

Board Meeting Agenda, Friday 28 September 2018
 Tāmaki Makaurau Boardroom, L8 139 Quay Street

OPEN AGENDA					
1	Apologies	To Note	1.15 p.m.	1 mins	
2	Open Minutes 29 June 2018 and Open Action Tracker , Nick Hill	To Approve	1.16 p.m.	2 mins	2
3	Directors Interest Register, Conflicts of Interest Declaration , David McConnell	To Note	1.18 p.m.	2 mins	5
4	Chief Executive's Activity Report , Nick Hill	To Note	1.20 p.m.	10 mins	7
5	Finance Report , Joy Buckingham		1.30 p.m.	10 mins	16
6	Annual report for the period ended 30 June 2017, including a review of ATEED's performance under its Statement of Intent , Nick Hill and Joy Buckingham	To Note	1.40 p.m.	15 mins	22
7	Waitemata Low Carbon Network, Sarah Thomson and Dr. Grant Hewison	To Discuss	1.55 p.m.	15 mins	
	Close of Meeting		2.10 p.m.		

OPEN BOARD MINUTES

What:	Minutes of a Meeting of Board of Directors of Auckland Tourism Events and Economic Development Limited
Where:	Tamaki Makaurau Boardroom, L8 139 Quay Street, Auckland
When:	Friday, 31 August at 2.02 p.m.
Directors:	David McConnell (Chair) Evan Davies Glenys Coughlan Danny Chan Helen Robinson (via teleconference) Mike Taitoko (via teleconference)
Apologies:	Stuart McCutcheon
In Attendance:	Nick Hill, Chief Executive Joy Buckingham, 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 is a majority of the directors (12.9 of the Constitution) 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 apology of Stuart McCutcheon was noted.

2. Minutes of Previous Meeting and Action Tracker

The Board discussed the draft minutes of the meeting held on 27 July 2018 and the Open Action Tracker.

The Board **approved** the minutes of the meeting held on 27 July 2018 and confirmed the minutes were a true and correct record.

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

The Chair noted that he had removed the non-trading entities that he is a Director of from the Register of Directors' Interests and encouraged the other Directors to do the same.

The Board **noted** the Directors' interests register.

4. Chief Executive's Activity Report

Nick Hill spoke to the paper:

- ATEED released the second Auckland Growth Monitor at the beginning of August. This is a key platform for ATEED to frame economic development issues and increase visibility and engagement.
- The Board discussed ATEED's plans for Manukau and South Auckland. Management noted that the progress ATEED is marking in Manukau and South Auckland will become the most visible shift in ATEED's activities as ATEED responds to its refreshed purpose as an organisation.
- The Board noted the CCO accountability review and Auckland Council Elected Members' Expense Policy.

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

5. Finance Report

Joy Buckingham spoke to the paper.

- ATEED is \$0.7m behind Budget. This is due to:
 - \$0.2m decrease in Staff costs relates to unfilled vacancies across the business
 - \$0.3m decrease in Professional fees due to delays in project resourcing
 - \$0.2m decrease in Grants, contributions, sponsorship due to timing delays across the business
 - \$0.2m increase in Occupancy due to Kumeu Film Studio (KFS) adjustment to turnover rent to recognise rent increases across the period of the lease
 - \$0.2m decrease in Advertising, marketing and research due to timing in Destination, Economic Development and Strategy.
- There has been significant change in the business since the budget was set in December 2017. Forecast 1 will provide an opportunity to reflect these changes.

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

The Chairperson declared the meeting closed at 2.21 p.m.

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

Chair

Date



Open Board Action Tracker As at 28 September 2018

No.	Action	Result of Action	Status	Target Date	Responsibility
29 June 2018 – Board Meeting					
1.	Prior to the next Statutory Board Meeting, Management agreed to review how ATEED addresses sustainability and environmental impact both from an internal point of view and from an external influence point of view.	Item 7 Waitemata Low Carbon Network Open Board Meeting 28 September 2018	COMPLETE	28 September 2018	Nick Hill

ATEED Board Interests and Conflicts Register

Director	Interests and Conflicts
David McConnell	<p>Trustee, McConnell Family Trusts</p> <p>Managing Director, McConnell Group Limited (6581873)</p> <p>Director, McConnell Property Limited (6830354)</p> <p>Director, McConnell Property Services Limited (2093843)</p> <p>Director, McConnell Developments Holdings Limited (2066570)</p> <p>Including trading Subsidiary and Investments</p> <ul style="list-style-type: none"> ▪ Mariner Rise Limited (1897890) ▪ Addison Group Limited (3377631) ▪ Addison Developments Limited (855954) ▪ Beaumont Park Limited (1892636) ▪ Titanium Park Development Limited (1731580) <p>Director, Steelpipe Limited (49280)</p> <p>Director, What Comes Next Limited (5860568)</p> <p>Director, The Shooting Box Limited (866096)</p> <p>Director, Ayrlires Parklands Trust (1646167)</p> <p>Director, McConnell International Pty Ltd</p> <p>Director, Ecoclen Technology SDS BHD Ltd</p> <p>Director, Orange H Group Ltd and subsidiaries (in liquidation) (3691741)</p> <p>Director, H Infrastructure Limited, (3691835)</p> <p>including trading subsidiaries H Infrastructure (Fiji) Ltd</p> <p>Director, Future Schools Partners GP Limited (5625905)</p> <p>Director, Future Schools Partners GP 1 Limited (5616086)</p> <p>Director, MTC Land Investments Limited (5452582)</p> <p>Director, McConnell Limited (634938)</p>

