



# Report to Auckland Council

For the quarter ending 30 September 2016



(Photo showing a participant using virtual reality technology at the launch of the AR/VR Garage – 2 September 2016)

## 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 kawē 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

## *Building a culture of innovation and entrepreneurship*

Tenancy at the **Lysaght Building** has remained steady but is still above the yearly target of 55 with 56 resident businesses and 139 people working at GridAKL at the end of Q1. More than 70 events were hosted at **GridAKL** during Q1, including the launch of Thought-Wired nous<sup>(™)</sup>, a cutting edge technology to help people with physical disabilities.

In September, the Finance and Performance Committee granted shareholder approval to ATEED to enable further expansion of GridAKL by entering into a lease and development agreement (and any other incidental dealings and transactions) relating to the Mason Brothers building within Wynyard Central on terms acceptable to the ATEED Board.

Construction work will continue on the 'innovation 5A building'. The fit-out of the building will start in Q2. A request for proposal to establish an operator for the building was released to the market and will close on 4 November.

## *Attracting business and investment*

One of New Zealand's most dynamic tech sectors received a major boost on 2 September with the opening of the **AR/VR Garage** – a globally unique augmented and virtual reality (AR/VR) development facility in Eden Terrace. The Garage is part of the emerging Uptown Innovation Precinct and establishes Auckland as an international hub for this leading edge technology. The rapid development of this commercially focused facility was triggered by relationships forged during the Magnify VR/AR Pacific Summit held as part of Techweek AKL 2016 and the Tripartite Economic Summit Auckland 2016.

The **Screen Auckland** team issued 141 film permits from 1 July-30 September (30 in September, which was down from 43 in the same month last year). September this year was quiet for filming, and in particular television commercials (the key September contributor last year). Filming requests have picked up again and we anticipate more permits in October year on year.

ATEED was elected to the Board of Directors of the Asian Film Commissions Network for a second successive year. This is a prestigious appointment for Auckland with ATEED also representing the interests of New Zealand Film Commission and the country's other regional film offices.

ATEED facilitated the establishment in Auckland of three significant **multinationals** in Q1. There are also eighty actively managed companies within the Aroha Auckland programme, eighteen of which ATEED has engaged with in Q1.

## *Grow and attract skilled talent*

Auckland's **Youth Employment Pledge initiative** is still growing with 57 employers that have signed the pledge to date, showing commitment to helping the region's young people into jobs and training. As part of the Youth Employment Pathways Programme, the 'Young at Heart' Awards 2016 were held on 5 October. SKYCITY was named 'Auckland Youth Employer of the Year' at the awards ceremony, recognising the company's commitment to helping the region's young people into jobs and training. This has contributed to reducing youth unemployment in Auckland from 20% in 2009 to 12.4% in 2016.

About 2000 young people attended this year's second **JobFest** in September. Eighty employers from industries including hospitality, retail, tourism, ICT and construction and infrastructure took part, offering more than 800 full and part time positions – the highest number of jobs offered at a JobFest event.

The **#BuildAKL** campaign, which aims to attract more young people into the thriving construction and infrastructure sector, was launched at the JobFest #BuildAKL zone. ATEED will deliver the 12 month campaign in partnership with industry to address Auckland's youth unemployment issue and the serious sector skills shortages.

The ATEED **Auckland International Education Conference** took place on 6 July and was attended by more than 160 international education industry stakeholders. The theme of the conference was building Auckland's reputation as a destination for international students.

ATEED will continue to develop creative content and collateral to attract skilled migrants as part of **Auckland's talent attraction value proposition**. The content will be used for digital social media campaigns and business-led campaigns during 2016/17.

#### *Growing the visitor economy*

**Major Events** that ATEED delivered and/or facilitated in Q1 included the Pan Pacific Youth Water Polo Festival, the New Zealand International Film Festival, New Zealand Fashion Week and Auckland on the Water Boat Show. Events delivered in Q2 will include, Diwali (15-16 October), the Bledisloe Cup (All Blacks against Wallabies, 22 October), ASB Auckland Marathon (30 October), Taste of Auckland (17-20 November), Royal New Zealand Navy 75th Anniversary International Naval Review (17-22 November), WhitewaterXL Auckland Invitational (20-27 November), Farmers Santa Parade (27 November), FINA World Women's Youth Water Polo Championships (12-18 December), Youth Sailing World Championships (14-21 December).

By 1 November, more than 10,500 athletes and 1000 supporters had registered for the **World Masters Games 2017**. This represents significant progress, placing Auckland in a good position in comparison to the sales cycle at the same point in time with Sydney 2009 (5,482 athletes) and Torino 2013 (3,837).

The Council Group, ATEED, Pānuku Development and Auckland Transport are working on a proposal to develop an interim mooring 'dolphin' at the end of Queens Wharf to ensure the latest generation of **cruise ships** can be accommodated.

#### *Building Auckland's brand and identity*

Creative output of the **Global Auckland Research Project** is nearing completion and is being presented to key stakeholders including elected members and Council group senior executives, followed by key stakeholders and private sector partners.

ATEED's spring marketing campaign went live on 1 September. The campaign targets prospective visitors in the 'Visiting Friends and Relatives' category, as well as new domestic visitors through a single campaign that runs nationally (i.e. it is promoted to markets within and outside of Auckland).

#### **Financial performance and risk management**

In August, ATEED's Board appointments were confirmed by former Mayor Len Brown. Mike Taitoko was appointed as a new director commencing on 1 November, replacing Richard Jeffery, who has been a director since 2010. Danny Chan and Helen Robinson were re-appointed for three-year terms, and Franceska Banga and Deputy Chair, Norm Thompson were re-appointed for one-year terms.

**An overview of ATEED's main achievements as represented in our Annual Report is provided in Annex A. This pertains to achievements for the year ending 30 June 2016.**

## 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 five key priorities:

1. Grow the visitor economy
2. Build a culture of innovation and entrepreneurship
3. Attract business and investment
4. Grow and attract skilled talent
5. Build Auckland's global brand and identity.

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



**Figure 1: ATEED's Strategic Objectives**

## Strategic Issue: Screen

In November 2015, Auckland Council's Auckland Development Committee directed ATEED to continue efforts to find an infrastructure solution which would help grow new jobs and new investment in the region's \$900 million<sup>1</sup> a year screen industry.

This directive aligned with an objective in Council's *Economic Development Strategy 2012-2022*, which specifies the priority development of a screen industry precinct/cluster to help grow the sector.

Since the November meeting, ATEED has collaborated with other organisations to explore various options and potential sites for a new precinct in Auckland's west, which was identified as the optimal location. This has included:

- Discussions with key decision-makers and interested parties within the wider Council group.
- Regularly meeting industry leaders to discuss the industry's requirements.
- Ongoing discussions with private sector developers and land owners about potential precinct sites and/or developments.
- Discussions with organisations which are interested in being part of any future precinct.

The future of Council-owned Auckland Film Studios (AFS) in Henderson has been a key consideration, with discussions underway involving senior Council managers, AFS and Auckland Council Investments Ltd about the studio's long-term future and role in the industry's ongoing development.

ATEED is also working closely with two central government agencies – the New Zealand Film Commission, and the Ministry of Business, Innovation and Employment – on opportunities within this sector.

### Two significant leads followed up

First, ATEED led Council's preliminary discussions with a corporate land owner in west Auckland who was interested in potentially developing a new studio precinct on its land. However, due diligence which involved expert independent parties indicated this was not a viable option for Council/ATEED.

Second, ATEED undertook preliminary discussions with the owner of a major land holding at Kumeu which features some re-purposed and some purpose-built screen facilities constructed by major international studios Warner Brothers and Gravity Pictures for the filming of *MEG* on the site in partnership with the owner.

Those facilities have outstanding future potential. They have a number of necessary characteristics to enable ongoing international and local screen production – notably two large multi-million dollar water tanks and the largest 'green screen' wall in New Zealand. These could provide significant legacy infrastructure for Auckland's screen industry, and create a point of difference for our industry in the global marketplace.

The site is flat, close to the existing film crew base and industry cluster, and popular filming locations; and it has the correct land use consents for screen production. It also is close to good transport connections to the CBD.

### More work required

ATEED believes there is a significant opportunity for a future partnership potentially involving AFS, an international studio, the Government and the site owner which could involve investment in the development of a new sound stage (the current production is using AFS' sound stage).

At the end of Q1 commercially confidential discussions are underway between various parties are about how a sound stage development could occur, as well as an operating model for a future site. These discussions are taking place alongside necessary due diligence, financial analysis and input from Council's legal team. ATEED's view is that if the right commercial operating structures are put in place, this site could double the region's screen studio

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<sup>1</sup> Statistics NZ, 2016

infrastructure capacity and provide a major transformational shift for the industry – and ultimately more jobs and investment for Auckland.

