

Open

Run sheet: Board Meeting, Friday 30 September 2016
 1.25pm, Tamaki Makaurau Boardroom, Level 8, 139 Quay St, Auckland

Item	Subject	Action	Start Time	Duration	Pg.
OPEN AGENDA					
1	Start of Meeting: Chairman's Welcome, Apologies	To Note	1.25 p.m.	1 mins	
2	Open Minutes 26 August 2016 and Open Action Tracker, Brett O'Riley	To Approve	1.26 p.m.	2 mins	4
3	Directors Interest Register, Conflicts of Interest Declaration	To Note	1.28 p.m.	2 mins	9
4	Chief Executive's Activity Report, Brett O'Riley	To Note	1.30 p.m.	20 mins	10
5	Finance Report, Avika Singh	To Note	1.50 p.m.	10 mins	18
	Chairman's close and invitation to the public to leave				
	Close of Meeting		2.00 p.m.		

Auckland Tourism, Events and Economic Development Ltd Board meeting

OPEN AGENDA

Will be held as follows:

DATE: 26 August 2016
TIME: 1.00 pm Start
VENUE: The Tamaki Makaurau Boardroom, Level 8, ATEED Central Office, 139 Quay Street, Auckland

Board members:

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

Attendees

<i>Board Advisor</i>	Sir Pita Sharples
<i>CEO</i>	Brett O'Riley
<i>Company Secretary</i>	Tim Kingsley-Smith
<i>Others TBC</i>	

OPEN AGENDA

1. **APOLOGIES**

Apologies were received from Richard Jeffery and Stuart McCutcheon.

2. **MINUTES OF 26 AUGUST 2016 MEETING & OPEN ACTION TRACKER**

Brett O'Riley, Chief Executive

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

Brett O'Riley, Chief Executive

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

Brett O'Riley, Chief Executive

5. **FINANCE REPORT**

Barbara Imlach, Chief Financial Officer

Friday, 30 September 2016



OPEN AGENDA

2. **MINUTES OF 26 AUGUST MEETING & OPEN ACTION TRACKER**

Brett O'Riley, Chief Executive

BOARD MINUTES

- What:** Minutes of a Meeting of Board of Directors of Auckland Tourism Events and Economic Development Limited
- Where:** Tamaki Makaurau Boardroom, Level 8, 139 Quay St, Auckland
- When:** Friday, 26 August 2016 at 1.05 p.m.
- Directors:** David McConnell
Norm Thompson
Stuart McCutcheon
Franceska Banga
Richard Jeffery
Danny Chan
Helen Robinson
- Board Advisor:** Sir Pita Sharples
- In Attendance:** Brett O'Riley, Chief Executive
Martin Fairweather, Chief Operating Officer
Barbara Imlach, Chief Financial Officer
Tim Kingsley-Smith, Company Secretary
- Public & Media
Attendance:** N/A
-

Background

- A. David McConnell was appointed as Chairperson for the meeting.
- B. It was noted that the quorum (12.9 of the Constitution) is a majority of the directors and there currently being seven directors, a quorum of directors was present. It was noted that each director had been given proper notice of the meeting.

Meeting Business

1. Apologies

The Chair noted that there were no apologies.

2. Minutes of Previous Meetings and Action Tracker

The Board discussed the draft minutes of the meeting held on 29 July 2016 and the Open Action Tracker.

Following the conclusion of discussions, the Board resolved that the minutes of the meeting held on 29 July 2016 be **approved** as a true and correct record.

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

The Chair noted that there had been no updates to the interests register since the previous Board meeting.

The Board **noted** the interests register.