	<p>Director of multiple non-trading entities. Board member, Kings College Director, Real Estate Institute of New Zealand</p> <p>Party to a Deed of Indemnity and Undertaking between the Director and the Company and an insured party under a Directors and Officers Liability Insurance Policy and a Defence Costs Insurance Policy arranged and funded by the Company</p>
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OPEN

September 2018

Chief Executive Report - September 2018

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

Purpose

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

Chief Executive overview

This month the Board is being asked to consider the Destination Plan and related destination decisions. The papers will have been considered by the Destination Committee prior to the Board meeting, with the Committee reporting on them verbally to the Board. These papers reflect considerable progress towards implementing Destination AKL and defining ATEED's role and deliverables.

We plan to bring forward more detailed planning for our economic development activities at the November Meeting.

You will note in the Finance Report that we are running \$1.7M (20%) behind budget for the year to date (after months). Having tested the reasons for the variations, I am satisfied that ATEED is not running behind plan in terms of planned activity as captured in the Business Plan, and the reasons for the financial variations are more to do with cashflow forecasting and accounting. The original budget was set in December last year, and we have been through some change since that time. We are currently reforecasting the budget for the rest of the financial year, and this will be brought forward to the Board in due course for adoption.

Strategic issues/opportunities

APTR legal challenge

Auckland Council has advised that the legal challenge to the accommodation providers' targeted rate is due to be heard in May 2019, with a decision expected in 2020. We have been asked to prepare an affidavit to describe ATEED's role, objective and activities, particularly in the area of growing Auckland's visitor economy. This will explain ATEED's involvement in the process leading up to Council setting the Accommodation Providers Targeted Rate (APTR) in June 2017.

ATEED priority projects

Provided below is the overall status and overview of current ATEED priority projects – APEC 2021, 36th America’s Cup and Manukau.

OVERALL	TIMING	RISK	RESOURCE (HR + \$)	COMMENTS
APEC 2021				
				<p>The APEC21 Programme Board met on 22 August, with actions for a joint discovery workshop to align MFAT and Auckland’s Programmes, as well as initial visibility of MFAT’s approach to communications and stakeholder engagement.</p> <p>The APEC21 Auckland Executive Steering Group (AESG) met on 29 August, with actions for a joint budget scoping session with MFAT on 21 September to identify essential operational delivery requirements as well as what has potential for value-add. An initial meeting for the development of a joint risk framework with MFAT was held on 5 September.</p> <p>The APEC21 Auckland Leverage and Legacy Expert Panel met on 4 September to shortlist 10 out of 70 potential projects. The team will contact subject matter experts to scope the chosen projects, it has therefore been concluded that there is no need for the panel to continue to meet as a group.</p>
36TH AMERICA’S CUP (AC36)				
				<p>The main focus on the event front has been on agreeing aspects of the event which are required to complete the Host Venue Agreement (HVA). This included agreement of the race courses which were announced at the end of August. The next planning phase of the event will commence in December 2018, which will include the more detailed transport planning for the city as well as the approach to managing public safety and maximising benefits from the event. These aspects are to a large extent dependent on the items currently being finalised in the HVA.</p> <p>Emirates Team New Zealand (ETNZ) is in the process of moving into the Viaduct Events Centre and will take full occupancy by 1 October 2018. The infrastructure project process will be concluded well in advance of the end of November 2018.</p>
MANUKAU				
				<p>Economic profiles for the Airport Precinct and Wiri Manukau including high-level actions for ATEED to consider have been completed. This information was provided to the Board during the Manukau and South presentation at the last Board meeting. ATEED has commissioned a report on the potential benefits on the development of Te Papa Manukau in consultation with Te Papa. Stakeholder engagement in the region continues, with a meeting with MIT led by the two CEs to look at areas of collaboration.</p> <p>The focus next month is completing the discovery phase of the Manukau project and developing an action plan.</p>

Month in review

Economic Development

Jobs and skills hubs

MBIE has confirmed the establishment of two additional jobs and skills hubs in Auckland as part of its 2018/19 funding round, with Kaipatiki confirmed as a hub location. MBIE are also commissioning a review of all hub activity including future network growth. Recommendations from the review are expected to go to Ministers for decision in October.

