

# Auckland Tourism, Events and Economic Development

## Quarter 3 Performance Report

**For the period ending 31 March 2019**

*This report outlines the key performance of Auckland Tourism, Events & Economic Development, which includes economic development and visitor economy-related activities and investments*

# ATEED Q3 summary

## Highlights, issues & risks for the quarter

During Q3, ATEED continued to deliver a more focussed portfolio of activity to drive its vision of quality jobs for all Aucklanders. Highlights for the quarter:

1. The America's Cup 36 (AC36) Host Venue Agreement was signed – a significant project milestone.
2. The *Auckland. We're Hiring* campaign launched in January to attract high-skilled migrants to Auckland.
3. ATEED's Net Promoter Score for the Regional Business Partner Network (RBP) programme with NZTE and Callaghan Innovation was +81, above the national average of +73.
4. The 20<sup>th</sup> Auckland Lantern Festival was successfully delivered together with the signing of the NZ Year of Tourism 2019 MoU with UnionPay International and Immigration NZ, and the launch of the official Auckland WeChat account.
5. The *Go with Tourism* skills campaign attracted more than 100 'quality employer' business registrations.
6. A short break campaign went live in Australia targeting independent professionals (25-54 years).
7. Auckland's new winter festival – *Elemental AKL* was announced in February and will run through July.
8. ATEED participated in the Te Matatini 2019 delegation to Wellington in February, supporting Auckland Council's sponsorship of Te Matatini in Auckland in 2021.
9. The Pasifika Festival, due to be held 23-24 March, was cancelled due to the Christchurch terrorist attacks. In response, ATEED is leading a council-wide initiative to address public safety and venue security concerns.
10. A Pop-up Business School was delivered in Albany, with support from the Upper Harbour, and the Hibiscus and Bays local boards.

### Issues/Risks:

11. Significant work was carried out to enable all parties to complete the AC36 Host Venue Agreement.
12. A number of sensitive issues were managed in pursuit of significant screen production opportunities.

Financials (\$m)	YTD actual	YTD budget	Actual vs Budget
Capital delivery	3.1	3.4	-0.4
Direct revenue	13.3	14.7	-1.4
Direct expenditure	43.7	49.8	6.2
Net direct expenditure	30.4	35.2	4.8

## Financial Commentary

- **Capital delivery:** Costs relate to the move of ATEED to 167b Victoria Street.
- **Direct revenue:** Reduced revenue from Kumeu Film Studios, delayed Tāmaki Herenga Waka Festival to FY21, and cancelled Pasifika Festival.
- **Direct expenditure:** Impacted by changes in events and project resourcing.

Key performance indicators <i>(Refer to pg. 7 for complete list)</i>	Previous Quarter	FY 19 Quarter 3			Commentary
		Actual	Target	Status	
KPI1: Contribution to regional GDP from ATEED interventions	No result	No result	Benchmark	N/A	No quarterly target. Benchmark in development with Market Economics.
KPI2: Number of businesses that have been through an ATEED programme or benefited from an ATEED intervention	1,931	2,642	3,000	Met	On track to meet year-end target. Target for contributory measure related to the number of Māori businesses has been exceeded.
KPI3: Number of new jobs created, safeguarded or retained in Auckland as a result of an ATEED	No result	No result	Benchmark	N/A	No quarterly target. Benchmark in development with Market Economics.
KPI4: Number of visitor nights resulting from an ATEED intervention	78,010	186,620	340,000	Not met	It is expected that the year-end target will not be achieved. This is primarily due to changes in the major events portfolio and timing of business events.
KPI5: Customer satisfaction of customers, partners and stakeholders who have interacted with ATEED	No result	No result	Benchmark	N/A	No quarterly target. Benchmark in development with Nielsen.

