

Report to Auckland Council

For the quarter ending 31 December 2016



He Mihi

E tu noa ana nga maunga whakahii i te riu o Tāmaki Makaurau.

E whakaruruhau ana i nga ahikaa mai tawhiti.

E maumahara ana i te nguha a Mataoho.

Ratou kua poto ki tua o te arai, e moe e okioki

Tatou te hunga ora e kawē ana i te aronganui mo te pai me te whai rawa o Tāmaki, tena ra tatou katoa.

The volcanic cones of Tāmaki Makaurau stand as sheltering monoliths to the people from an ancient heritage who have kept the home fires burning as a symbol of remembrance of Mataoho whose rage created this beautiful landscape.

To those who have passed into the night, may you find eternal rest.

For those of us who have been left behind to build the most liveable city in the world, greetings to us all.

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1. Executive summary

The following table summarises key ATEED achievements during Quarter 2. These are listed by ATEED's strategic pillars, as per ATEED's Statement of Intent 2016-19.

- Successful delivery of the **Diwali Festival of Lights** in partnership with the Asia New Zealand Foundation. ATEED also facilitated the **ITM Auckland SuperSprint event**, part of the 2016/17 Major Events Portfolio, and delivered ancillary events including a drive-in movie and Fan Day. These events are key to the delivery of Auckland's major events strategy and make Auckland attractive to residents and visitors.
- Completion of the **Lion Foundation Young Enterprise Scheme** programme for the 2016 academic year, culminating in five Auckland schools winning seven Young Enterprise National Awards. Over 1000 Auckland students formed more than 200 companies during the year. This annual programme supports the culture of entrepreneurship developing in Auckland, as well as supporting young people on their journey into the world of work.
- ATEED facilitated the **establishment of three multinationals**. Two are in the construction sector and one is in the screen sector. The attraction of these companies will increase sector productivity through attraction of key businesses.
- The **CBD Jobs and Skills Hub** was launched in collaboration with local and central government, training agencies and employers. This is part of broader #BUILD AKL strategy focusing on getting 4000 back into work

Grow the visitor economy

The contribution to regional GDP from major events invested in rose to \$10.33 million at the end of Q2¹, and there are several more large-scale events on the way in the first half of 2017.

Q2 was a significant period for the facilitation and delivery of major events, including the Auckland Diwali Festival, the Auckland Marathon, Taste of Auckland, the ITM Auckland SuperSprint, the Farmers Santa Parade, the Aon Youth Sailing World Championships, the Bledisloe Cup and the FINA World's Youth Water Polo Championships.

Key milestones for World Masters Games 2017 (WMG2017) in Q2 included the review and approval of the Leverage and Legacy programme. ATEED has continued to work closely with MBIE to agree on the objectives of the Leverage and Legacy programme, and a forum has been re-established to track progress.

At the end of Q2, five sports (archery, football, hockey, golf and softball) within the WMG2017 programme had reached capacity and waiting lists were in operation. As has been the case for a number of months now, accommodation availability and pricing remains the biggest risk/issue to the organisation.

The Auckland Convention Bureau has achieved an 86 per cent win ratio as at 31 December 2016, against a target of 60 per cent for the year. At the same point, 19 international bids have been supported with an estimated value of the business events won is \$18 million, marginally below ATEED's target for 2016/17 of \$19m.

Q3 will see the arrival of Hainan Airlines operating direct flights three times a week between Shenzhen and Auckland, as well as Qatar Airways operating Doha-Auckland flights from 1 February. The Doha-Auckland sector will be the world's longest long-haul flight, and this increased capacity makes Auckland more accessible to leisure and business visitors.

ATEED will welcome the second group of China Cup Sailing school students in January, which is part of their New Zealand Winter Camp programme. ATEED's partnership with New Zealand Bloodstock will be formalised in January, with the signing of a memorandum of understanding outlining future collaboration to attract high net worth individuals from Asia and the US.

Resource consent for the Queens Wharf mooring dolphin has been put on hold until the end of March. This will ensure that suitable interim cruise infrastructure is in place for larger ships such as Ovation of the Seas in the future.

¹ This figure has been calculated completed evaluations of the following events: Pan Pacific Youth Water Polo Festival, New Zealand International Film Festival, New Zealand Fashion Week, Auckland on Water Boat Show, Auckland Diwali Festival, Bledisloe Cup, New Zealand Navy 75th Anniversary, Taste of Auckland, Auckland White Water Invitational, Farmers Santa Parade.

Significant events for Q3 include the Tāmaki Herenga Waka Festival (Māori signature festival), celebrating the Māori heritage and culture of Tāmaki Makaurau. Others include the ASB Classic Tennis tournament, the Downer NRL Auckland Nines, and Pasifika and Lantern festivals. A reconstruction of Shakespeare's Globe Theatre will also pop-up at Ellerslie Racecourse in February for two months.

During the period ATEED continued to support local tourism initiatives in local board areas. This included work with the Great Barrier Local Board to support an application being made by the Awana Rural Women's group to establish a Dark Sky Sanctuary on the island, to preserve its scientific, natural, or educational value, its cultural heritage and/or public enjoyment. This initiative has the potential to attract visitors to the island. Additionally, ATEED worked with the Franklin Local Board to implement a Franklin-wide assessment of motor campervan and camping. This assessment will determine the need for new or upgraded facilities to encourage more visitors to stay overnight in the Franklin region.

Build a culture of innovation and entrepreneurship

The number of resident businesses at GridAKL has grown from 56 in Q1 to 76 at the end of Q2, which is above ATEED's annual SOI KPI target of 55.

There were 383 businesses managed through the Regional Business Partner Network programme as at 31 December. This is 53 per cent of ATEED's annual SOI KPI target of 720 for this activity.

ATEED continued to seek opportunities across Auckland's tertiary education sector to develop student entrepreneurs. Six out of the 10 student entrepreneurial initiatives funded through the Student Entrepreneurship Contestable fund finished in Q2. Nearly 800 students took part in the above-mentioned initiatives.

ATEED will deliver the Lion Foundation Young Enterprise Scheme (YES) Enterprise Days (E-Days) in February. Preparations for Techweek 2017 are also in full swing, with the event taking place in Q4.

ATEED's Local Economic Development team at ATEED supported a number of local board initiatives that deliver local economic development outcomes. During the period ATEED worked with the Waitemata Local Board to secure grant funding from the Board's Locally-driven initiatives (LDI) budget to support activation of the Uptown Innovation project. The grant enabled the Uptown Business Association to employ a co-ordinator for this innovation hub.

In December, ATEED supported the delivery of the Lion Foundation Young Enterprise Scheme Awards in Auckland north, south, west and central. We currently have 1400 students registered for E-Day events being held around the region in February.

Attract business and investment

The AR/VR Garage (Garage) has grown to house 19 tenant companies as at the end of Q2, and has attracted three corporate sponsors, with a further two expected to sign up by the end of the year. An events calendar has been developed and shared with tenants, partners and sponsors. The Garage has established an alliance with the VR Society in LA, and has agreements in place with multiple tertiary organisations (The University of Auckland, AUT and Media Design School), as well as Unitec looking to move in. At the time of reporting, the pipeline of prospective tenants indicates that the facility will be full by mid-2017.

The total GDP contribution of deals affected with ATEED involvement to the end of the quarter is \$255 million, which is well over the annual target of \$56.7 million. A review of targets against this KPI for the 2017/18 year has been done as part of the development of ATEED's Statement of Intent for 2017-2020. The variance between GDP actual and target is as a direct result of ATEED realising attribution on a single, abnormally large transaction.

The value of investment deals affected by ATEED within the financial year to date is \$387 million, exceeding the annual target of \$278 million. The number of intensively account-managed customers in the Aroha Auckland programme stood at 32 at the end of Q2, with a risk of not reaching the target of 85 by 30 June 2017, based on the tighter qualification criteria now being applied. Mitigation measures have since been developed to ensure the annual target is met, although it is important to recognise the value of deals and a more effective measure of

economic growth. ATEED will be engaging with 27 clients who are currently part of the Aroha Auckland programme in February, with the expectation that the annual target will be met.

Grow and attract skilled talent

Q2 marked the launch of the CBD Jobs and Skills Hub in Wynyard Quarter. ATEED, together with local and central government, training agencies and employers, launched the hub to provide long-term, sustainable employment opportunities in Auckland. This initiative provides on-site job brokerage and skills training for large developments across Auckland's city centre, enabling construction employers to connect with entry-level workers.

As part of our Employer Pledge programme with our construction pledge partners, ATEED's delivery of the #BuildAKL campaign progressed well in Q2. The campaign focus was on industry engagement, as well as encouraging entries into the competition. The competition was launched at JobFest (September, 2016) and closed in November, with more than 650 entries. Twenty young finalists were selected, and each received Site Safe and Traffic Control training and other support. Ten winners were selected to start their paid work placements in mid-January, aiming to increase the social media following on the BuildAKL Facebook page. The competition was also covered by NZME media, as part of its Youth Employer Pledge commitment.

Work between ATEED's International Education (Study Auckland) team and Auckland Council on the Ellen Melville community centre refurbishment project (located on High Street) will continue in Q3. The centre is due to open in mid-2017. The Study Auckland team has partnered Education New Zealand to co-design and launch a new international student experience programme, which will continue to take shape during Q3.

ATEED works with Youth Connections (Council) to ensure that Auckland's young people are working and succeeding. Our key sectors of interest are Construction, Tourism, Tech and Health. Through our Employer Pledge programme we leverage business and partner resources to deliver initiatives such as JobFest, the BuildAKL campaign, and the CBD Hub and Skills. We also work with central government agencies to attract and retain skilled talent to New Zealand in the Tech, construction and advanced industries sectors.

Build Auckland's brand and identity

In early November, there was considerable misreporting in the media, and misinformation spread through social channels, about the final output of the Global Auckland Project – the *Global Auckland Story* and its key theme (the 'place desired by many'). This occurred after briefings had been given about the outputs of the project, which was completed in November. The *New Zealand Herald* subsequently published an opinion piece about the project by ATEED Chairman, David McConnell. This ran on Saturday, 17 December, along with a clarification. It explained that we were invited to provide the piece because of the incorrect way the original story focused on a "slogan" – which was not part of the project. The *Herald* issued an apology and corrected the number of staff who worked on the project.

The delivery of the Global Auckland Project's outputs signalled the project's end, and the focus for Q3 will be a new phase of work led by Auckland Council's Strategic Partnerships team – to identify and develop future commercial opportunities that create outcomes aligned to the Auckland Plan.

The Auckland Short Break campaign, a joint activity with Tourism New Zealand (TNZ) and Auckland International Airport (AIAL), will be in market in early February. The campaign targets the Australian leisure traveller, and capitalises on Auckland's natural and urban landscape, making it the perfect short-break getaway for Australians.

The Digital Development project continues to gain momentum as we enter into Q3, with a number of pages on the new website set for completion, and preparation steadily continues for the launch of the replacement platform.

