



Annual Report

For the year ended 30 June 2019





*Te Haa o Manukau,
co-working space*

*Front cover image:
Auckland Sunrise
Getty Images*

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*Sculpture
on the Gulf 2019:
Mesh by Jeff
Thompson.
Photo Pete Rees*

ATEED DELIVERS FOR AUCKLAND

\$43.9m

total GDP over year
from major and
business events
portfolio

\$103m

direct contribution to
regional GDP from
activity secured
during the year

Launched
**Go with
Tourism**,
attracting 170
employers and more
than 700 youth by
year-end

140+

innovative
businesses in
GridAKL, Wynyard
Quarter

More than

200

businesses at
Tripartite 2019 in
Auckland

77%

of long-term
customers/partners/
stakeholders
extremely or very
satisfied with
interactions with
ATEED

932

businesses through
the Regional
Business Partner
Network programme

617

Council film permits
issued

3,000+

businesses
benefitted from an
ATEED programme
or intervention

Statement from the Chairman



These are exciting times for Auckland as we journey along the 'Road to 2021' – a milestone year that will feature major world events coming to our city and which will bring with them a global spotlight on our region.

The hosting of the 36th America's Cup (AC36) and APEC2021 Leaders Week will bookend a year full of major cultural, business, and sporting events across our region.

Amid an unprecedented period of growth, the city's waterfront is being transformed for AC36; the skyline is peppered by cranes. About \$50 billion is being invested by the public and private sector in major infrastructure to help our region fulfil its economic potential.

As Auckland's economic development agency, ATEED this year played a crucial role in establishing multi-agency projects that will deliver Auckland's involvement in AC36 and APEC21. The emphasis for ATEED is to ensure we seize the opportunities 2021 will provide to connect with global markets and showcase Auckland as an innovative, globally competitive city that attracts and retains talented and skilled people.

We believe in Auckland's potential to take its place as a truly global city. ATEED drove a city wide collaboration which resulted in the breadth of Auckland's 2019 New Year's Eve activities – including Wondergarden and the first New Year's Eve Vector Lights display on Auckland Harbour Bridge – being shown around the world by international media as the first major city in the world to welcome in the new year; and we are chairing the steering group driving Council's response to UNESCO's 2018 recognition of Auckland as a Creative City of Music.

In partnership with central government and Auckland Council agencies, and the private sector, we are focused on transforming Auckland while also promoting Māori economic outcomes, helping the economic development of Council's priority transformation areas of Auckland's south and west, and on economic growth that can be sustained in the long term and benefits both current and future generations.

We are also focusing on work that attracts international investment to our region and delivers the key priorities of the *Destination AKL 2025* strategy which is creating a more sustainable future for Auckland in collaboration with a united industry.

While a major priority is the 'Road to 2021', we are looking beyond where that road will take us, to the longer-term future. While Auckland has world-class advanced industries, from food and beverage to screen production, emerging technologies are set to create risks and opportunities for Auckland's businesses, workers and communities. We are collaborating with experts in the new workplaces to ensure our region is 'future ready'.

Finally, I would like to acknowledge ATEED's founding chair David McConnell who finished his tenure in November 2018. David contributed hugely to our region through his astute leadership of ATEED from its inception in 2010 and handed over a strongly performing organisation aligned to support Council's vision for a world-class city where talent wants to live.

I am proud to present our 2018/19 annual report and thank the ATEED team for its significant ongoing contribution to Auckland's economic development.

A handwritten signature in black ink, appearing to read 'Mark Franklin'. The signature is stylized and fluid.

Mark Franklin

ATEED Chairman

Statement from the Chief Executive



The four winds of Auckland – Ngā Hau e Whā o Tāmaki Makaurau – is the metaphor which connects ATEED to our people and place, inspires the work we do across our region, and describes our city’s connections to the Asia-Pacific and the world.

At the heart of our work is the knowledge of our heritage as a bi-cultural nation and city, and the principles of kotahitanga (one shared purpose), manaakitanga (hospitality and support), and kaitiakitanga (guardianship). That knowledge allows us to be clear about who we are as an organisation, and why we are here.

Supporting Māori economic growth across our region is one of our three underlying priorities. We work with Māori communities – directly and through partners – to identify economic potential and focus our resources on unlocking that potential.

This year, there were some excellent examples of real progress. Nearly 250 Māori businesses went through one of our programmes or benefitted from an ATEED intervention, and the Whāriki Māori Business Network we coordinate grew strongly as more people recognised its value. We are excited about the potential benefits for Māori entrepreneurs from the opening of Te Haa o Manukau, a co-working space where people can gather to work on creative tech projects while sharing ideas, equipment, and knowledge.

During the highly successful 2019 Tripartite event, about 20 of the more than 200 participating local companies identified as Māori-owned. The delegates from Los Angeles and Guangzhou spoke highly – both during the May event and in the post-event survey – of being able to connect with Māori culture and businesses via the traditional welcome and Whāriki Māori Business Network functions.

While the previous financial year was about reviewing our operation, redefining our purpose, and re-aligning our structure to enable us to deliver newly developed key strategies, this year was about action.

A world-class city that attracts investment, attracts and retains talented people, and where prosperity is shared by all, requires a world-class economic development agency. I am determined to lift our performance to deliver the important elements of Auckland Council’s transformational aspirations that are within our mandate.

In the destination space, the tourism skills campaign – designed to attract more young people into tourism jobs – launched this year shifted the dial for that industry and is a great example of our ability to partner, and our multi-disciplinary approach within ATEED to delivering effective solutions; our projects to lead the development of an effective destination narrative for Auckland, and a new winter festival, are equally important.

In economic development, we are being more specific about the industries which are crucial for Auckland’s future prosperity, including creative industries, and food and beverage. In particular, we are more focused on how we can work with those industries and external partners to deliver quality jobs into particular Auckland communities.

From the success of the Tripartite 2019 event, which created great opportunities for Auckland businesses to engage with potential customers and partners in the alliance cities of Los Angeles and Guangzhou, to our support for Auckland’s thriving screen production sector – which hosted several major international productions during the year – it was another strong year of delivering effective economic development programmes for our region.

This financial year, we released the *Auckland Major Events Strategy 2018-2025*, setting out what Auckland needs from the events sector to support the *Destination AKL 2025* strategy.

There have been significant changes to the major events sector since Auckland's first cohesive events strategy was released in 2011. The new strategy addresses the increased sophistication and capability of events in the region and the wider international events landscape. The strategy also acknowledges the important role AC36 will play in driving Auckland's approach to events through to 2021.

Auckland's major events activity will complement and interrelate with ATEED's other destination work programmes, encompassing tourism, business events and international education – ensuring all contribute to the goals of *Destination AKL 2025* and the region's economic development.

ATEED will continue to design and deliver Auckland's major cultural festivals, and there will be funding support for major events through clear new criteria.

This financial year, we oversaw the final distribution of the World Masters Games 2017 Legacy Fund, which represented the event surplus of \$831,000. Grants were made to all 28 of the local sports associations that took part in the games, along with community groups with projects aligned with the games' motto: 'For the love of sport'.

At year end, ATEED divested its shareholding in the food and beverage innovation entity New Zealand Food Innovation Auckland Ltd, trading as The FoodBowl – Te Ipu Kai in Manukau, to its joint venture partner Callaghan Innovation. ATEED will maintain an effective relationship with The FoodBowl and continue to support the food and beverage sector through other targeted programmes.

There was pride for ATEED when at the start of June 2019, Pam Ford – our General Manager Economic Development - became the first woman Chair of the newly constituted Economic Development New Zealand (EDNZ). In March, Michael Brook – a screen industry veteran and respected Manager Creative Industries – stood down after two years as Chair of the Regional Film Offices of New Zealand.

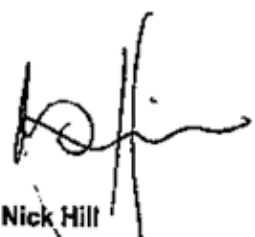
Auckland's reputation as a leading innovator in the global economic development community was once again recognised during the year with ATEED winning five International Economic Development Council (IEDC) and three Economic Development New Zealand (EDNZ) awards.

Auckland's Tripartite Economic Alliance 2017 summit business programme, established by ATEED and Auckland Council to help Kiwi exporters trade in Chinese and American markets, won a bronze IEDC award and two EDNZ awards – 'Best Practice Integrated Strategic Planning' and the overall '2018 MBIE Premier Award'.

The DIGMYIDEA Māori innovation Challenge, which aims to entice more Māori into the thriving technology sector, also won IEDC bronze, along with the EDNZ 'Best Practice Award for Innovation'.

The IEDC also awarded gold to the BuildAKL campaign which focused on using social media to attract young Aucklanders into the booming construction and infrastructure sector; bronze to the Auckland Growth Monitor & Auckland Index – tools which form a platform for data and insights on Auckland's economy and increase the city's profile and standing as a business destination; and a bronze for Kumeu Film Studios, a successful public-private partnership which is the backbone of our region's billion dollar screen production industry.

Each of our award-winning programmes are good examples of ATEED's focus on delivering innovative and quality outcomes for Auckland's economy.



Nick Hill
Chief Executive

Directors' report

The Board of Directors have pleasure in presenting the annual report of Auckland Tourism, Events and Economic Development Limited, incorporating the financial statements, statement of service performance and the auditors' report, for the year ended 30 June 2019.

The Annual Report was authorised for issue by the board of ATEED on 27 August 2019. Neither Auckland Council nor ATEED Board has the power to amend the financial statements once adopted.



A handwritten signature in black ink, appearing to read 'M. Franklin'.

Mark Franklin

Chairman



A handwritten signature in black ink, appearing to read 'S. McCutcheon'.

Stuart McCutcheon

Director

Independent Auditor's Report

To the readers of Auckland Tourism, Events & Economic Development Limited's financial statements and performance information for the year ended 30 June 2019

The Auditor-General is the auditor of Auckland Tourism, Events & Economic Development Limited (the Company). The Auditor-General has appointed me, David Walker, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and the performance information of the Company, on his behalf.

Opinion

We have audited:

- the financial statements of the Company on pages 19 to 47, that comprise the statement of financial position as at 30 June 2019, the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the Company on pages 49 to 53.

