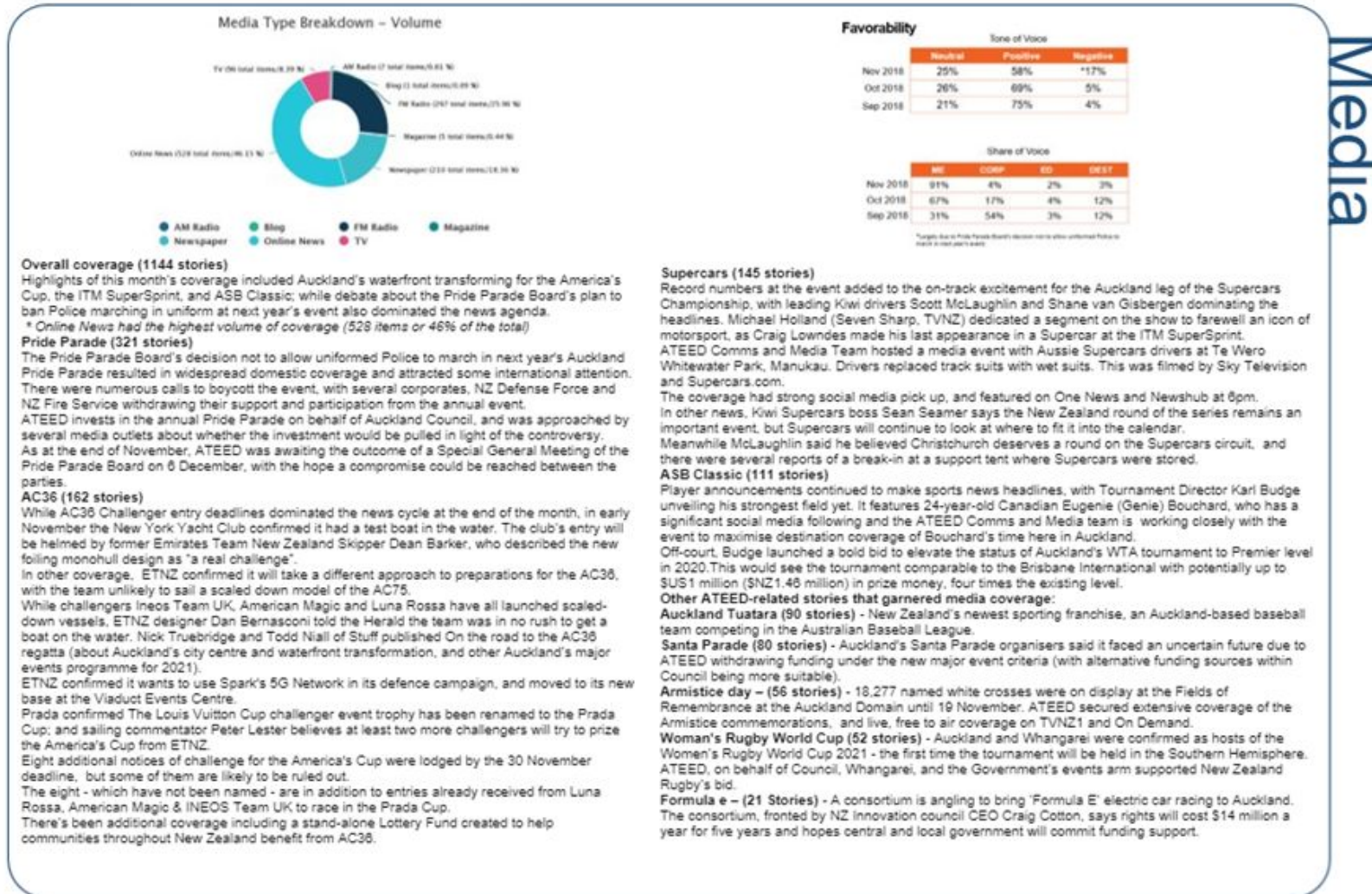
1. Media summary for October 2018
2. SOI key performance indicator framework
3. Health and Safety scorecard for October 2018
4. Mayor's Letter of Expectation 2018

