

# **Auckland Tourism, Events and Economic Development Ltd Board meeting**

## **OPEN AGENDA**

### **Will be held as follows:**

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

### **Board members:**

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

### **Attendees**

<i>CEO</i>	Brett O'Riley
<i>Company Secretary</i>	Tim Kingsley-Smith
<i>Others TBC</i>	

OPEN AGENDA

1. **APOLOGIES**

An apology was received from Franceska Banga.

2. **MINUTES OF 29 JULY 2016 MEETING & OPEN ACTION TRACKER**

Brett O'Riley, Chief Executive

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

Brett O'Riley, Chief Executive

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

Brett O'Riley, Chief Executive

5. **ANNUAL REPORT FOR THE PERIOD ENDED 30 JUNE 2016, INCLUDING A  
REVIEW OF ATEED'S PERFORMANCE UNDER ITS STATEMENT OF INTENT**

Brett O'Riley, Chief Executive and Barbara Imlach, Chief Executive Officer

6. **FINANCE REPORT**

Barbara Imlach, Chief Financial Officer

Open

Run sheet: Board Meeting, Friday 26 August 2016  
 1.00pm, Tamaki Makaurau Boardroom, Level 8, 139 Quay St, Auckland

Item	Subject	Action	Start Time	Duration	Pg.
<b>OPEN AGENDA</b>					
1	Start of Meeting: Chairman's Welcome, Apologies	To Note	1.00 p.m.	1 mins	
2	Open Minutes 29 July 2016 and Open Action Tracker, Brett O'Riley	To Approve	1.01 p.m.	2 mins	<b>4</b>
3	Directors Interest Register, Conflicts of Interest Declaration	To Note	1.03 p.m.	2 mins	<b>8</b>
4	Chief Executive's Activity Report, Brett O'Riley	To Note	1.05 p.m.	15 mins	<b>17</b>
5	Annual Report for the period ended 30 June 2016, including a review of ATEED's performance under its Statement of Intent, Brett O'Riley, Barbara Imlach	To Approve	1.20 p.m.	25 mins	<b>28</b>
6	Finance Report, Barbara Imlach	To Note	1.45 p.m.	10 mins	<b>113</b>
	Chairman's close and invitation to the public to leave				
	<b>Close of Meeting</b>		<b>1.55 p.m.</b>		
	<b>Board only wrap up</b>		<b>1.55 p.m.</b>	<b>5 mins</b>	
	<b>Close</b>		<b>2:00 p.m.</b>		

Friday, 26 August 2016



OPEN AGENDA

2. **MINUTES OF 29 JULY MEETING & OPEN ACTION TRACKER**

Brett O'Riley, Chief Executive

## BOARD MINUTES

<b>What:</b>	Minutes of a Meeting of Board of Directors of Auckland Tourism Events and Economic Development Limited
<b>Where:</b>	Tamaki Makaurau Boardroom, Level 8, 139 Quay St, Auckland
<b>When:</b>	Friday, 29 July 2016 at 1.25pm
<b>Directors:</b>	Norm Thompson Richard Jeffery Danny Chan Helen Robinson
<b>Board Advisor:</b>	Sir Pita Sharples
<b>In Attendance:</b>	Brett O'Riley, Chief Executive Martin Fairweather, Chief Operating Officer Barbara Imlach, Chief Financial Officer Tim Kingsley-Smith, Company Secretary
<b>Apologies:</b>	David McConnell Stuart McCutcheon Franceska Banga
<b>Public &amp; Media Attendance:</b>	N/A

---

### Background

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

### Meeting Business

#### 1. Apologies

An apology was received from David McConnell, Stuart McCutcheon and Franceska Banga.

#### 2. Minutes of Previous Meetings and Action Tracker

The Board discussed the draft minutes of the meeting held on 24 June 2016 and the Open Action Tracker.

Following the conclusion of discussions, the Board resolved that the minutes of the meeting held on 24 June 2016 be **approved** as a true and correct record.

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

The Chair noted that Francesca Banga had updated her interests register since the previous Board meeting.

The Chief Executive noted that he was not aware of any ATEED management or Officers having any undeclared conflicts of interest in relation to any ATEED activities and/or events.

Following the conclusion of discussions, the Board **noted** the interests register.

### 4. Chief Executive's Activity Report

Brett O'Riley spoke to the Report.

The Board requested that the ATEED Sector Framework be uploaded to the ATEED website. **(ACTION)**

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

### 5. Health & Safety Update

The Board noted the comprehensive reporting and congratulated the Health & Safety Manager on both the reporting and the work done.

Following the conclusion of discussions, the Board **noted** the Health & Safety Update

### 6. Finance Report

Barbara Imlach spoke to the Report.

Following the conclusion of discussions the Board **noted** the Finance Report for the period ended 31 June 2016.

### 7. Audit & Risk Committee Update

Barbara Imlach spoke to the yearend audit and noted that the auditors were happy with ATEED's draft Annual Report and no major issues were identified. This report would be sent to the directors for comment prior to the August board meeting.

The Board noted that Barbara Imlach would be leaving ATEED shortly after three years with the company. The Board thanked Barbara for her hard work over the years and wished her all the best for the future.

Following the conclusion of discussions, the Board **noted** the Audit & Risk Committee Update.

The Chairperson declared the meeting closed at 1.45 p.m.