Māori Economic Development

Planning is underway for DIGMYIDEA Te Korau (Māori digital business co-starters programme) and hosting of Moko Foundation's Hawea Vercoe Leadership Programme Hui.

The Meg

ATEED participated at the Toronto Film Festival (7-17 September), and conference off the back of The Meg release. In September, a 20-page supplement was also produced as part of The Hollywood Reporter leveraging The Meg to further promote Auckland as an attractive film destination. The supplement is also available online and promoted via social media channels to the publication's global audience of more than 5 million.

GridAKL

The Smart Cities Challenge in the InnovateAKL programme is now live. A Climate Summit is scheduled for the end of October and the Hatchbox Public Innovation Lab (Level 4 of 12 Madden St) is assisting the development of the Auckland Council Climate Change Action Plan. Work is ongoing to build community connectivity between the Makerspace Te Haa Manukau and GridAKL.

Destination

During August and September, a number of significant investment cases were approved by either Management or the Board via endorsement by the Destination Committee. These include:

- Australia Consumer Marketing
- Winter Festival
- National Programme 2018/2019
- New Zealand Women's Open
- Women's Rugby World Cup (2021).

The Winter Festival investment case has been approved by Management. This allows the development of an annual winter festival programme to promote Auckland as a winter holiday destination while bringing to the forefront Auckland's destination positioning and narrative. Inherent within this will be themes around food and beverage, extended retail hours, music, arts, culture, Matariki and indoor events and activities. This is a joint programme of work between the Tourism and Major Events teams.

Tourism

During August, the GM Destination, Head of Tourism and Tourism Investment Manager attended Virtuoso in the USA to connect with more than 400 top luxury travel advisors from the US and rest of the world. The team also delivered destination training, media engagement appointments and a cultural dinner event for the top New Zealand and Auckland luxury travel

sellers. While in market, the team also visited key clients and partners in the US to continue the relationship and plan for future opportunities to collaborate. A full post-travel report is being produced.

ACB

ATEED's Head of ACB attended the ICCA Asia Pacific Chapter Client/Supplier Business Workshop held in Xi'an Shaanxi Province, China, with 15 other destinations and their associations' clients to generate future pipeline opportunities for ACB. Four opportunities are expected to be driven from this attendance over the next three years. The purpose of the ICCA Asia Pacific Chapter is to enhance co-operation between members of the same profession in the membership sectors, and enables them to work together with members – regardless of their sectors - in the same geographical areas. The membership of the Chapter consists of all ICCA members located in the Asia Pacific region.

The annual ACB membership update event was held on 18 September at the Sofitel Auckland, with a presentation from the GM on the *Destination AKL 2025* strategy and the Head of Major Events on the *Major Events Plan*.

ACB has purchased a space to exhibit at the AIME 2019 tradeshow to be held in Melbourne in February 2019, working closely with the NZICC and other participating members to ensure that Auckland is showcased at this annual event. ACB has met with the NZICC to continue discussions about joint venture sales opportunities in the 2018/19 financial year.

Study Auckland

Study Auckland has submitted an application to Education New Zealand for funding of \$100,000 to support the International Student Experience and Skilled Graduate Pathways programmes.

Awesome Award Study Auckland and Air New Zealand: Study Auckland is working closely with Air New Zealand to tell the stories of the participants from Japan, and to maximise the channel and market activity. This activity will be launched at the New Zealand Education Fair in Tokyo on 30 September.

Rukuhia Global Leadership Programme: Study Auckland attended the New Zealand International Education conference in Wellington in August. Study Auckland took the opportunity to share the *Destination AKL 2025* goals, and reiterated ATEED's commitment to showcasing unique Māori culture and working in partnership with local iwi.

Development is underway for a new partnership with the Department of Conservation (DOC), The Mental Health Foundation (MHF) and Got-to-Get-Out to create a new programme 'Nurture through Nature' eco-wellness. The goal is to use the guided eco-wellness programme as the setting to motivate, educate and coach international students on techniques they can implement to manage their mental health and wellbeing throughout their study journey.

People, Culture & Change

Te Whanake

Construction for the move to 167B Victoria Street is underway and remains both on budget and on time. The decision has been made by the business to embrace activity-based working (ABW), which means staff have the choice of work setting to best suit the type of activity and level of collaboration in their work. The productivity assessment from 2017 indicated that over 420 hours/week were lost due to inefficiencies, primarily due to the inability to find focus space and lack of appropriate workspaces for collaboration. The objective is to improve both

efficiencies and staff engagement. Leaders have undergone training to support them to lead in an ABW environment, which has received positive feedback.

Digital workplace

To further support the objective of greater productivity, our technology needs to be enhanced. In response to the Values and Culture work completed in 2017, barriers to accessing and sharing accurate information was one of the top three priorities identified by staff. To begin to address this, we have launched a digital workplace project. The first phase is to build the SharePoint architecture by mid-November, which will enable the organisation to work in a more digitally mature way. This means information will be saved, stored and shared in a way to increase visibility and enable easier collaboration through information-sharing.