In our opinion:

- the financial statements of the Company on pages 19 to 47:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2019; and
 - its financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand in accordance with the Public Benefit Entity Standards; and
- the performance information of the Company on pages 49 to 53 presents fairly, in all material respects, the Company's actual performance compared against the performance targets and other measures by which performance was judged in relation to the Company's objectives for the year ended 30 June 2019.

Our audit was completed on 27 August 2019. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities relating to the financial statements and the performance information, we comment on other information, and we explain our independence.

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors for the financial statements and the performance information

The Board of Directors is responsible on behalf of the Company for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand. The Board of Directors is also responsible for preparing the performance information for the Company.

The Board of Directors is responsible for such internal control as it determines is necessary to enable it to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, the Board of Directors is responsible on behalf of the Company for assessing the Company's ability to continue as a going concern. The Board of Directors is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Board of Directors intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors' responsibilities arise from the Local Government Act 2002.

Responsibilities of the auditor for the audit of the financial statements and the performance information

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of these financial statements and the performance information.

For the budget information reported in the financial statements and the performance information, our procedures were limited to checking that the information agreed to the Company's statement of intent. We did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- We evaluate the appropriateness of the reported performance information within the Company's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify in our audit. Our responsibilities arise from the Public Audit Act 2001.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included on pages 5 to 9, 14 to 17 and 54 but does not include the financial statements and the performance information, and our auditor's report thereon. Our opinion on the financial statements and the performance information does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements and the performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the performance information or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the Company in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): *Code of Ethics for Assurance Practitioners*, issued by New Zealand Auditing and Assurance Standards Board. Other than the audit, we have no relationship with, or interests in, the Company.



David Walker
Audit New Zealand
On behalf of the Auditor-General
Auckland, New Zealand



Highlights

2018 / 2019

Supporting the sustainable growth of the visitor economy

Following the release of the ground-breaking *Destination AKL 2025* strategy in May 2018, ATEED immediately began working with industry to successfully deliver major initiatives contained in what was the country's first regional tourism strategy based on sustainable destination management.

That included ATEED's Tourism and Skills & Workforce units collaborating to spearhead the development of a game-changing new job platform to address the growing skills shortages facing tourism, which is New Zealand's largest export industry.



The *Go with Tourism* platform launched in April 2019 is designed to shift perceptions many young people have about careers in tourism. It provides a platform to connect talent with quality employers within the tourism industry, and employers with the right resources to attract and retain talent. There is a strong focus on pathway opportunities for Māori and Pasifika youth.

The development of *Go with Tourism* involved an industry steering group and followed a nationwide research project led by ATEED and Tourism Industry Aotearoa to discover what New Zealanders, particularly young people, thought about working in tourism. The research found both youth and parents did not understand opportunities within tourism and there were a number of perceived barriers.

By year-end, more than 700 young people had registered their interest, and more than 170 employers were ready to be matched with job seekers. The first person employed through the platform was announced on 24 May.

Another *Destination AKL 2025* priority was the development of a compelling Auckland winter festival which would promote sustainable tourism growth by encouraging visitation more evenly throughout the year, and dispersing visitors across the region.

ATEED worked with events, entertainment and hospitality experts to put together the inaugural *Elemental AKL* festival which was announced in April 2019. The July festival featured a diverse programme of more than 60 free and ticketed events across the themes of light, food, entertainment, and culture.

Another key deliverable in *Destination AKL 2025* was for ATEED to lead the development of a new destination narrative and positioning for Auckland which will form the basis of the region's future destination marketing approach.

Guided by an industry advisory group, the project used an evidence-based approach to understand what differentiates Auckland in the competitive global market. Effective destination marketing strategies and campaigns based on the research will be developed, along with assets to help industry, media and other influencers to market Auckland consistently internationally and domestically.

ATEED is working with mana whenua, industry and central government agencies on a comprehensive programme geared to leverage the huge year of events which will take place in Auckland in 2021.



The Tourism team worked on an innovative Auckland visitor experience app for the influential China-based social media platform WeChat. The app was launched at the Auckland Lantern Festival and features what is thought to be the world's first real-time live-chat function on WeChat so that Chinese-speaking residents can share their local knowledge and experiences with potential tourists, friends and family in China.

ATEED also forged a partnership aimed at attracting more high-value Chinese visitors to New Zealand during shoulder and off-peak seasons with UnionPay International Co. Ltd (UPI) – the world's largest bankcard scheme – and Immigration New Zealand.

Chinese visitors are New Zealand's second largest international tourism market and significant contributors to Auckland's visitor economy. The partnership aims to increase visitation by high-value Chinese free and independent travellers, adding benefit to ATEED's tourism partners and enhancing the quality and delivery of existing tourism products and services. In collaboration with Auckland tourism suppliers, ATEED will produce unique and sustainable Auckland tourism packages for high-value UPI cardholders.

Another key strategic focus area in *Destination AKL 2025* is around ATEED and the industry needing to be more data-led and digitally focused in destination marketing. This led to the Tourism team optimising its digital marketing efforts targeting the short-break Australian holiday market and driving a significant growth in engagement to aucklandnz.com.

One of the outputs from the priority of developing and using data to better inform destination management and marketing decisions was instigating an Auckland Visitor Survey. This includes qualitative research asking visitors at 20 survey sites throughout Auckland about their perceptions and experiences in the region. This includes information such as where they are staying for how long, what activities have they done, and what transport they have used. A sample of 800 people is analysed each quarter, and the data used to track progress.

This year, ATEED's Study Auckland team – which is focused on improving the experience international students have while in Auckland, and on working with industry partners to ensure skilled international graduates have pathways into Auckland jobs – continued to deliver its highly successful Rukuhia Youth Leadership Programme in partnership with Ngāti Whatua Ōrākei and Education New Zealand.

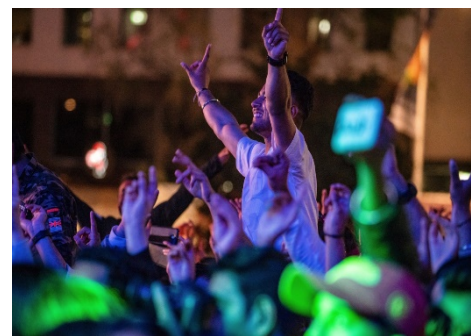
The experiential programme has given hundreds of international students a deeper understanding of the region's Māori culture.

Another highlight was the inaugural Global Talent Showcase held in September 2018, with four winning international students securing sought-after internships at the leading Auckland businesses EY, Globex Engineering, Douglas Pharmaceuticals, and Southern Spars. Initiated by Study Auckland and HR consultancy Talent Solutions, the competition attracted more than 140 entries, and helped highly talented international students connect with employers. The 16 finalists hailed from Russia, Latin America, China, Sweden, Korea, Pakistan, India and Indonesia.

ATEED supported a diverse annual portfolio of major sporting and cultural events, from the ITM Auckland SuperSprint 2018, to the PopUp Globe. ATEED again delivered the Auckland Lantern Festival and Auckland Diwali Festival, but regrettably had to cancel the Pasifika Festival for logistical reasons in the wake of the Christchurch mosque attacks.

In addition, ATEED's Auckland Convention Bureau worked with its membership and industry partners to win more than 100 business events opportunities for Auckland that will bring an estimated total visitor spend of \$27.3m and 67,243 visitor nights. Approximately half of these wins involve Australian and other international organisations.

Together, major and business events in 2018/19 that were invested in, or supported by, ATEED on behalf of Council delivered \$43.9m in GDP and 295,282 new visitor nights.

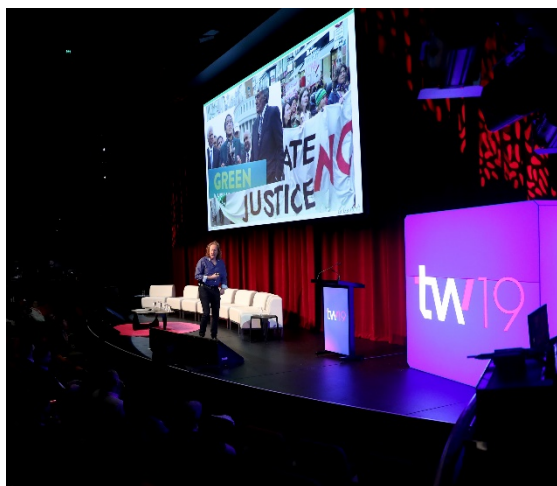


Aotea Square, Diwali Festival 2019

Economic Development – supporting business and investment attraction, business growth, innovation and skills

The Nearly 100 international delegates and more than 250 local delegates representing 209 local companies attended Tripartite 2019 in May. It was Auckland's second hosting of the Tripartite Economic Alliance partner cities of Los Angeles and Guangzhou.

The two-day event was scheduled to coincide with Techweek19 to put an international spotlight on Auckland's dynamic tech sector. The programme included an innovation showcase and panel discussions, networking events, site visits to local screen post-production companies, and an event to highlight the region's Māori businesses to the international guests.



There was a significant trilateral agreement signed by the three cities on Pacific Rim emergency preparedness, and Tripartite 2019 saw agreements signed between Chinese and local companies to pursue mutual opportunities including: the R&D and promotion of infant formula and nutrition powders; beverage distribution; an e-commerce cross-border logistics project; technology transfer, innovation and high-level staff training; and food labelling to ensure traceability from source to consumer.

Statistics New Zealand confirmed Auckland's screen production industry again earned a billion dollars' gross revenue in 2017/18¹ and that strength was reflected in solid international bookings for Auckland studios including Council-operated Kumeu Film Studios and Auckland Film Studios this year.

In addition to supporting the region's world-class production and post-production businesses and crew by helping to attract international projects, ATEED is focused on ensuring the industry has the capability to deliver what productions need and talented young people have pathways into screen jobs.

Techweek 19

This year, ATEED formed a unique partnership with the producers of the long-running hit TV series *Power Rangers* to create an exciting opportunity for talented students from AUT, SAE and Unitec to learn first-hand what it takes to work in the region's thriving screen industry.