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

---

Chair

---

Date

**Open Board Action Tracker**  
**As at 26 August 2016**

No.	Action	Status	Result	Target Date	Responsibility
<b>26 June 2016 Meeting</b>					
1	Management to circulate to the Board the programme of work to be delivered under the ATEED Sector Framework.	In Progress		31 October 2016	Patrick McVeigh
<b>29 July 2016 Meeting</b>					
2	The Board requested that the ATEED Sector Framework be uploaded to the ATEED website.	<b>COMPLETED</b>	Auckland's Competitive Sectors & ATEED's Sector Framework uploaded to ATEED website		Patrick McVeigh

Friday, 26 August 2016



OPEN AGENDA

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

Brett O'Riley, Chief Executive



### ATEED Board Interests and Conflicts Register

Director	Interests and Conflicts
David McConnell	Managing Director, McConnell Group Deputy Chair, Committee for Auckland Board Member, University of Auckland’s Business School Advisory Board Director, 429 Limited Director, Addison Developments Limited Director, Addison Group Limited Director, Addison Retirement Village Limited Director, Anselmi Ridge Limited Director, Arnot Investments Limited Director, Ascot Parade Limited Director, Beaumont Park Limited Director, BPB Plasterboard Limited Director, British Plasterboard Limited Director, C 60 Display Limited Director, Citygate Limited Director, Ecoclean Technology SDS BHD Ltd Director, Element NZ limited Director, Galleon Limited Director, Harker Underground Construction Limited Director, Hawkins Construction Group Limited Director, Hawkins Construction Guam Inc. Director, Hawkins Construction Hobsonville Limited Director, Hawkins Construction Limited Director, Hawkins Construction NI Limited Director, Hawkins Construction North Island Group Limited

	<p>Director, Hawkins Construction North Island Limited          Director, Hawkins Construction South Island Limited          Director, Hawkins (Fiji) Ltd          Director, Hawkins Group Limited          Director, Hawkins Infrastructure Guam Inc.          Director, Hawkins Infrastructure Limited          Director, Hawkins Management Limited          Director, Hawkins Plant Limited          Director, Hawkins PNG Ltd          Director, Learning Infrastructure Partners GP Limited          Director, Learnings Infrastructure Investment Limited          Director, McConnell Development Holdings Limited          Director, McConnell Developments Limited          Director, McConnell Funds Management Limited          Director, McConnell GP No.1 Limited          Director, McConnell Group Limited          Director, McConnell International Pty Ltd          Director, McConnell Limited          Director, McConnell Property Limited          Director, McConnell Property Services Limited          Director, MTC Land Investments Limited          Director, Pancho Hawkins Phillipines Inc.          Director, Pomander Holdings Limited          Director, Projects (M.I.L.) Limited          Director, Shelf Company 2012A Limited          Director, Spiral Welded Pipes Limited          Director, Steelpipe Limited          Director, The Shooting Box Limited          Director, Titanium Park Development Limited</p>
--	--

	<p>Director, Wilkins &amp; Davies Limited          Director, Hawkins Singapore Pte Limited          Director, MC (Jervois) General Partner Limited          Director, Hawkins Construction Schools 2 PPP Limited          Director, Future Schools Partners GP 1 Limited          Director, Future Schools Partners GP 2 Limited</p> <p>Party to a Deed of Indemnity and Undertaking between the Director and the Company and an insured party under a Directors and Officers Liability Insurance Policy and a Defence Costs Insurance Policy arranged and funded by the Company</p>
<b>Director</b>	<b>Roles &amp; Responsibilities outside of ATEED</b>
Norman Thompson	<ul style="list-style-type: none"> <li>· Director, Dot.Kiwi Limited</li> <li>· Director, Preno Limited</li> <li>· Director, Queenstown Airport Corporation Limited</li> <li>· Director, Tourism New Zealand Board</li> <li>· Chartered Fellow of Institute of Directors</li> <li>· Trustee, Young Enterprise Scheme (YES)</li> <li>· Member, New Zealand Golf Open 2016 Committee</li> </ul> <p>Party to a Deed of Indemnity and Undertaking between the Director and the Company and an insured party under a Directors and Officers Liability Insurance Policy and a Defence Costs Insurance Policy arranged and funded by the Company</p>
<b>Director</b>	<b>Roles &amp; Responsibilities outside of ATEED</b>
Franceska Banga	<ul style="list-style-type: none"> <li>· Director, Fab NZ Limited</li> <li>· Director, Constellation Capital</li> <li>· Director, Continuity Capital Limited (NZ)</li> <li>· Director, Frogparking Limited</li> <li>· Trustee, Fred Hollows Foundation</li> </ul>

	<ul style="list-style-type: none"> <li>· Trustee, Peka Peka Trust (Family Trust) Investments in:             <ul style="list-style-type: none"> <li>- Pohutukawa Fund, Maui Capital Indigo Fund</li> <li>- 82 Limited Partnership and Advisory Board member</li> </ul> </li> <li>· Shareholder (1%) – Business Growth Limited</li> <li>· Shareholder – the Breakthrough Co. Limited (Family business)</li> <li>· Shareholder – National Business Coaching Limited</li> <li>· Member, Institute of Directors NZ Inc.</li> </ul> <p>Party to a Deed of Indemnity and Undertaking between the Director and the Company and an insured party under a Directors and Officers Liability Insurance Policy and a Defence Costs Insurance Policy arranged and funded by the Company</p>
<b>Director</b>	<b>Roles &amp; Responsibilities outside of ATEED</b>
Richard Jeffery	<ul style="list-style-type: none"> <li>· Chief Executive, Vodafone Events Centre</li> <li>· Trustee of the Rising Foundation</li> <li>· Owner – I Like Gallery Limited, Art Gallery &amp; Project Consulting</li> <li>· Director and Shareholder, Knight Star Covenants Limited</li> <li>· Director, The Original Art Sale Limited</li> <li>· Director, Museum of Transport and Technology (MOTAT)</li> </ul> <p>Party to a Deed of Indemnity and Undertaking between the Director and the Company and an insured party under a Directors and Officers Liability Insurance Policy and a Defence Costs Insurance Policy arranged and funded by the Company</p>
<b>Director</b>	<b>Roles &amp; Responsibilities outside of ATEED</b>
Danny Chan	<ul style="list-style-type: none"> <li>· Director and Shareholder, A1 Flower Wholesalers Limited</li> <li>· Director and Shareholder, Academic Colleges Group Limited and subsidiaries as follows:             <ul style="list-style-type: none"> <li>Australian International Schools Limited (BVI)</li> <li>New Zealand International College Limited</li> <li>ACG New Zealand International College Jakarta Limited</li> <li>ACG Australian International Education Services Company Limited</li> </ul> </li> </ul>