# Strategic focus area – Economic Development

## Key commentary

**For the nine months to 31 March 2019, total net direct expenditure of \$14.0m was spent on Economic Development against a budget of \$16.8m (including associated operational support costs and excluding depreciation). Highlights were:**

1. The [Auckland. We're Hiring](#) campaign to attract high-skilled construction and technology talent launched on 7 January. Preliminary results show that more than 2000 job applications and 45 visa applications have been made.
2. The [Go with Tourism](#) skills campaign launch was postponed to 5 April due to the Christchurch attacks. At the end of Q3, more than 100 'quality employer' business registrations were made. The Auckland network of jobs and skills hubs will provide backstop support to tourism job candidates and employers and an MoU has been signed with the New Zealand Careers Expo for a *Go with Tourism* pavilion at the ASB Showgrounds on 23-25 May.
3. A *Future of Work* insights report has been commissioned on Auckland's future skills needs. Focus groups and key informant interviews are underway with business stakeholders – many of which will be panellists at the ATEED delivered Future Ready Summit on 26 June.
4. Concept development is underway in partnership with The University of Auckland and Siemens for an Industry 4.0 lab located at the university's Newmarket Innovation Precinct. The lab will be focussed on food and beverage (F&B) manufacturing.
5. Tripartite 2019, to be held 20-21 May in Auckland, celebrates the fifth anniversary of the Tripartite Economic Alliance between Guangzhou, Los Angeles and Auckland. ATEED, in partnership with Auckland Council, is leading planning activity for the compact two-day programme. The event will align with Techweek19 and is expected to attract 90 international delegates, including 13 international speakers.
6. ATEED participated in three consultation events for the Government's Review of Vocational Education with Tertiary Education Commission officials, MIT, UNITEC and the EMA. A formal submission was not made, but ATEED will remain engaged with the TEC as the review develops.

### Issues/Risks:

7. In collaboration with industry partners, ATEED is managing a number of sensitive issues regarding the pursuit of a significant screen production.

## Strategic context

ATEED's economic development activities include business support, business attraction and investment, local economic development, trade and industry development, skills employment and talent, and innovation and entrepreneurship. The economic growth of the wider economy reinforces Auckland as a destination by creating supply chain opportunities, international links, talent and student attraction, and by making the city attractive to international business events and conventions.

Key programme of works	Status	Description	Outlook
Local economic regeneration (incl. Manukau)	On track	Providing guidance to local boards to support local initiatives and focusing future activity and investment on enhancing economic outcomes for south and west Auckland, working with Pānuku, Auckland Transport and The Southern Initiative (TSI).	A Creative Industries workstream has been established with TSI and Pānuku. A concept is being developed for a south Auckland F&B manufacturing cluster to accelerate growth of value-add export products. Government ministers will open the new Manukau and Northern (Glenfield) Jobs and Skills Hubs on 28 June. MBIE is assuming the leases for the new hubs and will take over the CBD Hub by June. ATEED is leading business / employer engagement and marketing / communications for the hubs.
Innovation	On track	Supporting business to innovate and supporting innovation across the Council group. Leveraging ATEED's role to grow Auckland's innovation ecosystem, including through ongoing development of GridAKL, AR/VR Garage and The FoodBowl - Te Ipu Kai.	To the end of Q3, GridAKL was home to 148 businesses, 927 individuals and 317 Tech Café members. More than 1000 events and 34,240 attendees have also been hosted YTD. An MoU was signed with Pam Fergusson Charitable Trust – which is developing a platform to connect corporate volunteers with low-decile classrooms. Precinct Properties has acquired 100 per cent of Generator (operator for 12 Madden Street and the Mason Brothers building).
Supporting small and medium enterprise growth	On track	An enhanced focus on existing small businesses, raising their capability, encouraging business networking, connecting them to talent and facilitating access to export markets.	To the end of Q3, more than 730 businesses were actively engaged by ATEED through the RBP Programme. About \$1.13m of NZTE Capability Vouchers and \$2.83m of Callaghan Innovation R&D grants were issued. ATEED's Net Promoter Score remains high at +81, ahead of the national average of +73 and target of +50.
Business and investment attraction	On track	Attracting high-value business and investment to the city (including screen investment) to maximise economic opportunities associated with infrastructure investment for long-term impacts at a local and regional level.	To the end of Q3, more than 140 Auckland Council film permits were issued and 480 enquiries captured. ATEED continues to collaborate with industry partners on significant screen production opportunities for the Auckland region.