4. Chief Executive's Activity Report

Brett O'Riley spoke to the Report. The key points were as follows:

- ATEED's pre-ACC audit was concluded in July. Feedback from the review was positive, placing ATEED in a good position for the upcoming external audit scheduled in October 2016.
- Techweek AKL 2016 has been chosen as a finalist for NZ's Best Awards, Small Brand Identity, thanks to the team at AKIN. The awards ceremony will take place on 14 October.
- It has now been agreed between ATEED, Council, Ports of Auckland, AT and Panuku Development Auckland to prepare resource consent for the construction of a dolphin (a structure that will allow larger cruise ships to dock) at Queen's Wharf. The Board noted that there were a number of sensitivities surrounding the improvements. Management confirmed that the Port Action Group had been well informed and were receptive to the proposals thus far.
- Grid Uptown was set to formally launch on 2 September with a number of dignitaries and media due to attend. There was an extremely short space of time between the concept of Grid Uptown and making it a reality which was a testament to the hard work of the Business Attraction & Investment team. Auckland was the first city in the world to have a dedicated AR/VR Precinct.
- As announced by the Mayor on 8 August, Mike Taitoko has been appointed to the ATEED Board. Of Ngati Maniapoto descent, Mike will join the Board on 1 November, replacing Richard Jeffery, who has been a director since ATEED's establishment in 2010.

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

5. Annual Report 30 June 2016

Barbara Imlach spoke to the paper. The key points were as follows:

- There were a number of minor changes to the draft annual report following feedback from the Board and Audit New Zealand.
- The Letter of Representation from the ATEED Board to NZ Audit will be supported by a Letter of Representation from the ATEED CEO and CFO to the Board.

Following the conclusion of discussions, the Board:

- **approved** the Annual Accounts, including Statement of Service Performance, for the year ended 30 June 2016;
- **authorised** the Chair and Deputy Chair to sign the Directors Report as part of these accounts; and
- **authorised** the Chair and Deputy Chair to sign the representation letter to Audit NZ.

6. Finance Report

Barbara Imlach spoke to the paper.

At this stage there is no risk to any of ATEED's planned programs of work. Phasing for the budget was undertaken in February and will be refreshed during our Q1 forecast in September.

Following the conclusion of discussions, the Board **noted** the Finance Report.

The Chairperson declared the meeting closed at 1.42 p.m.

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

Chair

Date

Open Board Action Tracker
As at 30 September 2016

No.	Action	Status	Result	Target Date	Responsibility
26 June 2016 Meeting					
1	Management to circulate to the Board the programme of work to be delivered under the ATEED Sector Framework.	In Progress		31 October 2016	Patrick McVeigh

Friday, 30 September 2016



OPEN AGENDA

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

Brett O'Riley, Chief Executive

Friday, 30 September 2016



OPEN AGENDA

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

Brett O'Riley, Chief Executive

Chief Executive Review of September 2016

Report to Auckland Tourism, Events and Economic Development Limited Board

Health & Safety (H&S)

An ACC audit is scheduled for October and an ACC-led session focusing on injury management and return to work programmes was delivered to our people leaders last month. The session highlighted employee/employer responsibilities and will be available on the hub (staff intranet) shortly.

A H&S site inspection of the AR/VR Garage was conducted. Inspection results and recommendations were forwarded to the project manager for action. With regard to World Masters Games 2017 assessment, a report for the ATEED Board subcommittee recommends immediate focus on the 'next phase' which covers venues and games.

ATEED is developing a series of information packs to help staff better understand and comply with new H&S processes. These packs include: Return to work; Incident, injury and reporting; Corrective action and investigations; the Famils process; Leadership and audit; Contractors; Launch pack and kit.

The H&S Objectives and Targets Plan has been reviewed by the H&S Committee and is currently being reviewed by the Operations Leadership Team. The plan sets out objectives and targets to prevent work-related injury and illness, and to drive continual H&S improvement. The ATEED Leadership Team weekly meetings agenda health and safety as its first agenda item, and as one of its initiatives people leaders are being surveyed about offering all staff the option of standing desks, initially through trial work station frames.

Wellbeing initiatives for August included:

- A lunchtime mindfulness seminar at Quay Street which had 45 participants (organised in collaboration with Council)
- Mini work station assessments
- Establishment of an ATEED staff choir

Scorecard

Three incidents were recorded and reported in August. All of these have been closed.

No near misses or hazards were reported or identified in August.

H&S training:

- First day, HS009 staff induction: two staff members from BIS and one from Destination and Marketing are yet to complete the staff induction.
- ATEED H&S Journey: one staff member from BIS and one from Destination and Marketing are yet to attend the presentation.