	<p> New Zealand Management Academies Limited  ACG Yoobee School of Design Limited  Yoobee Pty Limited (Australia)  New Zealand Career College Limited  NZ Nannies Plus Limited  ACG Norton College Limited  ACG NZIC Limited  ACG English School Limited  ACG Parnell College Limited  ACG Senior College Limited  ACG Strathallan Limited  ACG Tauranga Limited  ACG Sunderland Limited  ACG Property Holdings (NZ) Limited  ACG Property 345 Queen Street Limited  ACG Parnell College Property Limited  ACG Senior College Property Limited  ACG Strathallan College Property Ltd  ACG Education Services Limited  ACG Tauranga Property Limited  Education Investments Group Limited  Sunderland School Property Limited  ACG Early Childhood Education Group limited </p> <ul style="list-style-type: none"> <li>• Director and Shareholder, Alpha Asset Management Limited</li> <li>• Director and Shareholder, ARN Investments Limited</li> <li>• Director and Shareholder, Danting Investments Limited</li> <li>• Director and Shareholder, Education Investment Limited</li> <li>• Director and Shareholder, Flowerzone International Limited and subsidiaries</li> <li>• Director and Shareholder, Green Cut Limited</li> <li>• Director and Shareholder, Griff Trading Limited</li> <li>• Director and Shareholder, Lady White Snake Film Limited</li> <li>• Director and Shareholder, Orient Group Limited and subsidiaries</li> <li>• Director and Shareholder, Orpac International Limited</li> <li>• Director and Shareholder, Planit Products NZ Limited</li> <li>• Director and Shareholder, Rhino Security Limited and subsidiaries</li> </ul>
--	--

	<ul style="list-style-type: none"> <li>• Director and Shareholder, Sharp Multi-Media Limited</li> <li>• Director and Shareholder, Sharp Multi-Media Productions Limited</li> <li>• Director and Shareholder, Simtics Limited</li> <li>• Director and Shareholder, SimTutor Limited</li> <li>• Director and Shareholder, Tahere Callas Limited and subsidiary</li> <li>• Director and Shareholder, Talaforde Investments Limited and subsidiary</li> <li>• Director and Shareholder, The Academic Coaching School Limited</li> <li>• Director and Shareholder, Turners Flower Exports NZ Limited</li> <li>• Director, Abano Healthcare Limited</li> <li>• Director, Simtics Limited</li> <li>• Shareholder, Aire Cut Company Limited</li> <li>• Shareholder, CLOUD M Limited</li> <li>• Member, NZ China Advisory Council (appointed 20 November 2012)</li> <li>• Member, NZ Markets Disciplinary Tribunal</li> <li>• Director, Farmers Mutual Group (Mutual Society)</li> </ul> <p>Party to a Deed of Indemnity and Undertaking between the Director and the Company and an insured party under a Directors and Officers Liability Insurance Policy and a Defence Costs Insurance Policy arranged and funded by the Company</p>
<b>Director</b>	<b>Roles &amp; Responsibilities outside of ATEED</b>
Helen Robinson	<ul style="list-style-type: none"> <li>• Chair, CLOUD M Ltd</li> <li>• Chair, Organic Initiative Ltd</li> <li>• Chair, The Network for Learning Ltd (N4L)</li> <li>• Chair, Valens Group</li> <li>• Director, KND Investments Ltd</li> <li>• Director, KND Trustees Ltd</li> <li>• Managing Director, Penguin Consulting Ltd</li> <li>• Member, NZ Rugby, Board Strategic Relations &amp; Planning Committee</li> <li>• Council Member, Open Polytechnic NZ</li> <li>• Trustee, Aktive Auckland Sport &amp; Recreation</li> </ul>

	<ul style="list-style-type: none"> <li>· Trustee, Robinson Family Trust</li> </ul> <p>Party to a Deed of Indemnity and Undertaking between the Director and the Company and an insured party under a Directors and Officers Liability Insurance Policy and a Defence Costs Insurance Policy arranged and funded by the Company</p>
<b>Director</b>	<b>Roles &amp; Responsibilities outside of ATEED</b>
Stuart McCutcheon	<ul style="list-style-type: none"> <li>· Chairman of Directors, Auckland UniServices Ltd</li> <li>· Director, Universitas 21 international university network</li> <li>· Council Member, University of Auckland</li> <li>· Member, Partnership Board, the Worldwide Universities Network</li> <li>· Member, Steering Committee, the Association of Pacific Rim Universities</li> <li>· Trustee, UK Friends of the University of Auckland</li> </ul> <p>Party to a Deed of Indemnity and Undertaking between the Director and the Company and an insured party under a Directors and Officers Liability Insurance Policy and a Defence Costs Insurance Policy arranged and funded by the Company</p>
<b>Board Advisor</b>	<b>Roles &amp; Responsibilities outside of ATEED</b>
Sir Pita Sharples	<ul style="list-style-type: none"> <li>· Director, Tu Maori Mai Limited</li> <li>· Hoani Waititi Marae - Taumata</li> <li>· Te Ropu Manatangi – Kai ako</li> <li>· Te Whare Tu Taua – Tumu Whakaarei</li> <li>· Ngā ti Kahungungu iwi – Taumata</li> <li>· Te Toa Takitini – Kaumatua advisor</li> <li>· Aorangi maori trust board – Kaumatua</li> <li>· Rakau Tatathi Marae – Paepae</li> <li>· Mahi Tahi trust Board – Member</li> <li>· Maori and Pacific Trade Training – Manawhaka haere</li> <li>· Maori Heritage Council – Member</li> </ul>