Sustainability

The Board requested that we take steps to understand our impact on the environment and opportunities to work more sustainably from an environmental perspective. Enviro-Mark has been engaged to run a gap analysis and offer a recommendation for adjustments to target Enviro-Mark accreditation. This helps set ATEED on a pathway for continual improvement and a deep understanding of our environmental impacts at an operational level - ultimately becoming a sector influencer.

Strategy

SOI Process

Auckland Council have advised that they are undertaking a review of the Statement of Intent process. Council are currently developing the scope of the review to report to the Finance and Performance Committee in late October. To assist them Council have written to the Chair seeking feedback from the perspective of the board and the organisation, on the following:

- How do CCOs currently find the SOI process?
- What, if any, are the key issues CCOs find with the SOI process?
- What aspects of the current process work well for CCOs?
- What opportunities do CCOs see to improve the process?
- Is the current level of engagement between the board and councillors on the statement of intent enough?

Feedback is sought from the board by Monday 8 October 2018.

Media

August saw widespread coverage of *The Meg* and in association with this, the Kumeu Film Studios, further reaction to the extension of the APTR to online providers, and the announcement of the 36th America's Cup race courses. A media summary is included as Attachment 2.

Key Performance Indicators

A key priority over 2018/19 is the development of a comprehensive measurement framework based on the new SOI KPIs (included as Attachment 4), that clearly show the impact of ATEED's investments and interventions.

The first set of results against the new KPIs will be reported at the end of Q1, although the full suite of all measures and agreed methodologies will not be available until early Q3.

Finance

ATEED is \$1.7m behind Budget. This is due to:

- \$0.5m additional Operating revenue received mainly for the Diwali Festival and Auckland Film Studios.
- \$0.3m decrease in Staff costs relates to unfilled vacancies across the business
- \$0.5m decrease in Professional fees due to delays in project resourcing
- \$0.3m decrease in Grants, contributions, sponsorship due to timing delays across the business
- \$0.3m increase in Occupancy due to Kumeu Film Studio adjustment to turnover rent to recognise rent increases across the period of the lease
- \$0.1m increase in Travel & entertainment across Corporate, Destination and Economic Development
- \$0.7m decrease in Advertising, marketing and research due to timing across Destination, Economic Development and Strategy.
- \$0.2m increase in Other expenditure on activities across the business.

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

Forecast 1 will provide an opportunity to reflect these changes.