Financial performance and risk management

ATEED Letter of Expectation 2017/2018

In December, ATEED received the Letter of Expectation from Mayor Goff. These expectations have been considered and incorporated into the development of ATEED's draft Statement of Intent (SOI) for 2017-20. The draft SOI will be delivered to Auckland Council for feedback on 1 March 2017, with the final version being produced and submitted to Auckland Council by 30 June 2017.

Shared services

Key highlights for ATEED this quarter around greater use of shared services included:

- ATEED's participation in the RFP process to determine a group wide insurance broker.
- Working with Council's travel team to align travel authorisation and procurement processes.
- Transitioning to a new H&S Management software in conjunction with Council and Pānuku to deliver consistent monitoring and reporting.
- Discussions with Group Finance to gain increased access to tools and capability to enhance ATEED financial management as well as gain further operating efficiency.

Performance against SOI targets

As at 31 December ATEED is on track to achieve 17 of its 24 targets set out in the Statement of Intent (2016-19). Five targets are measured on an annual basis and ATEED anticipates that these will be achieved by the end of the year. We are currently applying mitigations to address shortfalls in the number of intensively account managed customers in ATEED's aftercare programme (Aroha Auckland), as well as the number of International bids submitted or supported by ATEED. Although the number of bids submitted/supported is below target, the value of business event bids won during this financial year is expected to exceed target. Detailed commentary on a number of key targets is included in section 6 of this report.

2. Strategic framework and focus areas

ATEED's Strategic Framework

ATEED's Strategic Framework (Figure 1 below), clearly articulates ATEED's role in creating the world's most liveable city, by focussing on five key priorities:

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

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



Figure 1: ATEED's Strategic Objectives

Strategic Issue: Accommodation Provider Targeted Rate

As the tourism industry starts 2017 in a stronger position than ever before, industry leaders are faced with big decisions about how to fund tourism infrastructure to keep pace with this unprecedented growth, as well as tourism marketing to continue to drive visitor demand growth into Auckland.

The Auckland Visitor Plan 2021 is one of ATEED's key strategic pillars. The visitor economy continues to boom as the Auckland Visitor Plan, launched by ATEED in 2011, and other related strategies, continue to deliver great results. Partners Auckland International Airport, industry operators and Tourism NZ, have contributed to record visitor numbers. The targets outlined in the 10-year Auckland Visitor Plan have been exceeded after only 5 years. As such the timing is right to explore ways that ATEED can reduce reliance on ratepayer funding and have a more sustainable long-term solution to support destination marketing and management.

There are currently two key approaches being discussed, one at a national level where the discussion is focused on visitor industry infrastructure requirements; and the other at a local level focused on sustainable funding of destination marketing, destination management, business events, and major events.

Auckland approach – visitor attraction

ATEED currently allocates about \$28m in ratepayer funding towards destination marketing, destination development, major events, international education, and support services. The current approach is to design and implement an alternative revenue option that would look to replace this portion of ratepayer funding. A number of options have been discussed, including one of a national visitor levy or tax collected locally. Imposing a national tax requires a change in legislation and approval from the Government via parliamentary bill, and therefore will likely take longer to implement. The revenue generated by a mechanism like this is unlikely to be passed in full to Auckland Council or ATEED. At the local level, Council has jurisdiction to implement a targeted rate. This would allow a faster implementation as well as allow rated businesses to have greater control over the design, timing and use of such a fund when compared to the features of a nationally developed solution.

Mayor Goff has expressed his intentions to implement a targeted rate from 1 July 2017, and for this to be included in the 2017/18 Auckland Plan. ATEED has been working closely with Council and the accommodation sector since late 2016 on the Accommodation Provider Targeted Rate project, aiming to find a solution that is as fair as possible, while aligning funding to those who benefit the most from the booming visitor market.

The proposed rate would be applied to all hotels, motels, backpackers, purpose-built bed and breakfast or lodge accommodation, short-stay apartments, camp grounds and cabins. Such a rating structure would not capture providers operating from residential properties, homestays, Air BnB rentals and holiday lets or private bachs. Air BnB and other such sites have verbally offered to pay their fair share by applying a levy on sales and passing this on to Council. By taking this approach, Air BnB and others can be seen to contribute and support the industry and the city.

An advisory steering committee comprising of accommodation sector representatives, Auckland Council Group Finance and ATEED's Chief Executive has been formed by the Mayor's office, chaired by Councillor Desley Simpson and also attended by Councillor Ross Clow. The project team is working with industry stakeholders to decide on the methodology of the rating, and a governance model that will oversee how the funds are spent. A proposal document will be available for public consultation from mid-February 2017. ATEED continues to provide support to the project team in the Mayor's office with regards to industry advice and stakeholder management in particular, and is continuing to receive feedback from local industry partners across the sector.

National approach – visitor levy

The value of the tourism industry nationally has grown from \$28b a year to \$35b during the past two years. The challenge for the Government and the industry is now less about funding marketing and promotion (which is currently done via Tourism New Zealand), but to keep pace with the unprecedented growth in visitor arrivals and the pressure this is putting on local infrastructure, especially in smaller towns and remote parts of the country with low ratepayer bases such as Queenstown, Tekapo and the West Coast.

The tourism industry, via Tourism Industry Aotearoa (TIA), is putting pressure on the Government to increase its investment in this infrastructure by sharing the revenue it receives through GST collected from tourists, currently totalling \$1.2b annually from international visitors (YE March 2016). When GST paid by domestic travellers is included, the total GST take from annual tourism spend is \$2.8 billion².

TIA and funders from the industry, including ATEED, have also commissioned a report (the National Tourism Infrastructure Assessment) from Deloitte on the national infrastructure requirements of the industry to gauge the level of funding and time required to address these issues. The report is due in February 2017. Auckland-specific infrastructure requirements include a long-term solution for berthing larger cruise ships, a rail solution to the airport, more hotel investment, and localised development in infrastructure such as parking, toilets and road upgrades (for example Waiheke). This report is not only going to provide recommendations for funding solutions, but also outline the key areas requiring investment in infrastructure across the country.

In 2016, a group of tourism leaders from the private sector led by Air New Zealand, commissioned a report by McKinsey to look at options from around the world that could be applied to New Zealand, and recommendations were presented to the Government late last year. The industry recommendation was that an infrastructure fund be established from a combination of an increase in the existing boarder levy, and a national accommodation levy (bed tax) to collect \$65m, and for this to be matched by the Government to create an annual fund of \$130m.










Discussion on a visitor tax, or bed tax has taken place for many years, and while some industry stakeholders have raised concerns regarding how the funds would be raised and collected and the fairness of it, this option is now being seriously considered by the Government. A number of countries, states and cities around the world apply some form of a visitor tax, and although this can pose a risk to visitor attraction, it is not generally seen as a deterrent and comes with a number of benefits, such as increased funding and industry input. A recent meeting with Deputy Prime Minister and Tourism Minister, Paula Bennett indicated that she is currently considering the Government's approach to the challenge which the industry will be seeking prior to the upcoming election in September 2017.








Council and representatives from the funding segments (i.e. accommodation providers) will need to agree how Auckland should be represented on the governance structure for this proposed national visitor levy. ATEED will play a role in providing input and advice to council and the sector to determine how the fund could be allocated and applied.

² <https://tia.org.nz/about-the-industry/quick-facts-and-figures/>

3. Key deliverables and highlights for the last quarter

Summary of key deliverables – Quarter 2

Deliverable	Completed / carried over / deferred	Status	Comments
Build a culture of innovation and entrepreneurship			
Number of businesses taking up tenancy at GridAKL and percentage 'Innovation-led'	ongoing		76 at the end of Q2, which is above ATEED's annual SOI KPI target of 55.
Number of actively managed business through the Regional Business Partner Network	ongoing		383 businesses were managed as of 31 December, on track to meet ATEED's annual SOI KPI target of 720.
Attract business and investment			
Facilitation of the establishment, or significant expansion, of multinational and local companies in target sectors (LTP Measure)			Three significant multinationals during the year-to-date. Two of the multinationals newly established are in the construction sector, with the remaining one from the screen sector.
Total GDP contribution of deals affected with ATEED involvement			\$255 million, which is well over the target of \$56.7 million.
Value of investment deals affected by ATEED within the financial year			\$387 million, exceeding the target of \$278 million.
Number of intensively account-managed customers in ATEED aftercare programme (Aroha Auckland)			32, with a risk of not reaching the target of 85 by 30 June 2017, based on the tighter qualification criteria now being applied. ATEED will be engaging with 27 clients who are currently part of the Aroha Auckland programme in February, with the expectation that the annual target will be met.
Grow and attract skilled talent			
Lion Foundation Young Enterprise Scheme Awards	Completed for the 2016 academic year		Delivery of Young Enterprise Scheme Awards in Auckland North, South, West and Central.
CBD Jobs and Skills Hub	ongoing		Launched. This is a collaboration supported by local and central government, training agencies and employers, and aims to provide long-term, sustainable employment opportunities. This initiative provides on-site job brokerage and skills training for large developments across Auckland's city centre, enabling construction employers to connect with entry level workers.
#BuildAKL Campaign	ongoing		Progressed well in Q2 with a focus on industry engagement, as well as encouraging entries into the competition.
Grow the visitor economy			

Deliverable	Completed / carried over / deferred	Status	Comments
Diwali Festival of Lights	Completed		Successful delivery in partnership with the Asia New Zealand Foundation.
ITM Auckland SuperSprint	Completed		Facilitation of the race and delivery of ancillary events (drive-in movie and Fan Day).
World Youth Sailing	Completed		Auckland hosted the Aon Youth Sailing World Championships, between 14 - 20 December. During the regatta more than 380 sailors from 65 nations sailing in more than 260 boats, competed in nine disciplines. The event was well-aligned to showcasing Auckland's on-water lifestyle, marine capability and commitment to sailing. Hosting this event was an important step for Auckland to host other World Sailing events in the future.
FINA World Women's Youth Water Polo Championships	Completed		ATEED supported these events as part of the 2016/17 Major Events Portfolio.
Bledisloe Cup	Completed		
ASB Marathon	Completed		
Taste of Auckland	Completed		

Grow the visitor economy

The visitor economy continues to boom as the Auckland Visitor Plan (2012-2021) and other related strategies and developments in the sector continue to deliver great results.

In 2016 tourism spend in Auckland was \$7.51b, up 10.9 per cent on the previous year. This is well above the \$6.17b target for 2016 set in the Visitor Plan, and already ahead the 2019 target of \$7.44b. International arrivals to Auckland were at a record-high year-to-date for December 2016, with the number of arrivals at 2.49m – up 11.9 per cent compared to the previous year. Hotel occupancy continues to be high, up 86.5 per cent on average in 2016, up 3 per cent compared to the previous year. The average daily spend rate also increased in 2016, with the average daily rate at \$183, up 11.6 per cent.

ATEED is aware that December arrivals were lower than in December 2015, and that January 2017 arrivals have exceeded January 2016. ATEED will continue to monitor arrivals and report on trends in the Q3 report.

i-SITES

The Auckland Airport i-SITE won an award at the i-SITE New Zealand Conference in October for the highest customer satisfaction rating across the country (91 per cent). This is an excellent achievement and the team continues to exceed the customer satisfaction target set in ATEED's SOI of 85 for the year.