	<ul style="list-style-type: none"> <li>· NZ Heritage Trust Board – member</li> <li>· Emerge Aotearoa – Board Kaumatua</li> <li>· NPM – Patron</li> <li>· Te Arapai – Member</li> <li>· Auckland Museum Trust Board - Member</li> <li>· Auckland Museum Maori Council – Member</li> <li>· Special Expert Group on Organ Donation – Member</li> <li>· Pacific Leaders Programme – Consultant</li> <li>· Matatini – Life Member</li> <li>· Zin and Tane Chinese Maori Dance Production – Producer</li> <li>· White Ribbon Campaign – Ambassador</li> <li>· West Auckland Task Force against Domestic Violence – Member</li> <li>· Pillars – Patron</li> <li>· Tamaki Makaurau Haka Society – Life Member</li> <li>· Unitech Maori Advisor</li> <li>· Maori Chinese youth forum – Kaumatua</li> <li>· Heritage NZ Pouhere Taonga Trust</li> </ul>
--	---



Friday, 26 August 2016



OPEN AGENDA

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

Brett O'Riley, Chief Executive

# Chief Executive Review of August 2016

Report to Auckland Tourism, Events and Economic Development Limited Board

---

## Health & Safety (H&S)

ATEED's pre ACC audit was concluded in July. Feedback from the review was positive, placing ATEED in a good position for the upcoming external audit scheduled in October 2016. Of the nine areas assessed, ATEED achieved four tertiary, one secondary and one primary rating, and failed in three areas. The three failures were: a hazard register that was not available at i-Sites; lack of a documented procedure for noise control at events; and an incident investigation explanatory procedure in our H&S manual. These failures are being rectified. Improvements are also being implemented for areas which scored primary and secondary ratings to help ATEED achieve best practice prior to the audit in October.

### Scorecard:

**Incidents:** One incident was reported and managed in July in relation to pain and discomfort. As a result of this incident an emergency sick room has been set up at ATEED. This has been well received by staff.

**Near misses:** Two near misses were recorded and managed in July.

**Hazards:** No new hazards were identified.

**H&S training:** 98 per cent of all staff have completed ATEED's H&S journey. Staff (contractors or employees) who have not completed this process will be restricted to using a visitor pass until they do so.

## ATEED strategic priorities

### Build a culture of innovation and entrepreneurship

#### GridAKL

There are 57 start-up businesses at the **Lysaght Building** compared to the 56 reported in July. Discussions with potential tenants for '**Innovation 5A**' continue while commercial negotiations with Precinct Properties for Mason Brothers and '**Innovation 5B**' are also underway.

#### GridAKL community

A total of 19 events were held in July, bringing the total number hosted since January to 152. The most significant event last month was a presentation by Tim Norton, CEO of resident company 90 Seconds which attracted more than 80 people interested in hearing his journey to Series A funding. GridAKL also hosted VinoMofu to Auckland, giving Aucklanders the chance to meet the co-founders and joint CEOs of one of Australia's fastest growing companies. Launched in April 2011 from a little

garage in Adelaide, VinoMofa has grown quickly and profitably to more than \$50m revenue, 450,000 members, and a team of 120.

### **Advanced industries**

ATEED has received NZIER's final report on advanced industries. The findings have been shared with council's Auckland Plan team, The Auckland Policy Office, and ATEED's commercial partners.

### **Growing Auckland's innovation ecosystem**

#### **Techweek AKL**

Preparations for Techweek 2017 have commenced with the event scheduled to take place from 6-14 May 2017. Engagement with NZTech and other partners is already underway in response to Hon Steven Joyce's recommendation for Techweek to become a national event. ATEED staff had an opportunity to provide input into the design and planning of next year's event. Expressions of interest to be part of Techweek 2017 will be open in October/November.

Techweek AKL 2016 has been chosen as finalist for NZ's Best Awards, Small Brand Identity thanks to the team at AKIN. The awards ceremony will take place on 14 October.

To keep the momentum going, a 'Techweek what's on?' newsletter will be issued monthly starting in September. This will enable the Techweek community stay connected year-round and help promote events and upcoming activity.

Next year, through to 2020, ATEED will focus on refining the event content to showcase New Zealand's niche innovation strengths.

### **Growing the visitor economy**

#### **World Masters Games 2017 (WMG2017)**

Revenue and registration:

WMG2017 is tracking well with respect to sales achievement, and has now surpassed Sydney 2009's registration pace.

#### **Auckland Convention Bureau**

The ACB's international bid team won a bid to host the World Symposium on Choral Music in 2020. It is estimated the symposium, which will take place over eight days in July and August 2020, will attract more than 1700 delegates and many more concertgoers, while contributing an estimated \$4.6m to the local economy. Factors which helped win the bid included Auckland's array of multiple venues, close together, which were designed with music in mind.