# Strategic focus area – Destination

## Key commentary

**For the nine months to 31 March 2019, total net direct expenditure of \$16.4m was spent on Destination against a budget of \$18.4m (including associated operational support costs and excluding depreciation). Highlights were:**

1. The 20<sup>th</sup> Auckland Lantern Festival was successfully delivered 14-17 February. The overall customer satisfaction rating was 98 per cent, up 9 per cent.
2. The Lantern Festival coincided with the 30<sup>th</sup> anniversary of the Auckland Council-Guangzhou Sister City relationship and involved the signing of the NZ Year of Tourism 2019 MoU between ATEED, UnionPay International and Immigration New Zealand. The Auckland WeChat official account was also launched attracting more than 300 registrations from local Chinese advocates.
3. The [Elemental AKL](#) winter festival announced on 28 February will run through all of July, coinciding with Matariki. RFA will deliver a festival hub in Aotea Square with a mix of ticketed and free events. The hub will also showcase other festival activity across the region. Events are continuing to sign up to the festival on a marketing-only basis and through the menu activation programme.
4. Destination Think! presented research findings of Auckland's Place DNA™, including presentations to Auckland residents and industry leaders.
5. The Pasifika Festival, due to be held the weekend of 23-24 March, was cancelled due to the Christchurch terrorist attacks. This has resulted in financial, operational and other implications which are being worked through. ATEED is leading a council-wide initiative to address public safety and venue security concerns following the Christchurch attacks and the approach is being adopted by MBIE as a model of best practice.
6. The Host Venue Agreement for AC36 has been signed marking a significant milestone for the project.
7. APEC21 activity continues to focus on governance, operational and leverage planning with Auckland Council and MFAT. Auckland programme delivery via the APEC21 Auckland project management office, based at ATEED, will commence in FY21/22.

## Issues/Risks

8. Reputational risk associated with delayed signing of AC36 Host Venue Agreement. Resolved over Q3.

## Strategic context

Destination work includes a focus on destination marketing and management, major events, business events (meetings and conventions), and international student attraction and retention – and driving the implementation of the [Destination AKL 2025](#) strategy. Auckland's visitor economy is an important part of the city's wider economy that underwrites the amenity of the city, making it more attractive to residents and visitors alike.

Key programme of works	Status	Description	Outlook
Major events (incl. AC36)	<b>On track</b>	Driven by ATEED's Major Events Strategy, ATEED intervenes on behalf of Auckland in the events landscape through strategic influencing, investment in major events, event production, event facilitation and event activation, leverage and marketing.	Lantern Festival customer survey respondents were very positive about what the event meant for the city, with 96 per cent agreeing that Council should continue to support events such as the Lantern Festival (support similar to last year); 94 per cent saw the event as bringing different ethnic and cultural groups together, compared to 91 per cent for last year. Rugby League fixtures were announced with five tests to be held in Auckland in June and November. Industry communications have been completed for the second round of national programme funding opening 1-30 April.
Tourism	<b>On track</b>	ATEED's Tourism team has two key areas of focus: leading and partnering in destination marketing, and advocating or co-ordinating in destination management	A short break campaign focussed on nature, food and wine and ultimate things to do in Auckland, went live on 18 February targeting independent professionals (25-54 years) in Queensland, New South Wales and Victoria. Campaign results will be available next quarter. An Auckland-specific tourism investment prospectus has been launched to connect project owners with investors. The Auckland WeChat official account app will be launched to the Chinese market in April.
Business events	<b>On track</b>	Sales and marketing activity to grow the value and volume of business events in Auckland, and position Auckland as a premium business events destination (delivered by the Auckland Convention Bureau (ACB)).	Year-to-date business events opportunities won will result in future total tourism spend of \$22.7m, generating 42,045 delegates and 57,938 visitor nights. A total of 248 opportunities have been submitted YTD, with a projected tourism spend value of \$105.9m, with 119,795 delegates and 378,589 visitor nights projected. ACB is working with clients impacted by the NZICC construction delays.
Study Auckland	<b>On track</b>	Growing the reputation of Auckland as an innovative international education hub through the delivery of interventions that attract international students and ensure they can access high-value tourism services and experiences.	Tokyo has been selected for the first Study Auckland alumni programme. Key objectives are to showcase new Japanese alumni ambassadors and use their profiles to support 'NZ Inc.' destination marketing activity, and accelerate ATEED's partnership with Air New Zealand to grow the education travel market. Japan is as a priority market for education, tourism, trade and investment. The first session of the Talent Solutions' Career Accelerator Programme was held on 12 March at AUT with more than 100 students.