ATEED strategic priorities

Build a culture of innovation and entrepreneurship

GridAKL

Lysaght

The number of resident businesses at Lysaght has remained at 56 with 139 people working at GridAKL. Resident company oDocs recently won the title of 'Best Start Up – Social Impact' at the Talent Unleashed Awards in Sydney. The awards, which recognise the very best in game-changing technology throughout Europe and the Asia-Pacific regions, were judged by a panel that included Sir Richard Branson and Apple co-founder Steve Wozniak. As part of the prize, oDocs won the opportunity to travel to Silicon Valley to be mentored by Steve Wozniak.

GridAKL community

Nearly 30 events were hosted at GridAKL in August, including the launch of Thought-Wired nous™, a thought controlled communication system for people who cannot move or talk due to physical disabilities. GridAKL 'Ex' – BizDojo consultancy group Collaborators produced its report on how the wider GridAKL community might be developed and rolled out across Auckland. A final report is due in late September and will identify ways of building a wider community based innovation capability by leveraging existing community assets. The initial report identified nine potential communities that could be activated.

GridAKL services

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

Xero and BizDojo have partnered to create the StepUp mentoring programme to help innovative companies and people accelerate their growth. This is an exciting project that pairs an impressive range of experienced people from one of New Zealand's most successful and scaled start-ups with the entrepreneurial community. This programme includes leadership training, six months of one-on-one mentoring and monthly workshops. Residents and Tech Cafe members will have the opportunity to sign up to this course.

Business Support Campaign

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

Grow and attract skilled talent

ATEED is progressing its Youth Employment Pathways Programme which supports the Grow and Attract Skilled Talent strategic pillar.

The #BuildAKL campaign to help young people find jobs in the thriving construction and infrastructure sector was launched to industry leaders on 8 September. Led by ATEED and in partnership with industry, #BuildAKL aims to address Auckland's youth unemployment issue and the serious skills shortages experienced in the sector.

More than 60 stakeholders attended the #BuildAKL Industry launch, including five of the 10 key industry partners – Fletcher Building, Downer, Watercare, AWF and Hawkins. Nancy McConnell (General Manager Corporate Affairs, Hawkins Group) spoke to industry representatives about how

they could get involved in the campaign and its importance in getting young people into the industry.

The campaign promotion video is available at <https://youtu.be/KP8S5NbENOE>.

JobFest

ATEED organised the second JobFest of 2016, held on Wednesday 21 September at The Cloud. Over 3000 young people registered and 800 jobs were on offer from 80 employers. JobFest included a dedicated construction zone focused on the #BuildAKL campaign.

Based on preliminary analysis of data the results for this JobFest event were impressive. More than 2,000 job seekers attended, despite the inclement weather. More than 120 jobs offered on the day, with some starting work by Friday 23 September. Nearly 250 job seekers entered the #BuildAKL competition to win a four-week job placement with one of our construction industry partners.

Both main television news networks, TVNZ and Newshub, featured JobFest and #BuildAKL in evening bulletins. The New Zealand Herald, RadioLIVE, NewstalkZB and the Paul Henry Show also covered the event. The New Zealand Herald 'Insights' series article, in partnership with NZME, had more than 30,000 unique browsers by this morning, placing it in top 5 per cent of articles which have featured in nzherald.co.nz 'Premium Native Position'.

Growing the visitor economy

WMG2017

More than 9700 athletes and supporters had registered for the games as at 5 September, which represents significant progress. Registration sales should be considered in the context of the historical 'hockey stick' effect which has seen the majority of registrations take place in the last three months before previous WMG events. Torino 2013 sold 55 per cent of its registrations in that period, and Sydney 2009 sold 59 per cent.

Attract business and investment

Screen production

The Screen Auckland team issued 46 film permits in August.

There has been a downturn in traditional TVC (television commercial) production in Auckland over August. The scale of the downturn is approximately 20% compared to the same stage in 2015. This appears to be an international trend with film offices/commissions in other cities reporting a similar slow-down in TVC production. This may be due to online streaming services such as Netflix, Hulu, Amazon and Lightbox drawing consumers away from the traditional television broadcast format. Advertisers are looking at other ways to advertise products and services.