#### **Cruise infrastructure**

Under ATEED's project leadership, the chief executives of ATEED, Council, Ports of Auckland, AT and Pānuku Development Auckland agreed to prepare resource consent documentation for the installation of a mooring 'dolphin' and associated works at Queens Wharf to cater for the arrival of larger cruise ships from December this year. The decision to lodge the resource consent was made in the context of recommendations from the Port Future Study. It was agreed at the chief executives meeting on 10 August that Pānuku Development will lodge the resource consent application. The consent costs will be split 50/50 between PoAL and Council.

The chief executives agreed that PoAL should be responsible for the construction of the mooring. The anticipated capex cost of \$10m, (excluding public access and modification to Shed 10 or the gangway) has not been included in council's Long Term Plan or Annual Plan.

## **Major Events' portfolio – the need to secure further anchor events**

An update was provided to the Major and Business Events Committee (MBEC) in July detailing our forecasted performance against Statement of Intent (SOI) targets.

In 2016/17, the current portfolio is expected to generate \$84m GDP against a target of \$86m. It should be noted that WMG2017 is now expected to generate \$30m GDP in Auckland and \$6m in Waikato (not \$36m in Auckland). In July, MBEC mooted that ATEED continue with the original \$86m target (\$36m from WMG2017) but reference the \$6m taking place outside of the region. Based on the likely inclusion of an outdoor concert, targets are expected to be met in 2016/17.

The returns in 2017/18 are forecast to be about \$59m GDP (\$10m over the \$49m target) boosted by one-off events including the NZ Lions Series 2017, Rugby League World Cup 2017, and the Volvo Ocean Race Stopover.

ATEED continues to investigate bidding and prospecting opportunities including anchor events and major international fixtures.

Work is underway to develop a five-year strategic plan to firm up the Major Events budget to allow ATEED to aggressively seek further annual anchor events as part of the refreshed Major Events Strategy. However, the strategy also needs to take into account the significant increases in visitation in the summer peak season, and similar percentage growth in what was previously regarded as the shoulder season.

Under the current and projected city accommodation capacity constraints, this significantly impacts the potential visitation and GDP upside for events. It also underscores the importance of viewing business and major events together as coordinated interventions to maximise returns.

## **Attract business and investment**

The AR/VR facility @GridAKL/Uptown opened for business on 1 August as planned. By mid-August, five companies occupied the buildings and a further five were expected to join by the end of August. One to two new resident companies are expected each week throughout September.

There is also strong interest from AUT, University of Auckland, and Media Design School to house students on site to assist the start-ups and other creative companies. The Wallace Foundation has also shown interest in using the facility as a site to showcase/exhibit creative digital art works, many of which use AR/VR technology. This brings a new dynamic to the facility and draws in further potential investors for start-up companies.

Activity to complete the fit-out of the facility is due to be completed in August in time for a formal launch planned for Friday, 2 September. A range of exciting and interactive projects will be on display during the launch. Interest in the project from outside of Auckland is also increasing, with companies from Los Angeles, Gold Coast, Wellington and Christchurch exploring how they can co-locate some of their resource to the facility.

NZ Film Commission, NZTE and Callaghan Innovation have all indicated interest in supporting the AR/VR facility, which is beginning to be regarded as a nationally significant initiative.

The launch event will further promote this initiative offshore through ATEED's and our partner's channels. We are pursuing alliances with the new US-based VR Society, and the global VR/AR Association is looking to establish its New Zealand chapter at GridAKL/Uptown.

Several VR projects are being developed with input from both local and multinational companies. A project pipeline will be unveiled as part of the launch highlighting the international connectivity and increasing relevance of the AR/VR facility, and its members, in global digital manufacturing sectors.

## Screen production

The Screen Auckland team issues 65 permits in July, and two large international productions will be based in Auckland for the rest of 2016.

*Power Rangers* is in pre-production at Studio West. Filming is due to start in October, and go through to May 2017. *Power Rangers* has been filmed in various locations throughout Auckland since 2003.

Screen Auckland and Auckland Transport have created a new process for the way parking for filming is regulated. This is a new integrated approach that provides more visibility of film shoots taking place, as well as linking the requests with other transport activities on the network. Screen Auckland is now overseeing this activity giving the regional film office a more cohesive approach to screen requirements in Auckland.

Screen Auckland is working with Council on the development of an online film/event application form and booking system that will streamline application processes for customers. The project is a significant undertaking that is targeted to go live in November, and will deliver solid operational efficiencies.

Development of a Screen Auckland internship programme is underway with UNITEC School of Performing and Screen Arts.

Screen Auckland and AUT are developing a film student exchange programme with Korea's Busan Centre for Creative Economy and Innovation (BCCEI). The programme is in response to the MOU signed in November 2015 with the BCCEI, Busan City and the Busan Film Commission to strengthen our relationship with Auckland's South Korean partner city.

## Global Auckland

Planning is continuing for the roll-out of the Auckland story, and Auckland's new global identity in late 2016 and early 2017. In addition to the brand and narrative development activity being managed with agencies Colenso and DNA, several key events and activities has been identified to amplify the brand story.

These include Auckland's four ATEED-delivered community festivals, the lighting of the Auckland Harbour Bridge, New Year's Eve, Auckland Arts Festival, World Masters Games 2017, Techweek, NZ Lions Series 2017, TRENZ and the Rugby League World Cup. ATEED is working with Council's Strategic Partners team to engage major corporate partners to develop the Global Auckland platform around these activities, as potential partners, sponsors and delivery agents. As part of this, the Strategic Partners team will accept revenue target responsibility for the four community festivals, with ATEED's team responsible for other activities.