The Princes Wharf i-SITE was renamed the Lower Queen Street i-SITE following the move to the new location on 1 December. The new i-SITE is housed in two Portacom buildings, located between two significant construction projects – the City Rail Link (CRL), and the Commercial Bay development. The new location is positioned to be

seen by domestic and international visitors arriving on cruise ships. ATEED opened the new site on time and on budget, despite tight timeframes to source, design and fit-out a suitable solution to house the centre. ATEED has been offered the position at Lower Queen Street until 1 May 2017. A permanent space for the Lower Queen Street i-SITE is still being considered, and discussions continue between key stakeholders.

As noted in email correspondence to councillors and the Mayor, the Waiheke Island i-SITE was closed on 1 November. This was prompted by the resignations of i-SITE staff at Matiatia Wharf, a continued decline in sales, and the i-SITE losing about \$110,000 a year. Two students have been employed in the Tourism team to act as 'greeters' at Matiatia Wharf, and to provide many of the services on offer through the i-SITE service, including providing visitors with local advice, direction and general information. The greeters are, however, unable to book tourism products on behalf of visitors.

The greeters will be in place every morning at Matiatia Wharf until the end of April 2017, to cover the peak summer period and World Masters Games 2017. ATEED will continue to lease the kiosk that the greeters are based in from Auckland Transport until the end of June 2017. ATEED is working closely with the Waiheke Local Board and the Waiheke Island Tourism Forum on the future visitor information offering.

World Masters Games 2017

ATEED's subsidiary, World Masters Games 2017 Ltd (WMG2017), has made tremendous progress towards Auckland hosting this global event.

Key milestones in Q2 included the review and approval of the Leverage and Legacy programme. ATEED, a key facilitator for the programme, worked with MBIE to agree on the objectives. A Leverage and Legacy forum has been established to run beyond the event itself and quarterly reporting to MBIE is underway.

By the end of Q2, five sports (archery, football, hockey, golf and softball) reached capacity for the WMG2017. Waiting lists for these sports are in operation.

Accommodation

As previously reported, accommodation availability and price gouging remains the biggest risk/issue to the organisation. Work has continued to identify potential facilities for motorhomes within the Auckland region during the 2017 events period, resulting in the creation of a pop-up campervan park on the infield of Ellerslie Racecourse. Following work with Auckland Racing Club, 350 non-powered sites will be provided for self-contained campervans available from 18 April – 3 May and again in June and July during the Lions series. Campers will have a range of facilities available including toilets and shower.

Pricing for accommodation for WMG2017 is still an issue, but to a lesser extent than in Q1. New accommodation has come into operation, such as Swiss-Belsuites in Victoria Park, and the owners have been introduced to a number of different event organisers.

Major Events

The ITM Auckland SuperSprint took place at Pukekohe Park Raceway from 4 to 6 November. The Fan Day delivered as part of the event included a display of classic American muscle cars on Lower Queen Street, as well as the Supercars drivers parading up Queen Street in classic cars, and activities in Aotea Square. The Fan Day followed on from the free ITM Auckland SuperSprint Karting event at three Auckland karting tracks on 1 November.

All post-event surveys have been completed, and the data is being assessed for the full post-event evaluation.

Supercars Australia released attendance numbers of more than 106,000 for the weekend. This is down on previous years which have had an average attendance of about 116,000. Supercars Australia is seeking a decision about

whether ATEED, on behalf of Auckland Council, wishes to renew the contract beyond 2017 (the final event covered by the existing five-year contract will be held in 2018).

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

Auckland Convention Bureau (ACB)

The Auckland Convention Bureau has achieved an 86 per cent win ratio as at 31 December 2016, against a target of 60 per cent for the year. At the same point, 19 international bids have been supported with an estimated value of the business events won is \$18 million, marginally below ATEED's target for 2016/17 of \$19m.

NZICC

ACB and NZ International Convention Centre met monthly to discuss the sales pipeline and opportunities, business planning, general marketing, specific events such as trade show attendance, client site inspections and famils stemming from the NZICC being built. There are also ongoing discussions with NZICC regarding the planning and development of the ACB, NZICC and TNZ Co-Marketing proposal. NZICC has appointed a Director of Sales who commenced in October.

Golf, Equine, Marine, Screen (GEMS) programme

ATEED facilitated a visit by senior directors of the China Cup – which is the largest sailing regatta in China. ATEED has sponsored a category at the event for several years, as part of its GEMS programme to develop relationships with high net-worth investors, potential investor migrants, and luxury travelers from China. The visit included tourism experiences and business meetings with a number of technology businesses, as well as a visit to Emirates Team New Zealand. ATEED has been following up on a number of positive actions from the work that has been carried out, including the provision of information for potential migrant investors, and the establishment of a potential technology fund.

During Q2, ATEED engaged with a number of stakeholders to identify possible sponsors for an Auckland-based New Zealand Volvo Ocean Race Challenge.

ATEED has formalised a partnership with the New Zealand Bloodstock Ltd (NZB) to attract and provide investment opportunities for high net worth investors (HNWI) from Asia, Australia and the US.

Cruise infrastructure

Queens Wharf Mooring Dolphin

Ovation of the Seas, the largest cruise ship to visit New Zealand and the fourth largest in the world, berthed in Auckland for the first time on 27 December. She will visit three times during the 2016/17 cruise season, and three times during 2017/18. The 350m megaship enjoyed a special welcome on the water by the waka Haunui, with a haka Powhiri performed by Te Waka Huia both on Halsey Street Wharf and on board the ship.

Ovation of the Seas is too long to berth at the existing cruise terminals, so moored in the Waitematā Harbour with 4500 passengers needing to be tendered ashore.

Options for interim infrastructure to accommodate larger cruise ships such as Ovation of the Seas include the use of the existing port berths or Wynyard Wharf, as well as the proposed addition of mooring dolphins or wharf extensions at Queens Wharf, Princes Wharf or Halsey Street Wharf.

As larger ships replace older ships, investment in fit-for-purpose cruise infrastructure is essential in order for the industry to continue to grow. Cruise is now the fastest growing sector in tourism, with the last five years seeing the size of New Zealand's cruise sector doubling and forecasts show no sign of this growth abating. Nearly 50% of cruise ships currently on order to be built and likely to be deployed to the Asian region, are not able to be berthed in Auckland due to the lack of infrastructure. Cruise lines are continuing to show interest in including New Zealand and Auckland (as an exchange port), however without the provision of suitable berth infrastructure the city will be unable to influence deployment decisions. "The ongoing delays and uncertainty surrounding the resolution of the City's ability to dock large Cruise Ships is beginning to impact the likelihood of large Cruise Ship arrivals for 2018/19 season.

A mooring short-term facility at Queens Wharf has been endorsed to date as the optimal interim solution. A resource consent will not be lodged by Pānuku Development Auckland until March 2017 to allow further analysis to take place. The concrete dolphin is proposed to be 75m out from the end of Queens Wharf and connected to the wharf by a gangway for port worker access. The consent application will be publically notified.

Preparation of the resource consent has included consultation with key stakeholders, including the Waitematā Local Board Chair and previous opponents to the Bledisloe Wharf reclamation. Pānuku also engaged with its Mana Whenua Forum on a number of occasions during preparation of the consent.

During the period ATEED continued to support the development of local tourism initiatives in partnership with local boards and tourism cluster groups around the region. ATEED's work with local boards included the following:

- ATEED continues to work with the Great Barrier Local Board to support an application being made by the Awana Rural Women's group to support the Dark Sky Sanctuary. An initiative of the International Dark-Sky Association, a sanctuary is public or private land that has an exceptional or distinguished quality of starry nights and a nocturnal environment that is protected for its scientific, natural, or educational value, its cultural heritage and/or public enjoyment. The Great Barrier Local Board has allocated \$10,000 funding and a draft application for Dark Sky Sanctuary accreditation will be submitted in Q3.
- A Franklin-wide assessment of motor campervan and camping facilities is also being carried out with support from ATEED. The assessment will identify whether there is a need to provide additional facilities or improve existing facilities in order to encourage more visitors to stay overnight in the Franklin region. Q3 will see stage two of the Hunua Cycle Trail project progress further, which will include the Economic Impact Assessment that will be carried out in order to progress the development of the trail to the next stage. The assessment will look specifically at the benefits that the Franklin region will experience by making the Hunua Ranges more accessible to visitors and support local businesses.

Build a culture of innovation and entrepreneurship

GridAKL

Auckland's culture of innovation continues to grow with the constant development of the GridAKL hub. The city has matured to the point where we are recognised for our high-tech sectors and locally-born global companies.

The formal 'place' development work stream for GridAKL continues to gain momentum. The Lysaght Building has cemented itself as a start-up hub amongst the innovation community. The number of resident businesses grew to 76 at the end of Q2, bringing the total of people now working at the Lysaght building to 169.

In Q2, ATEED facilitated a visit to GridAKL by a Gravity Pictures delegation from China for an Augmented Reality/Virtual Reality (AR/VR) demo. This was a joint venture between China Media Capital, Warner Bros. and Shaw Brothers Pictures Ltd. Mayor Phil Goff and councillors visited Lysaght in early November. The Tech Café has continued to establish itself as a place for the public and pre-seed start-up businesses to connect to GridAKL.

203 tech café members joined in the tech café pilot phase. Based on the users' feedback from the pilot, a new paid for membership offer will be launched in March, which will provide additional added value for members of the Grid community.

Construction works continue on the building at 12 Madden Street. The internal fit out of ATEED's design is progressing well with the main structure now complete and the roof framing underway. The contractor has reported a delay of four weeks on building the external façade and is currently pushing to recover this time. The programme remains on track for practical completion in mid-June this year. However, the delay to the façade will be closely monitored as this may delay the overall completion date if not recovered.

In December, ATEED released to market a request for proposal opportunity to recruit a Place Operator to manage part of the facility (encompassing the ground to third floors). A preferred Place Operator was selected and is discussing potential design changes with ATEED to support required programme outcomes. A negotiation phase with the preferred bidder is scheduled for completion in Q3 (early March).

Mason Brothers' head lease starts in April and physical works are progressing on track for completion in June.

The procurement of soft fit-out items has been initiated in Q2 to enable operation to start by May. In preparation for the opening, options for an operational model and marketing materials are being developed as part of the wider GridAKL tenant marketing campaign. A number of prospective tenants continue to show an interest in the space, and ATEED is engaging with them to understand their requirements.

Future buildings – 10 Madden Street

Following advice from Council, ATEED did not seek approval to proceed with leasing 10 Madden Street. During the period, ATEED considered the detailed financial implications of the scheme. Advice from council and the Mayor's office has indicated that funding was unlikely to be approved outside the LTP process.

GridAKL community

There were 86 events hosted at GridAKL in Q2, bringing the total number of events to 283 at year end.

Key events included the launch of the 'Hardware' meeting group, a post Singularity University Auckland event following the summit held in Christchurch in November. The YMCA Raise Up Graduation Innovation challenge took place in December. The event was an end of year celebration for 100 YMCA youth. Split into regional groups, they aimed to solve one of the United Nations' Global Issues using the Lean Canvas concept to come up with a new start-up.