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

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

ATEED has been elected to the Board of Directors of the Asian Film Commissions Network for a

second successive year. This is a prestigious appointment for Auckland with Screen Auckland also representing the interests of NZFC and the country's other regional film offices.

Month in review

Council Accountability and Performance Committee

David McConnell, Brett O'Riley and Patrick McVeigh presented highlights of ATEED's quarter 4 (2015/16) report to Council's Accountability and Performance Committee on 6 September. The presentation was well received and focused on two key strategic issues, namely ATEED's Future Buildings Strategy for GridAKL and our refined approach to competitive sectors. ATEED also offered to workshop the competitive sectors research with new councillors post the election to increase understanding of ATEED's key strategies. Members were also informed that ATEED will seek approval for leases on the Mason Brothers and Innovation 5B buildings from Auckland Council's Finance and Performance Committee.

AR/VR Garage opening

On 2 September, the AR/VR Garage was officially opened at GridAKL Uptown in Newton – establishing Auckland as an international hub for this hot new technology. The opening was attended by Minister for Economic Development Steven Joyce, Mayor Len Brown, the Mayor of Fukuoka (Japan) and a diverse audience of people from the creative industry, and AR/VR Garage partner organisations.

Datacom was announced as the AR/VR Garage's first corporate partner, and the opening included a message from the powerful US-based VR Society, which is making the AR/VR Garage its Oceania base.

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

ATEED-supported successful Māori tourism grant

The Destination Development team has helped to secure a \$50,000 grant to raise the profile of Tāmaki Makaurau (Auckland) and Te Tai Tokerau (Northland) Māori tourism experiences in China, the US and South America.

The team worked with global award winning tourism operator TIME Unlimited and other operators to secure one of two \$50,000 Auckland Airport Four Seasons Five Senses Grants. This will be used to grow market awareness and business opportunities, and strengthen the working relationship between the parties involved by creating travel itineraries that promote experiences which link to Māori themes, events and stories.

Fukuoka pitch contest hosted at GridAKL

The Mayor of Fukuoka visited Auckland in early September to celebrate the 30th anniversary of its sister-city relationship with Auckland. An innovative feature of the mayor's visit programme was a 'pitch' contest for Auckland start-ups, which aimed to guide the Auckland-Fukuoka relationship towards an economic development focus. The contest was held at GridAKL and involved five local start-ups competing for preferential access to Fukuoka's premier innovation precinct, Startup Cafe.

Auckland to host the International Society of Biomechanics in Sport Conference (ISBS)

Some of this cutting edge research which helped international athletes win medals in Rio, and other major world sporting events will take centre stage in Auckland in 2018 after a successful bid to host the ISBS regional conference.

AUT's Sports Performance Research Institute New Zealand (SPRINZ), High Performance Sport New Zealand, AUT Millennium, and the Auckland Convention Bureau worked together to win the bid to host the world-leading conference. AUT Millennium is the site of country's number one rated sports research institute SPRINZ. The bid was produced in collaboration with Tourism New Zealand's Conference Assistance Programme, which provides funding and support to organisations and associations wishing to host an international conference in New Zealand.

Statement of Intent KPIs

KPI results for the first two months of the financial year are recorded in the Appendix. Among those for which information is available:

- Seven bids have been supported by ACB and the business event win/loss ratio currently stands at 88%, against an annual target of 60%
- Number of 'live' signatories to the Youth Traction Hub Employers Pledge stands at 57, against a target of 50

Burning issues

Project and Portfolio Management

A new Sentient PPM functionality was launched early this month. This upgrade aligns with ATEED's 2016/17 Business Plan and is structured in three layers: Strategic Pillar, Programme, and then Project or BAU. Three training workshops this month provided an understanding of the changes, future expectations and the key information that should be captured for reporting purposes.