## Other statement of intent focus areas

### **Auckland investment story: Invest AKL**

A project re-scope, including a revised project completion date of June 2020, was presented to the CCO Chief Executives' meeting on 20 March. This included agreement that each CE would appoint appropriate team member/s to a cross-Council working group.

Key milestones for Q4 include establishment of the CCO working group, including working terms of reference and governance framework.

### **Climate change**

ATEED participated in Auckland Council Climate Action Plan workshops held in March with a focus on the climate innovation system.

Scoping work is underway to highlight opportunities in the 'green economy'. These include: a series of circular economy innovation workshops, support of aligned Sustainable Business Network initiatives, potential collaboration with Callaghan Innovation Energy and Environment team, and an insights paper with BIOTech New Zealand with a focus on clean tech.

GridAKL's Hatchbox hosted Council's climate change wānanga with iwi in March.

### **Local board engagement**

ATEED completed its six-monthly reporting to Local Boards over Q3 and the Local Economic Development team continue to progress the current year's locally driven initiatives work programme. This has seen:

- The delivery of a Pop-up Business School in Albany from 18-29 March, with support from the Upper Harbour, and the Hibiscus and Bays local boards, attracting more than 50 people. A west Auckland Pop-up Business School with support from Henderson-Massey, Whau and Puketapapa local boards will be delivered in May.
- The delivery of the Albert-Eden Business Sustainability Kick Up programme in February attracting 10 local businesses. Participants reported high levels of programme satisfaction and a number of businesses have taken action to improve their business sustainability practises.

Consultation on the Auckland Film Protocol revision is being progressed, with initial local board consultation complete.

### **Contribution towards Māori outcomes**

ATEED continues to provide programme leadership to the Economic Development workstream of Te Toa Takitini. All ATEED activities contribute to the implementation of the Māori Business, Tourism & Employment strategic priority.

### **Māori Business, Tourism & Employment**

ATEED is working with the Whāriki Kaitiaki Roopu to establish new, more ambitious and network owned goals for the Whāriki Māori Business Network, with a view of strengthening governance and network autonomy from ATEED. Work is also underway with the Young Enterprise Scheme and Te Wananga o Aotearoa to develop a strategy to expand DigMyIdea nationally, support Māori tech business development and encourage more Māori into the tech sector.

A range of activity has been progressed as part of ATEED's Māori tourism and iwi development programme, notably in building partnerships with DOC through Te kete reo o Tāmaki Makaurau and with Māori businesses on Great Barrier Island. ATEED attended a workshop with Ngāi Tai ki Tāmaki on the development of the iwi's tourism strategy and vision.

Six Māori culture and leadership days are being hosted at Ōrākei marae between January and June as part of the Rukuhia Global Leadership Programme. Following success of the programme to-date, delivery is intended to be transferred to Ngāti Whātua Ōrākei later this year.


Māori outcomes are being woven into the multiple workstreams that make up the Manukau priority project. GridAKL is providing support to Ngāhere Communities' TUKUA startup programme, supporting Māori and Pasifika business in south Auckland.

ATEED participated in the Te Matatini 2019 delegation to Wellington in February, supporting Auckland Council's sponsorship of Te Matatini in Auckland in 2021.

### **Risks**

As previously reported, the delivery of the Tāmaki Herenga Waka Festival was deferred from Q3. The approved budget for the remaining two festivals (five to be delivered in total) will be available in FY19/20 and FY20/21. All other projects and activities are on track to be delivered in line with forecast budget.