In addition to these events, a successful GridAKL feature campaign was released through *The Spinoff*, a prominent new digital media channel. Early metrics show that this was well received with up to 4,000 online reviews of some articles and extensive social media reach. The *New Zealand Herald* also published a feature on BoardPro (BizDojo at GridAKL resident), which generated great publicity and a significant spike in inquiries and trial requests.

Techweek

Work in preparation for Techweek '17 started in Q2. Techweek '17 will involve events held throughout the country from 6-14 May 2017 and will be delivered by NZTech with some financial support from ATEED.

Activity that occurred in Q2 included:

- Submissions for event ideas that will shape the nationwide event opened in November.
- 116 submissions were received. One event of international significance (Tier 1) has been identified and another 19 which we believe will be of national media interest (Tier 2). The majority of events were proposed for Auckland and 55 were proposed to run in multiple cities or outside of Auckland.
- Social media platforms are live (www.twitter/techweeknz, www.facebook/techweeknz, www.instagram.com/techweeknz).

- The establishment of an Advisory Group tasked with reviewing event proposals and shape the 2017 event programme; including ATEED representatives.
- The establishment of a board of influential and independent leaders who are 'NZ Inc' focused. This group will develop the long-term strategy for Techweek to achieve goals for 2019 to fill the NZICC and attract a 20 per cent international audience to Auckland events.

At the end of Q2, partners included NZTE and MBIE. Auckland and Wellington are official city partners and discussions were held with Christchurch, Hamilton, Dunedin, Tauranga and other centres.

The Lion Foundation Young Enterprise Scheme (YES)

The Young Enterprise National Awards ceremony was held in Wellington on 6 December. Five Auckland teams won seven awards. Each award winner collected a \$1000 cash prize.

More than 1000 Auckland students set up and ran more than 200 companies this year. The breadth of companies is testament to the culture of entrepreneurship developing in Auckland and supporting young people on their journey into the world of work.

Tertiary Student Entrepreneurship Programme

ATEED continued to seek opportunities across Auckland's tertiary education sector to develop student entrepreneurs. Activity in Q2 included:

Six out of the 10 student entrepreneurial initiatives funded through the Student Entrepreneurship Contestable fund finished in Q2:

- 26 students from the Media Design School participated in the Games Accelerator programme, and five commercial entities have been formed as a result.
- Unitec held an Enterprise Challenge where five teams pitched their ideas to a panel of experienced entrepreneurs, with one winner.
- University of Auckland Agri Initiative had three entries out of the 17 finalists selected for the Velocity \$100,000 Challenge which is the key competition run out of the Centre for Innovation and Entrepreneurship at the University of Auckland.
- Ideate – a pilot project run by the University of Auckland that primed students to prepare for the university's Velocity Entrepreneur challenge.
- UniServices from the University of Auckland, held a series of workshops to prepare students to pitch for funding from Return on Science, a national research commercialisation programme that delivers new research to market from universities, research institutions, and private companies.
- CO.STARTERS, run by AUT, was a nine-week programme that equips aspiring entrepreneurs with the insights, relationships, and tools needed to take the next step.

Nearly 800 students took part in the above-mentioned initiatives.

Attract business and investment

Project Palace (Auckland accommodation sector – planned and scheduled construction)

ATEED is partnering with NZTE on Auckland site suitability for hotel developments for offshore investment – an opportunity to secure FDI investment into Auckland's hotel sector to meet visitor forecasts for increased room night demand.

In Q2, ATEED continued to engage with a number of parties expressing interest in the Auckland accommodation sector and presented Auckland sites. At the end of Q2, ATEED was working with nine potential hotel sites.

Other activity in Q2 included:

- An approach by ATEED to Pānuku Development Auckland for more information about Council-owned sites that could be suitable for hotels. The engagement of a member of Pānuku's staff by ATEED to use Pānuku's relationships with Chinese investors to formulate a strategy and present hotel opportunities in Auckland.
- The inspection of further sites outside Auckland's CBD for possible inclusion in Project Palace.
- Meetings between ATEED, NZTE and Auckland Airport to discuss Auckland Airport's plans for hotels and further airport development.
- Presentations by NZTE at the recent China Investment Tourism summits held in Auckland and Queenstown. The presentations covered the Project Palace initiative and some of the direct Auckland investment opportunities.

AR/VR content creation

The AR/VR Garage continues to grow, with 19 resident companies at the end of Q2. Applicants are carefully selected by ATEED to ensure the right companies come together to collaborate.

During the period, ATEED continued to assist several resident companies with their plans to establish a presence on the US west coast. ATEED achieved this by introducing those companies to contacts within NZTE, and to entities that support the establishment of foreign companies in the US.

Tertiary institution ties were formalised with AUT Co-lab, Media Design School (MDS) and University of Auckland. MDS announced its commitment to the AR/VR Garage while leveraging its new Emerging Technologies curriculum.

ATEED secured a strategic partnership with Microsoft New Zealand in November – the first global technology brand to officially partner with the AR/VR Garage. Microsoft will introduce its new Microsoft HoloLens and Windows Holographic technology to the growing Auckland and New Zealand AR/VR community through the Garage.

ATEED is pursuing HTC to set up a global Vive X presence, and has established relationships with Victoria State Government around potential collaboration between Melbourne (Australia's most active VR City) and Auckland – particularly around VR gaming. ATEED worked closely with both the NZ Games Developers Association and the International Games Development Association.

Q2 activity also focused on completing the fit-out of the showcase area before the end of the year, including providing shared infrastructure and tools that can be used by the tenants. Further development of the project pipeline to create a world-class AR/VR collaboration hub will continue in order to impress international visitors and investors. ATEED continues to explore multiple avenues for funding this activity through corporate sponsor funding and partnerships.

The Garage is looking to engage with a number of Auckland events throughout 2017, developing a service delivery platform for digital technology that can be built on over the next few years to make Auckland the most AR-activated city in the world. Events include WMG2017, Techweek '17, StoryEdge Conference, DHL NZ Lions Series 2017, and LPGA, amongst others.

FinTech Hub

ATEED have had preliminary discussions with a number of industry organisations interested in the development of a FinTech hub in Auckland CBD. The migration toward a full consumption finance model presents exciting exponential growth opportunities for Auckland in the new global digital economy.

Auckland is New Zealand's financial services hub with 18 of the 25 banks registered in New Zealand locating their head office in this city. Global financial services support companies such as SAP and Oracle, Fiserv, Paymark,

Banklink, MYOB and Xero all have their New Zealand head office in Auckland. Financial research giants such as Gartner, IDC, Thompson Reuters and Morning Star all have offices in Auckland. Industry organisations such as Institute of Finance Professionals, NZ Venture Capital Association, and regulators such as Financial Markets Authority, and Serious Fraud Office have their head offices here.

In addition, more than half of New Zealand's tech companies are based here. The agglomeration and combination of these two high skill, high productivity, high-income-generating and high growth sectors in Auckland are why public sector policy and investment needs to investigate whether there are ways we can support the growth of this sub sector which is globally growing faster than any other.

A FinTech workshop with industry participants took place in December to investigate the feasibility of establishing an Auckland FinTech hub. Further investigation is currently underway with a second workshop scheduled late February to quantify the projected intervention benefits for Auckland.

Screen

During the period ATEED continued to hold discussions with the owner of a major land holding at Kumeu which features some re-purposed and some purpose-built screen facilities constructed by major international studios Warner Brothers and Gravity Pictures for the filming of *MEG* on the site in partnership with the owner. As noted in Q1, ATEED believes these assets could provide significant legacy infrastructure for Auckland's screen industry, and create a point of difference for our industry in the global marketplace.

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

In November Mayor Phil Goff, Deputy Mayor Bill Cashmore, and Councillors Penny Hulse, Linda Cooper and Ross Clow visited the Kumeu Film Studios site. The Mayor and Councillors provided positive feedback about ATEED's concept for further development with the landowner.

At the end of Q2 ATEED continued to hold commercially confidential discussions between various parties are about how a sound stage development could occur, as well as an operating model for a future site. These discussions took place alongside necessary due diligence, financial analysis and input from Council's legal team.

Council's Auckland Film Studios is fully booked until August 2017 with several enquiries going onto 2018. Revenue growth within Auckland's screen production industry is being fuelled by this strong demand.

The New Zealand Asia Pacific Film Festival started in mid-November. Two high profile international television shows started pre-production this quarter. During Q2, ATEED's Screen Auckland team issued 175 film permits, bringing the total to 325 as at 31 December, compared to 272 permits for the same reporting period in 2015/16.

Grow and attract skilled talent

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

Youth Employment Pathways Programme

The BuildAKL campaign is a partnership with industry employers to encourage youth into construction and infrastructure employment and careers. Recruitment days took place on 5 November (Albany), 9 November (Henderson), and 11 November (MIT Otara). Twenty finalists each received Site Safe and Traffic Control training and other support. Ten winners were selected to start their paid work placements with seven employers in mid-January, aiming to increase the social media following on the BuildAKL Facebook page. The competition was also covered by NZME media, as part of its Youth Employer Pledge commitment. The target for the 12 month campaign

(live to Sept 2017) is to attract 4,000 young people under 25 years either into employment or education and training pathways, into the construction/infrastructure career³.

The ATEED-sponsored Got a Trade Speedmeet in late October at MIT in Otago attracted 25 south Auckland employers.

ATEED launched the CBD Jobs and Skills Hub in Wynyard Quarter. This is a collaboration supported by local and central government, training agencies and employers, and aims to provide long-term, sustainable employment opportunities. This initiative provides on-site job brokerage and skills training for large developments across Auckland's city centre, enabling construction employers to connect with entry level workers.

The initiative is designed to address labour shortages for businesses and provide jobs and training in Auckland's CBD. Across Auckland there are 32,000 jobs that need to be filled in the construction sector alone, as well as considerable demand in hospitality and tourism. These sectors all have significant opportunities for job creation.

The CBD Jobs and Skills Hub follows on from the success of the Ara Airport Jobs and Skills Hub and complements the #BuildAKL campaign. The hub was formally announced by Minister Steven Joyce on 9 November and ATEED will continue to develop the project over the coming months.

Young at Heart Awards

On 12 October, ATEED delivered the 'Young at Heart' Awards 2016 as part of the Youth Employment Pathways Programme. The awards recognise the contribution 57 businesses that have signed Auckland's Youth Employment Pledge, showing their commitment to helping young jobseekers. SKYCITY was recognised as the Auckland Youth Employer of the Year, by the independent judging panel.

Investor migrant update

ATEED continued working with the investor migrant division of Immigration NZ (INZ) in Q2. In October, ATEED assisted INZ to organise and connect with potential investors for four attraction events in the US including the All Blacks test in Chicago (ATEED did not attend/travel to US).

ATEED also prepared a brief paper on barriers to Chinese investors integrating into New Zealand.

ATEED also fielded investor enquiries and prepared schedules for two investor migrants looking to invest in Auckland property and tech companies respectively.