---

## Signatory

Nick Hill, Chief Executive

## Attachment 1: Media summary for November 2018





## Attachment 2: SOI key performance indicator framework

ATEED KPI SCORECARD (December 2018)											
KEY PERFORMANCE INDICATOR	TOTAL	MEASUREMENT	DATE OF MEASURE / LATEST AVAILABLE RESULT	LATEST RESULT (FY18 ACTUAL)	TARGET	STATUS	COMMENTS				
<b>KPI 1: Contribution to regional GDP from ATEED interventions.</b> <sup>1,2</sup>	<b>Total (All ATEED - cumulative)</b>	<b>\$(million)</b>	<b>30-Nov-18</b>	<b>\$9.15</b>	<b>Benchmark</b>	○	<b>Benchmark in development</b>				
	Destination		30-Nov-18	\$9.15			See contributory measure below.				
	Economic Development			0			Results not available.				
Contributory measure: Contribution to regional GDP from major and business events attracted or supported (LTP measure)	<b>Total (Major and Business Events - cumulative)</b>	<b>\$(million)</b>	<b>30-Nov-18</b>	<b>\$9.15</b>	<b>\$49m</b>	●	<b>Result to date reflects a quiet period for major events and excludes any business event activity. It is expected that the end of year target will be achieved.</b>				
	Major Events		10-Oct-18	\$9.15			No new results at 8 November.				
	Business Events			0			Results not available.				
<b>KPI 2: Number of businesses that have been through an ATEED programme or benefited from an ATEED intervention (LTP measure).</b> <sup>1,2</sup>	<b>Total (All ATEED - cumulative)</b>	<b>Number</b>	<b>17-Oct-18</b>	<b>1,120</b>	<b>3,000</b>	●	<b>Businesses include those that have been through the Regional Business Partner programme, residents of GridAKL and businesses that have benefitted from tourism promotion.</b>				
	Destination		17-Oct-18	378							
	Economic Development		17-Oct-18	742							
Contributory measure: Number of Māori businesses that have been through an ATEED programme or benefitted from an ATEED intervention (LTP measure)	<b>Total (All ATEED - cumulative)</b>	<b>Number</b>	<b>17-Oct-18</b>	<b>54</b>	<b>120</b>	●	<b>Businesses include those that have benefitted from Māori tourism product development work and from the Whariki business network.</b>				
	Destination		17-Oct-18	46							
	Economic Development		17-Oct-18	8							
<b>KPI 3: Number of new jobs created, safeguarded or retained in Auckland as a result of an ATEED intervention.</b> <sup>1,2</sup>	<b>Total (All ATEED - cumulative)</b>	<b>Number</b>		<b>No result to date</b>	<b>Benchmark</b>	○	<b>Benchmark in development</b>				
	Destination										
	Economic Development										
<b>KPI 4: Number of visitor nights resulting from an ATEED intervention. (LTP measure)</b> <sup>2,4,5</sup>	<b>Total (All ATEED - cumulative)</b>	<b>Number</b>	<b>30-Nov-18</b>	<b>78,010</b>	<b>340,000</b>	●	<b>Result to date reflects a quiet period for major events and excludes any business event activity. It is expected that the end of year target will be achieved.</b>				
	Destination		30-Nov-18	78,010			No new results at 8 November.				
	Economic Development										
<b>KPI 5: Customer satisfaction of customers, partners and stakeholders who have interacted with ATEED</b>	<b>Total (All ATEED - cumulative)</b>	<b>Index</b>		<b>No result to date</b>	<b>Benchmark</b>	○	<b>ATEED is working with AC Nielson on the development of a Voice of the Customer pilot programme. Results from the pilot are expected at the end of Q2.</b>				
	Destination										
	Economic Development										
<p>1. Also able to be analysed and reported by target sectors.</p> <p>2. Also able to be analysed and reported by target locations.</p> <p>3. Also able to be analysed and reported by commercial and non-commercial nights.</p> <p>4. Also able to be analysed and reported by peak, shoulder and off-peak season nights.</p>											
<p><b>KEY</b></p> <table border="1"> <tr> <td>On track</td> </tr> <tr> <td>Potential for slippage</td> </tr> <tr> <td>Off track</td> </tr> <tr> <td>No result to date</td> </tr> </table>								On track	Potential for slippage	Off track	No result to date
On track											
Potential for slippage											
Off track											
No result to date											