Looking forward

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

Scheduled event date	Event name	Location
29 Sep - 2 Oct 2016	Auckland On Water Boat Show	Viaduct Harbour
14 Oct - 6 Nov 2016	<i>Priscilla Queen of the Desert – The Musical</i>	The Civic
15 - 16 October 2016	Auckland Diwali Festival	Various
22 October 2016	Bledisloe Cup: All Blacks vs Wallabies	Eden Park
30 October 2016	ASB Auckland Marathon	Various
4-6 November 2016	ITM Auckland SuperSprint (V8 Supercars)	Pukekohe Park Raceway

17-20 November 2016	Taste of Auckland	Western Springs
17-22 November 2016	Royal New Zealand Navy 75 th Anniversary International Naval Review	Waitemata Harbour & waterfront
20-27 November 2016	WhitewaterXL Auckland Invitational	Vector Wero Whitewater Park
27 November 2016	Farmers Santa Parade	Auckland CBD

Finance

ATEED (excluding WMG2017) spending is tracking \$1.3m behind budget, with Major Events accounting for \$1m of this variance. Budgeted event sponsorship paid last year is \$0.5m.

The balance is a result of vacancies across the business as well as a mix of projects and activity where timing has been deferred.

Risk

A quarterly risk report is being circulated separately.

Recommendations

1. The report be received.

Attachments

- ATEED KPI Scorecard

Signatory

Chief Executive: Brett O'Riley

ATEED KPI Scorecard
Aug-16

ATEED SOI KPIs	Measurement	Date of Measure/latest	Latest Result	Annual Target to 30 June 2017	Status
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Building a Culture of Innovation and Entrepreneurship

No. of businesses taking up tenancy at GridAKL (cumulative) and percentage "innovation-led" ¹	Number & (%)	19-Aug-16	56 (92%)	55 (70%)	●
Number of individual entrepreneurs supported through an ATEED delivered or funded entrepreneurship programme	Number	30-Aug-16	new measure	1500	—
Percentage stakeholders satisfied with provision of business advice, start-up, training & mentoring programmes (LTP Measure)	%	30-Jun-16	91	85	●
Number of actively managed business through Regional Business Partner programme	Number	30-Aug-16	111	720	●
No. businesses that have been through an ATEED programme or benefitted from an ATEED intervention (LTP Measure)	Number	30-Jun-16	4073	1500	●
No. Maori businesses that have been through an ATEED programme or benefitted from an ATEED intervention (LTP measure)	Number	30-Jun-16	157	100	●

Attracting Business and Investment

Facilitation of the establishment, or significant expansion, of multinational and local companies in target sectors (LTP Measure)	Number	30-Aug-16	1	5	●
Number of intensively account managed customers in ATEED Aftercare programme (Aroha Auckland)	Number	30-Aug-16	80	85	●
Total GDP contribution of deals effected with ATEED involvement	\$(million)	30-Aug-16	192.9	56.7	●
Value of investment deals effected by ATEED within the financial year	\$(million)	30-Aug-16	250	278	●

Growing a Skilled Workforce

Number of 'live' signatories to the Youth Traction Hub Employers Pledge (LTP Measure)	Number	30-Aug-16	57	50	●
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Enabling Education and Talent

Growth in value of international student spend to Auckland	\$(billion)	30-Jun-16	2.1	1,888	●
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Growing the Visitor Economy

Spend by visitors in Auckland ²	\$(million)	30-Jul-16	4.87	5412 ³	●
Number of international business event bids submitted or supported	Number	30-Aug-16	7	35	●
Business event bid win/loss ratio (based on results received in financial year) ⁴	%	30-Aug-16	88%	60%	●
Value of business event bids won in financial year	\$(million)	30-Aug-16	15	19	●
Percentage of customers satisfied with visitor information centres and services overall (LTP Measure)	%	30-Aug-16	96.1	85	●
Contribution to regional GDP from major events invested in (LTP measure) ⁵	\$(million)	30-Jun-16	35.95	86	—
Percentage of Aucklanders who agree events make Auckland a great place to live (engender pride and sense of place)	%	30-Jun-16	73	80	—
Visitor nights generated by major events invested in ⁶	Number	30-Jun-16	262,980	415,000	—
Percentage of customers satisfied with delivered major events (LTP measure)	%	30-Jun-16	78%	85	—