In December, the Minister of Immigration announced changes to the Investor Migrant policy. Growth Investment is incentivised and the minimum investment in the Investor 2 category is now \$3m (up from \$1.5m). There is no change to the Investor Plus minimum investment of \$10m. The other notable change is that philanthropic investment is now acceptable up to a maximum of 15 per cent of total investment capital. The new conditions will be implemented in May 2017.

The new Global Impact Visas programme (GIVS) was launched in Silicon Valley in late October, and the first intake has already been oversubscribed with applications from more than 50 countries. The GIVS programme is managed by the Edmund Hillary Fellowship which will see up to 100 international and 20 New Zealand-based Fellows selected each year to join a diverse community of exceptional entrepreneurs and investors. International candidates are invited to apply for a Global Impact Visa, a three-year open work visa for New Zealand, while all Fellows receive access to partner networks and individualised support to succeed in their ventures.

³ The mid-campaign evaluation will get underway in Q3 and will use proxy measures to estimate its impact. The evaluation will also gather feedback from industry employers about the trends they have identified as a result of campaign activity. The post campaign evaluation and analysis is planned for Q4 2016-17.

ATEED has prepared a draft aftercare programme that will seek to leverage and integrate the 180 Auckland-based investor migrants into the region. This programme will be discussed with INZ in the New Year, and take into account the latest INZ research into investor migrants, released this month.

Enabling education and talent

ATEED's International Education team continued to work closely with Council and central government agencies to ensure international students make the most of their time in Auckland and are aware of some of the pitfalls that new arrivals often encounter. During the period, ATEED began to develop A 'Safety in the City' video, providing advice for students on personal safety, employee rights, and sexual and mental health issues.

Study Auckland, the member organisation administered by ATEED, hosted six international education agents from Colombia and Brazil in Q2. The agents visited universities, private tertiary providers, language schools and secondary schools across Auckland. Study Auckland also hosted a business networking event for Auckland-based agents and 40 Auckland education providers.

In October, Study Auckland attended the Education New Zealand event series in Japan, holding student fairs and business-to-business seminars in Fukuoka and Tokyo. ATEED also co-hosted an education reception in Fukuoka as part of the 30th anniversary of the Auckland-Fukuoka sister city relationship.

Amendments to the Skilled Migrant Category during Q2 have affected the New Zealand Residence Programme. As a result, Study Auckland hosted an industry update for education providers in November. INZ attended the event and briefed education providers about the latest changes to immigration policy and the pathway student visa pilot programme. The changes include:

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

A suite of four new graduate video stories subtitled in seven languages have been developed to showcase the employment and skilled migration pathway options of international graduates educated in Auckland. Study Auckland is working on developing new graduate pathways in partnership with ENZ, INZ, Auckland Chamber of Commerce and specialist ICT employment service provider Industry Connect.

EIC Education, one of China's largest education agencies, promoted Auckland as a study abroad destination during the China Cup Regatta in October in Shenzhen.

Build Auckland's brand and identity

The Global Auckland Project delivered its key output in November, a narrative *Global Auckland Story* which reflects the findings of what ATEED believes was the most in-depth piece of research into modern Auckland. ATEED also delivered comprehensive sector value propositions, which were developed through an important parallel piece of work.

Unfortunately, a copy of the story (or part thereof) – which was initially intended for Council group use only – leaked to the *New Zealand Herald*, which used it to publish a totally inaccurate front page article about a "new slogan" for Auckland. The paper's story was followed up by other media and public commentators, who continued to misrepresent the project – likely damaging ATEED's ability to discuss with the private sector how it can work with Council to benefit from the story and value proposition work. As per previous comments

The *New Zealand Herald* subsequently published an opinion editorial about the project by ATEED Chairman David McConnell. This ran on Saturday, 17 December, along with a clarification. It explained that ATEED were invited to

provide the piece because of the incorrect way the original story focused on the “slogan” aspect. The *Herald* issued an apology and corrected the number of staff who worked on the project.

The development of the Auckland Story was designed to complement central government’s ‘New Zealand Story’, which is used by MFAT and NZTE for New Zealand businesses, agencies, individuals and organisations looking to reach out to the world. It was signalled for several years through the established CCO reporting and Statement of Intent process.

ATEED has now completed this project and the work has been passed to Auckland Council’s Strategic Partnerships group.

Marketing campaign

ATEED’s spring marketing campaign, *More to Explore*, featuring popular Kiwi actress Robyn Malcolm, ran from 1 September to 31 October 2016. The campaign included a series of video diaries with Robyn showcasing Auckland’s regional gems, including Huia and Waitākere, Franklin/Awhitu Peninsula, Matakana Coast, Great Barrier, Pōhutukawa Coast, Hauraki Gulf and Northwest Country (Kumeu). This campaign contributes to ATEED’s ‘visiting friends and relatives’ (VFR) strategy. The VFR market accounts for approximately 30 per cent of domestic visitors and 40 per cent of visitors from Australia each year. The campaign was recognised by 61 per cent⁴ of the market (overall across both Auckland, and out of Auckland), which is a very strong result.

⁴ The ATEED benchmark for the *More to Explore* campaign was set at 26 per cent.

4. Key deliverables and highlights for the next quarter

Grow the visitor economy

Golf, Equine, Marine, Screen (GEMS) programme

ATEED will sponsor activity at the annual New Zealand Bloodstock (NZB) Karaka Million for the third year on 29 January 2017. ATEED will also work with NZB to welcome and host international buyers, premier sale vendors and top New Zealand buyers who have all arrived in Auckland ahead of the National Yearling Sales series (Karaka 2017) starting on 30 January.

ATEED, in conjunction with the Royal Akarana Yacht Club, will welcome the second group of China Cup Sailing school students to Auckland as part of their New Zealand Winter Camp programme, which runs from 14 to 27 January. Discussions are also taking place between ATEED and the China Yachting administration to facilitate collaborative opportunities, such as coaching sailing students. The prospect of developing regular yachting and golfing summer camps in Auckland are also being explored.

ATEED will continue work on formalising a partnership with The Institute of Golf in Albany to attract and provide investment opportunities for high net worth individuals (HNWI) from Asia and the US to leverage Auckland's golfing assets. Work is also taking place with the Ladies Professional Golf Association (LPGA).

New airline capacity

New airlines are to begin arriving in, and operating from, Auckland in Q3 contributing to further increases in visitor nights. The inaugural Hainan Airlines flight will arrive in Auckland on 1 January 2017, and will operate three times a week between Shenzhen and Auckland using an A330 aircraft. Shenzhen, is a major city in the southern Guangdong Province, with a population of 18 million.

ATEED will assist with the Qatar Airways media visit relating to the inaugural flight in February 2017, including media from the UK (managed via Tourism New Zealand).

Cruise

As noted above, a resource consent application for the short-term mooring facility is planned to be lodged by Pānuku Development Auckland in March, and will be publically notified.

Kai Collaboration project

ATEED's Kai Collaboration research project is progressing well, with key activity planned for Q3 and Q4. The primary output is a report that will provide guidance on the support the Auckland food and beverage (F&B) sector requires from ATEED to enable future growth. The report will include areas that need to be addressed by ATEED intervention, and will provide a framework by which future initiatives can be guided. In addition to the Auckland Visitor Plan (2012-2021), this project links into other ATEED strategies.

ATEED is working in collaboration with Tourism Industry Aotearoa (TIA) to develop an Auckland food and beverage offering that will be showcased at the TRENZ⁵ 2017 welcome function. Creative Matakana, a week-long event of creative workshops with leading chefs demonstrating food and wine, is also providing support to the food and beverage component of this event, and leveraging the outcomes of the activity, such as imagery and other assets from the event.

Virtuoso

⁵ Tourism Rendezvous New Zealand (TRENZ), a tourism industry gathering where exhibitors showcase their product offering.

The president of Virtuoso will visit New Zealand in March 2017 to highlight the importance of sustainable tourism. ATEED is working with the Department of Conservation and Air New Zealand to develop a proposed itinerary for Auckland. The proposed itinerary will potentially include a visit to the Hauraki Gulf islands of Motuihe and Motutapu to participate in a kiwi release programme, and to view tuatara. ATEED hopes to work with Virtuoso to develop a premium programme focused on sustainability and scientific research in the Hauraki Gulf.

ATEED is also planning to establish a Virtual Reality (VR) project with Virtuoso in Q3 that will create VR content about Auckland for training Virtuoso agents in the future. Virtuoso is a privately held, by-invitation-only experiential/luxury focused travel organisation. The foundation for this exclusive network is its membership of more than 335 independent travel agencies with 7,200 elite travel advisors located in 20 countries throughout North and South America, the Caribbean, Australia and New Zealand, who serve the most affluent, well-traveled individuals worldwide.

Major Events

ATEED is responsible for investing on behalf of Auckland Council in major events, guided by the Major Events Strategy. ATEED will continue to invest in major events that deliver benefits to Auckland's economy and brand and major economic and social returns on investment in support of Auckland's economic development strategy.

The Headland Sculpture on the Gulf event returns to Waiheke after a two-year break. The event will run from 3 to 26 February 2017. The Auckland Pride Festival Parade will take place in Auckland on 25 February, the event celebrates New Zealand's diverse rainbow communities. This year's event is all about progress and movement, and will celebrate the country's most outstanding social and cultural achievements. ATEED will also facilitate the annual Auckland Pasifika Festival from 25 to 26 March 2017 at Western Springs.

ATEED will deliver the second Tāmaki Herenga Waka Festival over Auckland Anniversary weekend. The event showcases Māori culture, heritage and kai. Hau Rawiri, Mana Whenua Steering Group Chair and Sir Pita Sharples (ATEED) have been confirmed to speak at the Tāmaki Herenga Waka Festival's VIP hosting event, which takes place on 26 January.

The 2017 Lantern Festival event, which runs from 9 to 12 February, will see the introduction of the inaugural ASB Lantern Forum, business forum designed to introduce an economic growth aspect to what has traditionally been a cultural anchor event. This is an invitation-only event for 350 guests from ATEED, ASB and Asia New Zealand Foundation's networks. Auckland Council Strategic Partnerships is developing partnerships for Lantern on behalf of ATEED.

ATEED is working with central government (World Cup's office within Sport New Zealand) to secure a lead event management provider for the DHL NZ Lions Series 2017 Fanzone on Queens Wharf. The successful supplier will be responsible for planning, developing and operating the Fanzone from shortly before the first All Blacks test match on 24 June until after the last test match on 8 July. Activity will be planned for all test matches, and a Fanzone will be made available throughout this period.

Based on the lessons of RWC2011, which highlighted the need for overflow and contingency planning, ATEED will activate secondary sites to increase capacity and provide regional outreach. The secondary fan sites will only operate on the three test match days and have been booked. They are, Trusts Arena in west Auckland for Saturday, 24 June, the Vodafone Events Centre in south Auckland for Saturday, 1 July and the North Shore Events Centre in north Auckland on Saturday, 8 July.

Filming will take place on 19 January with the All Blacks as part of ATEED's contractual benefits from sponsorship of the DHL NZ Lions Series. The clip will be distributed via ATEED's social media channels, as well as the All Blacks and NZ Rugby's social media channels, and through the Lions Rugby Travel and All Blacks Tours fan databases. In addition, a media story will be developed on the All Black's favourite three places and activities in Auckland.