## Month in review

### Awards

ATEED (for Auckland) and Tourism NZ (for New Zealand) won a joint award at Virtuoso Travel Week for being 'the destination most willing to innovate'. TNZ was also awarded 'tourism board of the year' for the second consecutive year. The event was held in Las Vegas on 6-12 August. Virtuoso is the industry's leading luxury travel network. This by-invitation-only organisation comprises more than 380 agencies with more than 11,400 elite travel advisors in 30 countries throughout North America, Latin America, the Caribbean, Europe, Asia-Pacific, Africa, and the Middle East.

ATEED's relationship with Virtuoso agents is very strong. With better luxury capacity and product, including the new Park Hyatt Hotel, a focus on food and beverage experiences, Waiheke Island and Matakana, Māori culture and traditional wellness, the high-value visitor segment has significant growth

potential.

ATEED is looking to measure results with this activity and the China GEMS programme by measuring inbound seat loading growth in business and premium economy classes. Access to Sabre data should enable ATEED to introduce this measure.

### **Restaurant month**

Auckland Restaurant month is taking place in August. As previously, this year's line-up is spectacular with 100 participating restaurants and more than 25 'foodie' events.

### **Culture**

This month, ATEED launched C<sup>3</sup> – The Cube, the new digital staff performance and development programme. Focusing on three key areas – Career and Capability, Culture, and Contribution – the Cube is far simpler than the former Performance and Development Plan process.

The Cube places great importance on rich, meaningful conversations between managers and team members. These should promote broader thinking and new ideas around each person's ATEED journey, with a view to setting fewer, deeper objectives that are tailored to each individual while also having a clear contribution to ATEED's overall strategic aims. This is consistent with the feedback from the engagement survey on improving staff personal and career development.

## **Statement of Intent KPIs**

A month into the financial year, no results are available on a number of KPIs. Among those for which information is available:

- The ACB has supported the submission of 3 international bids and received confirmation of 1 successful bid
- Visits to [www.aucklandnz.com](http://www.aucklandnz.com) continue to track strongly

## **Burning issues**

### **Governance**

As announced by the Mayor on 8 August, Mike Taitoko has been appointed to the ATEED Board. Of Ngati Maniapoto descent, Mike will join the Board on 1 November, replacing Richard Jeffery, who has been a director since ATEED's establishment in 2010.

### **Statutory reporting**

The Quarterly Report (Quarter four 2015/16) was submitted to Council on 12 August. ATEED will present the following strategic issues to the CCO Governance and Monitoring Committee on 6 September:

- Refining ATEED's approach to competitive sectors
- GridAKL future building strategy, and innovation precincts across Auckland.

### **Customer Relationship Management (CRM)**

New guidelines for the use of ATEED's CRM were introduced this month to help make the most of our relationships with stakeholders, partners and associates.

The changes will give ATEED a standardised system across the organisation, making it easier for staff to access all of ATEED's contacts, while also helping to strengthen these relationships.

The most important change will be how ATEED staff use CRM, and the rules and procedures around this. Functional changes, such as recording priority connections and warning pop-up messages to show where special relationships exist, will be introduced over the next few months – as well as the ability to track business-related activities automatically in CRM via Outlook.

All of this will enable staff to see who else in the organisation is dealing with who, so they can leverage each other's external relationships.

Once the system has been re-established with the existing users and some organisational standards introduced, CRM will eventually become a standard tool for everyone. When this happens, appropriate use of the CRM system will form part of everyone's Cube plan.

### **Auckland Unitary Plan**

A new landmark for Auckland's future was reached on 15 August with final decisions made on the Auckland Unitary Plan. Council's Governing Body made its last decisions on the recommendations from the Independent Hearings Panel following four days of decision-making. The next step will be public notification of Council's decisions on 19 August, followed by a statutory 20 working day period for limited appeals, which closes on 16 September.

ATEED will continue to work with Pānuku Development Auckland to support the master planning for the development of Council's spatial priority areas. The Board of PDA has approved the master plans for Onehunga and Manukau which ATEED has contributed to. ATEED's role is to identify ways to maximise the economic growth opportunities in these areas and support the city's future economic growth.

### **SkyPath**

Council's Governing Body gave approval on 28 July for the public-private partnership model to be considered for the SkyPath cycling and walking project. The Finance and Performance committee had previously voted unanimously for the model at a meeting on 21 July.

ATEED's CE will continue to act as Council Project Sponsor for SkyPath and will update the Board of further development in the coming months, including ATEED's potential role as the Council's counter party for the project.

### **Fujian engagement strategy**

An engagement strategy has been prepared for the ATEED Board and ATEED CE to underpin the development of a relationship between China's Fujian province and Auckland. This unique Māori economy led relationship and the opportunities that it will generate for Auckland was discussed briefly with the Board last month. This engagement strategy aims to:

- Develop, underpin and champion a new, leading edge, economic alliance between Māori and Auckland business (on behalf of the people of Auckland) and the province and people of Fujian, and their diaspora network throughout ASEAN.
- Be underpinned and built upon shared historical genealogy and whakapapa.
- Be results-focused to ensure the development and delivery of tangible economic outcomes for Auckland, initially in the areas of health technology, sports technology, marine, food and beverage, tourism and airline connectivity, and cultural exchange.

### **Trade**

ATEED is preparing a report on Auckland and its role in international trade and investment that will provide advice on priorities for Auckland's international trading and investment activities. The report will be developed in collaboration with other key partners from within the council family and other public agencies in an attempt to enable strategic alignment so that the effectiveness of Auckland's limited resources available for trade and investment activities globally is maximised.

An understanding from all agencies, including central government, that city to city, and city to region

relationships are now a critical part of the international trading environment – as manifested by the recent Tripartite summit event – places the onus on Auckland to ensure its trading and investment activities are strategic and impactful.