Our goal is to grow the annual production revenue of Auckland’s screen and digital industry above \$1 billion, and there are strong and positive signs that this is achievable.

**Other opportunities**







ATEED remains open to working with other private sector partners and investors. The pipeline of film and television productions includes projects originating from the USA, China, and domestically, and co-productions involving companies from these countries. Other opportunities exist in India.


Tertiary education capacity and capability that supports the sector continues to grow, including joint courses between universities in Auckland and China.



## 3. Key deliverables and highlights for the last quarter

### Summary of key deliverables from last quarter

Deliverable	Completed / carried over/ deferred	Status	Comments
<b>Grow the visitor economy</b>			
<b>NZ International Film Festival</b>	Completed		<p>The Auckland season of the New Zealand International Film Festival ran from 14 – 31 July. It was a part of the 2016/17 Auckland Major Events Portfolio investment by ATEED on behalf of Auckland Council.</p> <p>This year, with the support of ATEED, the organisers of the film festival had scheduled film sessions in both west and south Auckland. Over the second and final weekends of the festival, there were sessions at Event Cinemas Manukau and Event Cinemas Westgate.</p>
<b>The Auckland Food Show</b>	Completed		30,000 people attended the Auckland Food Show from 28 – 31 July. This year's ATEED stand housed more than 25 local food producers. The exhibitors represented all of Auckland, ranging from Whangaparaoa to Waiheke and Waiuku.
<b>New Zealand Fashion Week</b>	Completed		New Zealand Fashion Week was held from 22-28 August at the ANZ Viaduct Events Centre.
<b>Auckland Restaurant Month</b>	Completed		ATEED worked with Heart of the City for the second year running to deliver 'Auckland Restaurant Month'. More than 100 dining offers and events formed part of the domestic market proposition 'Auckland: The Show Never Stops' which encouraged visitors to travel to Auckland, driving visitation and spend during our low season.
<b>Auckland on Water Boat Show</b>	Completed		Sponsored by ATEED as part of the 2016/17 Major Events portfolio, the Auckland On Water Boat Show was held from 29 September – 2 October at the Viaduct Events Centre.
<b>Build a culture of innovation and entrepreneurship</b>			
<b>NZ Bioactives Symposium</b>	Completed		ATEED, NZBIO and Natural Products New Zealand delivered the first NZ Bioactives Symposium on 15-16 September. The event, which took place at the Aotea Centre, was attended by 140 people including high profile speakers from the bioactives sector who discussed the opportunities and challenges of creating value from New Zealand's unique flora and fauna.

Deliverable	Completed / carried over/ deferred	Status	Comments
<b>Grow and attract skilled talent</b>			
<b>JobFest16</b>	Completed		<p>ATEED worked with Youth Connections to organise the second JobFest16 on 21 September at The Cloud. Thousands of young people registered and 800 jobs were on offer from 80 employers. JobFest included a dedicated construction zone focused on the #BuildAKL campaign.</p> <p>More than 120 jobs were offered on the day, with some people starting work the following week. Nearly 250 job seekers entered the #BuildAKL competition to win a four-week job placement with one of our construction industry partners.</p>

### ***Building a culture of innovation and entrepreneurship***

Auckland's culture of innovation continue to grow with the constant development of the GridAKL hub at Wynyard Quarter. GridAKL, with its many young ICT and digital companies, is a major asset for our region and was highlighted in the JLL 'Top 20 Cities on the Move' report. JLL's 2016 report The Rise of the Innovation-Oriented City analysed 120 major established and emerging business hubs across the globe. The fact that Auckland now features among cities worldwide, which have the most dynamic urban economies and are adapting most rapidly to the imperatives of technological and infrastructural transformation is testament to the growth of innovation across the city, including the intervention delivered by ATEED.

#### **GridAKL**

At the end of Q1, the Lysaght Building was home to 56 resident businesses (139 people).

Resident company oDocs won the title of 'Best Start Up – Social Impact' at the Talent Unleashed Awards in Sydney. The awards, which recognise the best in game-changing technology throughout Europe and the Asia-Pacific regions, were judged by a panel that included Sir Richard Branson and Apple co-founder Steve Wozniak. As part of the prize, oDocs won the opportunity to travel to Silicon Valley to be mentored by Steve Wozniak.

#### GridAKL community

More than 70 events were hosted at GridAKL during Q1, including the launch of Thought-Wired nous™, a thought controlled communication system for people who cannot move or talk due to physical disabilities.

The innovation outreach programme is tracking well. BizDojo is working with collaborators on a strategy to grow the GridAKL community and reach out to the relevant stakeholders across Auckland. This will help identify ways of building a wider community-based innovation capability by leveraging existing community assets. A report released late September has identified nine potential communities that could be activated.

#### GridAKL services

The Tech Cafe has been a great platform to help increase the impact and reach of GridAKL mentoring programmes. The InformMe programme with accountants, IP/law specialists, brand marketers and the Flying Kiwi Angels has also been popular. Additional mentors from the US Embassy, ATEED and Callaghan Innovation have recently joined.

Xero and BizDojo have partnered to create the StepUp mentoring programme to help innovative companies and people accelerate their growth. This project looks at connecting a range of experienced people from one of New Zealand's most successful and scaled start-ups within the entrepreneurial community. It offers leadership training, six months of one-on-one mentoring and monthly workshops. Residents and Tech Cafe members will have the opportunity to participate in the project.

#### Future expansion of GridAKL at Wynyard Quarter

In September, Council's Finance and Performance Committee granted shareholder approval to ATEED to enter into a lease and development agreement (and any other incidental dealings and transactions) relating to the refurbished Mason Brothers building within Wynyard Central on terms acceptable to the ATEED Board. A number of prospective tenants have shown an interest in the building, which would form part of an expanded GridAKL, and further discussions are underway to understand their requirements.

The potential involvement of Precinct Property's future new building which has been referred to in GridAKL planning as 'Innovation 5B' has been referred to the new Mayor and Council for consideration, with ATEED's proposal based on the cost savings for Council from an early commitment. Management is asking for this to be on the earliest possible Environment and Community Committee agenda.

#### International Partnerships and Trade

The recently-formed International Partnerships and Trade team includes the industry development (sectors) team, provides strategic overview of ATEED's international economic activity and the investor migrant partnerships.

The team works closely with Council teams, particularly Global Partnerships and Strategy (GPS) regarding international connectivity. Council's Strategic Partnerships team is a key partner as we work with external corporates (currently ASB and Asia New Zealand Foundation) to add business leverage activity to major events (Lantern Festival). BNZ is a key partner on the Tripartite Economic Alliance workstream. ATEED, GPS and BNZ have started planning a programme leading up to the 2017 Summit to be held in Guangzhou next October.

An Auckland International Trade/Engagement plan is in development, and addresses the Auckland Plan goal of being 'an internationally connected city that is export driven'. The first phase of this work involved research into Auckland exports. A stocktake of Auckland activity across international markets against global geo-political and market trends is currently underway. NZTE, MFAT and MBIE are enthusiastic partners in this project.

An Investor Migrant aftercare programme is also in development, in partnership with Immigration New Zealand. The first research phase of this programme involved a quick look into barriers to Chinese (high net worth) investment and how to maximise their connection to Auckland and investment in desirable growth areas. This work was prepared for the Government's Investment Taskforce November meeting. The Taskforce is chaired by NZTE and involves all government agencies involved in attracting investment and ATEED, represented by CE Brett O'Riley.

The investor migrant programme works with various parts of Council on behalf of major investors. A current investor requires ATEED to broker meetings cross Council – Governing Body members, Building Consents, Planning, Procurement, Finance, Strategy; also Auckland Transport, Treasury, MFAT, Immigration New Zealand and MBIE (Building) for a visit in January to progress major construction projects in the housing sector.

#### **Business support campaign**

The Business and Enterprise team launched a new campaign in Q1 to drive demand for the Regional Business Partner Network (RBP) programme and other ATEED services available via ATEED's Business Support Helpdesk. The campaign targets an audience of 58,000 businesses and includes updated web pages, refreshed brochures and a social media promotion that highlights the services offered by the Business Support team.

#### Events

About 30,000 people attended the Auckland Food Show held at the end of July. This year's Auckland stand managed by ATEED, named 'Made of Auckland', housed more than 25 local food producers including Relish the Thought, The Bowser, Mahurangi Oysters, Line's Knækbrød, OLelei and Got Pasta. A significant number of the businesses involved this year have been supported by ATEED through the RBP programme funded by NZTE.

About 140 people attended the two-day NZBIO Conference at the Aotea Centre on 15 and 16 September. The NZ Bioactives Symposium was delivered by ATEED. NZBIO<sup>2</sup> and Natural Products New Zealand brought together a number of high profile speakers from the bioactives sector to explore the opportunities and challenges of creating value from New Zealand's unique flora and fauna.