Fifteen series of *Power Rangers*, which is seen in more than 150 markets, have been filmed in Auckland since 2002, creating jobs and a significant boost to the regional economy. The pilot skills development and job pathways programme involved 11 trainees and a series of group workshops on specialist topics led by Power Rangers Productions experts during production on the latest series *Power Rangers Beast Morphers*.

¹ Screen industry survey 2017/18 - Statistics NZ <https://www.stats.govt.nz/information-releases/screen-industry-201718>

ATEED facilitated a range of international investment into Auckland including a pipeline of television and feature film productions, hotels and large-scale retailers including IKEA and Costco, which both announced investments in Auckland operations.

ATEED is involved in a multi-agency strategy to regenerate Manukau and that included collaborating on Te Haa o Manukau, a co-working space where people can gather to work on creative tech projects while sharing ideas, equipment, and knowledge.

Based in the heart of Auckland's southern commercial hub, the two-level Te Haa o Manukau opened in September 2018 – a flagship project of Council's The Southern Initiative. It is also supported by Pānuku Development Auckland, and is operated by social enterprise Ngahere Communities in partnership with corporate, academic, philanthropic and community based organisations which link creative and budding Pasifika and Māori entrepreneurs with pathways into emerging industries.

ATEED's support for small business saw more than 1400 companies engaged by ATEED's Business and Enterprise team during the year, including 79 Māori business owners. About \$1.87m of the NZTE Regional Business Partner Network capability vouchers and \$3.52m of Callaghan Innovation R&D grants were issued through ATEED's delivery across Auckland – helping to drive innovation and increase the capability of the region's businesses.

ATEED recognised there were no initiatives in Auckland that could introduce, educate and upskill small-to-medium enterprises about practical ways to be more environmentally sustainable. So it initiated the Business Sustainability Kick-Start pilot for businesses in the Albert-Eden Local Board area, in collaboration with Green Business HQ. The 10 businesses selected for the pilot looked at solutions including sustainable procurement, pollution prevention, minimising waste, energy efficiency, sustainable transport, logistics and carbon emissions, and each achieved some great outcomes – from reducing waste to landfill, to putting in plans to move to a fully electric car fleet.



Delegates at Tripartite19 Summit

In the Ōtara-Papatoetoe Local Board area, ATEED worked with the Sustainable Business Network to deliver an introductory environmental sustainability programme for retail businesses – with 66 businesses taking part in events that raised awareness of sustainability issues, encouraged more sustainable practices and gave them basic action plans.

ATEED, in partnership with the Ministry of Social Development, Pop-Up Business School Aotearoa and the region's local boards, supported three Pop-Up Business Schools during the year – in New Lynn, Albany and Manukau.

The free two-week intensive, hands-on courses provided participants with essential skills and confidence to start their own business or support those new to running a business.

Support for industries where there are skills shortages is a major focus for ATEED, and in addition to the *Go with Tourism* programme and the partnership with Power Rangers Productions, the *Auckland. We're Hiring* campaign ran from January to March 2019 to attract high-skilled offshore construction and technology talent. The campaign resulted in 2295 job applications.

ATEED is delivering several work streams – across business and employer engagement, and marketing – for two new jobs and skills hubs. The Manukau and Northern hubs are being developed following the success of the CBD Jobs & Skills Hub, which was also supported by ATEED. The hubs are led by the Ministry of Business, Innovation and Employment and partner with industries such as construction where employers struggle to find staff.

More than 250 attended the 2019 Future Ready Summit which brought together experts, employers, industry, education providers and youth to prepare for the future of work in Tāmaki Makaurau. ATEED released insights from research into the region's future skills needs, and the risks and opportunities that emerging technologies create for Auckland's businesses and people. The research highlighted that projected population growth will drive new jobs for the next decade in most industries, particularly construction, professional services, health care, food service and education.



The GridAKL community based around the Council-founded innovation precinct at Wynyard Quarter continued to thrive this year with highlights including the first InnovateAKL project – the Smart Cities Challenge – and activities at the Hatchbox Public Innovation lab in the Madden St building all supporting the precinct's international reputation and the region's standing as an Asia-Pacific innovation hub.

GridAKL, Madden Street



Financial statements

Statement of comprehensive revenue and expense

For the year ended 30 June 2019

		ATEED	GROUP
	Notes	2019	2018
		\$'000	\$'000
REVENUE			
Service and other revenue	4	69,771	71,815
Interest Revenue		43	76
Total revenue		69,814	71,891
EXPENDITURE			
Personnel costs	6	(20,900)	(21,486)
Depreciation and amortisation	11,12	(3,115)	(2,633)
Finance Costs		(9)	(51)
Other expenses	7	(47,648)	(41,786)
Total expenditure		(71,672)	(65,956)
Share of joint venture's surplus/(loss)	5	(89)	(77)
Surplus / (Loss) before tax		(1,947)	5,858
Income tax expense	8	-	-
Profit from continuing operations		(1,947)	5,858
Surplus / (Loss) after tax		(1,947)	5,858
OTHER COMPREHENSIVE REVENUE AND EXPENSE			
Cash flow hedge	18	-	142
Total comprehensive revenue and expense for the year		(1,947)	6,000
PROFIT IS ATTRIBUTABLE TO:			
Equity holders of Auckland Tourism, Events and Economic Development Limited		(1,947)	5,858
TOTAL COMPREHENSIVE REVENUE AND EXPENSE FOR THE YEAR IS ATTRIBUTABLE TO:			
Equity holders of Auckland Tourism, Events and Economic Development Limited		(1,947)	6,000

The notes to the financial statements form part of, and should be read in conjunction with, these financial statements. Explanations of major variances against budget are provided in Note 27. The 2018 comparative numbers in the 2019 Annual Report are the Group numbers. The difference with the ATEED numbers is not material.

Statement of changes in equity

For the year ended 30 June 2019

		ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY			
		Contributed equity	Reserve accounts	Accumulated funds	Total equity
GROUP	Notes	\$'000	\$'000	\$'000	\$'000
Balance as at 1 July 2017		4,376	(142)	11,399	15,633
COMPREHENSIVE REVENUE AND EXPENSE					
Profit or loss for the year		-	-	5,858	5,858
OTHER COMPREHENSIVE REVENUE AND EXPENSE					
Cash flow hedge	18	-	142	-	142
Total comprehensive revenue and expense		-	142	5,858	6,000
OTHER EQUITY MOVEMENTS					
Transfer to World Masters Games Reserve	18	-	563	(831)	(268)
Balance as at 30 June 2018		4,376	563	16,426	21,365
ATEED					
Balance as at 1 July 2018		4,376	563	16,426	21,365
COMPREHENSIVE REVENUE AND EXPENSE					
Profit or loss for the year		-	-	(1,947)	(1,947)
OTHER COMPREHENSIVE REVENUE AND EXPENSE					
Cash flow hedge	18	-	-	-	-
Total comprehensive revenue and expense		-	-	(1,947)	(1,947)
OTHER EQUITY MOVEMENTS					
Adjusted for prior years STAT Account Rounding	18	1	-	35	36
Payments to approved sporting bodies	18	-	(563)	-	(563)
Balance as at 30 June 2019		4,377	-	14,514	18,891

The notes to the financial statements form part of, and should be read in conjunction with, these financial statements. Explanations of major variances against budget are provided in Note 27. The 2018 comparative numbers in the 2019 Annual Report are the Group numbers. The difference with the ATEED numbers is not material.

Statement of financial position

As at 30 June 2019

		ATEED	GROUP
	Notes	2019	2018
		\$'000	\$'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		318	1,084
Debtors and other receivables	10	19,996	10,763
Total current assets		20,314	11,847
NON-CURRENT ASSETS			
Property, plant and equipment	11	18,147	18,135
Intangible assets	12	4	24
Investment in other entities	16	-	2,018
Total non-current assets		18,151	20,177
Total assets		38,465	32,024
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	13	14,237	5,505
Employee entitlements	14	1,600	1,411
Provisions	15	879	804
Total current liabilities		16,716	7,720
NON-CURRENT LIABILITIES			
Trade and other payables	13	2,808	2,936
Employee entitlements	14	-	3
Provisions	15	50	-
Total non-current liabilities		2,858	2,939
Total liabilities		19,574	10,659
Net assets		18,891	21,365
EQUITY			
Contributed equity	17	4,377	4,376
Reserves	18	-	563
Accumulated funds	18	14,514	16,426
Total equity		18,891	21,365

The notes to the financial statements form part of, and should be read in conjunction with, these financial statements. Explanations of major variances against budget are provided in Note 27. The 2018 comparative numbers in the 2019 Annual Report are the Group numbers. The difference with the ATEED numbers is not material.

Statement of cash flows

For the year ended 30 June 2019

		ATEED	GROUP
	Notes	2019	2018
		\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		43	76
Receipts from council funding, customers and other services		62,853	73,576
Payments to suppliers and employees		(60,639)	(67,557)
Goods and services tax received from / (paid to) IRD		110	(458)
Other cash flows from operating activities		4	(38)
Net cash from operating activities	19	2,371	5,599
CASH FLOWS FROM INVESTING ACTIVITIES			
Disposals/(purchases) of property, plant and equipment	11	(3,138)	(7,806)
Other cash flows from investing activities		-	(6)
Net cash from investing activities		(3,138)	(7,812)
CASH FLOWS FROM FINANCING ACTIVITIES			
Other cash flows from financing activities		1	(113)
Net cash from financing activities		1	(113)
Net increase/(decrease) in cash and cash equivalents		(766)	(2,326)
Cash and cash equivalents at the beginning of the period		1,084	3,410
Cash and cash equivalents at end of the year		318	1,084

The GST component of cash flows from operating activities reflects the net GST paid to and received from the Inland Revenue. The GST component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes and to be consistent with the presentation basis of the other primary financial statements.

The notes to the financial statements form part of, and should be read in conjunction with, these financial statements. Explanations of major variances against budget are provided in Note 27. The 2018 comparative numbers in the 2019 Annual Report are the Group numbers. The difference with the ATEED numbers is not material.



Notes to the financial statements

1 General information

Reporting Entity

Auckland Tourism, Events and Economic Development Limited (ATEED) is a Council controlled organisation (CCO) of the Auckland Council and is domiciled in New Zealand. ATEED's principle address is 167b Victoria Street West, Auckland 1010.