The global trade and investment environment is changing rapidly (the Regional Comprehensive Economic Partnership is waiting in the wings should the Trans Pacific Partnership Agreement not proceed in the short term) and Auckland needs to be strongly positioned to support the Government's Growth Agenda, and in particular growing our export markets, given the importance of Auckland's prosperity to New Zealand as a whole. A range of historic trading and investment relationships and the potential for a number of new relationships (e.g. capitalising on the recent trip to Tel Aviv and Israel) need to be considered in determining future priorities, and an agreed set of relationship priorities agreed upon across the agencies involved in Auckland trading and investment activities.

The report will draw on the work of the Brookings Institute and other research that provide criteria for determining strategic priorities for trading and investment (e.g. advanced industries) within cities. It is planned that this advice will be available for the new mayor and councillors after October.

### **Discretionary expenditure review**

Management have followed up specific findings in the recent KPMG review of sensitive expenditure and found evidence that all expenses were legitimate, and with the exception of one trip, all international travel was supported by an approved business case. As deemed appropriate to the circumstances, we have taken an individual approach to following up with the staff and managers involved in that exception case.

However, as highlighted in the report, the more important follow-up is the communication to all staff about the importance of following policy and that non adherence to policy is not acceptable – with clear consequences for breaches. This will be communicated and implemented in a number of ways, from CE communication, policy awareness training, self-certification, as well as enhancements to make it easier to access policy, and specific guidelines as to what is required. Our new online business case system will enhance this process, giving us standard summarised business case and follow up post travel reporting in a central repository.

A full report will be tabled with the Audit and Risk Committee.

## **Looking forward**

### **Board meeting 25 November - Wellington**

Planning is underway for the board meeting in Wellington on 25 November.

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

<b>Scheduled event date</b>	<b>Event name</b>	<b>Location</b>
<b>29 Sep - 2 Oct 2016</b>	Auckland On Water Boat Show	Viaduct Harbour
<b>7 Oct - 11 Nov 2016</b>	<i>Priscilla Queen of the Desert – The Musical</i>	The Civic
<b>15 - 16 October 2016</b>	Auckland Diwali Festival	Various



<b>22 October 2016</b>	Bledisloe Cup: All Blacks vs Wallabies	Eden Park
<b>30 October 2016</b>	ASB Auckland Marathon	Various

## Finance

ATEED started the new financial year with a healthy funding position allowing for the allocation of additional funds to business units for activities and projects they were not able to start in 2015/2016. This will be factored into the first forecast later this year.

Month one of the new financial year is traditionally slow and we are reporting spend which is \$1.2m behind budget. We did budget for major event milestone payments in July, \$0.5m of which was paid last year and \$0.2m not yet due. The balance relates to a number of budgeted positions which are vacant, as well as activity in Destination & Marketing which has yet to start.

## Risk

The WMG2017 sales revenue remains a point of focus for ATEED. ATEED and WMG2017 continue to work together to ensure that ATEED receives enough information to ensure effective monitoring of this risk.

## Recommendations

1. The report be received.

## Attachments

- ATEED KPI Scorecard
- Summary data - Talent Attraction data

---

## Signatory

Chief Executive:                      Brett O'Riley

## ATEED KPI Scorecard Jul-16

ATEED SOI KPIs	Measurement	Date of Measure/latest	Latest Result	Annual Target to 30 June 2017	Status
----------------	-------------	------------------------	---------------	-------------------------------	--------

### Building a Culture of Innovation and Entrepreneurship

No. of businesses taking up tenancy at GridAKL (cumulative) and percentage "innovation-led" <sup>1</sup>	Number & (%)	31-Jul-16	57	55 (70%)	●
Number of individual entrepreneurs supported through an ATEED delivered or funded entrepreneurship programme	Number	30-Jun-16	new measure	1500	
Percentage stakeholders satisfied with provision of business advice, start-up, training & mentoring programmes (LTP Measure)	%	30-Jun-16	91	85	
Number of actively managed business through Regional Business Partner programme	Number	30-Jun-16	1042	720	
No. businesses that have been through an ATEED programme or benefitted from an ATEED intervention (LTP Measure)	Number	30-Jun-16	4073	1500	
No. Maori businesses that have been through an ATEED programme or benefitted from an ATEED intervention (LTP measure)	Number	30-Jun-16	157	100	

### Attracting Business and Investment

Facilitation of the establishment, or significant expansion, of multinational and local companies in target sectors (LTP Measure)	Number	30-Jul-16	1	5	●
Number of intensively account managed customers in ATEED Aftercare programme (Aroha Auckland)	Number	30-Jul-16	8	85	●
Total GDP contribution of deals effected with ATEED involvement	\$(million)	30-Jul-16	190	56.7	●
Value of investment deals effected by ATEED within the financial year	\$(million)	30-Jul-16	250	278	●

### Growing a Skilled Workforce

Number of 'live' signatories to the Youth Traction Hub Employers Pledge (LTP Measure)	Number	30-Jul-16	57	50	●
---	--------	-----------	----	----	---

### Enabling Education and Talent

Growth in value of international student spend to Auckland	\$(billion)	30-Jun-15	2.1	1,888	
--	-------------	-----------	-----	-------	--