### Attachment 3: Health and Safety scorecard for November 2018



**NOVEMBER**

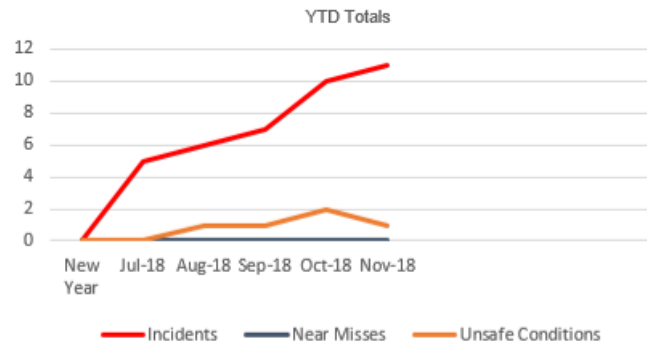
**Incidents: 1**

- Staff member using new bottom row locker and tweaked their back. Swapped locker for one higher. Minor incident. Follow-up entailed assessing staff who needed higher lockers. Swaps undertaken.

**Near misses: 0**

**Unsafe condition/hazard: 0**

**Open Incidents in Risk Manager: 0**



**H&S Update**

- Successful move with review of area and functions in the New Year
- WorkSafe conducting collaborative assessments of both Kumeu and Auckland Film Studios at approximately 3 month intervals. ATEED staff in attendance. Findings will be reported.
- IMPAC review due by week ending 14 December.

Health and Safety

## Attachment 4: Mayor's Letter of Expectation 2018



10 December 2018

Mark Franklin  
Chair  
Auckland Tourism, Events and Economic Development Limited

### By email

Tēnā koe Mark

### Letter of expectations for 2019-2022

This letter of expectations sets out the council's priorities and expectations to inform the development of Auckland Tourism, Events and Economic Development Limited's (ATEED) draft Statement of Intent (SOI) for 2019-2022.

This letter has been informed by discussions with my fellow councillors. It sets out general expectations across the group, and key strategic expectations for ATEED.

Over the coming year, the council will undertake a review of the SOI process, which will include a review of the performance measures contained within the statements of intent. Council will seek your input and support during this process.

I would also like to remind you that the council adopted a new board performance review process this year, and we are expecting ATEED to undertake its review in line with this process during 2019.

### General messages and priorities

#### *Programme delivery*

The adoption of the Long-term Plan 2018-2028 sets a significant agenda for the council group to deliver. Council expects the CCOs to continue to demonstrate value for money across all expenditure. This includes greater transparency on operating expenditure and a strong focus managing sensitive expenditure lines. In addition, the council should be kept informed on any significant operational challenges and work closely with council in this area.

#### *Building trust and confidence*

The new funding tools being used by the council group, along with the focus on delivery, mean that it is important that our CCOs develop strong community engagement programmes. We will expect CCOs to work with the council group to lift trust levels amongst our community and stakeholders, by putting our customers and ratepayers at the centre of your business and by providing evidence-based analysis for any decisions made.

I would like to remind ATEED of the agreed no surprises approach. This approach is intended to facilitate the timely and appropriate two-way flow of information between the council, CCOs and elected members.

#### *Auckland Plan 2050 implementation*

ATEED will play an important role in responding to Auckland's key challenges outlined in the Auckland Plan. This year, I will expect ATEED to outline in its SOI how it will align its programme with the directions and focus areas to contribute to delivering the Auckland Plan outcomes.

We expect ATEED to work with Panuku and the council group to support economic development in the nodes and development areas identified in the first decade of the Auckland Plan Development Strategy..