ASB Classic – destination results

The ASB Classic returns to the ASB Tennis Area from 2 to 14 January 2017 with women's tennis star Serena Williams participating. ATEED is working with Serena Williams to shoot a destination video promoting Auckland globally. ATEED will facilitate her visit to a private beach on Waiheke Island, and create a destination press and video release out of this trip, including quotes from Serena on her experience in Auckland. The media release will be distributed domestically via ATEED's media channels, and internationally via PR Newswire, a global media distribution agency – the first time ATEED has trialled this.

A radio and social media campaign promoting travel to Auckland for the Downer NRL Auckland Nines tournament and Guns and Roses concert went live in December, targeting Auckland's domestic fly/drive visitor markets. The first of two marketing campaigns will go live in Australia in conjunction with Air New Zealand and Tourism New Zealand, targeting upwardly mobile league fans in Sydney, Melbourne and Brisbane. This is a digital and radio campaign promoting travel to the NRL Auckland Nines using travel partner Sportsnet.

A second campaign will go live in February, which will be run in conjunction with Tourism New Zealand promoting couples travelling to Auckland beyond the NRL Auckland Nines. The campaign uses famous league 'influencer' couples, and will involve them sharing the campaign activity via their social media channels.

In early January, ATEED will host the Fox Sports commentary team to film destination content for the Fox Sports NRL pre-season coverage. This will air in mid-January and preview Auckland and the NRL Auckland Nines as a great weekend getaway.

Six Auckland rugby league clubs will host NRL teams and neighbouring Auckland clubs during an event in the revamped club programme. One of the primary outcomes of the club programme is to enable and support the growth of rugby league at the grassroots level throughout Auckland. Manurewa, Māngere East, East Coast Bays, Mt Albert, Pakuranga and Waitemata rugby league clubs will each host two to three NRL teams at public events in the lead-up to the tournament.

A full schedule of major events is available on ATEED's website, www.aucklandnz.com

Build a culture of innovation and entrepreneurship

GridAKL – the services

There are 12 events in total planned for the month of January. GridAKL will host a group of 35 young people (18-21-year-olds) taking part in the Venture Up Programme, which is an entrepreneurial accelerator for New Zealand's aspiring leaders being sponsored by ATEED. The group will be able to learn about the GridAKL Innovation Precinct and meet with residents who will share their journeys and deliver presentations on the latest AR/VR projects.

Following a successful incubation of Fonterra's Disrupt Accelerator Programme in 2016, Fonterra's New Ventures team will join the GridAKL community in January. This team is responsible for managing new venture projects for Fonterra globally. This is a great outcome, as means the growing innovation ecosystem is becoming ever more connected across different Auckland and nation-wide initiatives, and multiple agencies are collaborating and supporting each other to ultimately create a more powerful impact for the benefit of Auckland's future.

Muralidhar, the Head of People from rapidly scaling Australian start-up Canva will re-join the GridAKL community in January. Muralidhar delivered a presentation to the GridAKL community at the end of January on Recruitment in Start-up Land, and how to think of your employee and operations' experience as a product. This is part of a BizDojo road trip organised to connect with the innovation ecosystem across the country.

Lion Foundation Young Enterprise Scheme

ATEED will deliver the Young Enterprise Scheme E-Days (Enterprise Days) in February and March 2017. The E-days are held across the Auckland region, to provide students with the opportunity to discover what the 2017 programme entails, and to enable students to test their initial business ideas with volunteer speed coaches.

Attract business and investment

Fintech

Detailed meetings will be held with Stone and Chalk and the Muru d incubator and accelerator programmes in Sydney in early February to gain insight into what elements of these programmes and spaces worked, and how their business model was formed.

ATEED will host the Fintech New Zealand Auckland launch event on 9 February in ATEED's boardroom. This will be attended by 80 approximately Auckland-based fintech companies, and the agenda for the next twelve months of activity was discussed.

Project Palace (Auckland accommodation sector – planned and scheduled construction)

ATEED will meet with potential investor representatives in January to discuss opportunities prior to visiting potential sites in late January.

Kumeu film studios site

ATEED will continue to progress discussions with key stakeholders about the concept of developing a sound stage at the Kumeu Film Studios site.

Grow and attract skilled talent

Skills

ATEED's delivery of #BuildAKL continues to achieve positive results. Ten young Auckland jobseekers will commence work in Auckland's thriving construction and infrastructure sector, having won work placements as part of the #BuildAKL industry recruitment campaign. The winners, aged between 16 and 23 years, were selected from a short-list of 20 finalists. They start their rotational job placements in mid-January. The four-week work experience placements are being managed by recruitment company AWF, with work experience provided by Fletcher Building, City Care, Downer, Hawkins Group, iTraffic and Watercare Services. The ten winners received a free training package from AWF and the Solomon Group, which included the Site Safe passport, traffic control training and training on resilience in the workplace.

Enabling education and talent

The Study Auckland team is working with Auckland Council on the Ellen Melville community centre (located in High Street) refurbishment project. The Study Auckland team attended a community workshop run by Council to represent the interests of international students to local stakeholders. Discussions are underway between Study Auckland, Council and The Human Rights Commission regarding how international students based in the inner city precinct can better access local community services. The Citizen's Advice Bureau located in level one of the Auckland Central library receives an estimated 6,000 international student enquiries per annum, including enquiries relating to welfare, legal, tenancy, and health issues. The new Ellen Melville programme could incorporate the servicing of international students by relevant community service providers, as it provides a larger and more flexible space than the library.

A draft operational plan will be workshopped with the Waitemata Local Board in late February, to be followed by a recommendation report due in late March 2017. The centre is due to open in mid-2017.

Student experience

Study Auckland is partnering with Education New Zealand to co-design and launch a new international student experience programme. The purpose of the programme is to ensure that international students make the most out of their time in Auckland, and help high value sectors attract the best and brightest international talent into companies. This project is aligned to the Auckland Agency Group Student Wellbeing programme, and will involve a series of interviews with students, education providers, destination service providers and companies hiring international graduates. The project commences in February 2017.

ATEED is developing a 'Safety in the City' video to ensure that international students make the most of their time in Auckland and are aware of some of the pitfalls that new arrivals often encounter. The video covers advice on personal safety, employee rights, and sexual and mental health.

Build Auckland's brand and identity

Digital Development Project

The Digital Development project team will continue to work on the various pages of the new website in Q3 to replace the almost obsolete existing technology. The new website will be on a new digital platform, and have an improved user experience. The project is expected to be finished by the end of Q4.

Auckland Short Break campaign

ATEED's International Tourism Marketing team has partnered with Tourism New Zealand and Auckland International Airport Limited on a Facebook marketing campaign in Australia, promoting Auckland as a short-break destination. The target audience is the Australian leisure traveller located in New South Wales and Queensland, and in Q4, the target audience will shift to Victoria, Australia. The campaign uses the tag line "One city, two worlds", which showcases Auckland's urban and natural playground, and aims to show Australians amazing experiences they can have in Auckland on a 3-5 day getaway.

New content for this campaign will be filmed over December and January, and the campaign will be in market from February 2017. This is an equal three-way split of funding, and will be the first time that Tourism New Zealand has run an Auckland-specific campaign in Australia, as well as the first time that ATEED has run a major digital activation in Australia – a key milestone for both parties.

5. Financial performance

This report covers the operational performance of the ATEED Group, including our subsidiary, World Masters Games 2017 Ltd (WMG).

At the end of Q2, ATEED's funding from Council is slightly lower than forecast due to lower WMG2017 funding requirement than planned and timing-related underspend across ATEED's business units.

External revenue is below forecast due to registration revenue from WMG2017 being lower than forecast. Cumulative revenue at the end of December for WMG2017 was 64% against a target of 85%.

Operational expenditure is lower than forecast. The positive variance is due to an underspend of \$0.6m in ATEED across multiple projects and activity which has been deferred, in particular Auckland Lantern Festival, Warriors League, GridAKL, domestic and international marketing tourism campaigns, trade partnership activity and the cancellation of the Auckland Partner Programme. WMG2017 spend is lower than forecast by \$0.5m, due to the lower costs as a result of slower sales.

Capital expenditure relates mainly to the fit-out of the Lysaght Building for GridAKL. This spend is lower than budget due to the timing of the construction work on Innovation 5A. There is however no change to the expected date of the opening of Innovation 5A, which remains as July 2017.

Financial Performance for the Period Ended 31 December 2016				
\$'m	Actual	Forecast	Variance f/(u)	Full year budget
<u>Operational</u>				
External Revenue	10.4	12.4	(1.9)	19.6
<i>AC Funding</i>	<i>19.1</i>	<i>19.9</i>	<i>(0.8)</i>	<i>56.2</i>
Operational expenditure excl. depreciation	29.8	30.9	1.1	75.8
Depreciation	0.4	0.4	0.0	1.2
<u>Capex</u>				
Expenditure	1.4	3.9	2.6	7.9
<i>AC Funding</i>	<i>1.4</i>	<i>1.8</i>	<i>(0.5)</i>	<i>7.9</i>

6. Performance measures

As at 31 December ATEED is on track to achieve 17 of its 24 targets set out in the Statement of Intent (2016-19). Five targets are measured on an annual basis and ATEED anticipates that these will be achieved by the end of the year. We are currently applying mitigations to address shortfalls in the number of intensively account managed customers in ATEED's aftercare programme (Aroha Auckland), as well as the number of International bids submitted or supported by ATEED. Although the number of bids submitted/supported is below target, the value of business event bids won during this financial year is expected to exceed target.

Key highlights to date:

Build a culture of innovation and entrepreneurship

- The resident population of GridAKL is 76, approximately 85 per cent of these businesses are considered 'innovation led'.
- A new SOI KPI measure was set for 2016/17, defined as "number of individual entrepreneurs supported through an ATEED delivered or funded entrepreneurship programme". Latest results show that 1975 individuals have already been supported, exceeding the target of 1500 for the year.

Attract business and investment

- As at 31 December ATEED had effected deals with a contribution to GDP of \$255 million, exceeding the SOI target of \$56.7 million.

- As at 31 December ATEED had effected \$387 million of investment deals, exceeding the SOI target of \$278 million.
- ATEED has facilitated the establishment of three significant multinationals during the year-to-date, and is on track to achieve the annual target of five by 30 June 2017. Two of the multi-nationals newly established are in the construction sector, with the remaining one from the screen sector.
- The number of intensively account-managed customers in the Aroha Auckland programme stands at 32, with a risk of not reaching the target of 85 by 30 June 2017, based on the tighter qualification criteria now being applied. ATEED will be engaging with 27 clients who are currently part of the Aroha Auckland programme in February, with the expectation that the annual target will be met.

Grow and attract skilled talent

- The number of 'live' signatories to the Auckland Youth Employers Pledge stands at 58. The SOI target requires ATEED to maintain a pool of 50 signatories.