In 2019 the Group consisted of the parent, ATEED and a 33.3% equity share of its joint venture New Zealand Food Innovation Auckland Limited (NZFIA) which was equity accounted into the group financial statements. ATEED transferred one third of the ownership of NZFIA to Callaghan Innovation Limited on 28 June 2019 (note 2.2 and 17.1).

The 2018 comparative numbers in the 2019 Annual Report are the Group numbers. The difference with the ATEED numbers is not material.

ATEED has a strong focus on working with a range of public and private sector partners to support the growth of quality jobs for all Aucklanders, and help make Auckland a desirable place to live, work, visit, invest and do business. This has been achieved by developing Auckland's culture of innovation and entrepreneurship recognising that innovation is a crucial driver of sustained revenue and business growth. Additional areas of focus include raising Auckland's international profile, developing improved international connectivity through trade, and driving the attraction of new business and investment. Today ATEED both leads and supports Auckland Council's interventions in local board economic development, screen attraction, tourism, major events, Auckland Convention Bureau, international students, innovation and entrepreneurship, and business attraction and investment.

As ATEED does not have the primary objective of making a financial return, ATEED is designated as a public benefit entity and applies New Zealand Tier 1 Public Benefit Entity Accounting Standards (PBE Accounting Standards).

The financial statements of ATEED are for the year ended 30 June 2019. The financial statements were authorised for issue by the Board of Directors on the date they were signed.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements have been prepared on the going concern basis, and the accounting policies have been applied consistently throughout the period.

Statement of compliance

The financial statements of ATEED have been prepared in accordance with the requirements of section 69 of the Local Government Act 2002 and the Companies Act 1993, which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP).

These financial statements have been prepared in accordance with NZ GAAP.

They comply with PBE Accounting Standards.

ATEED has designated itself as a public benefit entity (PBE) for financial reporting purposes.

Measurement base

These financial statements have been prepared under the historical cost convention except for financial instruments.

Presentation currency and rounding

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$'000).

Implementation of amended standards

Auckland Council, and therefore ATEED has early adopted all of the requirements of PBE IFRS 9 Financial instruments (PBE IFRS 9) as of 1 July 2018. PBE IFRS 9 supersedes part of PBE IPSAS 29 Financial Instruments: Recognition and Measurement (PBE IPSAS 29). PBE IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities and relaxes current requirements for hedge accounting. There was no material impact to the financial statements of ATEED.

All other standards, interpretations and amendments approved but not yet effective in the current year are either not applicable to ATEED or are not expected to have a material impact on the financial statements and, therefore, have not been disclosed.

2.2 Consolidation

Joint Ventures

ATEED transferred its interest in its joint venture New Zealand Food Innovation Auckland Limited (NZFIA) on 28 June 2019 and this note is for comparative purposes only.

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. Joint control is the contractually agreed sharing of control over an economic activity whereby no party to the agreement is able to act unilaterally to control the activity of the entity. For jointly controlled operations, ATEED recognises in its financial statements, the assets it controls, expenses it incurs, and the share of revenue that it earns from the joint venture.

The Group financial statements recognises the investment retained in New Zealand Food Innovation Auckland Limited (NZFIA) using the equity method.

2.3 Foreign currency translation

Foreign currency transactions (including those for which foreign exchange contracts are held) are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in the statements of comprehensive revenue.

2.4 Property, plant and equipment

Property, plant and equipment consists of fitout for leased premises, plant and machinery, computer equipment, furniture, fittings and equipment and capital work in progress.

Initial recognition

Property, plant and equipment is shown at cost, less accumulated depreciation and impairment losses, if any. In the case of the assets acquired by ATEED on establishment at 1 November 2010, cost was the carrying value of the asset by the disestablished Council or disestablished CCO.

Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to ATEED and the cost of the item can be measured reliably.

Plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the surplus or deficit in the Statement of Comprehensive Revenue and Expense. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to accumulated funds.

Depreciation

Depreciation on all property, plant and equipment, apart from land, is provided on a straight line basis at rates that will write off the cost of the assets to their estimated residual values over their useful lives. The residual value and remaining useful life of an asset is reviewed, and adjusted if applicable, at each financial period end. The useful lives of major classes of assets have been estimated as follows:

<u>Class of asset depreciated</u>	<u>Estimated useful life (years)</u>
• Leased Assets	1-14
• Plant and machinery	1-15
• Computer equipment	1-8
• Furniture, fittings and equipment	1-15

Capital work in progress

Capital work in progress is recognised at cost less impairment and is not depreciated. The total cost of a project is transferred to the relevant asset class on its completion and then depreciated.

Carrying amount

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. As a CCO, revaluation occurs in line with the Group valuation policy, with a review occurring at least every three years.

2.5 Intangible assets

Computer software

Acquired computer software licences are capitalised based on the costs incurred to acquire and bring to use. Costs are amortised using the straight line method over their estimated useful lives (1 to 8 years).

Costs directly associated with the development of identifiable and unique software products for internal use are recognised as an intangible asset to the extent it is probable such costs are expected to be recoverable.

Computer software development costs recognised as assets are amortised using the straight line method over their estimated useful lives (not exceeding 3 years).

2.6 Impairment of non-financial assets

At each balance date ATEED reviews the carrying amounts of its other tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Where it is not possible to estimate the recoverable amount of an individual asset, ATEED estimates the recoverable amount of the cash generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash generating units; otherwise, they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable value. An impairment loss is recognised immediately in surplus or deficit.

2.7 Investments and other financial assets

Financial assets

Financial assets are initially measured at fair value plus transaction costs.

Purchases and sales of financial assets are recognised at trade date, this being the date on which ATEED commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and ATEED has transferred substantially all the risks and rewards of ownership.

ATEED's financial assets consists of receivables. Receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the balance date, which are included in non current assets. After initial recognition receivables are carried at amortised cost using the effective interest rate method less impairment if any. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit in the Statement of Comprehensive Revenue and Expense.

2.8 Impairment of financial assets

Financial assets are assessed for evidence of impairment at each balance date. Impairment losses are recognised in the surplus or deficit in the Statement of Comprehensive Revenue and Expense. Impairment is established when there is evidence that ATEED will not be able to collect amounts due according to the terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership or liquidation and default in payments. Non payment and continued non response from the debtor to the group collection process are indicators that the asset is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. For debtors and other receivables, the carrying amount of the asset is reduced through the use of a provision for doubtful debts. When the receivable is uncollectible, it is written off against the allowance account. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the surplus or deficit in the Statement of Comprehensive Revenue and Expense.

2.9 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value, and bank overdrafts.

2.10 Debtors and other receivables

Debtors are amounts due from customers. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non current assets.

Debtors and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

When a receivable for which the provision for impairment has been recognised becomes uncollectible in a subsequent period, it is written off against the provision for impairment of receivables. Subsequent recoveries of amounts previously written off are credited to 'other revenue' in the surplus or deficit in the Statement of Comprehensive Revenue and Expense.

2.11 Creditors and other payables

Creditors and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Creditors and other payables are initially measured at fair value and subsequently measured at amortised cost, using the effective interest method.

2.12 Current and deferred income tax

Income tax expense in relation to the surplus or deficit for the period comprises current tax and deferred tax.

Deferred tax is recognised on the temporary difference between the carrying amount of assets and liabilities and their taxable value. Deferred tax assets are not recognised unless recovery is considered probable.

As a member of the Auckland Council Consolidated Group, any tax liability of members of the group are offset against losses available from other group member(s), so that no tax is payable by ATEED.

2.13 Goods and Services Tax (GST)

All items in the financial statements are stated exclusive of GST, except for debtors and other receivables and creditors and other payables, which are presented on a GST inclusive basis. Where GST is not recoverable as an input tax, it is recognised as part of the related expense or asset.

The net amount of GST recoverable from, or payable to, the Inland Revenue is included as part of receivables or payables in the Statement of Financial Position.

2.14 Employee entitlements

Short Term Employee entitlements

Employee benefits that ATEED and Group expects to be settled within 12 months of balance date are measured at accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, and long service entitlements expected to be settled within 12 months.

Superannuation Schemes

Obligations for contributions to KiwiSaver are accounted for as defined contribution superannuation schemes and are recognised as an expense in the surplus or deficit in the Statement of Comprehensive Revenue and Expense when they are incurred.

2.15 Revenue recognition

Revenue is comprised of exchange and non-exchange transactions. Exchange transaction revenue arises when one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value in exchange.

Non-exchange transaction revenue arises from transactions without an apparent exchange of approximately equal value. Non-exchange revenue includes rates, grants and subsidies, and fees and user charges derived from activities that are partially funded by rates.

Revenue is measured at the fair value of consideration received or receivable. The specific accounting policies for significant revenue is explained below:

Funding from Auckland Council

Funding is recognised as revenue upon entitlement based on the eligibility of expenditure in accordance with the Statement of Intent between ATEED and Auckland Council.

Grants and Sponsorships Received

Council, government, and non government grants and sponsorships are received as assistance for specific purposes and these grants or sponsorships usually contain restrictions on their use. They are recognised as revenue when they become receivable unless there is an obligation to return the funds if conditions of the grant or sponsorship agreement are not met. If there is such an obligation, the grants or sponsorships are initially recorded as grants or sponsorships received in advance and recognised as revenue when conditions of the contract are satisfied.

Rental Revenue

Rental revenue from operating leases is recognised as revenue on a straight line basis over the lease term.

Commission Revenue

ATEED no longer receives commission revenue and this note is for comparative purposes only. Commission revenue on voucher sales is recognised as the net of voucher sale proceeds, less costs payable by ATEED to the supplier of services specified on the voucher.

Provision of Services

Provision of services are recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the the basis of the actual service provided as a proportion of the total services to be provided.

Goods or Services Revenue

Revenue from the sale of goods or services is recognised when a product is sold or service is provided to the customer. The recorded revenue is the gross amount of the sale, including credit card fees payable for the transaction. Such fees are included in other expenses.

Interest Revenue

Interest revenue is recognised on a time proportion basis using the effective interest method.