We expect all CCOs to report annually on activities that have contributed to delivering the Auckland Plan 2050.

#### *Climate change*

Addressing the challenges that climate change presents for Auckland is a priority for the council group. We made these ambitions clear in the recently approved Auckland Plan 2050 and the Auckland Climate Action Plan, currently being developed, will provide further guidance. We expect ATEED's SOI will outline how it will respond to these plans and address climate change through the application of new ideas and approaches, including the development of any measures where appropriate.

#### *Promote Māori outcomes:*

The council expects the CCOs to contribute to Te Toa Takatini and the council group Tiriti o Waitangi Audit response as an integral part of their work programme. We expect CCOs to provide detail on their performance in delivering their Māori responsiveness in their quarterly reporting.

#### **ATEED's strategic priorities**

The four strategic priorities which ATEED should reflect in its SOI are outlined below.

##### **1. Supporting sustainable growth of Auckland's regional visitor economy**

ATEED should implement the Destination AKL 2025 to create a more sustainable future for Auckland by uniting industry in helping to create a long-term approach to Auckland's regional visitor economy. ATEED is expected to focus on demonstrating value for money for the activity partly funded by the Accommodation Providers Targeted Rate.

##### **2. Attract regional investment Auckland**

Over the 2019 year, I expect ATEED to develop a coordinated Auckland investment story that clearly articulates Auckland's investment proposition, focuses on unlocking maximum potential value from planned investments in transport and housing infrastructure, and sets out tangible investment opportunities of interest and relevance to international investors.

I expect that this work will also include establishing an ongoing governance and reporting framework to track progress and support collective delivery.

##### **3. Continued focus on economic development outcomes in Auckland's south and west**

ATEED should continue to focus on its new purpose of supporting the growth of "quality jobs for all Aucklanders", providing a renewed focus for the economic development in the south and west.

This includes working with central government agencies around addressing Auckland's needs and with the Southern Initiative.

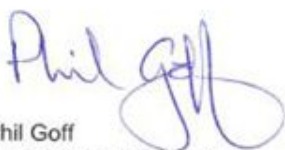
**4. Develop robust performance measures**

ATEED's new performance framework should provide evidence of ATEED's performance in generating new economic activity for Auckland.

I look forward to receiving a draft of ATEED's Statement of Intent by 1 March 2019.

I note that council staff have been directed to work closely with you to ensure that the messages in this letter are clear. Staff are available to attend your next board meeting to expand or explain aspects of this letter if required. Please contact Alastair Cameron, Manager CCO Governance ([Alastair.Cameron@aucklandcouncil](mailto:Alastair.Cameron@aucklandcouncil)) to arrange. Please do not hesitate to take opportunities to seek face-to-face conversations as the Statement of Intent develops, so that the draft SOI is as fully developed as possible.

Yours sincerely

A handwritten signature in blue ink that reads "Phil Goff". The signature is stylized and cursive.

Phil Goff  
MAYOR OF AUCKLAND

## Finance Report, month ending November 2018

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

<b>Summary Revenue Statement</b>												TABLE 1	
<b>For the Period Ended 30 November 2018</b>												\$000's	
Month			Year to Date						Full Year				
Actual	Revised Budget	Variance	Actual	Revised Budget	Variance	Forecast ***	Revised Budget	Deferrals *	Approved changes **	Budget	Last Year		
			<b>Net operational expenses:</b>										
733	1,307	574	5,791	7,399	1,608	22,266	22,266	86	0	22,180	21,888		
1,445	1,473	28	6,249	7,627	1,377	18,935	18,935	693	64	18,178	17,512		
461	410	(50)	1,868	2,245	376	5,779	5,779	95	0	5,684	5,335		
490	491	1	2,921	2,791	(129)	6,794	6,794	190	0	6,604	6,376		
3,129	3,681	553	16,829	20,062	3,232	53,774	53,774	1,064	64	52,646	51,111		
			Approved opex funding			50,980	50,980	1,064	64	49,852	49,065		
			<b>Operating Deficit</b>			<b>(2,794)</b>	<b>(2,794)</b>	<b>0</b>	<b>0</b>	<b>(2,794)</b>	<b>(2,046)</b>		
			Capex funding			3,833	3,833	404	0	3,428	7,906		
			<b>Surplus</b>			<b>1,039</b>	<b>1,039</b>	<b>404</b>	<b>0</b>	<b>634</b>	<b>5,859</b>		