Grow the visitor economy

- Customer satisfaction with the provision of visitor information through i-SITEs continues to be exceptional. The satisfaction rate sits at 95.3 per cent year-to-date, well above the 85 per cent target for the year.
- Contribution to regional GDP from major events invested in has now risen to \$10.33 million, and with several large scale events on the way in the first half of 2017, is well on the way to reach target.
- Spend by visitors to Auckland has previously been an annual measure, however it is now available on a monthly basis as well. Auckland has seen significant growth in visitor spend, which stood at \$7.4 billion to the end of November 2016. This was an increase of 8.6 per cent from \$6.9 billion for the year-end November 2015⁶. Latest numbers are delayed due to the recent Wellington earthquakes.
- The Auckland Convention Bureau has achieved an 86 per cent win ratio in the year-to-date, against a target of 60 per cent for the year.
- 14 international business events bids have been submitted or supported this year. This KPI is tracking below its annual target of 35. However ATEED has almost achieved the KPI for "estimated value of the business events won". At the end of Q2 the value achieved was \$18 million, marginally below ATEED's target for 2016/17 of \$19m. The annual target will be achieved by the end of Q4.

Build Auckland's brand and identity

- Visits to www.aucklandnz.com continue to track strongly with 4.4 million visits (page views) as at 31 December, already exceeding the annual target of 3.4 million.

⁶ Please note, the 2016 figures are MBIE estimates and are subject to revisions when the data is finalised in October 2017

ATEED SOI KPIs	Measurement	Date of Measure/latest	Latest Result	Annual Target to 30 June 2017	Status
Build a Culture of Innovation and Entrepreneurship					
No. of businesses taking up tenancy at GridAKL (cumulative) and percentage "innovation-led" ¹	Number & (%)	31-Dec-16	76 (85%)	55 (70%)	●
Number of individual entrepreneurs supported through an ATEED delivered or funded entrepreneurship programme	Number	31-Oct-16	1975	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	31-Dec-16	383	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	—
Attract Business and Investment					
Facilitation of the establishment, or significant expansion, of multinational and local companies in target sectors (LTP Measure)	Number	31-Dec-16	3	5	●
Number of intensively account managed customers in ATEED Aftercare programme (Aroha Auckland)	Number	31-Dec-16	32	85	●
Total GDP contribution of deals effected with ATEED involvement	\$(million)	31-Dec-16	255.4	56.7	●
Value of investment deals effected by ATEED within the financial year	\$(million)	31-Dec-16	387	278	●
Grow a Skilled Workforce					
Number of 'live' signatories to the Youth Traction Hub Employers Pledge (LTP Measure)	Number	31-Dec-16	58	50	●
Growth in value of international student spend to Auckland	\$(billion)	30-Jun-16	2.1	1.888	—
Grow the Visitor Economy					
Spend by visitors in Auckland ²	\$(million)	30-Nov-16	7420	5,412	●
Number of international business event bids submitted or supported	Number	31-Dec-16	14	35	●
Business event bid win/loss ratio (based on results received in financial year) ³	%	31-Dec-16	86%	60%	●
Value of business event bids won in financial year	\$(million)	31-Dec-16	18	19	●
Percentage of customers satisfied with visitor information centres and services overall (LTP Measure)	%	31-Dec-16	95.3	85	●
Contribution to regional GDP from major events invested in (LTP measure) ⁴	\$(million)	31-Dec-16	10.33	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 ⁵	Number	31-Dec-16	89,410	415,000	●
Percentage of customers satisfied with delivered major events (LTP measure)	%	31-Dec-16	90%	85	●
Build Auckland's Brand and Identity					
Total visits to www.aucklandnz.com (LTP Measure)	Number (million)	31-Dec-16	4.4m	3.4m	●
Local Economic Development					
Percentage of actions in ATEED Local Board Engagement and Action Plans completed	%	30-Aug-16	86	80	●
Mana Whenua Engagement					
Percentage Mana Whenua satisfaction with quality of engagement	%	31-Dec-16	N/A	Establish baseline	—
Key: ● 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 Calculated as wins divided by wins + losses. Does not account for bids pending, not proceeded with, cancelled or not submitted ⁴ Target includes the impact of World Masters Games 2017 ⁵ 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.					

7. Māori transformational shifts activities

During Q3, ATEED will work to refine the reporting of activity for the Te Toa Takitini programme.

How it contributes to Māori outcomes	Progress over Q2
<p>To significantly lift Māori economic well-being, and enable and contribute to Māori economic needs and aspirations through activities that target:</p> <ul style="list-style-type: none"> tribal development whanau well-being Māori business sector development. 	<p>Procurement – (Whai Rawa Project):</p> <p>ATEED is a part of wider Auckland Council discussions supporting the increase of the contract value awarded to Māori businesses (direct and indirect).</p>
<p>Grow Māori business capability and economic prosperity</p>	<p><u>Whāriki Māori Business Network</u></p> <p>Whāriki events have been relatively informal with nine network events hosted by various corporate entities (at their own cost) to encourage whakawhanaungatanga amongst the Māori business community.</p> <p>ATEED has provided administrative support, and now has a database of more than 280 members (up from 200). As a result, a more formal network structure will be established to help strengthen Māori business networks. In December, ATEED facilitated the design and development of a logo for the network utilising an emerging new Māori designer. ATEED is also coordinating the development of 10 promotional videos. Participants have been selected from the network who have successfully launched and managing their own business.</p> <p>A full schedule of Whāriki events has been planned for 2017. Hosting organisations include GridAKL, Boffa Miskell, ASB, Air NZ and Auckland University Business School. ATEED is hosting the network during WMG2017 and DHL NZ Lions Series. Planning for these events is underway and significant focus will be on showcasing the Tāmaki Makaurau Māori business economy both domestically and internationally.</p> <p>ATEED will continue to facilitate the growth of this network as it will encourage a vibrant culture of Māori business success and allow a co-ordinated business support infrastructure within the Tāmaki Makaurau Māori business environment.</p> <p><u>ATEED Māori Economic Development Strategy</u></p> <p>The ATEED's Māori Economic Development Strategy for 2016-2019 has been finalised. The strategy will be implemented through the Māori Growth Programme, and includes the contracting of a new Growth Programme Specialist and Industry Development Co-ordinator in December.</p> <p><u>Māori Economic Growth Forum</u></p>

How it contributes to Māori outcomes

Progress over Q2

ATEED will build a Māori procurement strategy working with Auckland Council, Te Puni Kokiri and some of our corporate partners, such as Westpac and Air New Zealand. This is a new initiative to connect and support Māori businesses tendering and securing contracts with large corporate organisations. Phase one, which runs until the end of Q3, is to develop a business case, identify availability of tenders, consolidate Māori business network, sector development and tender categorisation.

Matariki Awards and Māori Business Leaders Awards

ATEED plans to sponsor these events in 2017 to showcase Māori success within Tāmaki Makaurau. An opportunity to segue DIGMYIDEA finalists (ATEED guests at the event/s) into corporate environments and business networks.

Emerging Māori Leaders Programme

ATEED continues to support Te Wharehukahuka's 'Ka Eke Poutama' programme which focuses on preparing rangatahi/youth into governance and leadership roles. In addition, ATEED will sponsor the Māori Women's Development Incorporation (MWDI) to deliver the 2017 'Te Wero Pakihi' programme, aimed at inspiring more Māori youth into business and entrepreneurship roles. A review of the 2016 programme and 2017 sponsorship proposal will be conducted in Q3, with delivery of the 2017 programme expected to take place in Q4. ATEED is also working with MWDI to set up an Auckland office within the ATEED Quay Street building to provide support to a programme that concentrates on Māori women entrepreneurs.

Rangatahi Advisory Panel

With the highest percentage of Māori youth living in Tāmaki Makaurau, ATEED will engage a panel of rangatahi to provide advice on youth initiatives to support project delivery of the Māori Growth Programme, and align with other youth programmes within the organisation such as JobFest and the Youth Enterprise Scheme. The selection process for the panel will be held in February, with the expectation that the panel will meet monthly.

E Tipu, E Rea – sector capability

The 2016 Māori Business Growth Workshop focused on construction, trades and professional services, ATEED has identified a further three sectors to focus and build capability on in 2017. These are:

- Food and beverage
- Creatives
- ICT/Digital

A capacity report will be commissioned by ATEED to identify what needs and gaps there are within the sectors. This will then enable activity within these sectors to be focussed and aligned with the ATEED Māori Economic Strategy.

How it contributes to Māori outcomes	Progress over Q2
	<p>Food and beverage: The initial phase of this work will be the commission of a capacity report by ATEED's Māori Growth and the Business Innovation and Skills teams to identify what the requirements are within the food and beverage sector. This includes looking at other successful business models for community development such as La Cocina (https://www.lacocinasf.org/). Phase 2 will be carried out in Q4, and will look at the possible development of an Indigenous Food Incubator in South Auckland. A multi-organisational approach will be utilised to ensure duplication is avoided, and ATEED will be working closely with the Southern Initiative team in Q3.</p> <p>Creative Entrepreneurship Programme: Preliminary discussions have taken place with the Arts Regional Trust regarding sector development. The priority during the first half of 2017 will be sector research and to develop a strategy to best support and advance Māori entrepreneurs within this sector.</p> <p>DIGMYIDEA</p> <p>The 2017 DIGMYIDEA Māori Innovation Challenge will be launched on 20 February, with applications closing on 31 March. DIGIwānanga will take place during Techweek 2017 (13-14 May) at MIT in South Auckland. The purpose for the Challenge is to enable Māori the opportunity to submit an innovative digital business idea that has the potential to go global. The Challenge aims to grow Māori involvement in the digital economy.</p> <p>During Q2, the marketing and communications plans for the event were developed and the roll-out of the campaign will take place the week starting 6 February.</p> <p>ATEED has submitted a sponsorship proposal to MBIE as a financial partner, aligning key objectives specifically encouraging Māori youth getting involved in the digital sector. Callaghan Innovation, NZTE and Poutama Trust have all expressed support of the programme, and will assist in the supply of mentors, judges, guest speakers and merchandise. All five organisations are working together to develop a business start-up package and networks for all ten finalists.</p>
Celebrates and showcases Māori culture and provides a vehicle to leverage Māori business and investment opportunities	<p>The 2017 Tāmaki Herenga Waka Festival will take place on 28 – 30 January, at the new location of the ANZ Viaduct Events Centre and on-water at the Viaduct Basin.</p> <p>A VIP hosting event will be held on Thursday, 26 January at the Auckland Art Gallery. Guest speakers will include Hau Rawiri (Mana Whenua Steering Group Chair) and Pita Sharples (ATEED).</p> <p>The festival programme will include both on-land and on-water based activities which celebrate Māori culture through music, kapahaka, weaving, carving, traditional Māori healing, iwi storytelling and Māori games. The Marketplace showcased Māori kai and craft.</p>