Recommendations

1. The report be received.

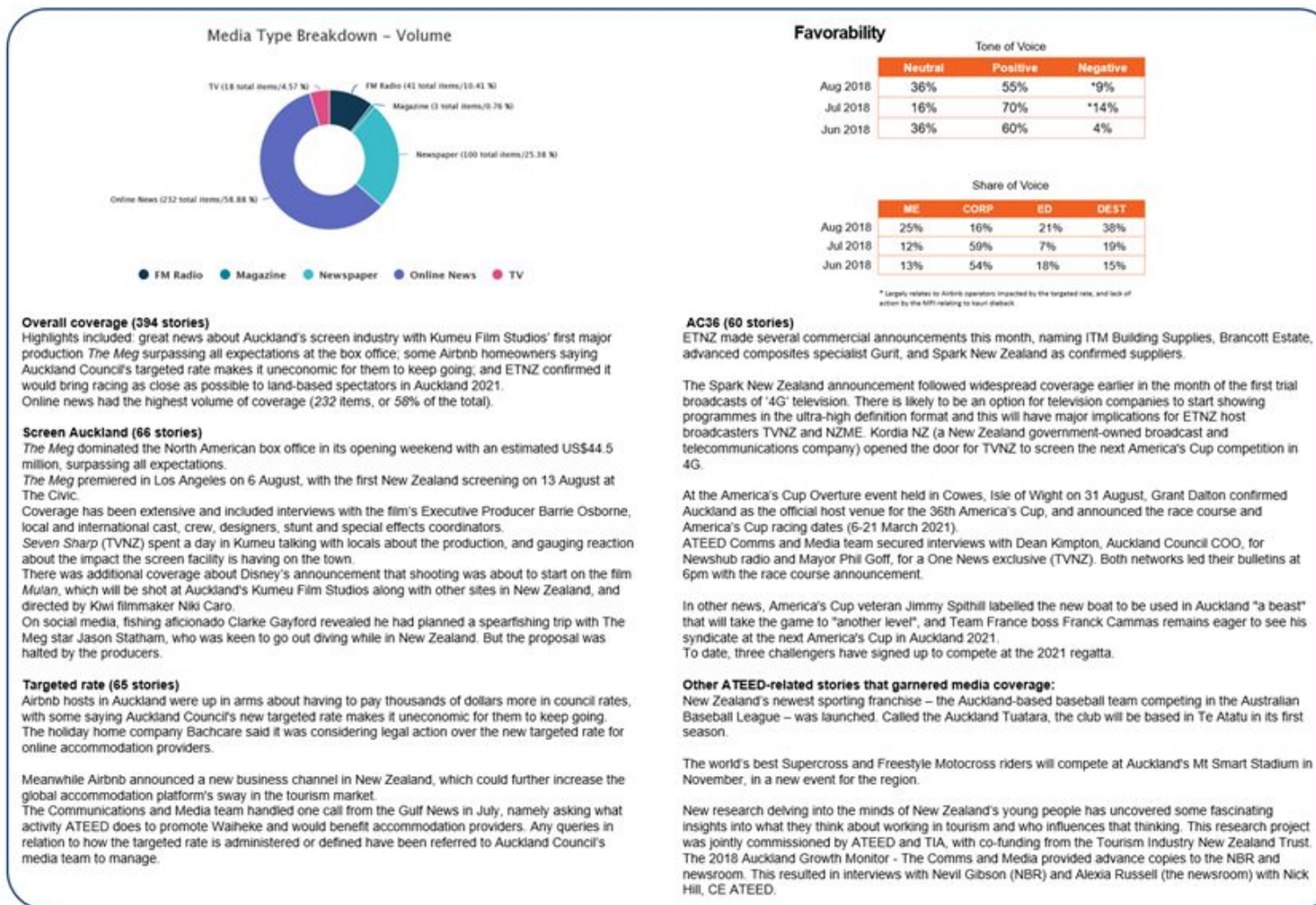
Attachments

1. Media summary for August 2018
2. SOI key performance indicator framework
3. Upcoming events/activity (next three months)








Signatory

Nick Hill, Chief Executive

Attachment 1: Media summary for August 2018



Attachment 2: SOI key performance indicator framework

KEY PERFORMANCE INDICATOR	2018/19 TARGET	LATEST RESULT	STATUS	COMMENTS
KPI 1: Contribution to regional GDP from ATEED interventions. ^{1,2}	Benchmark	No result to date		With detailed business planning still being finalised for the Destination and Economic Development divisions, 'interventions' to be included in this measure are still being finalised.
<i>Contributory measure: Contribution to regional GDP from major and business events attracted or supported (LTP measure)</i>	\$49m	No result to date		No data available for ATEED supported events year to date
KPI 2: Number of businesses that have been through an ATEED programme or benefited from an ATEED intervention (LTP measure). ^{1,2}	3,000	No result to date		The Strategy and Planning team are currently working across the business to finalise the programmes and interventions to be included in this measure and to ensure regular (monthly) reporting is available.
<i>Contributory measure: Number of Māori businesses that have been through an ATEED programme or benefitted from an ATEED intervention (LTP measure)</i>	120	No result to date		As above
KPI 3: Number of new jobs created, safeguarded or retained in Auckland as a result of an ATEED intervention. ^{1,2}	Benchmark	No result to date		With detailed business planning still being finalised for the Destination and Economic Development divisions, 'interventions' to be included in this measure are still being finalised.
KPI 4: Number of visitor nights resulting from an ATEED intervention. (LTP measure) ^{2,4,5}	340,000	No result to date		No data available for ATEED supported interventions year to date
KPI 5: Customer satisfaction of customers, partners and stakeholders who have interacted with ATEED	Benchmark	No result to date		ATEED is working with AC Nielson on the development of a Voice of the Customer pilot programme. Results from the pilot are expected at the end of Q1.

1. Also able to be analysed and reported by target sectors. 2. Also able to be analysed and reported by target locations. 4. Also able to be analysed and reported by commercial and non-commercial nights. 5. Also able to be analysed and reported by peak, shoulder and off-peak season nights

Attachment 3: Upcoming events / activity (next three months)

KEY EVENTS / ACTIVITY	DATE	LOCATION
International Conference on Biomechanics in Sports 2018	10-14 September	AUT City Campus
International Working Group for Women in Sport – Secretariat handover and Botswana Delegation	15 September	ATEED
Panuku, TSI, ATEED – Manukau Project meeting	21 September	ATEED central
Auckland On Water Boat Show 2018	27 September	Viaduct Events Centre
Tonga vs Australia League Match 2018	20 October	Mt Smart
Auckland Diwali Festival 2018	20 October	Aotea Square
ASB Auckland Marathon 2018	26 October	Various - Victoria Park
Big Screen Symposium	27-28 October	Auckland Waterfront Theatre & GridAKL 12 Madden Street
ITM Auckland SuperSprint 2018	2 November	Pukekohe Raceway
Auckland Tuatara Franchise 2018	14 November	McLeod Park
TV Awards	22 November	The Civic
NZ Supercross Open Auckland 2018	23 November	Mount Smart Stadium
Farmers Santa Parade 2018	25 November	Auckland CBD
Wondergarden 2018	31 December	Silo Park