### ***Attracting business and investment***

As a direct result of the Tripartite Economic Summit Auckland 2016, and Techweek AKL 2016, ATEED made significant progress on the development of an augmented and virtual reality lab at the GridAKL/Uptown innovation hub in Newton.

The AR/VR Garage officially opened in Eden Terrace on 2 September – establishing Auckland as an international hub for this new technology which is seen globally a major disruptor of traditional business models. Auckland has the opportunity to grow new jobs and investments through this initiative. The opening was attended by Minister for Economic Development Steven Joyce, Mayor Len Brown, the Mayor of Fukuoka (Japan) and a diverse audience of people from the creative industry, and AR/VR Garage partner organisations.

Datacom was announced as the AR/VR Garage's first corporate partner, and the opening included a message from the powerful US-based VR Society, which is making the AR/VR Garage its Oceania base. Other corporate and central government partnerships are under development to match ratepayer funding.

The AR/VR Garage is part of the emerging Uptown Innovation Precinct. The facility comprises two buildings with 10 tenant companies now, and another 10 expected by the end of October. The operating model being delivered by ATEED is unlike any other current AR/VR facility around the world: a collaboration between industry, major corporates including multi-nationals, tertiary and research institutions, and local and central government agencies – all connected to key international players. The Garage premises are leased from Auckland Transport until December 2017, when the operation will move to a permanent site, most likely at GridAKL in Wynyard Quarter.

Feedback from the market has been overwhelmingly positive and there have been a steady stream of interested corporates looking at how they can leverage AR/VR technology, for productivity gains and new business opportunities.

### **Screen production**

The Screen Auckland team issued 141 film permits from 1 July -30 September. There was 20 per cent less traditional TVC (television commercial) production in Auckland this August compared to 2015. This appears to be an international trend with film offices/commissions in other cities reporting a similar slowdown in TVC production. This may be due to online streaming services such as Netflix, Hulu, Amazon and Lightbox drawing consumers away from the traditional television broadcast format. Advertisers are looking at other ways to advertise products and services. However, Auckland's ongoing screen production industry revenue growth is being fuelled by continued strong demand for feature film production facilities, and for television series productions. Auckland Film Studios was fully booked during Q1 by the Warner Bros/Gravity Pictures feature firm Meg (and is booked until

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<sup>2</sup> NZBIO is the biotechnology sector's leading representative and advocate, and as such acts as enabler, influencer, direction setter and the critical network hub across the broad spectrum of biotechnology disciplines.

August 2017 with several enquiries going into 2018) and during the quarter ATEED's screen attraction specialist worked with a number of international producers looking to base major productions here.

Globally, the screen production sector remains strong with major players such as Netflix looking to invest billions in original content and Auckland is confident it can seize opportunities created by that market.

In late September, Screen Auckland and AUT hosted film students from Busan, Korea. Screen Auckland and AUT developed the film student exchange programme with the Busan Centre for Creative Economy and Innovation (BCCEI) in response to a MOU signed in November 2015 with the BCCEI, Busan City and the Busan Film Commission. The visiting students and their professors were welcomed onto AUT's campus with a powhiri, attended workshops at AUT's Motion Capture Lab, a talk by Kevin Romond (Pipeline Development Supervisor from WETA Digital), visited local digital animation business Flux Animation, visit the AR/VR Garage and used their own Gear 360 camera to film a short film about Auckland.

ATEED was elected to the Board of Directors of the Asian Film Commissions Network for a second successive year. This is a prestigious appointment for Auckland with Screen Auckland also representing the interests of NZFC and the country's other regional film offices. It enables ATEED to attract more productions to Auckland from around the Asia-Pacific region.

### **Foreign investment**

ATEED's ability to make the most of Auckland's investment proposition was reinforced by the implementation of a refreshed foreign direct investment strategy which was approved by the ATEED Board at the end of Q4. A re-aligned Business Attraction and Investment unit will continue to focus on stimulating new investment in priority sectors for Auckland as well as supporting infrastructure, housing and innovation.

ATEED Chief Executive has continued to be the EDA representative on the Government's Investment Attraction Taskforce. The Taskforce has developed an Investment Attraction Framework, formalising the partnership between central government agencies and EDA's. This has been modelled on the ATEED Immigration NZ partnership, the ATEED Aroha Auckland programme, the partnership with NZTE and MFAT on initiatives like the Tripartite Economic Alliance. This Investment Attraction Framework and approach is outcome based, seeking to realise the regional investment profile and priorities and it will be rolled out nationally, including training for EDA staff.

ATEED facilitated the establishment in Auckland of three significant **multinationals** in Q1. There are also eighty actively managed companies within the Aroha programme, eighteen of which ATEED has engaged with in Q1. ATEED's Aroha Auckland aftercare programme, which engages with top multi-national businesses and international investors with a base in Auckland, is achieving great results and has been recognised by the Government as a best-practise model. ATEED has been asked to help government agencies roll out a similar model nationally through the Investment Attraction Taskforce.

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

As part of Auckland council's wider priorities, ATEED continued to focus on programmes which help to reduce social inequality by accelerating the prospects of Auckland's young people. This came from delivering initiatives which encourage youth entrepreneurship and create employment pathways.

### **Youth employment**

#### **Auckland Youth Employer Pledge**

As part of the Youth Employment Pathways Programme, the 'Young at Heart' Awards 2016 were held at The Langham Hotel on 5 October. The awards recognised the contribution of Auckland's Youth Employer Pledge partners (there are 57) which are actively employing and developing career pathways for 16-24 year old Aucklanders.

SKYCITY was named 'Auckland Youth Employer of the Year' at the awards ceremony, recognising the company's commitment to helping the region's young people into jobs and training.

A number of businesses that have signed up for pledges joined SKYCITY in receiving awards in a range of categories, including:

- 'Industry Leadership Award' and 'School Engagement and Work Experience Award' – Auckland Airport
- 'Innovative Youth Employer Award' – Rainbows End
- 'Local Youth Employer Award' – Rainbows End and The Warehouse (1st equal)
- 'Māori and Pacifica Diversity Award' – KPMG
- 'Youth Employment Programme Award' – Downer
- 'Youth Induction and Development Award' – Xero and KPMG (1st equal)
- 'Youth In-Work Mentoring Award' – Fletcher Building
- 'Judges' Choice Award' – Pride & Joy

The Youth Employer Pledge programme is delivered by ATEED's Talent and Skills team (part of Business, Innovation & Skills) in partnership with Youth Connections. The Youth Employer Pledge is part of our effort to help Auckland's 23,000 young jobseekers who are not in education, employment or training. Youth employment initiatives have helped reduce the rate of young people not in employment, education, or training considerably from 19% in 2009 to 12.4% in 2016 (Q2) in Auckland.

ATEED is progressing the Youth Employment Pathways Programme on behalf of Auckland Council which supports the Grow and Attract Skilled Talent strategic pillar. This includes the #BuildAKL campaign to help young people find jobs in the thriving construction and infrastructure sector which was launched to industry leaders on 8 September, and to the target youth audience at the JobFest. ATEED is delivering the 12-month #BuildAKL campaign in partnership with industry to address Auckland's youth unemployment issue and the serious sector skills shortages.

About 70 employer and industry stakeholders attended the #BuildAKL industry launch, including many of the key industry partners such as Fletcher Building, Downer, Watercare, AWF and Hawkins. Nancy McConnell (General Manager Corporate Affairs, Hawkins Group) spoke to industry representatives about how they could get involved in the campaign and its importance in getting young people into the industry. The campaign promotion video is available at <https://youtu.be/KP8S5NbENOE>.

## JobFest16

Thousands of young people attended this year's second JobFest – New Zealand's largest youth employment event – which was held at the Cloud on 21 September. Eighty employers from industries including hospitality, retail, tourism, ICT and construction and infrastructure took part, offering more than 800 full and part time positions (the highest number of jobs that have been offered at a JobFest event).

The #BuildAKL campaign to attract more young people into the thriving construction and infrastructure sector was launched at the JobFest #BuildAKL zone. This social media campaign aims to get 4000 Auckland young people into the sector. More than 500 job seekers have so far registered to enter the four-week work experience competition #BuildAKL to win a four-week job placement with a top industry employer. Competition recruitment days are scheduled for 5 November (Albany), 9 November (Henderson) and 12 November (MIT Otara).

JobFest received significant media coverage with both main television news networks TVNZ and Newshub featuring the event and the #BuildAKL campaign in evening bulletins. The *New Zealand Herald*, RadioLIVE, NewstalkZB and the *Paul Henry Show* also covered the event. A *New Zealand Herald* 'Insights' series article, in partnership with NZME, had more than 30,000 unique browsers that day – placing it in top 5 per cent of articles which have featured in nzherald.co.nz 'Premium Native Position'.