2.16 Leases

ATEED as Lessee

ATEED leases property, plant and equipment. Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the surplus or deficit in the Statement of Comprehensive Revenue and Expense on a straight line basis over the period of the lease.

ATEED as Lessor

ATEED subleases property to third parties under operating leases. Rental revenue (net of any incentives given to lessees) is recognised on a straight line basis over the lease term.

2.17 Provisions

ATEED recognises a provision for future expenditure of uncertain amount or timing when:

- There is a present obligation (legal or constructive) as a result of past events
- It is probable that expenditures will be required to settle the obligation, and
- A reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense and is included in "finance expenses".

2.18 Equity

Equity is the Auckland Council's interest in ATEED, being a council controlled organisation, as measured by total assets less total liabilities. Equity has been classified into various components to identify those portions of equity held for specific purposes. The components of equity are:

- Accumulated funds
- Contributed equity
- Restricted Reserve

Contributed equity represents the transfer of assets on establishment of ATEED. The restricted reserve is subject to specific conditions. Transfers from this reserve may be made only for certain specified purposes or when certain specified conditions are met. ATEED's objectives, policies and processes for managing capital are discussed in Note 27.

3 Significant judgements and estimates

In preparing these consolidated financial statements ATEED has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates, judgements and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year have been included below.

Grant and sponsorship Revenue

Judgement is exercised when recognising revenue from grants or sponsorship to determine if conditions of the contract have been satisfied. The judgement will be based on the facts and circumstances that are evident for each contract.

Major Events Contracts

ATEED enters into contractual arrangements for hosting, delivering and/or sponsoring major events. Where there is a clear obligation to pay regardless of the timing and occurrence of the event, this will be recognised as an expense and liability in the year the obligation falls due.

ATEED shall use judgement to determine the likelihood of an event happening. This will consider, amongst other things, history of the event or event holder, publicity and contractual clauses. In most cases, if a contract has been entered into to provide financial support to an event, it is assumed that the event will happen.

Grant and contributions expenditure

Non discretionary grants are those grants that are awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received.

Discretionary grants are those grants where ATEED has no obligation to award on receipt of the grant application and recognised as expenditure when approved by ATEED, and approval has been communicated to the applicant. Discretionary grants awarded have no substantive conditions attached.

Estimating useful lives and residual values of property, plant, and equipment

At each balance date, ATEED reviews the useful lives and residual values of its property, plant, and equipment. Assessing the appropriateness of useful life and residual value estimates requires ATEED to consider a number of factors such as the physical condition of the asset, expected period of use of the asset by ATEED, and expected disposal proceeds from the future sale of the asset.

An incorrect estimate of the useful life or residual value will affect the depreciable amount of an asset, therefore affecting the depreciation expense recognised in the surplus or deficit and the asset's carrying amount. ATEED minimises the risk of this estimation uncertainty by:

- Physical inspection of assets
- Asset replacement programmes
- Review of second hand market prices for similar assets
- Analysis of prior asset sales.

ATEED has not made significant changes to past assumptions concerning useful lives and residual value.

4 Service and other revenue

	ATEED	GROUP
	2019	2018
	\$'000	\$'000
REVENUE FROM NON-EXCHANGE TRANSACTIONS		
Grants and subsidies	54,013	59,472
Sponsorships and other transfer revenue	3,336	5,892
Total revenue from non-exchange transactions	57,349	65,364
REVENUE FROM EXCHANGE TRANSACTIONS		
Rental, license and membership revenue	12,409	6,361
Other revenue	13	90
Total revenue from exchange transactions	12,422	6,451
Total service and other revenue	69,771	71,815

5 Other gains/(losses)

	ATEED	GROUP
	2019	2018
	\$'000	\$'000
Share of profit/(loss) of joint ventures	(89)	(77)
Total other gains/(loss)	(89)	(77)

6 Personnel costs

	ATEED	GROUP
	2019	2018
	\$'000	\$'000
Salaries and wages	20,043	20,576
Defined contribution plan employer contributions	500	528
Redundancy expense	85	535
Other staff expenses	107	38
Increase/(decrease) in employee entitlements	165	(191)
Total personnel expenses	20,900	21,486

For the year ended 30 June 2019, ATEED made severance payments to employees totalling \$67,000 (2018:\$168,000)

7 Other expenses

	ATEED	GROUP
	2019	2018
	\$'000	\$'000
Fees paid for audit services	157	118
<i>Fees paid to principal auditor</i>		
- Audit of financial statements	115	109
- Audit fees for review engagements	9	9
- Audit other items	4	
Other audit services	29	-
Service delivery contracts	2,689	2,698
Impairment of receivables	77	282
Marketing expenses ¹	7,088	7,088
Professional services	5,038	4,755
Repairs and maintenance	474	206
Utilities and occupancy	13,562	9,660
Other operating expenses ²	5,408	6,420
Directors' fees and expenses	337	351
Grant, contributions and sponsorship	10,917	10,206
Loss on sale of other assets	1,929	-
(Profit)/Loss on disposal of assets	(29)	(71)
Interest expense	-	41
Net foreign exchange loss	1	32
Total other expenditure	47,648	41,786

The auditors of the financial statements are Audit New Zealand. Other than fees in relation to the audit of the financial statements, no other remuneration was paid. Other audit services relate to a Health & Safety and a Sensitive Expenditure audit performed by various external audit firms.

8 Income tax expense/(benefit)

	ATEED	GROUP
	2019	2018
	\$'000	\$'000
COMPONENTS OF INCOME TAX EXPENSE		
Current tax expense	-	-
Total income tax expense	-	-

RELATIONSHIP BETWEEN TAX EXPENSE AND ACCOUNTING PROFIT

Net surplus/(deficit) before tax	(1,947)	5,858
Less net surplus/(deficit) from non-taxable activities	-	77
Surplus (deficit) before tax	(1,947)	5,935
Prima facie income tax at 28%	(545)	1,662
Taxation effect of permanent differences	(801)	(2,150)
Loss offset	(203)	(127)
Effect of deferred tax not recognised - current year	1,548	617
Tax credits	-	(1)
Total income tax (benefit)/expense	-	-

¹Details of all marketing expenses are published on our website (www.aucklandnz.com).

²Other operating expenses comprise mainly of operating lease expenses, travel costs, venue hire, shared service costs for services delivered by related parties and operational & software maintenance costs. Details of our travel costs are published on our website.

9 Imputation Credit Account

Auckland Council has a consolidated income tax Group. Significant entities in the Group are included with the exception of Watercare. The \$56 million (2018: \$55 million) of imputation credits relates to the consolidated financial Group. The total imputation credit available for use by each of the members of the consolidated income tax Group amount is \$25 million (2018: \$24 million).

10 Debtors and other receivables

	ATEED	GROUP
	2019	2018
	\$'000	\$'000
CURRENT RECEIVABLES FROM EXCHANGE TRANSACTIONS		
Trade receivables	3,524	2,526
Sundry receivables	742	1,716
Prepayments	339	15
Total current receivables from exchange transactions	4,605	4,257
CURRENT RECEIVABLES FROM NON EXCHANGE TRANSACTIONS		
Related party receivables	15,271	6,095
Goods and services tax	120	411
Total current receivables from non-exchange transactions	15,391	6,506
Total debtors and other receivables	19,996	10,763

Impairment

At year end, all overdue receivables are assessed for impairment and appropriate provisions applied. The status of receivables as at 30 June 2019 are detailed below:

Past due but not impaired

As at 30 June 2019, trade receivables of \$3,524,000 (2018: \$2,526,000) were due. Impairment of receivables has been provided for of \$106,000 (2018: \$232,000).

The aging analysis of trade receivables is as follows:

	ATEED	GROUP
	2019	2018
	\$'000	\$'000
Current	2,920	541
Past due 1-60 days	248	884
Past due 61-90 days	123	397
Past due 90+ days	233	703
Total current trade receivables	3,524	2,526

11 Property, plant and equipment

GROUP	1 JULY 2017			PRIOR YEAR MOVEMENTS					30 JUNE 2018		
	Cost	Accumulated depreciation & impairment charges	Carrying amount	Prior year additions	Prior year disposals	Transfers	Impairment charges	Prior year depreciation	Cost	Accumulated depreciation & impairment charges	Carrying amount
OPERATIONAL ASSETS											
<i>At cost</i>											
Leased Asset	2,839	(307)	2,532	45	(111)	13,534	-	(1,611)	16,289	(1,900)	14,389
Plant and machinery	239	(151)	88	78	-	58	-	(36)	370	(182)	188
Computer equipment	839	(580)	259	-	(5)	1,391	-	(518)	2,190	(1,064)	1,126
Furniture, fittings and equipment	2,702	(1,678)	1,024	-	(36)	1,233	-	(439)	3,523	(1,740)	1,783
Capital work in progress	8,979	-	8,979	7,906	-	(16,236)	-	-	649	-	649
Total operational assets	15,598	(2,716)	12,882	8,029	(152)	(20)	-	(2,604)	23,021	(4,886)	18,135
ATEED	1 JULY 2018			CURRENT YEAR MOVEMENTS					30 JUNE 2019		
	Cost	Accumulated depreciation & impairment charges	Carrying amount	Current year additions	Current year disposals	Transfers	Impairment charges	Current year depreciation	Cost	Accumulated depreciation & impairment charges	Carrying amount
OPERATIONAL ASSETS											
<i>At cost</i>											
Leased asset	16,289	(1,900)	14,389	49	-	2,245	-	(1,915)	18,538	(3,775)	14,763
Plant and machinery	370	(182)	188	-	-	23	-	(42)	393	(224)	169
Computer equipment	2,190	(1,064)	1,126	-	(4)	109	-	(599)	2,078	(1,445)	633
Furniture, fittings and equipment	3,523	(1,740)	1,783	-	(24)	1,355	-	(542)	4,640	(2,068)	2,572
Capital work in progress	649	-	649	3,096	-	(3,735)	-	-	10	-	10
Total operational assets	23,021	(4,886)	18,135	3,145	(28)	(4)	-	(3,098)	25,659	(7,512)	18,147

*Leased assets relate to the fitout costs for Grid AKL. There are three buildings that ATEED (as head lessees) are sub leasing (Lysaght, Madden Street and Mason Bros). The majority of additions in FY19 relate to the move of ATEED to a new office building at 167b Victoria Street. Capital expenditure funded by Auckland Council this reporting period was \$3,096,000 (2018: \$7,906,000).