Building Auckland's Brand and Identity

Total visits to www.aucklandnz.com (LTP Measure)	Number (million)	30-Aug-16	261,470	3.4m	●
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Local Economic Development

Percentage of actions in ATEED Local Board Engagement and Action Plans completed	%	30-Aug-16	86	80	●
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Mana Whenua Engagement

Percentage Mana Whenua satisfaction with quality of engagement	%	N/A	N/A	Establish Baseline	—
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- On track / Target exceeded
- Potential for Slippage
- Off-track
- No recent result

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

2 From 2016/17 targets have reset to align with latest Ministry of Business, Innovation and Employment Monthly Regional Tourism Estimates (MRTes)

3 reflects 2015/16 target. The June result became available in August.

4 Calculated as wins divided by wins + losses. Does not account for bids pending, not proceeded with, cancelled or not submitted

5 Target includes the impact of World Masters Games 2017

6 Target includes the impact of World Masters Games 2017. Targets for visitor nights generated by major events reflect the targets originally endorsed by council through the Major Events Strategy. It has since become apparent that these targets are low and ATEED aims for significantly higher KPIs internally. Refreshed target will be developed for 2017/18.

Friday, 30 September 2016



OPEN AGENDA

5. **FINANCE REPORT**

Barbara Imlach, Chief Financial Officer

Finance Report, August 2016

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

Summary Income Statement								TABLE 1	
For the Period Ended 31 August 2016									
								\$000's	
Month				Year to Date			Full Year		
Actual	Budget	Variance		Actual	Budget	Variance	Budget	Last Year	
			Net operational expenses:						
353	238	(115)	Business Attraction & Investment	562	434	(128)	3,820	2,549	
479	511	32	Destination & Marketing	627	824	197	5,637	5,043	
667	673	6	Major Events	1,014	2,060	1,046	10,349	11,739	
680	757	77	Visitor and External Relations	1,831	1,901	70	7,932	7,759	
776	942	166	Business, Innovation and Skills	1,378	1,486	108	11,193	9,838	
734	693	(41)	Corporate	1,316	1,382	66	10,390	9,088	
			Additional deferrals				753		
3,689	3,813	124	ATEED net deficit	6,728	8,087	1,359	50,073	46,016	
332	1,141	809	World Masters Games 2017 Ltd, net deficit	(58)	1,606	1,664	7,319	1,427	
4,021	4,954	933	Operating deficit before Council funding	6,670	9,693	3,023	57,393	47,442	
			Approved opex funding	7,442			56,200	46,856	
			Operating Deficit	771			(1,193)	(587)	
			Capex funding	615			7,385	2,975	
			Surplus	1,387			6,192	2,388	

Key Points

ATEED's budget was submitted to Auckland Council at the end of February and ATEED's lead team approved business unit's budgets in May. Since then, the financial landscape has changed due to payments made in June 16 for milestones reached earlier than planned, and for new initiatives (eg AR/VR Garage project). We are in the process of completing a forecast that will be part of the October Finance Board report.

Current month's financial results

ATEED (excluding WMG) spend is tracking \$1.4m behind budget, with Major Events accounting for \$1m of this variance. Budgeted event sponsorship paid last year is \$0.5m. The balance is a result of vacancies across the business as well as a mix of projects and activity where timing has been deferred.

World Master Games

WMG spend is tracking \$1.7m behind budget. When the budget was completed in February this year, WMG registration revenue profile for FY16 was aggressive, which directly impacted the FY17 spend profile. However as previously disclosed, FY16 forecasted revenue was not achieved and WMG required additional funding from ATEED. This changes our funding to WMG for FY17 from the original budget of \$8.1m to \$7.3m. Our whole of program funding remains unchanged at \$11,75m (which includes \$0.75m as value in kind). The YTD results being reported on is profiled against the original budget of \$8.1m, and will be updated at the end of September with the latest Q1 forecast.

ATEED: Total net favourable variance of \$1.4m.

Business Attraction and Investment

YTD spend is higher than budget by \$0.1m due to the new AR/VR Garage Project at Grid Uptown. This was a new opportunity that presented after the budget was completed and BA&I are looking internally to absorb these costs.