NB: Corporate is made up of Corporate, CFO, and People, Culture, and Change

### Key Points

ATEED is \$3.2m behind Budget. This is due to:

- \$0.7m additional Operating revenue received for GridAKL, Auckland Film Studios and stallholder revenue for Lantern and Pasifika Festivals.
- \$0.6m decrease in Staff costs relates to unfilled positions across the business
- \$1.1m decrease in Professional fees due to delays in project resourcing
- \$0.1m increase in Depreciation & amortisation due to timing of capex purchases
- \$0.1m increase in Travel & entertainment due to timing across Corporate, Destination and Economic Development
- \$1.2m decrease in Advertising, marketing and research due to timing across Destination, Economic Development and Strategy
- \$0.3m increase in Other expenditure on activities across Corporate, Destination and Economic Development

There has been significant change in the business since the budget was set in December 2017.

These changes will be reflected in the next forecast which is due to be presented in January.

\* The 2017/18 deferrals have been approved and reflected above.

\*\* The approved budget changes relate to Local Board budget.

\*\*\* The Forecast process is underway.

**ATEED total net favourable variance of \$3.2m**

**Destination:** Nov YTD underspend is \$1.6m lower than budget. Additional operating revenue of \$0.4m relates to stallholder revenue received in advance for Lantern and Pasifika Festivals. Staff cost savings of \$0.4m relate to staff vacancies across the Destination business, \$0.2m underspend in Grants, contributions, sponsorship is due timing of sponsorship payments for baseline portfolio and Vector lights budget now paid by Strategy, offset by major events not included in original budget. A \$0.8m underspend in Advertising, marketing & research is due to budgeted activity moving to later in the year. Other Expenditure overspend relates to \$0.1m hireage costs for the Lantern festival incurred earlier than budgeted.

**Economic Development:** Nov YTD underspend is \$1.4m lower than budget. Additional operating revenue of \$0.1m has been received across the Film Studios. Staff cost savings of \$0.2m relate to staff vacancies offset by temporary staff costs, training costs and annual leave. There are timing related underspends of \$0.7m in Professional fees, consultancy & contractors due to timing delays for Local board spend and the Business support forum, \$0.3m in Advertising, marketing & research and \$0.1m in Occupancy driven by favourable variances in Kumeu film Studios.

**Strategy:** Nov YTD underspend is \$0.4m lower than budget. This relates to a contribution received towards Iron Duke costs of \$0.1m. Staff costs are underspent by \$0.4m due to some vacant positions, and there is a \$0.2m underspend in brand services. These are offset by an overspend in Grants, contributions, sponsorships of \$0.2m for Vector lights due to the budget being held in Destination.

**Corporate:** Nov YTD is \$0.6m higher than budget. The overspend to budget in Staff costs relates to annual leave costs and one-up structure change which took effect from 1<sup>st</sup> September, \$0.1m Professional Fees, consultancy & contractors incurred in relation to Stakeholder Strategy, \$0.1m Occupancy accrual for a potential shortfall in Quay Street opex and \$0.1m other expenditure on activities for Business NZ membership, mobile data costs and Doubtful debts that was not budgeted.