How it contributes to Māori outcomes	Progress over Q2
	Sponsors include Air New Zealand, Te Wananga o Aotearoa, Māori Television, Media Works and Mai FM.
Tourism business development opportunities for locals and iwi	<p>Māori tourism operators (engagement and support)</p> <p><u>New operators' enquiries</u></p> <ol style="list-style-type: none"> 1. In Quarter 2, ATEED met Chris Kumeroa to discuss his Special Forces experience. Chris was provided with ATEED's tourism toolkit and introduced to ATEED's Māori Economic Development programme. He will provide support and guidelines around stronger business case writing. 2. ATEED connected with the owners of Campable, a platform for businesses to display available parking spots for tourists with motorhomes and campervans. ATEED will support Campable to connect with mana whenua and marae in Auckland to use this platform to support their economic and tourism interests. <p><u>Existing operators</u></p> <ol style="list-style-type: none"> 1. ATEED connected with Tamati Ihaka, the owner of Heikura into Auckland's AR/VR Garage. 2. ATEED provided an opportunity for Navigator Tours and Ngati Whatua Orakei to take part in the activities linked with the Ovation of the Seas cruise ship visit. <p><u>Famils</u></p> <p>ATEED and The Southern Initiative Mana Whenua Famil with Ngati Whatua ki Kaipara. This famil will provide other mana whenua in Tāmaki Makaurau with an opportunity to learn about and share iwi tourism insights and visions. Originally the famil was planned for November but was postponed due to bad weather. A new proposed famil date is 25 January.</p> <p><u>Iwi / Mana Whenua engagement support</u></p> <p>Tourism focused marae audit</p> <ol style="list-style-type: none"> 1. ATEED is gathering information to identify marae interested in engaging with the tourism industry. Previous marae audits done by TWA and IMSB will be used as a basis for this project. 2. ATEED has contacted ISMB to schedule a meeting to discuss the findings of their research with Auckland marae. 3. ATEED's Māori Economic Development and Tourism teams will work together on the marae audit project to analyse the findings and understand the wider economic aspirations and opportunities for marae in Auckland. <p><u>Transport link</u></p> <ol style="list-style-type: none"> 1. ATEED continues to support the pilot project to establish a direct transport link from the CBD to attractions in north-west Auckland for international visitors. Initial results suggest there has been a low uptake

How it contributes to Māori outcomes	Progress over Q2
	<p>of the transport link due to a lack of awareness and promotion. ATEED is working with the North West District Business Association to promote the transport link.</p> <p>2. Hunua Ranges Cycleway ATEED is working with James Brown, Chair of Ngai Tai ki Tamaki, to secure meetings with representatives from Ngati Paoa, Ngati Whanaunga and Ngati Tamaoho.</p> <p><u>Communication and marketing opportunities</u></p> <p>1. The Tāmaki Makaurau Māori Tourism Newsletter showcases Māori tourism activity and is emailed quarterly to industry contacts and stakeholders. There will be newsletters in February, May, August and November 2017. ATEED is collating a range of stories for the next newsletter.</p> <p>2. Māori tourism operator promotional video. A Māori production company (Whanau Marama) was engaged to undertake the filming and production of a video profiling the region's Māori tourism operators. The video will be delivered by the end of January 2017.</p> <p><u>Events and networking</u></p> <p>1. Tāmaki Herenga Waka Festival ATEED, in partnership with New Zealand Māori Tourism, has a booth space for the festival. ATEED is liaising with internal and external partners to activate the space with Tamoko printing and space for operators to come in display their tourism experiences and engage with festival participants. Discussions continue with The Maunga Authority to be involved in the space.</p> <p>2. The World Indigenous Tourism Alliance (WINTA) (Indigenous Tourism Conference) New Zealand Māori Tourism announced that the next WINTA conference will be held in Waitangi. ATEED will help Auckland-based operators and mana whenua to attend and be involved in the conference. This will offer opportunities for delegates to connect with the international trade community. ATEED will also use this opportunity to promote the Northland to Auckland link.</p> <p>3. TRENZ ATEED has confirmed it will be representing and supporting three operators to attend TRENZ 2017 (Navigator Tours, Heikura and Te Haerenga). ATEED is working with TRENZ to support the welcome event, food and beverage offering as well as families to ensure Māori culture is an integral part of the conference.</p> <p>4. Les Clefs d'Or ATEED continues to support the New Zealand Hotel Concierge Society (Les Clefs d'Or) which held its annual 'Meet the Region' trade event in November at the Grand Millennium Hotel. Approximately 100 staff from</p>

How it contributes to Māori outcomes	Progress over Q2
	<p>primarily Auckland hotels converged that day to meet network with 50 suppliers representing the Tāmaki Makaurau, Northland and Rotorua regions. The event provided a great platform for ATEED to connect and collaborate with the society and to showcase Tāmaki Makaurau tourism proposition.</p> <p>5. Future Insight Workshops These aim to build capability of Māori operators with an invited guest who provides tourism-specific insights to attending operators. The last workshop was postponed until early 2017.</p> <p><u>Auckland/Northland Collaboration - City to Cape</u></p> <p>ATEED, Northland Inc and NZ Māori Tourism supported an application to the Airport Fund led by TIME Unlimited to promote 12 Auckland and Northland Māori Tourism operators to create itineraries that showcase Māori stories/themes. This provides an opportunity for Auckland Māori tourism operators including Te Haerenga, Tāmaki Hikoi, Waka Quest, Te Hana, TIME Unlimited and Tāmaki Paenga Hira (Auckland Museum) to create a proposition that travel trade can support. ATEED continues to support this initiative. In collaboration with Northland Inc, ATEED will contribute \$5,000 towards this initiative. An MoU between Northland Link and ATEED is currently being drafted by TIME Unlimited Tours.</p>
ATEED Māori Responsiveness Plan	<p>ATEED's Māori Responsiveness Advisory team met twice in Q2. The team gave presentations to all business units to remind staff about the content of the Plan. Presentations were followed by a workshop asking team to reflect on their contributions towards the Plan and to identify ways of improving its implementation. Staff at ATEED will be offered an opportunity to take part in a six weeks' Te Reo Māori, scheduled to start in Q3 (One hour per week). The aim of the course is for participants to become comfortable in pronouncing and introducing themselves in Te Reo Māori, learn about hui protocols and more. The course is part of ATEED's commitment to promote Māori responsiveness in our current and future activities.</p>

8. Key local board activity

At the time of preparing this report ATEED has submitted its six-monthly reports to local board for the period 1 July to 31 December 2016. These reports provide individual local boards with highlights of ATEED's activities in their local board area. The information in the table below contains only key activity in some of the local board areas.

Initiatives	Comments
Economic growth	ATEED's dedicated Local Economic Development (LED) team works with local boards who allocate Local Development Initiative (LDI) budget to economic development activities. The LED team delivers a range of services ⁷ such as the development of

⁷ This activity is subject to local boards prioritising local economic development, and subsequently allocating funding to local economic development through their local board agreements.

Initiatives	Comments
	<p>proposals, including feasibility studies that enable local boards to directly fund or otherwise advocate for the implementation of local initiatives.</p> <p>The Uptown Innovation Hub, a partnership between ATEED, Uptown Business Association, the Waitemata Local Board and Auckland Transport, has marked an important milestone in its development with the appointment of a Hub Manager, Gill Plume. A primary focus of the role will be to integrate the activities of the AR/VR Garage and other Hub residents, as well as connecting with the GridAKL programme. ATEED will continue its close working relationship with project partners and support the new Hub Manager in every way possible.</p> <p>A number of local boards have contributed funding towards the Young Enterprise Scheme E-Days in Q3, which ATEED supports and delivers.</p>
Major Events	<p>A regular Major Event 2017 programme update was emailed to all local board members and all business associations and business improvement districts in September. The update focused on World Masters Games 2017 (WMG2017) and the New Zealand Lions Series components of the 2017 programme, which included information on the potential city dressing campaign, temporary accommodation requirements, and potential promotional channels.</p> <p>A heat map was produced and provided to the local boards that showed the expected WMG2017 participant and visitor flow in each of the local board areas to help shape any local leverage planning.</p> <p>Eight local boards have put aside over \$100,000 (collectively) for local leveraging of the Major Event 2017 programme. This has provided a number of opportunities for different initiatives.</p> <p>ATEED also facilitated a WMG2017 briefing in September to the Auckland Deaf Society. Jennah Wootten (Chief Executive, WMG2017) presented a high-level overview that was well-received. There was strong interest in volunteering and participation in the games with accessibility at the core of discussions.</p>
Tourism	<p>In September, ATEED's Destination Development team convened the latest in the series of six-monthly tourism networking events. The event was attended by 90 tourism industry representatives from across the region. The aim of these events is to update attendees on ATEED's activities, as well as the opportunities for local businesses and regions to leverage ATEED activities. Tourism networking events are hosted in different parts of the region. The September event was held at Auckland Zoo.</p>

Local board engagement

The focus for ATEED's primary points of contact over the past quarter has been on supporting Auckland Council's Local Board Services team with the induction phase of local boards, following local body elections held in November 2016. In addition to this and associated early planning activity, ATEED was represented at various planning sessions, workshops and Māori Responsiveness workshops for the local boards.

In February, ATEED will participate in local board induction sessions delivered on a cluster basis, as well as a symposium to connect the Chief Executives of the CCOs with all Local Board members.

9. Risk management

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

Some key changes to date include transitioning from Vault to Risk Manager as a reporting system, updating standard operating procedures, and producing a single Site Specific Safety Plan that all physical works contractors must complete.

Portfolio Risk: A number of risks and issues were actively managed. We finish the quarter with one high level issue being managed, namely ATEED working with the Mayor and Councillors to ensure we review and successfully adapt to Council's changing priorities. An updated Risk Framework has been independently reviewed, resulting in a Risk Appetite document due to be developed. The Risk Appetite document will be closely linked to ATEED's strategy direction and key objectives.

Risks and issues managed during the quarter include:

- GridAKL and Mason Brothers: Developing positively, the properties are being marketed by Colliers. Mason Brothers was recently the subject of a positive article in the *Herald*.
- ATEED website: The current website is unstable, running on an obsolete and unsupported platform. The new website development suffered delays, however after an independent review, is back on track and expected to be delivered by Q4.
- There was a period of intense media scrutiny on the Global Auckland programme, which impacted ATEED's reputation. The project was completed and the next phase has moved to Auckland Council's Strategic Partnerships team, supported by ATEED staff from Corporate Partnerships and Marketing.
- For the last few months of 2016, there was significant work pressures. Some staff were working excessive hours, with considerable external pressure on the Executive.
- Lower Queen Street i-SITE: A temporary move of the i-SITE while more suitable permanent accommodation is found is causing noticeable disruption to i-SITE staff and solutions are being actively sought.
- Registrations have fallen below WMG2017 aspirational target to secure 85% of registrations by the end of Q2. Management remain confident that the target will be achieved as WMG2017 have contingency plans in place to manage this issue.

Internal Audit: ATEED continues to utilise KPMG to carry out business reviews as directed by Internal Audit. We continue to work closely with Council Internal Audit as their capability is developed to identify how this might be deployed.

- The GridAKL and Major Events audits have been completed, with positive interim findings (reports yet to be finalised).
- The 2016/17 Audit Plan is continuing to be reviewed, with a Project Management Office review commencing in Q3.

External Audit: Audit New Zealand letter of engagement for the half year has been completed, and they started their onsite review in December 2016.