Destination and Marketing

YTD spend is behind budget by \$0.2m due to timing of activity in ACB International Bidding and Brand & Marketing digital work.

Major Events

YTD spend \$1m behind budget. Expenses incurred for V8 Supercars in June, budgeted in July (\$0.5m), coupled with timing related underspend in the Volvo Ocean Race (\$0.2m). In addition, Major Events have four budgeted positions that remain vacant.

Income Statement

Income Statement TABLE 2								
For the Period Ended 31 August 2016								
Month				Year to Date			Full Year	
Actual	Budget	Variance		Actual	Budget	Variance	Budget	Last Year
			Operational income					
107	99	8	Funding from Government	325	323	2	2,013	1,742
(7)	32	(39)	Sponsorship	8	211	(204)	2,212	1,580
3	17	(14)	Fees & Subscriptions	269	269	0	493	446
162	108	54	i-Sites	299	228	71	2,270	2,502
158	112	46	Sundry income	369	206	164	1,383	1,229
423	367	56	Total Operating income	1,270	1,237	33	8,371	7,630
1,890	1,989	100	Staff costs	3,611	3,858	247	22,577	20,728
508	430	(78)	Professional fees, consultancy & contractors	888	1,114	226	8,453	7,004
559	519	(41)	Grants & sponsorships	1,107	1,539	432	6,147	8,739
51	93	42	Depreciation & amortisation	104	186	82	1,119	591
45	44	(1)	Shared services and lease costs	86	88	2	531	2,141
214	230	16	Occupancy	411	456	45	2,776	2,599
88	111	23	Travel & entertainment	162	179	17	1,685	1,653
264	91	(173)	General, admin & other	381	277	(103)	3,235	2,823
492	672	180	Advertising, marketing & research	1,249	1,626	378	11,169	7,367
4,112	4,180	68	Total Operating Expenditure	7,998	9,324	1,326	57,691	53,645
3,689	3,813	124	ATEED Net deficit	6,728	8,086	1,358	49,320	46,016

Revenue

Overall YTD revenue in line with budget.

Sponsorship income variance, \$0.2m: Additional revenue for the Maori ED program was budgeted to be received from Auckland Council, but this is part of our current opex funding. This will be adjusted during our forecast.

i-Sites variance, \$0.1m: Revenue higher than planned due to higher sales and display revenue across all four i-Sites.

Sundry income variance, \$0.2m: Revenue higher than budget due to stall income from Diwali Festival and the Foodshow received earlier than planned, as well as receipt of our contra annual rental income from KEA.

Expenditure

YTD underspend of \$1.3m across the business, with \$0.5m spent in FY 2016.

Staff Costs Variance, \$0.15m: We currently have 30 vacant positions with 11 of these filled by temporary staff or contractors. There are 13 vacancies under active recruitment.

Professional Services Variance, \$0.2m: The grant expenditure due for the Volvo Ocean Race of \$0.2m had been budgeted for as professional fees, and remains unpaid as the KPI's have not yet been met.

Grants and Sponsorships Variance, \$0.4m: Underspend due to V8 Supercars expense paid last year.

Advertising and Marketing Variance, \$0.4m: Underspend due to the timing of work for ACB international marketing for NZICC, digital work in Brand and Marketing and prospecting and bidding.

Summary of major projects

Summary of Major Projects: Spend and/or (Revenue) > 0.5m									TABLE 3	
For the Period Ended 31 August 2016										
			\$000's							
Month			Year to Date			Full Year				
Actual	Budget	Variance	Actual	Budget	Variance	Budget	Last Year			
			Business, Innovation and Skills							
28	67	39	New Zealand Food Innovation Auckland	167	133	(33)	1,000	1,015		
(10)	164	174	Grid AKL	276	327	51	2,491	1,557		
			Major Events							
0	12	12	World Masters Games 2017 leverage	0	22	22	947	36		
0	0	0	V8 Supercars	2	438	436	1,442	2,097		
5	0	(5)	NRL 9s competition	(0)	0	0	540	2,868		
3	0	(3)	Lions Tour 2017	3	0	(3)	1,065	268		
0	0	0	Tāmaki Herenga Waka Festival	0	0	(0)	500	514		
			Total of all Major Events Projects			708	1,648	940	7,972	9,642

- The FoodBowl overspend relates to the timing of the capex grant. This has been budgeted to be paid in June but is being released monthly. A full year's grant has been provided for in the budget.
- GridAKL underspend due to phasing of budgeted depreciation. This will be corrected in the Q1 forecast.
- V8 Supercars: Budgeted milestone payment in 2016.