**Revenue Statement**

Revenue Statement												TABLE 2	
For the Period Ended 30 November 2018												\$000's	
Month			Year to Date						Full Year				
Actual	Revised Budget	Variance	Actual	Revised Budget	Variance	Forecast ***	Revised Budget	Deferrals *	Approved changes **	Budget	Last Year		
<b>Operational revenue</b>													
67	18	49	Fees and user charges	388	441	(54)	617	617	0	0	617	2,037	
267	177	89	Grants and subsidy revenue	866	612	254	1,454	1,454	0	0	1,454	2,501	
31	7	24	Sponsorship	349	325	24	1,792	1,792	0	0	1,792	1,955	
1,271	1,157	114	Property rental revenue	5,760	5,543	217	14,310	14,310	0	0	14,310	6,361	
173	72	101	Sundry revenue	607	341	266	979	979	0	0	979	1,995	
<b>1,809</b>	<b>1,431</b>	<b>378</b>	<b>Total Operating revenue</b>	<b>7,969</b>	<b>7,262</b>	<b>708</b>	<b>19,152</b>	<b>19,152</b>	<b>0</b>	<b>0</b>	<b>19,152</b>	<b>14,850</b>	
<b>Operational expenditure</b>													
1,970	1,892	(78)	Staff costs	8,792	9,362	570	22,544	22,544	0	0	22,544	21,857	
46	523	477	Professional fees, consultancy & contractors	2,002	3,082	1,080	8,856	8,856	750	64	8,042	7,155	
264	331	66	Grants, contributions, sponsorship	2,902	2,966	64	9,174	9,174	0	0	9,174	10,206	
243	217	(25)	Depreciation & amortisation	1,214	1,087	(127)	2,794	2,794	0	0	2,794	2,633	
1,698	1,332	(366)	Occupancy	5,985	6,032	47	15,749	15,749	0	0	15,749	9,855	
125	164	39	Travel & entertainment	578	521	(57)	1,280	1,280	0	0	1,280	1,274	
468	552	85	Advertising, marketing & research	2,293	3,538	1,245	10,025	10,025	294	0	9,732	8,377	
142	101	(41)	Other expenditure on activities	1,050	735	(315)	2,504	2,504	21	0	2,484	4,604	
<b>4,955</b>	<b>5,112</b>	<b>157</b>	<b>Total Operating expenditure</b>	<b>24,816</b>	<b>27,323</b>	<b>2,507</b>	<b>72,926</b>	<b>72,926</b>	<b>1,064</b>	<b>64</b>	<b>71,798</b>	<b>65,961</b>	
<b>3,147</b>	<b>3,681</b>	<b>535</b>	<b>Operating deficit before Council funding</b>	<b>16,847</b>	<b>20,062</b>	<b>3,214</b>	<b>53,774</b>	<b>53,774</b>	<b>1,064</b>	<b>64</b>	<b>52,646</b>	<b>51,111</b>	

### **Total Operating revenue**

YTD total Operating revenue is \$0.7m higher than budget.

**Fees and user charges, \$0.1m lower:** Additional revenue in GridAKL of \$0.1m

**Grants and subsidy revenue, \$0.3m higher:** Contribution received towards consultancy costs for Iron Duke and additional revenue in Economic Development for DigMyIdea and CBD Jobs & Skills Hub.

**Property rental revenue, \$0.2m higher:** Stallholder revenue for Lantern Festival and Pasifika Festival received earlier than planned.

**Sundry Revenue, \$0.3m higher:** Additional revenue \$0.2m across the studios and balance across multiple divisions.

### **Total Operating Expenditure**

YTD Operating expenditure is \$2.5m lower than budget.

**Staff costs, \$0.6m lower:** This is mainly due to vacant positions across Destination, Economic Development and Strategy.

**Professional Fees, consultancy & contractors, \$1.0m lower:** A \$0.2m underspend in CFO due to actuals for various projects moving to People, Change and Capability and Strategy with the budget still held in CFO, which will be aligned in the Forecast. An underspend in the Economic Development business of \$0.7m is across Local Economic Growth, Business & Enterprise, Auckland Film Studio and Business Innovation. There is a timing delay of \$0.2m for the Transformation and Organisational development programme in People, Change and Capability.