12 Intangible assets

GROUP	1 JULY 2017		PRIOR YEAR MOVEMENTS					30 JUNE 2018		
	Cost	Accumulated amortisation & impairment charges	Carrying amount	Prior year additions	Prior year disposals	Transfers	Prior year amortisation	Cost	Accumulated amortisation & impairment charges	Carrying amount
AT COST										
Computer software	115	(82)	33	-	-	20	(29)	136	(112)	24
ATEED	1 JULY 2018		CURRENT YEAR MOVEMENTS					30 JUNE 2019		
	Cost	Accumulated amortisation & impairment charges	Carrying amount	Current year additions	Current year disposals	Transfers	Current year amortisation	Cost	Accumulated amortisation & impairment charges	Carrying amount
AT COST										
Computer software	136	(112)	24	-	(7)	4	(17)	123	(119)	4

Amortisation \$17,000 (2018: \$29,000) is included in depreciation and amortisation expense in the statements of comprehensive revenue and expenses.

13 Trade and other payables

	ATEED	GROUP
	2019	2018
	\$'000	\$'000
CURRENT TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS		
Creditors	1,544	1,573
Accrued expenses	5,959	3,352
Sundry payables	5,433	2,548
Revenue in advance	392	666
Total current trade and other payables from exchange transactions	13,328	8,139
CURRENT TRADE AND OTHER PAYABLES FROM NON-EXCHANGE TRANSACTIONS		
Related party payables	604	(2,999)
Lease inducement payment	305	365
Total current trade and other payables from non-exchange transactions	909	(2,634)
Total current trade and other payables	14,237	5,505
NON CURRENT TRADE AND OTHER PAYABLES FROM NON-EXCHANGE TRANSACTIONS		
Lease inducement payment	2,808	2,936
Total non current trade and other payables from non-exchange transactions	2,808	2,936
Total trade and other payables	17,045	8,441

Trade and other payables are normally non-interest bearing and settled on 30 day terms, therefore the carrying value approximates fair value.

14 Employee entitlements

	ATEED	GROUP
	2019	2018
	\$'000	\$'000
CURRENT		
Annual leave	890	765
Accrued salaries and wages	710	646
Total current	1,600	1,411
NON CURRENT		
Long service leave	-	3
Total non-current	-	3
Total employee benefit liabilities	1,600	1,414

15 Provisions

GROUP

CURRENT PROVISIONS	STAFF COSTS	OTHER	TOTAL
Opening balance 1 July 2017	776	543	1,319
Additional provisions and increases to existing provisions	254	67	321
Amounts used	-	-	-
Reversal of previously recognised provisions	(396)	(440)	(836)
Balance as at 30 June 2018	634	170	804

ATEED

Opening balance 1 July 2018	634	170	804
Additional provisions and increases to existing provisions	256	73	329
Amounts used	(34)	(55)	(89)
Reversal of previously recognised provisions	(153)	(13)	(166)
Balance 30 June 2019	704	175	879

GROUP

NON CURRENT PROVISIONS	STAFF COSTS	OTHER	TOTAL
Opening balance 1 July 2017	-	-	-
Additional provisions and increases to existing provisions	-	-	-
Amounts used	-	-	-
Reversal of previously recognised provisions	-	-	-
Balance as at 30 June 2018	-	-	-

ATEED

Opening balance 1 July 2018	-	-	-
Additional provisions and increases to existing provisions	-	50	50
Amounts used	-	-	-
Reversal of previously recognised provisions	-	-	-
Balance 30 June 2019	-	50	50

16 Investment in other entities

16.1 Investment in joint venture

	ATEED	GROUP
	2019	2018
	\$'000	\$'000
NEW ZEALAND FOOD INNOVATION AUCKLAND LIMITED		
Balance at beginning of year	2,018	2,085
Plus / less current year profit / (loss)	(89)	(77)
Plus / less prior year profit adjustment	-	10
Plus / less sale of other assets	(1,929)	-
Closing investments in jointly controlled entities	-	2,018

	Total assets	Total liabilities	Gross Revenue	Net Profit(Loss) after tax	Percentage of interest held
	\$'000	\$'000	\$'000	\$'000	
As at 30 June 2018					
New Zealand Food Innovation Auckland Limited	8,450	2,388	3,792	(230)	33.30%
As at 30 June 2019					
New Zealand Food Innovation Auckland Limited	-	-	-	-	0.00%

17 Contributed equity

	ATEED	GROUP
	2019	2018
	\$'000	\$'000
CONSOLIDATED AND PARENT		
Equity contributed by disestablished councils	3,458	3,457
Equity contributed by disestablished CCOs	919	919
Total	4,377	4,376
	ATEED	GROUP
	2019	2018
	Shares	Shares
Opening number of ordinary shares issued	1,000	1,000
Closing balance of ordinary shares issued	1,000	1,000

All ordinary shares are fully paid and rank equally with one vote attached to each fully paid ordinary share. Ordinary shares do not have a par value.

18 Reserves and accumulated funds/(losses)

	ATEED	GROUP
	2019	2018
	\$'000	\$'000
(A) RESERVES		
Cash Flow Hedge Reserve		
Balance beginning of year	-	(142)
Fair value gains/(losses) in year	-	142
Closing Cash Flow Hedge Reserve	-	-
World Masters Games Reserve		
Balance beginning of year	563	(142)
Transfer from Group and Accumulated Funds	-	831
Payments to approved sporting bodies	(563)	(268)
Closing World Masters Games Reserve	-	563
Total Reserves at 30 June	-	563

Hedging reserve - cash flow hedges

ATEED does not have any cash flow hedges and this note is for comparative purposes only. The hedging reserve is used to record gains or losses on a hedging instrument in a cash flow hedge. The amounts are recognised in the surplus/deficit component of the statements of comprehensive revenue when the associated hedged transactions affect the surplus/deficit component of the statements of comprehensive revenue as described in Note 2.9.

World Masters Games Reserve

The surplus achieved by World Masters Games was used for promotion of amateur sports, specific to the conditions set by the ATEED Board. The full reserve amount was paid out during this financial year.

	ATEED	GROUP
	2019	2018
	\$'000	\$'000
(B) ACCUMULATED FUNDS/(LOSSES)		
Balance at beginning of the year	16,426	11,399
Transfer to World Masters Games Reserve	-	(831)
Adjusted for prior years STAT Account Rounding	35	-
Surplus/(deficit) for the year	(1,947)	5,858
Total Accumulated funds/(losses) at 30 June	14,514	16,426

Future year's depreciation and amortisation expenses will be funded from this reserve.

Surplus for the current year includes \$3,096,000 (2018: \$7,906,000) received from Auckland Council for capital grants.

19 Reconciliation of net surplus/(deficit) after tax to net cash inflow from operating activities

	ATEED	GROUP
	2019	2018
	\$'000	\$'000
Surplus/(deficit) after tax	(1,947)	5,858
ADD/(LESS) NON-CASH ITEMS:		
Depreciation and amortisation expense	3,115	2,633
Other (gains) and losses	1,356	(182)
Share of surplus in joint venture	89	77
ADD/(LESS) MOVEMENTS IN WORKING CAPITAL:		
Debtors and other receivables	(9,233)	20,933
Inventories	-	24
Creditors and other payables	8,710	(22,934)
Provisions	95	(421)
Employee benefits	186	(389)
Net cash inflow (outflow) from operating activities	2,371	5,599

20 Commitments and operating leases

20.1 Operating leases as lessee

ATEED leases property, plant and equipment in the normal course of their business. The majority of these leases have a non-cancellable term, varying from 1 to 14 years. The future aggregate minimum lease payments payable under non-cancellable operating leases are as follows:

	ATEED	GROUP
	2019	2018
	\$'000	\$'000
MINIMUM OPERATING LEASE PAYMENTS PAYABLE:		
Less than one year	11,283	9,424
Between one and five years	41,086	33,983
More than five years	35,658	42,783
Total non-cancellable operating leases at lessee	88,027	86,190

Leases can be renewed at ATEED's discretion, with rents set by reference to current market rates for items of equivalent age and condition. There are no restrictions placed on ATEED by any of the leasing arrangements.

20.2 Operating leases as lessor

ATEED subleases property to third parties under operating leases. The leases contain non cancellable periods ranging from 1 month to 12 years. The future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows:

	ATEED	GROUP
	2019	2018
	\$'000	\$'000
MINIMUM OPERATING LEASE PAYMENTS RECEIVABLE:		
Less than one year	9,006	5,815
Between one and five years	21,796	22,524
More than five years	17,988	21,875
Total non-cancellable operating leases as lessor	48,790	50,214

21 Contingencies

ATEED does not recognise contingent liabilities and contingent assets in the financial statements due to their uncertainty or the fact that they cannot be reliably measured. Contingent liabilities and assets are assessed continually to ensure that developments are appropriately reflected in the financial notes.

ATEED did not have any contingent assets nor contingent liabilities in 2018.

Disclosures are provided for as follows:

21.1 Contingent Lease Liability

ATEED inherited a lease obligation at amalgamation with the lease entered into prior to ATEED formation (pre-2011). ATEED is responsible for a share of remaining lease term if a specific event occurs, however at balance date this was confirmed as unlikely. Potential liability is unquantifiable, uncertain, and unlikely.

21.2 Contingent Asset and Liability

At year end ATEED has a contingent asset of approximately \$400k that is offset by a contingent liability of approximately \$400k.

22 Related party transactions

The Group contained a joint venture, until 28 June 2019, as set out in Note 2.2. Auckland Council is the ultimate parent of ATEED as outlined in Note 1. Auckland Council has other CCO's that ATEED has transacted with during the period including Auckland Transport, Watercare, Regional Facilities Auckland and Panuku.

Related parties include a joint venture to 28 June 2019, key management personnel, the Directors of the Board and their close family members and entities controlled by them. Key management personnel are the Chief Executive and executive leadership team. Close family members are spouses or domestic parties, children, dependants.