JobFest is delivered by ATEED in partnership with Council's Youth Connections and The Tindall Foundation, Auckland businesses, the Ministry of Social Development, Immigration New Zealand, Auckland Transport and Careers New Zealand.

### **Enabling education and talent**

The ATEED Auckland International Education Conference took place on 6 July and was attended by more than 160 international education industry stakeholders. The theme of the conference was building Auckland's reputation as a destination for international students.

In August, ATEED's International Education team also attended the New Zealand International Education Conference in Auckland. The conference brought together industry leaders and practitioners to explore strategies that will support the growth of this sector.

The team hosted six international agents based in Australia who recruit students from Latin America, particularly Colombia and Brazil. The team met these agents at the Australia New Zealand Agent Workshop in Melbourne in April, and recognised the need for the agents to learn more about Auckland's international education sector. These agents visited a range of universities, private training establishments and secondary schools across Auckland during September. ATEED will track student enrolments resulting from this visit every six months.

In addition, the team hosted a networking event in September for Auckland-based study abroad agents, where 40 education providers connected with more than 60 study abroad agents. The networking event for education providers and education agents takes place twice a year. The outcome is to increase the value of international education to the Auckland economy to \$3.1b by 2025.

ATEED partnered a range of Auckland-based secondary and tertiary education institutions this quarter to map out and assess international graduate success stories. A new suite of compelling digital stories subtitled in seven languages has been developed with a production company to showcase the range of pathway options in relation to the education, employment and experience of international graduates educated in New Zealand. ATEED has also partnered with the Education New Zealand (ENZ) digital marketing team to ensure the content can be distributed for use by industry providers and channel partners.

Other key activity for the International Education team this quarter included working with our partners Immigration New Zealand, the Auckland Chamber of Commerce and specialist ICT employment service provider Industry Connect, to deliver the following work streams:

- Information Seminars for International students that help them be better prepared for finding work
- A six week Boot Camp course which taught technical and soft skills to ICT International graduates
- An employer to graduate networking event with industry partners to facilitate full time recruitment of the Boot Camp participants.

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

The visitor economy continues to boom as the Auckland Visitor Plan, launched by ATEED in 2011, and other related strategies, continue to deliver great results.

#### **Cruise infrastructure**

The Council group including ATEED, Pānuku Development and Auckland Transport, is working on a proposal to construct an interim mooring 'dolphin' at the end of Queens Wharf to ensure the latest generation of cruise ships (e.g. Royal Caribbean's new Quantum Class ships such as Ovation of the Seas) can be accommodated. The dolphin will be approximately 17m in diameter.

Auckland's new Mayor has expressed support for the mooring dolphin, without the proposed connecting walkway. The publically notified resource consent was delayed for 20 days to allow more time for the Mayor to be briefed on

all available options. Once the resource consent is publically notified it will then be heard and determined by independent planning commissioners appointed by Council.

### **i-SITE update**

ATEED has made some changes to its provision of information services on Waiheke Island. This has been prompted by the recent resignations of i-SITE staff at Matiatia Wharf, a continued decline in sales, and the i-SITE losing around \$110,000 a year.

Three local residents are being employed to act as 'greeters', focusing more on providing visitors with local advice, direction and general information. They will not take tourism product bookings. The greeters will be in place at Matiatia Wharf seven days a week, from the morning into the early afternoon throughout summer.

ATEED will continue leasing the kiosk from Auckland Transport until the end of June 2017 and providing a space for visitor information brochures. Staff are working closely with the Waiheke Local Board and Waiheke Island Tourism Forum to work through the future visitor information offering. Some of ATEED's cost savings will go towards a \$50,000 grant to the Waiheke Island Tourism Forum.

To date, it has proven difficult to find a financially viable and suitable site for the Princes Wharf i-SITE to move into. The preferred option is to develop a temporary solution in containers on Queens Wharf or in front of the Britomart train station.

The Auckland Airport i-SITE won an award at the i-SITE New Zealand Conference last month for the highest satisfaction rating across the country (91 per cent).

### **Auckland Convention Bureau (ACB)**

The ACB's international bid team submitted or supported eight bids in this financial year, and has won 13 international bids with the value of wins worth \$18m to the local economy. One of the wins was the World Symposium on Choral Music in 2020. It is estimated the symposium, which will take place over eight days in July and August 2020, will attract more than 1700 delegates and many more concertgoers, while contributing an estimated \$4.6m to the local economy. Factors which helped win the bid included Auckland's array of multiple venues, close together, which were designed with music in mind.

ACB is looking at leverage opportunities arising from the Chinese Medicine Conference being hosted in Auckland in November. This conference is expecting 750 delegates and has the potential to support ATEED's wider work with the Bioactives/High Nutrition Foods sector.

The total wins secured by the ACB team for the domestic and Australian market is valued at \$1.6m as of end of October.

In 2014 ACB launched the Auckland Advocate Programme – the Auckland Advocate Alliance to help grow the number of future international business events to Auckland. Growing the size of the Auckland Advocate Alliance is a key focus for ATEED in the 2016/17 financial year, and in Q1 the programme secured two new members, bringing its current membership to 16.

The Auckland Advocate Alliance is focused on engaging and inspiring influential sector leaders to bring more conventions to Auckland and New Zealand, and increasing activity across Auckland's key priority sectors. This unique programme brings together the meetings industry and destination marketing professionals, local politicians, local business, and professional and academic leaders to create a shared strategic vision for the future development and build the international reputation of the destination. The programme includes researching Auckland's target sectors, identifying key influencers, providing the necessary support and recognition for securing business events, and requires a specific focus within the business events industry.



Collaborative work continues between ACB and the universities to attract tertiary and research events to Auckland. ACB is working with Massey University on the first promotion of highlighting ACB support and services to bid for international congresses, and hopes to conduct seminars following this opportunity. In addition, the Manager International Bidding presented to the monthly meeting of the Faculty of Education and Social Work at the University of Auckland. The presentation outlined the services ACB provides and how we can assist with bidding to bring business events to Auckland. About 100 faculty staff attended. A joint venture project with the production of a video showcasing support to the faculties will promote ACB, University of Auckland Events Services division and Tourism New Zealand.

### **ATEED-supported successful Māori tourism grant**

The Destination Development team helped to secure a \$50,000 grant to raise the profile of Tāmaki Makaurau (Auckland) and Te Tai Tokerau (Northland) Māori tourism experiences in China, the US and South America. The team worked with global award-winning tourism operator TIME Unlimited and other operators to secure one of two \$50,000 Auckland Airport Four Seasons Five Senses Grants. This will be used to grow market awareness and business opportunities, and strengthen the working relationship between the parties involved by creating travel itineraries that promote experiences which link to Māori themes, events and stories.

### **Tourism destination marketing**

Auckland hosted the PATA Global Insights Conference on 30 September. The event explored the key influences that will drive and shape the development of tourist destinations. It also emphasised the importance of connectivity throughout all aspects of the destination development industry. ATEED will incorporate these insights into future plans.

### **Major events**

Major events that ATEED delivered and/or facilitated in Q1 included the Pan Pacific Youth Water Polo Festival, the New Zealand International Film Festival, New Zealand Fashion Week, and Auckland on the Water Boat Show.

### **World Masters Games 2017**

ATEED's subsidiary, World Masters Games 2017 Ltd, continues to make great progress towards Auckland hosting this huge global event and its forecast 25,000 participants provide an immense opportunity for the region.

More than 10,500 athletes and 1000 supporters had registered for the Games as at 30 September, which represents significant progress. In contrast, at the same time in their sales cycle, Sydney 2009 had achieved 5482 athletes, and Torino 2013 had achieved 3837. This also represents a degree of flattening of the historical 'hockey stick' effect whereby the majority of registrations take place in the last three months prior to the Games (Torino 2013 sold 55 per cent of its registrations in that period, and Sydney 2009 sold 59 per cent).

### **Rio 2016 Engagement programme**

In August 2016, ATEED sent two staff to the Olympic Games in Rio de Janeiro to execute an engagement programme for Auckland and ATEED across a broad range initiatives. Scheduled meetings with international sports federations (canoe, hockey, sailing) covered opportunities for progressing future major events but also for innovation, advancing the Auckland Sport Sector Agenda and promotion of the World Masters Games 2017. This information has been shared with the relevant internal business units of ATEED and the other national bodies who will be essential to partner with in order to progress identified opportunities.