**Depreciation & amortisation, \$0.1m higher:** This relates to capex timing largely driven by CAPEX at GridAKL.

**Occupancy, \$0.4m lower:** An underspend of \$0.7m for Kumeu Film Studio includes a coding adjustment of \$0.4m currently against consultancy that will be processed in November. A reduction \$0.3 turnover rent for Kumeu is offset by an increase of \$0.2m for the GridAKL lease amortisation. An overspend of \$0.1m in Corporate relates to an accrual for a potential shortfall in the Quay Street Opex.

**Travel & Entertainment, \$0.1m higher:** This relates to timing across Corporate, Destination and Economic Development.

**Advertising, marketing and research, \$1.2m lower:** Due to timing there is an underspend of \$0.8m in Destination relating to various marketing campaigns (including \$0.3m International Marketing campaign, \$0.4m Domestic Marketing, \$0.1m Destination Innovation), \$0.3m in Economic Development across the group, and \$0.2m in Strategy for brand services.

**Other expenditure on activities, \$0.3m higher:** Due to overspend in Corporate of \$0.1m for Business NZ membership, mobile data costs and Doubtful debts not budgeted, \$0.1m in Destination mainly due to hireage costs for the Lantern festival incurred earlier than budgeted and \$0.1m in Economic Development mainly in GridAKL and Kumeu Screen Precinct.



## Summary of Activities

Summary of Activities: Net Amount of Spend and/or (Revenue) > 0.5m													TABLE 3
For the Period Ended 30 November 2018													\$000's
Month			Year to Date				Full Year						
Actual	Revised Budget	Variance	Actual	Revised Budget	Variance	Forecast ***	Revised Budget	Deferrals *	Approved changes **	Budget	Last Year		
<b>Destination</b>													
(114)	100	214	566	1,030	464	1,550	1,550	0	0	1,550	1,380		
75	81	6	145	100	(45)	798	798	0	0	798	811		
4	0	(4)	24	20	(4)	775	775	0	0	775	710		
0	63	63	(3)	68	71	500	500	0	0	500	478		
(48)	(20)	28	(58)	(20)	38	374	374	0	0	374	399		
(138)	53	191	(70)	76	146	255	255	21	0	234	196		
4	0	(4)	24	20	(4)	775	775	0	0	775	710		
<b>Economic Development</b>													
374	236	(138)	1,800	1,358	(442)	4,028	4,028	300	0	3,728	4,505		
23	28	5	18	194	176	536	536	0	0	536	342		
114	36	(78)	6	(81)	(87)	(83)	(83)	0	0	(83)	607		
(82)	(27)	56	(453)	(88)	364	(245)	(245)	0	0	(245)	(13)		
(95)	(75)	19	(452)	(443)	8	(1,072)	(1,072)	0	0	(1,072)	(1,083)		
<b>Strategy</b>													
55	2	(54)	84	236	151	792	792	0	0	792	184		

**ITM Auckland Supersprint, \$0.5m lower:** the actual relates to the sponsorship component only. Advertising and marketing is now coded separately and will be adjusted in the Forecast.

**Tamaki Herenga Waka Festival, \$0.1m higher:** Timing for this event is still to be decided.

**Auckland Lantern Festival, \$0.1m higher:** Revenue received earlier than budgeted.

**GridAKL, \$0.4m higher:** Timing of expenditure will be adjusted in the Forecast.

**Maori Economic Development, \$0.2m lower:** Budgeted expenditure will be realigned to the new strategy in the Forecast.

**Kumeu Screen Precinct, \$0.1m lower:** Timing will be adjusted in the Forecast.

**Auckland Film Studio, \$0.4m lower:** This is mainly due to additional revenue received and savings due to an operational management fee which was budgeted that will not occur as ATEED are managing the studio in house.