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on the terms and condition no more or less favourable than those that it is reasonable to expect ATEED would have adopted in dealing with the party at arm's length in the same circumstances.

Related party disclosures have also not been made for transactions with entities within the Council group (such as funding and financing flows), where the transactions are consistent with the normal operating relationships between the entities and are on normal terms and conditions for such group transactions.

All related party transactions have been at an arm's length.

The interest registers are publicly available in the open board minutes on the ATEED website.

23 Remuneration

	ATEED	GROUP
	2019	2018
	\$'000	\$'000
KEY MANAGEMENT REMUNERATION		
Directors	323	352
Senior management salaries and other short term benefits	1,602	2,291
Total key management remuneration	1,925	2,643

	ATEED	GROUP
	2019	2018
	\$'000	\$'000
SENIOR MANAGEMENT TEAM INCLUDING CHIEF EXECUTIVE		
Full-time equivalent members	5	6
Remuneration	1,602	2,291

	ATEED	GROUP
	2019	2018
	Number of employees	Number of employees
THE NUMBER OF EMPLOYEES THAT RECEIVED OVER \$100,000 P.A. AS AT 30 JUNE IS AS FOLLOWS:		
\$100,000 - \$109,999	15	10
\$110,000 - \$119,999	12	18
\$120,000 - \$129,999	11	11
\$130,000 - \$139,999	6	6
\$140,000 - \$149,999	4	4
\$150,000 - \$159,999	4	2
\$160,000 - \$169,999	4	4
\$170,000 - \$179,999	1	-
\$180,000 - \$189,999	2	3
\$190,000 - \$199,999	1	1
\$200,000 - \$209,999	-	1
\$210,000 - \$219,999	1	1
\$220,000 - \$229,999	1	-
\$290,000 - \$299,999	-	1
\$310,000 - \$319,999	-	1
\$330,000 - \$339,999	1	-
\$370,000 - \$379,999	-	1
\$410,000 - \$419,999	-	2
\$420,000 - \$429,999	1	-

23 Remuneration (continued)

	ATEED	GROUP
	2019	2018
	\$'000	\$'000
DIRECTORS' REMUNERATION BY DIRECTOR		
Mark Franklin	51	-
David McConnell	31	82
Franceska Banga	-	16
Norm Thompson	-	21
Michael Taitoko	41	44
Helen Robinson	43	48
Danny Chan	47	47
Stuart McCutcheon	41	41
Glenys Coughlan	28	26
Evan Davies	41	27
Total directors remuneration	323	352

24 Events occurring after the balance date

There were no significant events occurring after the balance date.

25 Financial risk management

ATEED's activities expose it to a variety of financial risks: market risk, liquidity risk and credit risk.

ATEED's risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of ATEED.

ATEED's treasury management is carried out by the Auckland Council Treasury group, and their policies and procedures are applied.

These policies do not allow any transactions that are speculative in nature to be entered into.

	Notes	CARRYING AMOUNT		FAIR VALUE	
		ATEED	GROUP	ATEED	GROUP
		2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
FINANCIAL ASSETS					
Debtors and other receivables	10	19,537	10,337	19,537	10,337
Cash and cash equivalents		318	1,084	318	1,084
Total financial assets		19,855	11,421	19,855	11,421
FINANCIAL LIABILITIES					
Derivative financial liabilities	15	-	-	-	-
Creditors and other payables	13	(13,540)	(4,474)	(13,540)	(4,474)
Total financial liabilities		(13,540)	(4,474)	(13,540)	(4,474)
Net financial assets (liabilities)		6,315	6,947	6,315	6,947

(a) Market risk

ATEED is no longer exposed to foreign exchange risk.

(b) Credit risk

Credit risk is the risk that a third party will default on its obligation to ATEED causing ATEED to incur a loss. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions and credit exposures to receivables and other debtors.

ATEED have limited exposure to credit risk on debtors accounts due. The main debtors at any point in time are Auckland Council and government agencies. These debtors are parties to signed contracts with ATEED. Exposure to credit risk on other debtors is limited by having contractual support, payment in advance of services received, and by spreading the risk (e.g. many advertising sales in publications). When it is deemed prudent, a credit risk assessment will be undertaken.

ATEED have no collateral or other credit enhancements for financial instruments that give rise to credit risk. No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by counterparties.

ATEED's maximum credit exposure for each class of financial instrument is best represented by the carrying amount in the Statement of Financial Position. Ongoing credit evaluation is performed on the financial condition of customers and the ageing of their existing outstanding balances. Cash and deposits are held with ASB Bank which is a registered bank in New Zealand, and is rated Standard & Poors AA- for their long-term credit rating.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

Counterparties with credit ratings for cash and cash equivalents is 2019 \$318 (2018: \$1,084).
Counterparties without credit ratings for receivables is 2019 \$19,537 (2018: \$10,337).

25 Financial risk management (continued)

(c) Liquidity risk

Liquidity risk represents ATEED's ability to meet its contractual obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. ATEED mostly manages liquidity risk by continuously monitoring forecasted expenditure and actual cash flow requirements. ATEED's creditors are mainly those reported as trade and other payable, and operating leases.

Contractual maturity and analysis of financial assets

GROUP

	On demand	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount liabilities
30 JUNE 2018	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
NON-DERIVATIVES							
Debtors and other receivables	10,337	-	-	-	-	10,337	10,337
Total	10,337	-	-	-	-	10,337	10,337

ATEED

	On demand	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount liabilities
30 JUNE 2019	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
NON-DERIVATIVES							
Debtors and other receivables	19,537	-	-	-	-	19,537	19,537
Total	19,537	-	-	-	-	19,537	19,537

Contractual maturity and analysis of financial liabilities

GROUP

	On demand	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount liabilities
30 JUNE 2018	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
NON-DERIVATIVES							
Creditors and other payables	(4,747)	-	-	-	-	(4,747)	(4,747)
Total	(4,747)	-	-	-	-	(4,747)	(4,747)

ATEED

	On demand	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount liabilities
30 JUNE 2019	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
NON-DERIVATIVES							
Creditors and other payables	(13,540)	-	-	-	-	(13,540)	(13,540)
Total	(13,540)	-	-	-	-	(13,540)	(13,540)

25 Financial risk management (continued)

(d) Financial instruments by category

The following tables present ATEED's assets and liabilities that are measured at fair value as at 30 June 2019.

Assets as per balance sheet

GROUP	Derivatives for hedging \$'000	Loans and receivables \$'000	Total \$'000
AT 30 JUNE 2018			
Cash and cash equivalents	-	1,084	1,084
Debtors and other receivables	-	10,337	10,337
Total	-	11,421	11,421
ATEED			
AT 30 JUNE 2019			
Cash and cash equivalents	-	318	318
Debtors and other receivables	-	19,537	19,537
Total	-	19,855	19,855

Liabilities as per balance sheet

GROUP	Derivatives for hedging \$'000	Loans and receivables \$'000	Total \$'000
AT 30 JUNE 2018			
Creditors and other payables	-	(4,474)	(4,474)
Total	-	(4,474)	(4,474)
ATEED			
AT 30 JUNE 2019			
Creditors and other payables	-	(13,540)	(13,540)
Total	-	(13,540)	(13,540)

26 Capital management

ATEED's capital is its equity which comprises accumulated funds and reserves. Equity is represented by total assets less total liabilities. The Local Government Act 2002 requires ATEED to manage its revenues, expenses, assets, liabilities and general financial dealings prudently to meet its long term objective of remaining a going concern, and in a way that promotes the current and future interests of the community. Equity is largely managed as a by-product of managing revenues, expenses, assets, liabilities and general financial dealings.

27 Variances against budget in the Statement of Intent (SOI)

As a Council Controlled Organisation, ATEED agrees its budget each year with the shareholder, Auckland Council, and publishes the budget in the Statement of Intent. The following table shows a high level comparison of actual financial performance to budget.

	Actual	Budget	Variance	Actual
	2019	2019	2019	2018
	\$'000	\$'000	\$'000	\$'000
OPERATING BUDGET				
Revenue				
Operating funding from Auckland Council	48,688	49,852	(1,164)	49,065
Fees, user charges and other revenue	15,724	17,698	(1,974)	12,341
Subsidies and grants (opex)	2,229	1,454	775	2,579
Total revenue	66,641	69,004	(2,363)	63,985
Expenditure				
Personnel costs	20,900	21,928	(1,028)	21,486
Other Employee benefits	639	616	23	371
Employee benefits	21,539	22,544	(1,005)	21,857
Depreciation and amortisation	3,115	2,794	321	2,633
Other operating expenses	45,101	46,460	(1,359)	41,466
Divestment	1,929	-	1,929	-
Total expenses	71,684	71,798	(114)	65,956
Net operating revenue	(5,043)	(2,794)	(2,249)	(1,971)
CAPITAL BUDGET				
Capital funding from Auckland Council	3,096	3,428	(332)	7,906
Total capital expenditure	3,096	3,428	(332)	7,906

Operating Funding	Operational funding from Auckland Council was less than the SOI due to delayed timing of activity across the business and deferral of Tamaki Herenga Waka Festival to 2021
Fees, User charges and other Revenue	Reduced budgeted revenue for Film Studio's, cancelled Pasifika festival and deferred Tamaki Herenga Waka Festival
Subsidies and Grants	Delayed government funding of Volvo Ocean Race from 2017/18 year plus additional Council funding of Americas Cup displacement costs
Employee benefits	Decrease in Staff costs relates to timing of recruitment to support a new ATEED business structure in the Economic Development business rolled out in September 19 and various unfilled positions
Depreciation and amortisation	Increase in depreciation relates to full year depreciation of GridAKL assets and recent office move
Other expenses	Underspend due to savings against planned spend on Film Studios together with cancelled Pasifika and deferred Tamaki Herenga Waka festival
Divestment	Divestment of shareholding in NZFIA (The Foodbowl)
Capital funding	Savings against budgeted spend for office move








Statement of Service Performance

ATEED Performance Measure – Annual Result (FY 2018/19)

The ATEED First Principles Review, conducted over 2017/2018 and the resulting refocusing of ATEED's strategic direction, resulted in an amended performance measurement framework being adopted for 2018/19 to reflect:

- A smaller number of more easily understood KPIs that provide clarity on the city's return on its investment in ATEED
- KPIs focussed on measuring the achievement of key outcomes that Council is aiming to achieve through its investment in ATEED
- KPIs that reflect aggregated activity across all ATEED activities
- KPIs that can be directly attributed to ATEED's activity and interventions.