Finance Report, month ending August 2018

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

Summary Revenue Statement												TABLE 1	
For the Period Ended 31 August 2018												\$000's	
Month			Year to Date					Full Year					
Actual	Budget	Variance		Actual	Budget	Variance	Forecast ***	Revised Budget	Deferrals *	Approved changes **	Budget	Last Year	
			Net operational expenses:										
1,018	1,580	562	Destination	1,965	2,941	976	22,180	22,180	0	0	22,180	21,888	
1,107	1,325	217	Economic Development	2,426	2,888	461	18,178	18,344	102	64	18,178	17,512	
299	469	170	Strategy	712	986	273	5,684	5,684	0	0	5,684	5,335	
541	578	38	Corporate	1,247	1,190	(58)	6,604	6,604	0	0	6,604	6,376	
2,966	3,952	986	Operating deficit before Council funding	6,351	8,004	1,653	52,646	52,812	102	64	52,646	51,111	
			Approved opex funding				49,852	50,018	102	64	49,852	49,065	
			Operating Deficit				(2,794)	(2,794)	0	0	(2,794)	(2,046)	
			Capex funding				3,428	3,428	0	0	3,428	7,906	
			Surplus				634	634	0	0	634	5,859	

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

Key Points

ATEED is \$1.7m behind Budget. This is due to:

- \$0.5m additional Operating revenue received mainly for the Diwali Festival and Auckland Film Studios.
- \$0.3m decrease in Staff costs relates to unfilled vacancies across the business
- \$0.5m decrease in Professional fees due to delays in project resourcing
- \$0.3m decrease in Grants, contributions, sponsorship due to timing delays across the business
- \$0.3m increase in Occupancy due to Kumeu Film Studio adjustment to turnover rent to recognise rent increases across the period of the lease
- \$0.1m increase in Travel & entertainment across Corporate, Destination and Economic Development
- \$0.7m decrease in Advertising, marketing and research due to timing in Destination, Economic Development and Strategy.
- \$0.2m increase in Other expenditure on activities across the business.

There has been significant change in the business since the budget was set in December 2017. Forecast 1 will provide an opportunity to reflect these changes.

* The 2017/18 deferral process is currently underway.

** The approved budget changes and deferrals relate to Local Board budget.

*** The Forecast 1 process is underway.

ATEED total net favourable variance of \$1.7m

Destination: Aug YTD underspend is \$1m lower than budget. This relates to \$0.1m Sponsorship received earlier than planned for Diwali festival and \$0.1m Property rental revenue from the Diwali stallholders. Staff cost savings of \$0.1m relate to staff vacancies in ACB, Major Events and Tourism, \$0.4m underspend in Grants, contributions, sponsorship is due to the timing of sponsorship payments in Major Events. There is also a savings of \$0.4m for Advertising, marketing and research due to delays in marketing campaigns.

Economic Development: Aug YTD underspend is \$0.5m lower than budget. Additional Operating revenue of \$0.2m has been received at Auckland Film Studios and a reclassification of Licence fees between Property rental and Sundry revenue. There is a timing related underspend of \$0.4m in Professional fees, consultancy and contractors across the business and \$0.2m Grants, contributions, sponsorship primarily in GridAKL, International Partnerships and Trade, and Skills and Employment. This is offset by overspend of \$0.3m in Occupancy driven by the adjustment on Kumeu Film Studio turnover rent to recognise increases in rent across the lease term.

Strategy: Aug YTD underspend is \$0.3m lower than budget. This relates to a contribution received towards Iron Duke costs of \$0.1m, Staff costs are underspent by \$0.2m due to unfilled vacancies, and there is a \$0.2m underspend in Brand services. These are offset by an overspend of \$0.2m for Vector lights due to the budget being held in Destination.

Corporate: Aug YTD overspend is \$0.1m higher than budget due to staff costs for annual leave.