World Masters Games 2017 was specifically promoted to an Olympic audience through the World Olympians Association and followed up by promotion through their international channels. Connections with other cities, primarily through the International Association of Events Hosts but also informal discussions and opportunities to

visit both British House and Canada House, established and cemented relationships which will allow for greater collaboration and information sharing going forward. ATEED hosted Rio-based International Education agents at the New Zealand Club, including presentations on the Auckland education offering and the potential for growth - now being progressed by ATEED's international education team.

### **IOC Session 2021**

ATEED has been working in partnership with the New Zealand Olympic Committee (lead agency), Ministry of Business, Innovation & Employment, Sport New Zealand and Tourism New Zealand on the feasibility of Auckland bidding for an IOC Session in 2021. The IOC Session is an annual event that is attended by IOC members, international sporting federations, candidate cities for future Olympic Games (along with their significant bid delegations) and international media. The IOC Session for 2021 is especially significant as it is when the 2028 Summer Olympics host is announced.

An external feasibility identified benefits not only in terms of direct economic impact, but also for tourism, sport (events, innovation and high performance facilities), brand and profile, promotion of the NZICC, business and political opportunities. It also estimated that the IOC Session 2021 will cost approximately \$6.5m to deliver. The NZOC has therefore submitted an application to central government, via the Major Events Development Fund, seeking financial support. This application has passed through the first round and will be reviewed as a second stage application early in 2017. ATEED has not yet provided a firm financial commitment, but it will be required if the event is to be secured. Concurrently, the partner organisations are also working through other considerations, primarily the capacity of New Zealand agencies to deliver both the IOC Session and APEC in the same year.

If a decision is made to progress with this event by all parties, a bid will be submitted in the second half of 2017.

### **Campaigns**

ATEED's spring marketing campaign went live on 1 September. The campaign targets prospective visitors in the 'Visiting Friends and Relatives' category, as well as new domestic visitors through a single campaign that runs nationally (i.e. it is promoted to markets within and outside of Auckland).

### ***Building Auckland's brand and identity***

A trio of Auckland economic development projects led by ATEED received prestigious international accolades from the International Economic Development Council (IEDC) at its annual awards held in Ohio in September. IEDC's Excellence in Economic Development Awards recognise the world's best economic development programmes and partnerships, marketing materials and leaders. ATEED was honoured for two hugely successful business and innovation events, Techweek AKL 2016 and the Tripartite Economic Summit – Auckland 2016, and a popular domestic tourism campaign featuring Robyn Malcolm.

The Excellence in Economic Development Awards were:

- 'Advertising Campaign', Silver award – *Beyond Your Backyard* tourism campaign
- 'Special Purpose Website', Bronze award – Techweek.co.nz website
- 'Special Event Campaign', Silver award – Tripartite Economic Summit – Auckland 2016.

Building on the success of last year's marketing campaign for Auckland Restaurant Month (1-31 August), ATEED extended the marketing reach of Heart of the City's annual culinary event, tempting the taste buds of those in Christchurch and Wellington. Auckland's biggest dining event was held over the entire month of August with a schedule including top international chef evenings, a 'Cheese Lover's Feast' and the sustainably minded 'Nothing for Dinner' event, on top of the 100-plus dining offers and menus at more than 100 restaurants.

## The Global Auckland Story

As the region's economic growth agency and the organisation responsible for delivering a number of key priorities in the Auckland Plan and complementary Economic Development Strategy, ATEED was mandated to carry out the Global Auckland Project. It was further agreed as an Auckland Council priority when the EDS was reviewed in early 2014, through a process led by Professor Greg Clark and Michael Barnett, and in the resulting 'Shared Economic Development Agenda for Auckland' which was approved by the Council's Economic Development Committee on 19 February 2014. It has also been directly referenced in previous and current ATEED Statements of Intent, most recently approved by the CCO Governance and Monitoring Committee on 2 July 2016.

Through the SOI, Council has instructed ATEED to:

- Lead the development of a global brand proposition for Auckland that capitalises on Auckland's Māori identity as a point of difference in the world. Work with partners to promote the Auckland identity and brand story consistently and seamlessly across all activity in domestic and international markets in a way that leverages our distinct advantages. Benchmark and validate brand awareness and traction.

ATEED has regularly reported progress on this project to the governing body through the quarterly reporting process and in our Annual Reports 2014-15 and 2015-16.

Q1 activity included creative output of the Global Auckland Research Project reaching completion with presentations delivered to key stakeholders including elected members and Council group senior executives, followed by key stakeholders and private sector partners.

## 4. Key deliverables and highlights for the next quarter

### ***Building a culture of innovation and entrepreneurship***

#### **Techweek 2017**

Preparations for Techweek 2017 have commenced with the event scheduled to take place from 6-14 May 2017. Engagement with NZTech and other partners is already underway in response to Hon Steven Joyce's proposal for Techweek to become a national event. ATEED staff had an opportunity to provide input into the design and planning of next year's event. Expressions of interest to be part of Techweek 2017 will be opened in October/November.

Techweek AKL 2016 was chosen as finalist for NZ's Best Awards, 'Small Brand Identity'. The awards ceremony was held on 14 October. To keep the momentum going, a *Techweek what's on?* newsletter is being published monthly on the Techweek website. This will enable the Techweek community to stay connected year-round and help promote events and upcoming activity.

From 2017 to 2020, ATEED will focus on refining the event content to showcase New Zealand's niche innovation strengths.

#### **Attracting business and investment**

ATEED will continue looking at opportunities to showcase the AR/VR Garage's resident companies to potential collaborators, partners and private investors. Discussions are underway with Universal Studios and other studios, about bringing resources and equipment to the AR/VR Garage. ATEED will attend the 'VR on the Lot' event with selected AR/VR Garage resident companies to showcase the facility, and Auckland's AR/VR sector capability to one of the most influential audiences in the world.

#### **Screen**

Auckland's ongoing screen production industry revenue growth is being fueled by continued strong demand for feature film production facilities, and for television series productions. Auckland Film Studios was fully booked during Q1 by the Warner Bros/Gravity Pictures feature film *Meg* and is booked until August 2017 with several enquiries going onto 2018.

The New Zealand Asia Pacific Film Festival starts in mid-November. Two high profile international television shows will also start pre-production this quarter.

ATEED is working with the New Zealand Film Commission (NZFC) on the development of a course (and mentor programme) for location managers and those working in the film locations field. This is in response to the lack of experienced or capable location managers in the local industry. We are also working with the NZFC on hosting five Chinese film delegations coming to Auckland this month and next.

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

#### **Skills**

ATEED's delivery of the #BuildAKL campaign will continue with a focus on industry engagement, as well as encouraging entries into the competition. Twenty young finalists will be selected in late November and will receive a training package and other support, before a public vote on social media to select the 10 competition winners. The winners will be announced in early December, with NZME media coverage through a partnership.

## Enabling education and talent

ATEED's International Education team will continue to work closely with Council, as well as with a range of national government agencies, to improve international student safety and wellbeing.

ATEED will attend the Education New Zealand event series in Japan from 5-13 October, holding student fairs and business-to-business seminars in Fukuoka and Tokyo. ATEED will co-host an education reception in Fukuoka City as part of the 30<sup>th</sup> anniversary of the Auckland Fukuoka sister city relationship.

EIC Education, one of China's largest education agencies, will promote Auckland as a study abroad destination at the China Cup Regatta from 28-30 October in Shenzhen. EIC will be part of the NZ Pavilion at the regatta.

A number of announcements concerning the New Zealand Residence Programme have just been made publicly. These include changes to the Skilled Migrant Category. Study Auckland, the member organisation administered by ATEED, will host an industry update for education providers in November. Immigration New Zealand will attend and brief education providers about the latest changes to immigration policy and the pathway student visa pilot programme.

Two immediate changes to the Skilled Migrant Category are being announced:

- The points threshold for selection has been increased from 140 to 160 from 12 October 2016 (regardless of whether an applicant has a job offer).
- The way applicants show evidence that they meet the minimum standard of English language is changing.

## Growing the visitor economy

The ITM Auckland SuperSprint will take place at Pukekohe Park Raceway from 4 – 6 November. In the lead-up to the event, motorsport fans will have an opportunity to indulge their passion at the ITM Auckland SuperSprint Fan Day on Thursday, 3 November. The Fan Day will include a display of classic American muscle cars on Lower Queen Street; the Supercars' drivers parading up Queen Street in classic cars; and activities in Aotea Square. The Fan Day will follow on from the free ITM Auckland SuperSprint Karting event at three Auckland karting tracks on 1 November.

Other **Major events** being delivered and/or facilitated in Q2 include, the Bledisloe Cup (All Blacks v Wallabies, 22 October), ASB Auckland Marathon (30 October), Taste of Auckland (17-20 November), Royal New Zealand Navy 75th Anniversary International Naval Review (17-22 November), WhitewaterXL Auckland Invitational (20-27 November), Farmers Santa Parade (27 November), FINA World Women's Youth Water Polo Championships (12-18 December), Youth Sailing World Championships (14-21 December).