As a result, the previous framework comprising 27 KPIs has been reduced to the 7 KPIs that follow. These 7 KPIs have been assessed for 2018/19 according to the criteria below.



Symbol	Status	Definition
	Achieved	Result has met or exceeded target (also includes where baseline has been established)
	Substantially achieved	Result within 2% of target
	Not achieved but progress made	Target not achieved, but improvement over last year
	Not achieved	Target not achieved and no improvement over last year
	No result	Unable to measure

ATEED's performance against the KPIs is set out in the table below, along with commentary regarding the results, measurement methods, and previous year's performance as appropriate. In summary, of the 7 KPIs:




- 5 were achieved
- 2 were not achieved


Statement of Service Performance

No.	How we will demonstrate success in achieving our aims	2018/19 Target (30 June 2019)	2018/19 Result	Status	Comment	2017/18 Result
1	The contribution to regional GDP from ATEED interventions.	Benchmark	\$103m		<p>Contribution to regional GDP from ATEED interventions is measured via an economic impact model developed by independent economic research firm Market Economics. The model is a multi-regional input-output model which aims to quantify the effects that selected ATEED-delivered and supported interventions have on the Auckland economy.</p> <p>ATEED has identified a set of interventions (a sub-set of all interventions) that are substantive, enduring and can be robustly measured in terms of their impact on regional GDP. These interventions are:</p> <ol style="list-style-type: none"> 1. The attraction and support of major events to Auckland 2. The attraction and support of business events to Auckland 3. The attraction and support of screen production activity to Auckland (including film facilitation and the operation of Kumeu Film Studios and Auckland Film Studios) 4. The attraction and support of other business and investment to Auckland 5. The development and operation of GridAKL <p>Contribution to regional GDP relates to regional GDP secured over the year, but not necessarily occurring within the year. Future year impacts are discounted to current year values.</p> <p>The economic modelling considers net additional regional GDP only by excluding economic activity generated by Auckland residents and excluding activity that is estimated to simply replace existing activity. In addition the modelling accounts for attribution through consideration of whether activity would occur with/without ATEED's intervention and the level of ATEED's involvement.</p> <p>The GDP benchmark for 2018/19 is a measure of direct GDP and does not account for flow-on impacts (indirect and induced GDP).</p> <p>The 2018/19 result demonstrates that ATEED has the largest impact on regional GDP through screen attraction activity (70%) followed by other investment attraction and support activity (11%) and major event (10%) and business event (6%) activity.</p> <p>The sectors of the economy which receive the greatest contributions to regional GDP as a result of ATEED interventions are Rental, Hiring and Real Estate Services (23%), Retail Trade (22%), and Construction (14%).</p>	New measure

No.	How we will demonstrate success in achieving our aims	2018/19 Target (30 June 2019)	2018/19 Result	Status	Comment	2017/18 Result
1.1	The contribution to regional GDP from major events and business events attracted or supported (LTP measure)	\$49m	\$43.9m		<p>ATEED has measured and reported the contribution to regional GDP from major events attracted or supported on an annual basis since 2012. Historically, this measure has reported the GDP contribution from major events in the year in which events occur. For FY 2018/19, the impact of business events attracted or supported by ATEED has also been incorporated into the measure.</p> <p>The contribution to regional GDP from major events is sourced directly from evaluation undertaken by external event evaluation company Fresh Information using a mixture of desk-based research and primary research with event organisers and event attendees.</p> <p>Estimates of the contribution to regional GDP from business events attracted or supported are also undertaken by Fresh Information. Each business event attracted or supported by ATEED is evaluated based on a mixture of post-event primary data provided by event organisers and pre-event estimates.</p> <p>Measurement accounts for the net additional impact only, but attribution is not accounted for and figures represent the total net impact of major and business events delivered and/or attracted and/or supported by ATEED that have occurred over 2018/19.</p> <p>The target for 2018/19 has not been achieved primarily because of the lack of significant one-off events in the ATEED portfolio over the year (previous examples include the Rugby League World Cup, the Volvo Ocean Race, the Lions Tour and World Masters Games 2017). The exclusion of Auckland franchises (the Blues, the Warriors, the Breakers) from the ATEED major event portfolio and the cancellation of the 2019 Pasifika and Tamaki Herenga Waka Festivals have also had a minor impact on results.</p>	New measure
2	Number of businesses that have been through an ATEED programme or benefited from an ATEED intervention (LTP measure).	3,000	3,303		<p>Measurement of the number of businesses that have been through an ATEED programme or benefited from an ATEED intervention provides a measure of ATEED's reach and is measured via an internal process.</p> <p>The programmes and interventions run by ATEED across the Destination and Economic Development divisions are captured and defined. On a quarterly basis, details related to the businesses that have been through each programme or intervention are captured internally via ATEED's CRM and other internal systems. It is assumed that if a business has been through one of the ATEED programmes or interventions defined, then they have benefited from this. No further verification</p>	3,537

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No.	How we will demonstrate success in achieving our aims	2018/19 Target (30 June 2019)	2018/19 Result	Status	Comment	2017/18 Result
					<p>of this is captured through this measure.</p> <p>The measure includes only businesses that went through an ATEED programme or intervention and doesn't capture the wider downstream benefits of each intervention. It also excludes individuals or entrepreneurs. Businesses that have been involved in multiple ATEED interventions / programmes are only counted once.</p> <p>This year's result exceeds the target but is down compared to last year due to a number of changes including the transfer of i-SITEs to private ownership in late 2017/18, reduced ACB membership as a result of the implementation of the Accommodation Provider Targetted Rate, and reduced business networking activity through local offices.</p>	
2.1	Number of Māori businesses that have been through an ATEED programme or benefitted from an ATEED intervention (LTP measure)	120	244		<p>This is a sub measure of the total measure above. Where possible, Māori businesses have been self-defined and include businesses that consider themselves a Māori business due to ownership, philosophy, principles, goals, tikanga, management practices, branding, assets (both tangible and intangible), and employees. These categories align with those used by Statistics NZ to define Maori businesses.</p> <p>This year's result has increased compared to last year primarily due to an increase in the number of Maori businesses involved in the Whariki Maori Business Network.</p>	188
3	Number of new jobs created, safeguarded or retained in Auckland as a result of an ATEED intervention.	Benchmark	1,280		<p>Jobs created is directly linked to regional GDP (KPI1) and is measured as a direct output of the GDP modelling undertaken by Market Economics. All assumptions are as per KPI 1. Economic sectors in which the largest shares of jobs are created are Retail Trade (34%), Accommodation and Food Services (17%) and Construction (16%).</p>	New measure
4	Number of visitor nights resulting from an ATEED intervention. (LTP measure)	340,000	295,282		<p>Measurement of the number of visitor nights resulting from an ATEED intervention is focussed on the impact of the attraction and support of major events to Auckland and the attraction and support of business events to Auckland.</p> <p>The contribution to visitor nights from major events is sourced directly from evaluation undertaken by external event evaluation company Fresh Information. using a mixture of desk-based research and primary research with event organisers</p>	New measure

No.	How we will demonstrate success in achieving our aims	2018/19 Target (30 June 2019)	2018/19 Result	Status	Comment	2017/18 Result
					<p>and event attendees. Estimates are made of the net additional visitor nights spent in Auckland as a result of each major event in the ATEED portfolio.</p> <p>Estimates of the visitor nights from business events attracted or supported are undertaken by Fresh Information using a mixture of pre-event estimates of delegate numbers, delegate origin and length of stay, and post-event actual data where available to calculate net additional visitor nights.</p> <p>Measurement accounts for the total nights associated with each event. Attribution is not accounted for and figures represent the total net impact of major and business events supported by ATEED that occurred within the 2018/19 year.</p> <p>The target for 2018/19 has not been achieved primarily because of the lack of significant one-off events in the ATEED portfolio over the year (previous examples include the Rugby League World Cup, the Volvo Ocean Race, the Lions Tour and World Masters Games 2017). The exclusion of Auckland franchises (the Blues, the Warriors, the Breakers) from the ATEED major event portfolio, the Viaduct Events Centre not being available for use, and the cancellation of the 2019 Pasifika and Tāmaki Herenga Waka Festivals have also had a minor impact on results.</p>	
5	Customer satisfaction of customers, partners and stakeholders who have interacted with ATEED	Benchmark	77%		<p>Over 2018/19, ATEED has established a Voice of the Customer programme working with Nielson. Customer satisfaction is measured via a survey of customers, partners and stakeholders from across the business. Customers are contacted by ATEED in advance to inform them of the survey and then invited by Nielson via email to complete an online survey. The benchmark is based on 141 responses to surveying undertaken over two periods in December/January 2018/19 and again in June 2019. The customer satisfaction measure is calculated as the percentage of customers who say they are “Extremely satisfied” or “Very satisfied” in response to the question; How satisfied are you with your interaction/s with <business unit>?</p>	New measure

Directory

For the year ended 30 June 2019

The Directors as at the year ended 30 June 2019 are as follows:

- Mark Xavier Franklin (appointed 1 November 2018)
- Danny Chan
- Helen Alison Robinson
- Stuart McCutcheon
- Michael John Taitoko
- Evan Welch Davies

David Arnot Williamson McConnell and Glenys Jean Coughlan were directors during the year but retired on 1 November 2018 and 22 February 2019 respectively.

Shareholders	Auckland Council (100%) 135 Albert Street Auckland, 1010 New Zealand
Registered Office	Level 7, 167b Victoria Street West Auckland, 1010 New Zealand
Auditors	Audit New Zealand Level 6, 280 Queen Street Auckland 1140 New Zealand
Bankers	ASB Bank Limited 12 Jellicoe Street, Wynyard Quarter Auckland, 1010 New Zealand
Solicitor	Simpson Grierson, Level 27, 88 Shortland Street, Auckland, 1010 New Zealand
Registered Company Number	3089625