World Masters Games

World Masters Games 2017 Ltd									
Summary Income Statement									
For the Period Ended 31 August 2016									
\$000's									
Month				Year to Date			Full Year		
Actual	Budget	Variance		Actual	Budget	Variance	Budget	Last Year	
664	175	489	Revenue from Activities	1,301	351	950	6,977	1,616	
333	333	0	Funding from Government	667	333	333	3,655	2,625	
(20)	0	(20)	Sponsorship	50	0	50	0	475	
0	0	0	Sundry income	0	0	0	600	610	
977	509	469	Total Operating income	2,018	684	1,334	11,232	5,326	
Net Operational costs									
306	352	46	Staff costs	565	683	118	4,513	2,621	
493	420	(73)	Professional fees, consultancy & contractors	751	578	(173)	6,903	1,302	
0	744	744	Grants & sponsorships	0	744	744	1,880	695	
4	6	2	Depreciation & amortisation	13	12	(1)	70	111	
13	13	0	Occupancy	25	26	1	164	164	
13	24	11	Travel & entertainment	24	48	24	1,023	267	
132	26	(106)	General, admin & other	166	74	(92)	3,785	671	
350	65	(285)	Advertising, marketing & research	411	125	(286)	966	905	
1,309	1,650	341	Total Operating Expenditure	1,960	2,290	330	19,304	6,753	
(332)	(1,141)	809	Operating surplus/(deficit)	58	(1,606)	1,664	(8,072)	(1,427)	

Original budget operating deficit	8,072
Additional funding 2016	753
Revised 2017 operating deficit to be funded by ATEED	7,319

	2014-2015	2016	2017	Revised Forecast	Original Budget
Total Spend	8,885	6,753	19,112	34,750	33,000
ATEED Funding, including revenue in kind of 0.75m	3,004	1,427	7,319	11,750	11,000

- WMG's budget was completed in February, and does not take into consideration the additional funding in 2016. An updated forecast to reflect the revised 2017 position has been requested and we will consolidate into our Q1 forecast in September. The budget being reported on is \$8.1m, but ATEED's funding for FY17 is only \$7.3m
- Whole of program revenue sits at 34% against a target of 37% at the end of August.
- Overall WMG are predicting the majority of game registration to take place three months prior to the Games, similar to that in Torino and in Sydney.
- The latest WMG report notes that risk is considered low across the whole of program, and steps are in place to mitigate against any perceived revenue risks.

Summary Statement of Financial Position

Statement of Financial Position, ATEED Group		
As at 31 August 2016		
TABLE 5	YTD	\$000's Jun-16
Current assets		
Cash and cash equivalents	1,716	2,024
Receivables and prepayments	10,522	10,714
Other current assets, including iSite inventory	61	80
Total current assets	12,299	12,818
Current liabilities		
	10,551	12,448
Working capital	1,748	370
Non-current assets		
Receivables and prepayments (non-current)	693	697
Property, plant and equipment	5,212	5,098
Investment in Joint Venture, The FoodBow l	2,067	2,067
Total con-current assets	7,972	7,862
Non-current liabilities	253	253
NET ASSETS	9,467	7,979
EQUITY	9,467	7,979
Capex spend	228	Annual Plan Bud \$7.8m
Total commitments (at July 2016)	\$31.5m	\$29.5m

- Decrease in cash and cash equivalents due to the timing of the cash sweep by Auckland Council.
- Current liabilities lower due to large accruals raised at year end but paid in the current year.

Recommendation

It is recommended that the Board note the Finance Report for the period 31 August 2016.

Signatories

Manager: Avika Singh, Finance Manager

GM: Martin Fairweather, Chief Operating Officer