Revenue Statement

Revenue Statement													TABLE 2
For the Period Ended 31 August 2018													\$000's
Month			Year to Date				Full Year						
Actual	Budget	Variance	Actual	Budget	Variance	Forecast ***	Revised Budget	Deferrals *	Approved changes **	Budget	Last Year		
			Operational revenue										
65	34	30	Fees and user charges	274	312	(37)	617	617	0	0	617	2,037	
107	112	(5)	Grants and subsidy revenue	265	220	45	1,454	1,454	0	0	1,454	2,501	
26	7	19	Sponsorship	96	14	82	1,792	1,792	0	0	1,792	1,955	
337	980	(643)	Property rental revenue	1,256	1,940	(684)	14,310	14,310	0	0	14,310	6,361	
1,026	55	971	Sundry revenue	1,170	116	1,054	979	979	0	0	979	1,995	
1,562	1,189	373	Total Operating revenue	3,062	2,601	461	19,152	19,152	0	0	19,152	14,850	
			Operational expenditure										
1,777	1,856	79	Staff costs	3,422	3,703	281	22,544	22,544	0	0	22,544	21,857	
249	482	233	Professional fees, consultancy & contractors	631	1,146	515	8,042	8,208	102	64	8,042	7,155	
391	543	151	Grants, contributions, sponsorship	1,078	1,399	321	9,174	9,174	0	0	9,174	10,206	
246	217	(29)	Depreciation & amortisation	488	435	(54)	2,794	2,794	0	0	2,794	2,633	
1,232	1,168	(64)	Occupancy	2,299	2,006	(293)	15,749	15,749	0	0	15,749	9,855	
116	53	(63)	Travel & entertainment	203	116	(87)	1,280	1,280	0	0	1,280	1,274	
273	744	471	Advertising, marketing & research	831	1,533	702	9,732	9,732	0	0	9,732	8,377	
243	77	(166)	Other expenditure on activities	460	267	(193)	2,484	2,484	0	0	2,484	4,604	
4,528	5,141	614	Total Operating expenditure	9,412	10,605	1,193	71,798	71,964	102	64	71,798	65,961	
2,966	3,952	986	Operating deficit before Council funding	6,351	8,004	1,653	52,646	52,812	102	64	52,646	51,111	

Total Operating revenue

YTD total Operating revenue is \$0.5m higher than budget.

Sponsorship, \$0.1m higher: The Diwali Festival sponsorship was received earlier than planned.

Property rental revenue, \$0.7m lower: Reclassification of Studio revenue to Sundry revenue as the revenue is for licences not leases.

Sundry Revenue, \$1m higher: Reclassification of Studio revenue from Property rental revenue as the revenue is for licences not leases and there is additional Studio revenue received of \$0.2m.

Total Operating Expenditure

YTD Operating expenditure is \$1.2m lower than budget.

Staff costs, \$0.3m lower: This is mainly due to savings against vacant positions across Destination, Economic Development and Strategy.

Professional Fees, consultancy & contractors, \$0.5m lower: This reflects an underspend of \$0.4m across the Economic Development business and \$0.1m in People, Culture and Change.

Grants, contributions, sponsorship, \$0.3m lower: This relates to a timing delay of \$0.2m for Destination's baseline portfolio and event attraction fund, a \$0.1m timing delay for the V8 Supercars and \$0.2m Economic Development sponsorship in GridAKL, International Partnerships and Trade, Skills and Employment and the Screen Team. These are offset by a \$0.2m spend in Strategy for Vector Lights that was budgeted in Destination sponsorship to occur in October.

Occupancy, \$0.3m higher: The overspend of \$0.2m in Occupancy is the adjustment on Kumeu Film Studio turnover rent to recognise increases in rent across the lease term and there is \$0.1m for the GridAKL lease amortisation.

Travel & Entertainment, \$0.1m higher: Relates to overspends in Corporate, Destination and Economic Development.

Advertising, marketing and research, \$0.7m lower: Due to timing there is an underspend of \$0.4m in Destination relating to various marketing campaigns including the Restaurant month and the Trade Partnership Marketing campaign, \$0.1m in Economic Development, and \$0.2m in Strategy for brand services.

Other expenditure on activities, \$0.2m higher: Due to overspend in Corporate of \$0.1m for Business NZ membership, Directors expenses and office ICT move, \$0.1m in Destination and Economic Development across multiple areas of GridAKL.

Summary of Activities

Summary of Activities: Net Amount of Spend and/or (Revenue) > 0.5m													TABLE 3
For the Period Ended 31 August 2018													\$000's
Month			Year to Date				Full Year						
Actual	Budget	Variance	Actual	Budget	Variance	Forecast ***	Revised Budget	Deferrals *	Approved changes **	Budget	Last Year		
Destination													
104	290	186	431	530	99	1,550	1,550	0	0	1,550	1,380		
21	15	(6)	(149)	(133)	16	798	798	0	0	798	811		
17	0	(17)	14	0	(14)	775	775	0	0	775	710		
(4)	5	9	(3)	5	8	500	500	0	0	500	478		
(1)	0	1	(3)	0	3	374	374	0	0	374	399		
(0)	0	0	20	0	(20)	234	234	0	0	234	196		
17	0	(17)	14	0	(14)	775	775	0	0	775	710		
Economic Development													
450	237	(213)	704	574	(129)	3,728	3,728	0	0	3,728	4,505		
5	20	15	10	94	84	536	536	0	0	536	342		
20	44	24	17	(172)	(189)	(83)	(83)	0	0	(83)	607		
(165)	(28)	137	(214)	(26)	188	(245)	(245)	0	0	(245)	(13)		
(94)	(95)	(1)	(185)	(183)	2	(1,072)	(1,072)	0	0	(1,072)	(1,083)		
Strategy													
10	68	58	5	196	191	792	792	0	0	792	184		

ITM Auckland Supersprint, \$0.1m lower: Timing of sponsorship payments will be rectified in Forecast 1.