**Brand Services, \$0.2m lower:** A timing delay of the Destination Strategy against budget.

## Summary Statement of Financial Position

<b>Statement of Financial Position, ATEED Group</b>		
<b>As at 30 November 2018</b>		
<b>TABLE 4</b>	<b>YTD</b>	<b>Jun-18</b>
		\$000's
<b>Current assets</b>		
Cash and cash equivalents	2,850	1,084
Receivables and prepayments	15,881	10,763
Other current assets, including iSite inventory	0	0
<b>Total current assets</b>	<b>18,731</b>	<b>11,847</b>
<b>Current liabilities</b>	<b>14,726</b>	<b>7,720</b>
<b>Working capital</b>	<b>4,005</b>	<b>4,127</b>
<b>Non-current assets</b>		
Receivables and prepayments (non-current)	12	24
Property, plant and equipment	19,258	18,135
Investment in Joint Venture, The FoodBow I	2,018	2,018
<b>Total non-current assets</b>	<b>21,288</b>	<b>20,177</b>
<b>Non-current liabilities</b>	<b>2,811</b>	<b>2,939</b>
<b>NET ASSETS</b>	<b>22,481</b>	<b>21,365</b>
<b>EQUITY</b>	<b>22,481</b>	<b>21,365</b>
<b>Capex spend</b>	<b>2,328</b>	<b>7,906</b>
<b>Total future commitments</b>	<b>\$87.6m</b>	<b>\$75.7m</b>

**Cash and cash equivalents:** Increase is due to the timing of cash sweeps to Group Treasury.

**Receivables and prepayments:** An increase in Intercompany receivables due to intercompany settlement for June to August transactions processed in September, prepayments due to AFS rates prepayment and decrease in GST and other current assets.

**Current liabilities:** Increase is due to decreased Payables and provisions, and increased Revenue in advance due to receipt of yearly payment for the Regional Partnership programme and Current Account due to the Intercompany settlement for June to August transactions processed in September.

**Non-current Assets:** Relates to Fixed Asset movements.

**Non-current Liabilities:** Decrease relates to non-current revenue in advance.

**Total Future Commitments:** Operating lease costs of \$59.5m for GridAKL program over a twelve-year period including passage of time rent increases, \$8.7m for 167B Victoria Street over a 9 year period, \$0.1m for the B: Hive at Smales Farm over a 2 year period and \$19.3m for operational commitments.

## Receivables \*

### By System:

Aged debtors (\$000's)	Current	1 month	2 months	3 months	4 months+	Total	Comments
Auckland Council System	733	737	218	17	1,079	2,784	
Exchequer					25	25	To be cleared and system disestablished by Dec 2018
Grid AKL	50	7	8	7	28	100	
<b>Total Debtors</b>	<b>783</b>	<b>744</b>	<b>226</b>	<b>24</b>	<b>1,131</b>	<b>2,908</b>	

### By Consolidated Debt:

Aged debtors (\$000's)	Current	1 month	2 months	3 months	4 months+	Total	Comments
New Zealand Trade & Enterprise	0	0	0	0	988	988	Government funding grant - payable in 12 monthly instalments.
Cricket Hop Productions NZ Ltd	692	0	0	0	0	692	Licencee - Kumeu Film Studio
Generator New Zealand Limited	(367)	664	210	0	0	507	GridAKL operator - collection being actively managed
880 Productions NZ Ltd Partnership	92	20	0	0	0	111	Licencee - Auckland Film Studio
Online Republic Limited	94	2	0	0	0	97	GridAKL tenant.
Ministry of Business Innovation and	69	0	0	0	0	69	Government funding grant
	0	0	0	0	0	0	
	0	0	0	0	0	0	
Other Debtors	204	57	16	24	143	445	Other debts are being actively managed by Council and ATEED
<b>Total Debtors</b>	<b>783</b>	<b>744</b>	<b>226</b>	<b>24</b>	<b>1,131</b>	<b>2,908</b>	

\* Invoicing is now occurring through Auckland Council Group shared services. Debt collection is performed by the Group Credit Control team and follows the Council process of collection.

The Generator payment made on 29 November missed the cut off time for allocation, so was not allocated to the outstanding invoices. There has been \$25k of debt sent to Auckland Council shared services to start the collection process relating to the 4 months plus debt in the Exchequer system.

## Recommendation

It is recommended that the Board note the Finance Report for the period ended 30 November 2018.

## Signatories

Manager: Claire McCracken, Finance Manager

GM: Jacky Hollingsworth, Chief Financial Officer