## Golf, Equine, Marine, Screen (GEMS) programme

ATEED has continued its focus on high value travelers through its China GEMS and US luxury travel partners approach. ATEED is responding to this growth with a focus on supporting destination development, including new infrastructure, attractions, hotels and community facilities to support higher visitor volumes.

Q2 marks the start of the superyacht season in Auckland, with two vessels having already arrived and another six scheduled to come to Auckland in the next few months. Each Superyacht attracts on average NZD\$1m on services including chartering, refurbishment and provisioning.

The 10th China Cup International Regatta will be held in Shenzhen's Daya Bay, China from 28 – 30 October 2016, and will include more than 100 sailing teams from all over the world. ATEED has been a financial sponsor of the China Cup since 2012, maximising the opportunity to connect Auckland with China's hugely valuable marine sector. ATEED is also working with NZ Bloodstock to formalise a partnership agreement for 2016-17.

ATEED is also working with NZ Bloodstock to formalise a partnership agreement for 2016-17. The agreement will cover promotions of key racing events and yearling sales, concierge services for high net worth travellers, as well as work in key markets to identify and assist key investors.

### **Cruise infrastructure**

Ovation of the Seas, the largest cruise ship to visit New Zealand, will arrive in Auckland on December 27 2016. It will visit 3 times in 2016-17 and 3 times in 2017-18. At 350m, Ovation is too long to berth at the existing cruise terminals and will moor in the harbour with 4500 passengers tendered ashore.

Options for interim infrastructure to accommodate larger cruise ships like the Ovation of the Seas have canvassed use of the existing Port berths or Wynyard Wharf, but these are operationally constrained by freight priority or health and safety restrictions, and the addition of mooring dolphins or wharf extensions at Queens Wharf, Princes Wharf or Halsey Street Wharf.

A mooring dolphin at Queens is the optimal interim solution that continues to be examined.

A record 33 ships will cruise in New Zealand waters from October 2016 until the end of April 2017 – five more ships than last year.

### ***Building Auckland's brand and identity***

The final **Global Auckland Project** creative outputs will be delivered at the end of October and will be presented to key stakeholders including elected members and Council group senior executives in November.

During Q1, the project team focused on using the finalised creative themes to compile a physical form of the *Auckland Story*. The project team simultaneously worked on the propositions, substantiators and pillars that make sense of the overarching purpose for the many sectors and audiences.

The learnings gathered from engaging mana whenua about the historical threads of Tāmaki Makaurau were developed into a comprehensive research report and also included in the overall *Auckland Story*.

Engagement with external partners such as the Auckland Chamber of Commerce, Heart of the City and the Committee for Auckland will follow the Council briefings, and ATEED expects that if the *Auckland Story* outputs and messaging resonate with the elected members, they will start to be used within business-as-usual activities across the Council group from December and into 2017.

As with the *New Zealand Story* (launched in 2013) developed by NZTE, Tourism New Zealand and Education New Zealand, ATEED's next phase of work will include leading the development of case studies and toolkits to engage and activate corporate partnerships for promotions and activating the *Auckland Story*.

ATEED's **spring marketing campaign** went live on 1 September, and combines both Visiting Friends and Relatives objectives as well as New Visitation domestic objectives into a singular campaign that runs nationally (Auckland and out-of-Auckland markets). The focus was on Auckland, Northland, Waikato, Bay of Plenty, Wellington and Christchurch. The campaign builds upon the existing *Beyond your Backyard* concept which ran in Spring 2015, but with changes to the messaging to enable it to work across a wider audience. Media channels included TVCs, TVNZ OnDemand, YouTube pre-rolls, ad-shells, online banner advertising, social media and PR. The campaign was supported through existing ATEED domestic tourism channels, such as the aucklandnz.com website, domestic e-newsletter and social media.

## 5. Financial performance

This report covers the operational performance of the ATEED Group, including our subsidiary, WMG2017. ATEED Group is under budget due to timing of key projects at the end of Q1. We expect expenditure to be in line with the budget at year end. ATEED does not expect there to be any impact on key performance indicators for the 2017 financial year.

There has been no change to ATEED's risk profile in the last quarter. The Audit and Risk Committee continues to meet quarterly.

<b>Financial Performance</b>				
<b>For the Period Ended 30 September 2016</b>				
<b>\$'m</b>	<b>Actual</b>	<b>Budget</b>	<b>Variance f/(u)</b>	<b>Full Year Budget</b>
<b>Operational</b>				
External Revenue	4.9	3.9	1.0	19.6
<b>AC Funding</b>	<b>10.1</b>	<b>13.1</b>	<b>(3.0)</b>	<b>56.2</b>
Operational expenditure excl. depreciation	14.7	16.9	2.2	75.8
Depreciation	0.2	0.3	0.1	1.2
<b>Capex</b>				
Expenditure	0.4	2.0	1.6	7.9
<b>AC Funding</b>	<b>0.6</b>	<b>1.8</b>	<b>(1.2)</b>	<b>7.9</b>

At the end of September, external revenue is higher than budget due to WMG2017 registration revenue being \$1.1m higher than planned. The revenue registration budget was predicated on increased sales last quarter, instead they are higher this financial year.

ATEED's funding from Council is \$3m lower than budget due to a lower WMG2017's funding requirement than planned and timing-related underspend across ATEED's business units.

Operational expenditure is \$2.2m lower than budget. Major Events contributed \$1m to this variance due to timing-related underspend in sponsorship contracts, staff vacancies and sponsorship payment for the V8 Supercars (\$0.5m) paid in the last financial year as milestones were achieved earlier than planned, but budgeted for in FY17. The remaining \$1.2m is timing-related across multiple projects.

Capital expenditure relates mainly to the fit-out of the Lysaght Building for GridAKL. This spend is lower than budget due to the construction work on Innovation 5A being delayed. A revised programme and forecast is being undertaken.








## 6. Performance measures

The Key Performance Indicators (KPIs) set out in the SOI 2016-19 have been refined from those used in previous years.

During Q1, ATEED has made good progress towards the 23 KPIs contained in the SOI 2015-18, and towards achieving our vision to improve New Zealand's economic prosperity by leading the successful transformation of Auckland's economy.











ATEED is on track to exceed the business event win/loss ratio target, and target for value of business event bids won. The related target for the number of international business event bids submitted or supported may not be met, however it is too early to predict this based on only one quarter's activity.

ATEED has adopted the 5-tier assessment Council uses to assess KPIs, with the following statuses applied:

Measure	Year-end target	On track	Last Actual	Date of last measure
<b><i>Build a culture of innovation and entrepreneurship</i></b>				
Number of businesses taking up tenancy at GridAKL (cumulative) and percentage 'innovation-led' <sup>3</sup>	55 (70%)		56 (92%)	19-Aug-16
Number of individual entrepreneurs supported through an ATEED delivered or funded entrepreneurship programme	1500		New measure	30-Aug-16
Percentage stakeholders satisfied with provision of business advice, start-up, training & mentoring programmes (LTP Measure)	85%		91	30-Jun-16
Number of actively managed business through Regional Business Partner Programme	720		111	30-Jun-16
Number of businesses that have been through an ATEED programme or benefitted from an ATEED intervention (LTP measure)	1500		4073	30-Jun-16
Number of Maori businesses that have been through an ATEED programme or benefitted from an ATEED intervention (LTP measure)	100		157	30-Jun-16
<b><i>Attract business and investment</i></b>				

<sup>3</sup>Innovation-led is defined as businesses developing new or improved technologies or services



Measure	Year-end target	On track	Last Actual	Date of last measure
Facilitation of the establishment or significant expansion of multinational and local companies in target sectors (LTP measure)	5		1	30-Aug-16
Number of intensively account managed customers in ATEED Aftercare programme	80		85	30-Aug-16
Total GDP contribution of deals effected with ATEED involvement	\$ (million) 192.9		56.7	30-Aug-16
Value of investment deals effected by ATEED within the financial year	\$ (million) 250		278	30-Aug-16
<b>Grow a skilled workforce</b>				
Number of 'live' signatories to the Youth Employment Traction Hub 'Employers' Pledge <sup>4</sup>	50		57	30-Sep-16
<b>Enable education and talent</b>				
Growth in value of international student spend to Auckland	\$ (billion) 1.888		2.1	30-Jun-16
<b>Grow the visitor economy</b>				
Spend by visitors in Auckland	\$ (million) 5,412m		6.682	30-Aug-16
Number of international business event bids submitted or supported	35		7	30-Sep-16
Business event bids win/loss ratio (based on results received in financial year)	(60%)		83	30-Sep-16
Percentage of customers satisfied with visitor information centres and services (LTP measure)	85%		95%	30-Sep-16

<sup>4</sup> For clarification, this SOI target requires ATEED to maintain at least 50 signatories financial year, rather than implying that 50 new signatories will be recruited each year.