## ATEED Q3 financials

 <b>Direct operating performance</b>						
\$(million)	Notes	FY 18	FY 19 Quarter 3 YTD			FY 19
		Actual	Actual	Budget	Variance	Budget
<b>Net direct expenditure<sup>1</sup></b>	<b>A</b>	<b>48.5</b>	<b>30.4</b>	<b>35.2</b>	<b>4.8</b>	<b>50.9</b>
<b>Direct revenue<sup>2</sup></b>	<b>B</b>	<b>14.8</b>	<b>13.3</b>	<b>14.7</b>	<b>-1.4</b>	<b>18.1</b>
Fees & user charges		2.0	0.5	0.5	0.0	0.6
Operating grants and subsidies		2.5	1.7	1.1	0.6	0.4
Other direct revenue		10.3	11.1	13.1	-2.0	17.1
<b>Direct expenditure</b>	<b>C</b>	<b>63.3</b>	<b>43.7</b>	<b>49.8</b>	<b>6.2</b>	<b>69.0</b>
Employee benefits		21.9	15.8	16.9	1.1	22.5
Grants, contributions & sponsorship		10.2	5.4	5.3	-0.1	9.2
Other direct expenditure		31.3	22.5	27.6	5.1	37.3
<b>Other key operating lines</b>						
AC operating funding		49.1	30.2	35.1	-4.9	50.9
AC capital funding		7.9	3.1	3.4	-0.4	3.4
Vested assets		0.0	0.0	0.0	0.0	0.0
Depreciation		2.6	2.3	2.0	-0.3	2.8
Net interest expense		0.1	0.0	0.0	0.0	0.0

## **Financial Commentary**

**A:** Our forecast phasing sees ATEED landing on Annual Plan (excluding the Tāmaki Herenga Waka Festival) with a lot of activity falling in the last quarter of FY19.

**B:** Reduced revenue from Kumeu Film Studios due to new licensee building up production activity, delayed Tāmaki Herenga Waka Festival to FY21, and cancelled Pasifika Festival.

**C:** During the first 6 months, there has been a reorganisation to the new structure/strategy and the business is now working to recruit to deliver key initiatives, with these largely falling in the latter part of the financial year.

# ATEED Q3 performance measures

Key performance indicators	Previous Quarter	FY 19 Quarter 3			Commentary
		Actual	Target	Status	
<p><b>Note: ATEED has a total of 4 LTP measures among 7 SOI measures.</b></p> <p><b>For the nine months to 31 March 2019, 4 of the 7 measures have been measured against a quarterly target. The rest of the measures are being benchmarked. 2 have been met and 2 have not been met.</b></p>					
<b>KPI1: Contribution to regional GDP from ATEED interventions</b>	No result	No result	Benchmark	N/A	No quarterly target. Benchmark in development, working with Market Economics.
Contributory measure: Contribution to regional GDP from major and business events attracted or supported (LTP measure)	\$9.15m	\$23m	\$49m	Not met	Result does not include impact of business events but will at year end. Despite this, it is expected that the year-end target will not be achieved due to fewer major events in portfolio, the cancelling of Pasifika Festival, the exclusion of Auckland franchises from the portfolio and movement of some business events.
<b>KPI2: Number of businesses that have been through an ATEED programme or benefited from an ATEED intervention (LTP measure)</b>	1,931	2,642	3,000	Met	On track to meet year-end target. Businesses include those that have been through the Regional Business Partner programme, Auckland Skills & Job Hub employers, GridAKL residents, businesses that have benefitted from tourism promotion, ACB members and major event stallholders.
Contributory measure: Number of Māori businesses that have been through an ATEED programme or benefitted from an ATEED intervention (LTP measure)	81	147	120	Met	Target exceeded. Businesses include those that have benefitted from Māori tourism product development work, RBP programme and the Whāriki Māori Business Network activity.
<b>KPI3: Number of new jobs created, safeguarded or retained in Auckland as a result of an ATEED intervention</b>	No result	No result	Benchmark	N/A	No quarterly target. Benchmark in development, working with Market Economics.
<b>KPI4: Number of visitor nights resulting from an ATEED intervention (LTP measure)</b>	78,010	186,620	340,000	Not met	Result does not include impact of business events but will at year end. Despite this, it is expected that the year-end target will not be achieved due to fewer major events in portfolio, the cancelling of Pasifika Festival, the exclusion of Auckland franchises from the portfolio and movement of some business events.
<b>KPI5: Customer satisfaction of customers, partners and stakeholders who have interacted with ATEED</b>	No result	No result	Benchmark	N/A	ATEED is working with AC Nielson to develop a comprehensive, cross-organisational Voice of the Customer (VoC) programme on which a benchmark will be developed. A VoC pilot was completed with select teams in Q3. Next steps are to roll out the programme across the business over Q4 to establish a baseline to the end of the FY.