GridAKL, \$0.1m higher: Timing of expenditure will be rectified in Forecast 1.

Maori Economic Development, \$0.1m lower: Budgeted expenditure mainly relating to Professional fees, consultancy & contractors and Advertising, marketing and research has not occurred due to timing.

Kumeu Screen Precinct, \$0.2m lower: Timing difference for Cricket Hop revenue has been offset by turnover rent payable which was triggered a month earlier than expected.

Auckland Film Studio, \$0.2m lower: This is mainly due to additional revenue received and an operational management fee budgeted will not occur as ATEED are managing the studio.

Brand Services, \$0.2m lower: Delayed timing of the Destination Strategy has meant that planning work is still being undertaken.

Summary Statement of Financial Position

Statement of Financial Position, ATEED Group		
As at 31 August 2018		
TABLE 4	YTD	Jun-18
		\$000's
Current assets		
Cash and cash equivalents	657	1,084
Receivables and prepayments	19,112	10,763
Other current assets, including iSite inventory	0	0
Total current assets	19,769	11,847
Current liabilities	14,816	7,720
Working capital	4,954	4,127
Non-current assets		
Receivables and prepayments (non-current)	19	24
Property, plant and equipment	18,014	18,135
Investment in Joint Venture, The FoodBow I	2,018	2,018
Total non-current assets	20,051	20,177
Non-current liabilities	2,888	2,939
NET ASSETS	22,117	21,365
EQUITY	22,117	21,365
Capex spend	367	7,906
Total future commitments	\$91.7m	\$75.7m

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

Receivables and prepayments: Increase is mainly due to intercompany settlement payments and current debtors.

Current liabilities: Increase in related party payables due to the timing of intercompany settlements, reduction in trade payables and accruals, and increase in current revenue in advance.

Non-current Liabilities: Relates to non-current revenue in advance.

Total Future Commitments: Operating lease costs of \$59.5m for GridAKL program over a twelve-year period including passage of time rent increases, \$8.7m for 167B Victoria Street over a 9 year period, \$0.1m for the B:Hive at Smales Farm over a 2 year period and \$23.4m for operational commitments.

Receivables *

Aged debtors (\$000's)	Current month	1 month	2 months	3 months	4 months+	Total	Comments
Generator New Zealand Limited	0	0	0	704	0	704	GridAKL operator - collection being managed. Payment received Sept of \$718k.
Soft Technology JR Ltd	0	0	0	23	42	65	Landlord for KFS - debt to be offset against rent payment due by end of October
Precinct Properties	0	0	0	37	0	37	Landlord for GridAKL - debt being managed
880 Productions Limited	0	0	32	0	0	32	Payment received
Other Debtors	0	(1)	24	10	51	83	Other debts are being actively managed.
Total Debtors - August 2018	0	(1)	56	774	92	920	
Overall debt greater than \$50k							

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

Recommendation

It is recommended that the Board note the Finance Report for the period ended 31 August 2018.

Signatories

Manager: Claire McCracken, Finance Manager

GM: Joy Buckingham, Chief Financial Officer

Annual Report for the year ended 30 June 2018

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

Proposal

The purpose of the report is to note the Annual Report for the year ended 30 June 2018.

Strategic Alignment

Under its constitution the Board must, within three months after year end, deliver to the Shareholders, and make available to the public, a report on the operations of the company for that year.

Our Annual Accounts have been prepared and presented as required by:

- Local Government Act 2002
- Financial Reporting Act 1993; and
- Companies Act 1993

Under Section 96 of the Local Government (Auckland Council) Act 2009 ATEED must hold a meeting after 1 July each year for the purpose of considering ATEED's performance under its Statement of Intent for the previous financial year. At this meeting the Board must allocate a reasonable amount of time for members of the public to address the Board in relation to the subject matter of the meeting.

At this September board meeting the Board is noting the final Annual Report which includes the ATEED's performance against the Statement of Intent for the year ended 30 June 2018. Members of the public may attend this meeting and address the Board in relation to this.

Comment

The Annual Report is signed by the Chair and another Director. These accounts have been audited by Audit NZ and there are no outstanding audit matters as outlined in the Independent Auditor's Report.

Consultation

These Accounts have been prepared in consultation with ATEED'S Audit and Risk Committee, Audit NZ, and Auckland Council. Feedback received on the draft Annual Report from the Board have been included in the attached Annual Report.

Financial Implications

There are no unadjusted financial errors noted. The audit fee for the year ended 30 June 2018 has been accrued and is included in the results for the year to 30 June 2018.

Recommendations

It is recommended that the Board **note** the Annual Report for the year ended 30 June 2018.

Attachments

- ATEED's Annual Report for the year ended 30 June 2018 - **AVAILABLE ON NZX RELEASE, 28 September 2018**
-

Signatories

Joy Buckingham, CFO

Nick Hill, Chief Executive