Measure	Year-end target	On track	Last Actual	Date of last measure
Contribution to regional GDP from major events invested in (LTP measure)	\$86m		\$35.95m	30-Jun-16
Percentage of Aucklanders who agree events make Auckland a great place to live (engender pride and sense of place)	80%		73%	30-Jun-16
Visitor nights generated by major events invested in	415,000		262,980	30-Jun-16
Percentage of customers satisfied with delivered major events (LTP measure)	85%		78%	30-Jun-16
<b><i>Building Auckland's brand and identity</i></b>				
Total visits to www.aucklandnz.com	3.4m		732k	30-Sep-16
<b><i>Local Economic Development</i></b>				
Percentage of actions in ATEED Local Board Engagement and Action Plans completed	80%		86%	30-Aug-16
<b><i>Mana Whenua Engagement</i></b>				
Percentage Mana Whenua satisfaction with quality of engagement.	Establish baseline		N/A	N/A

## 7. Māori transformational shifts activities

Over Q2, ATEED will work to refine the reporting of activity for the Te Toa Takitini programme.

How it contributes to Māori outcomes	Progress over Q1
<p>To significantly lift Māori economic well-being, and enable and contribute to Māori economic needs and aspirations through activities that target:</p> <ul style="list-style-type: none"> <li>• tribal development</li> <li>• whanau well-being</li> <li>• Māori business sector development.</li> </ul>	<p><b>Procurement – (Whai Rawa Project):</b> ATEED is a part of wider Auckland Council discussions supporting the increase of the contract value awarded to Māori businesses (direct and in-direct).</p>
<p>Grow Māori business capability and economic prosperity</p>	<p><b>Whariki (Māori Corporate Network):</b> To date, Whariki events have been relatively informal with eight network events hosted by various corporate entities (at their own cost) to encourage whakawhanaungatanga amongst the Māori business community.</p> <p>ATEED has provided administrative support, and now has a database of more than 200 ‘members’. As a result, a more formal network structure will be established to help strengthen Māori business networks. ATEED will continue to facilitate the growth of this network as it will encourage a vibrant culture of Māori business success and allow a co-ordinated business support infrastructure within the Tāmaki Makaurau Māori business environment.</p> <p><b>DigMyIdea:</b> The next DigMyIdea – Māori Innovation Challenge will be launched in March 2017. ATEED are currently seeking partnership opportunities to support this kaupapa.</p> <p><b>Māori Business Ecosystem report:</b> ATEED has shared the report with relevant stakeholders and used these findings to guide ATEED’s Māori Economic Development Strategy for 2016/17.</p> <p><b>Matariki Awards &amp; Māori Business Leaders Awards:</b> ATEED is still planning on sponsoring these events in 2017 to showcase Māori success within Tāmaki Makaurau.</p> <p><b>Emerging Māori Leaders Programme:</b> ATEED is supporting Te Wharehukahuka’s ‘Ka Eke Poutama’ programme which focuses on preparing rangatahi (those who whakapapa to iwi in Tāmaki or maata waka) into governance and leadership roles. ATEED will sponsor the Māori Women’s Development Incorporation to deliver the 2017 ‘Te Wero Pakihi’ programme aimed at inspiring more Māori youth into business and entrepreneurship.</p>

How it contributes to Māori outcomes	Progress over Q1
	<p><b>E Tipu, E Rea – Māori Business Growth Workshop:</b> Following the success of the first E Tipu, E Rea – Māori Business Growth Workshop which focused on construction, trades and professional services, ATEED has identified a further 3 sector capability workshops to deliver in 2017. These are:</p> <ul style="list-style-type: none"> <li>• Food and beverage</li> <li>• Creatives</li> <li>• ICT/Digital</li> </ul>
<p>Celebrates and showcases Māori culture and provides a vehicle to leverage Māori business and investment opportunities</p>	<p>The inaugural festival in 2016 was delivered by ATEED in partnership with mana whenua and the Tāmaki Herenga Waka Trust. The 2017 Tāmaki Herenga Waka Festival will be held over Auckland Anniversary Weekend 2017 (28 January - 30 January). A new venue (the Viaduct Events Centre) has been secured, in partnership with Regional Facilities Auckland. ATEED is collaborating with Tāmaki Paenga Hira Auckland War Memorial Museum, and Auckland Art Gallery – Toi o Tāmaki over content for the festival. Partnership discussions with the Tāmaki Herenga Waka Trust have been finalised, and the Commercial Policy has been confirmed. Overall, good progress has been made in Q1 and the development of the festival is tracking well.</p>
<p>Tourism business development opportunities for locals and iwi</p>	<p>Key areas of focus within the Māori Tourism Development programme to the end of Q1 were:</p> <p>ATEED facilitated a Talking Tourism and Networking Day Event for almost 100 representatives from Auckland’s tourism industry. Tāmaki Hikoi was one of five guest presenters. Other Māori tourism businesses included Te Ao Tours, Te Ao Marama Tours, Ngāti Whatua Kaipara, Pacific Link and Auckland Museum.</p> <p>ATEED worked with New Zealand Māori Tourism to facilitate a visit to Rangitoto Island for Kiwi NBA star Steven Adams and an Oklahoma City Thunder delegation. The itinerary involved two Māori tourism operators, Sea Fury Charters and Te Haerenga. A promotional video was created of this visit and has had 14,000 views on Facebook to date <a href="https://youtu.be/TIsAFsrRwoQ">https://youtu.be/TIsAFsrRwoQ</a></p> <p>The application for the \$50,000 Auckland Airport Four Seasons and Five Senses Fund that ATEED initiated and supported was successful. The application was led by TIME Unlimited, and is a collaboration between six Auckland and six Northland Māori tourism operators to cluster itineraries that will sit under several different Māori stories or themes.</p> <p>ATEED met the Maunga Authority to discuss ways of working together on opportunities to showcase ‘nga maunga’ including the Tāmaki Herenga Waka Festival. Discussions have been very positive and are held regularly.</p> <p>ATEED released the latest (5th) edition of the Tāmaki Makaurau Māori Tourism Newsletter. This is a bi-monthly newsletter that showcases what’s been happening in the Tāmaki Makaurau Māori Tourism space and is sent to a travel trade and industry database both in New Zealand and overseas. (<a href="http://www.aucklandnz.com/love/maori-tourism-news">http://www.aucklandnz.com/love/maori-tourism-news</a>).</p>

How it contributes to Māori outcomes	Progress over Q1
	<p>ATEED facilitated a number of famils during Q1 including one for a journalist from the UK's <i>Guardian</i> Newspaper to enjoy a Te Haerenga tour. This resulted in coverage for the Te Haerenga and Waiheke Horseworx in a feature article promoting the experience online via <a href="https://www.theguardian.com/travel/2016/sep/11/new-zealand-hunt-for-wilderpeople-adventure-tours">theguardian.com - https://www.theguardian.com/travel/2016/sep/11/new-zealand-hunt-for-wilderpeople-adventure-tours</a></p> <p>ATEED continued efforts to build a relationship with the NZ Hotel Concierge Society (Les Clefs d'Or). Auckland's entire Māori database has been invited to its yearly 'Meet the Region' conference. This is an event where hotel concierge and staff from Auckland and NZ are invited to attend to learn more about the tourism operators on show.</p> <p>ATEED facilitated a discussion between Whale Watch Kaikoura (WWK), Ngāti Whatua Kaipara, Te Haerenga, Tāmaki Hikoi and Air New Zealand to share learnings from WWK's strategy for creating new employment opportunities. This included learning about WWK's business development and growth strategies.</p> <p>ATEED supported the creation of a pilot project to establish a direct transport link from the CBD to attractions in North West Auckland for international visitors. The pilot has been supported by the North West District Business Association with support from Tuhi Leef (CEO Ngati Whatua Kaipara). The Rodney Local Board provided \$25,000 to support the pilot for the new summer season.</p> <p>ATEED is working on the development of a Māori Tourism Experience/Operator promotional video. The objective of this video is to promote Auckland's Māori tourism experiences. The video will be launched via ATEED social media platforms in Q2.</p>
ATEED Māori Responsiveness Plan	<p>The project for the development of ATEED's Māori Responsiveness Plan has been closed, and we now move to full implementation of the plan. An internal Māori Responsiveness lead team has been established, and includes representatives from all business units. This team will deliver a series of presentations to all ATEED business units during the next quarter which will identify and put in place activities for Māori responsiveness that is relevant to each team.</p>

## 8. Key local board activity

Initiatives	Comments
Economic growth	<p>The Local Economic Development team commenced the delivery of the approved 2016/17 Local Board Economic Development Programme. Key highlights from Q1 are the confirmed support from Henderson – Massey, Kaipatiki, Whau Local Boards to run a migrant business support programme for their local business communities. The programme is being progressed with Immigration New Zealand, IRD, Office for Ethnic Minorities, and the Ministry of Pacific People's, and will be run over March and April 2017.</p> <p>The team has also appointed Cherry Events on behalf of the Albert – Eden Local Board to run the Albert – Eden Local Business Awards in May 2017, following the successful delivery of the awards in 2016.</p> <p>Local boards have approved the 2016/17 Local Economic Development programme to a value of \$477,500. We have commitments in place to spend \$70,000 in Q2.</p> <p>These are:</p> <ul style="list-style-type: none"> <li>- \$20,000 grant from Waitemata Local Board to the Uptown Business Association to support delivery of the Uptown Innovation Hub.</li> <li>- \$25,000 from Albert-Eden Local Board towards the delivery of the Albert-Eden business awards.</li> <li>- \$25,000 from Puketapapa Local Board towards business support and networking.</li> </ul>
Major events	<p>ATEED worked alongside the Franklin Local Board through the planning phase of the 2016 ITM Auckland SuperSprint.</p> <p>ATEED continues to maintain regular engagement with the Orākei Local Board, businesses and residents' associations on the 2017 events programme, and has been in dialogue with the Rodney Local Board with regards to the board's suite of local events.</p>
Tourism	<p>Development of the Hunua Cycle connection scoping discussion document is at the draft stage. The Tourism team regularly meets the Franklin Tourism Group in an advisory role, and attends AGM and monthly meetings as required.</p> <p>There is work taking place with North West Country Business Association to encourage tourism operators to collaborate. ATEED facilitated an open meeting in September at Ngā Maunga Whakahii o Kaipara Tourism for discussions on research, cultural tourism product development and new transport links.</p> <p>ATEED worked with Arataki Visitor Centre on networking sessions in August and September. These networking events were for Waitakere tourism businesses to network and discuss how they can work together to grow tourism sustainably in the Waitakere region.</p> <p>ATEED has worked with the Waiheke Island Tourism Forum in an advisory role. The group was developed to advocate for and promote tourism businesses on Waiheke Island. There is also work taking place with the Howick tourism group to advocate and promote tourism businesses in Howick. ATEED is working with the Howick Village Business Association on the Howick Tourism Plan, which will be presented to the local board.</p>

Initiatives	Comments
	<p>Working with Destination Great Barrier Island and with interested groups to develop the Dark Skies project and accreditation.</p> <p>Working with Shore Coast Tourism to develop plans to provide visitor information from 1 Victoria Road Devonport.</p> <p>ATEED has met management of the Mangere Mountain Te Pane O Mataoho to discuss tourism opportunities and facilitate introductions across the organisation. ATEED also continues to attend the Airport Tourism Group meetings and facilitate market opportunities for businesses in the area.</p>

## Local board engagement

ATEED has initiated a new key account manager system to simplify engagement with local boards and Auckland Council's Local Board Services team, to develop a more streamlined and efficient model for the new term. This is important as ATEED is now delivering more in the local board space than ever before.

Under this system one person within ATEED will act as a local board relationship manager, and will be the primary conduit for all activity connecting a particular local board with any ATEED team. This new system is used by other CCOs when connecting with local boards.

The key account managers will be responsible for the following:

- Developing a strong working relationship with the Senior Local Board Advisor and Relationship Manager. When Local Board Services raises a question or issue the key account managers will gather information from ATEED and communicate the response or, if necessary, arrange for our internal expert to assist in the response.
- Attending bi-monthly meetings/workshops.
- Ensuring all ATEED activity relevant to each local board is tracked through internal systems, (e.g. Sentient and CRM) to support efficient, consistent and quality reporting.
- Presenting ATEED's statutory six-monthly report to local boards.
- Supporting Auckland Council's Local Board Services team, Council departments and CCOs in annual planning discussions, local board plans and work streams with elected members.
- Quality-control, reputation and risk management.

The new local board members will be introduced to their key relationship manager as part of the local board induction process.



## 9. Risk management

**Health and Safety:** ATEED's H&S routines are constantly being embedded into our day-to-day activities. ATEED continues to achieve a number of significant improvements as we work towards implementing a best practise H&S management system.

ATEED is:

- Looking at all departments within ATEED, and producing or amending the SOP process to reduce human error due to uncertainty of task or missed process.
- Producing a single Site Specific Safety Plan that all physical works contractors must complete to capture all information.
- Creating a brief for all ATEED sponsors to confirm their understanding of the H&S requirements in relation to their input within events.
- Creating procedures for H&S behaviours and duties for contractors and stall operators.

**Portfolio risk:** There continues to be an overall reduction in ATEED's portfolio risk profile, no critical or high risks (after controls) reported. There are only five medium level risks across the business, and the current portfolio risks under active management include:

- Council Elections: With the election of a new Mayor and Councillors, ATEED is actively monitoring the political climate and considering the potential impact. We will continue to review and adapt to the changes in Council's political leadership and changing priorities.
- GridAKL Lysaght building: The issues have been all but resolved.
- GridAKL 5A and Mason Brothers: the work continues on the two building sites, with Precinct Properties actively marketing the properties. 5B has not received council funding approval, with options being considered.
- ATEED Website: The digital team is on track to deliver a much needed new website. The instability of the current older platform is getting worse, with December being the end of any IT support availability.

**Internal audit:**

- An internal audit of Major Events and a follow-up for GridAKL have been completed. Initial findings are positive, final reports yet to be presented.
- The 2016/17 audit plan has been reviewed, with a consideration of including an audit on the Project Management Office.

**External audit:** Audit NZ have completed their 2016 Management Report, no concerns reported.

**Financial risk:** ATEED does not have any current year financial risk that could materially affect Council.

There has been no change to ATEED's risk framework, with monthly updates to the ATEED Board and a comprehensive quarterly risk report tabled and discussed. The Audit and Risk Committee continues to meet quarterly.



## 10. Annex A: ATEED's contribution to Auckland's economy – 2015/16 (as at June 30 2016)

### Build a culture of innovation and entrepreneurship

- **\$1.5m** Callaghan Innovation R&D grants administered
- **10,000+** attendees at inaugural ATEED-curated Techweek AKL 2016
- **4,000+** businesses involved in/benefitted from ATEED programmes/interventions
- **1,000+** actively managed businesses in the Regional Business Partner programme
- **130+** entrants in DigMyIdea Maori Innovation Challenge
- **100** companies engaged with at The FoodBowl – Te Ipu Kai food and beverage innovation facility (**380** trials).
- **56** businesses in GridAKL, Auckland's innovation precinct at Wynyard Quarter

### Attract business and investment

- **\$249.7m** GDP from **11** deals affected by ATEED
- **680+** delegates at Tripartite Economic Summit – Auckland 2016; **300+** business meetings
- **\$30m+** new deals for Auckland as a result of the summit by August 2016
- **6** multi-national arrived in Auckland with ATEED's help, **3** expanded their local operations
- **567** film permits issued to film in public open spaces for productions worth **\$165m+**
- **81** multi-nationals and investors actively managed in the Aroha Auckland programme

### Grow and retain skilled talent

- **3900+** job seekers and **140+** employers at **2** JobFests = **170+** job offers to unemployed youth
- **1400+** students at **52** Auckland schools in Lion Foundation Young Enterprise Scheme
- **41** more companies signed to the Youth Employer Pledge
- **130+** entries in inaugural IDEAstarter youth entrepreneurs competition
- **\$1.6m** of NZTE Capability Development Vouchers facilitated
- **\$350m** more GDP from the international student economy with ATEED's help

### Grow the visitor economy

- **\$43.7m** new GDP from major events portfolio investment
- **283,000+** additional visitor nights from major events

- **11** new international business event bids won by Auckland Convention Bureau (worth future **\$17m+** to economy)
- **\$300,000** saved from i-SITE network operating costs
- **\$250m+** new GDP injected by the cruise ship season with ATEED's help, supporting **4000+** jobs
- The value of the visitor economy for the year ending 30 June 2016 was **\$7.45 billion**, growth of 14% on the previous year, and worth an additional **\$890 million** to the local economy.

### Build Auckland's brand and identity

- **50,000+** people engaged in the Global Auckland project to define a new global identity for the region
- **325,000+** video views of *Beyond Your Backyard* domestic tourism campaign, creating **\$14m+** increase in spending by Aucklanders in the region during spring
- **3.7m+** visits to aucklandnz.com managed by ATEED, site named in the world's top 25 tourism websites (skift.com).