### Growing the Visitor Economy

Spend by visitors in Auckland <sup>2</sup>	\$(million)	30-Jul-16	6,684	5412 <sup>3</sup>	●
Number of international business event bids submitted or supported	Number	30-Jul-16	3	35	●
Business event bid win/loss ratio (based on results received in financial year) <sup>4</sup>	%	30-Jul-16	100%	60%	●
Value of business event bids won in financial year	\$(million)	30-Jul-16	5,528	19	●
Percentage of customers satisfied with visitor information centres and services overall (LTP Measure)	%	30-Jul-16	93.6	85	●
Contribution to regional GDP from major events invested in (LTP measure) <sup>5</sup>	\$(million)	30-Jun-16	43.7	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 <sup>6</sup>	Number	30-Jun-16	283,679	415,000	
Percentage of customers satisfied with delivered major events (LTP measure)	%	30-Jun-16	78	85	

### Building Auckland's Brand and Identity

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

### Local Economic Development

Percentage of actions in ATEED Local Board Engagement and Action Plans completed	%			80	
--	---	--	--	----	--

### Mana Whenua Engagement

Percentage Mana Whenua satisfaction with quality of engagement	%	N/A	N/A	Establish Baseline	—
--	---	-----	-----	--------------------	---

- On track / Target exceeded
- Potential for Slippage
- Off-track
- No recent result

<sup>1</sup> Innovation-led is defined as businesses developing new or improved technologies or services

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

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

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

<sup>5</sup> Target includes the impact of World Masters Games 2017

<sup>6</sup> 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.

## Summary data - Talent Attraction paper

At the July Board Meeting, the Board requested a summary table of the demand and supply information in relation to Talent Attraction activity in relation to Auckland. This is provided in the table below.

Forecast Period	Auckland Demand		Auckland Supply	
	Growth per annum %	n	Immigration	Domestic
<b>Auckland Economy</b>				
Auckland Employment (Mar 16)				820,300
2016-19 <sup>1</sup>	2.4%	19,600	33,770 total migrants to Auckland in 2015/16	24,000 NEETs (2015) 20,000 Yr 13 School leavers (2015)
<b>Auckland Construction Sector</b>				
2015-18 <sup>2</sup>	3.7%	2,526	1650 construction sector visas, (20%, carpenters, 9% electricians), 2015/16	No specific data
2015-21 <sup>3</sup>	3.2%	5,350		
2013-18 <sup>4</sup>	4.8%	6,400		
2015 -19 <sup>5</sup>	5.6%			
<b>ICT/Tech Sector</b>				
2016 /(total employment) <sup>6</sup>		47,680		
2016 (forecast growth per annum) <sup>7</sup> -	4-5%	1,950	1,050 visas	1,900 graduates per annum (various institutions)

In Summary:

- MBIE's short term forecasts indicate that Auckland's employment is forecast to increase, on average by 2.4 percent per year to 2019 (58,800 jobs). Strongest growth will be in the construction, wholesale and retail trade, transport and storage, hospitality and business services. Auckland's unemployment rate is 6.6% (Mar 16).
- For the construction sector, a number of reports provide growth forecasts ranging from 3.2% - 5.6% pa. On average 32,000 jobs are forecast for this sector over the next 5 years.
- For the ICT/tech sector, growth forecasts are estimated to be 4-5% (1,950 jobs). Various sources highlight a shortfall of skilled workers in ICT. It is estimated that there is current demand for 10,000 jobs, with a global talent shortage in this sector recognised as a key constraint.
- It is difficult to get an accurate picture of labour supply in Auckland. Supply is not limited to Auckland, with secondary and tertiary providers from elsewhere in New Zealand all providing potential labour into the Auckland market, and vice versa.

<sup>1</sup> MBIE – Short Term Forecasts, 2016-19

<sup>2</sup> MBIE – Short Term Forecasts, 2015-18

<sup>3</sup> MBIE - Future demand for Construction workers - July 2016 (new data)

<sup>4</sup> The Construction Alliance – Workforce Skills Roadmap

<sup>5</sup> Martin Jenkins - Upper North Island (UNI) Key Industry Sector Trends and Labour Force Demands

<sup>6</sup> NZTech – Digital Nation report

<sup>7</sup> MBIE – Occupational Forecasts

Friday, 26 August 2016



OPEN AGENDA

5. **ANNUAL REPORT FOR THE PERIOD ENDED 30 JUNE 2016, INCLUDING A REVIEW OF ATEED'S PERFORMANCE UNDER ITS STATEMENT OF INTENT**

Brett O'Riley, Chief Executive and Barbara Imlach, Chief Executive Officer

---

# Annual Accounts, including Statement of Service Performance

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

---

## Proposal

The purpose of the report is to obtain Board approval of the Annual Accounts (including the Statement of Service Performance) for the year ended 30 June 2016.

## Strategic Alignment

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

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

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

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

This August board meeting is when the Board will consider ATEED's performance against the Statement of Intent for the year ended 30 June 2016. Members of the public may attend this meeting and address the Board in relation to this.

## Comment

The Annual Accounts are to be signed by the Chair and Deputy Chair. These accounts have been audited and Audit NZ have given verbal clearance as of 19 August that there are no outstanding audit matters that have a bearing on these accounts and they have committed to sending us the Audit Report for inclusion in the Annual Accounts by Wednesday 31 August.

Audit NZ also require a letter of representation from the Chair and Deputy Chair in support of these accounts.

In support of this letter of representation, the Chief Executive and Chief Financial officer have represented to the Board on the same.

## Update from Draft Accounts

The feedback on the Chairs report, CE report and highlights section have been considered by our External Relations team and will be addressed in the separate Highlights document, to be issued later in the year.

Changes made are:

- Addition of Lantern festival image,
- Chair's report: slight change of wording (as proposed by Stuart McCutcheon) on his Chairmanship of UniServices Ltd,
- Addition to note 4 to highlight amount of funding received by Council
- Slight change to WMG narrative: "~~During the financial year~~, Games awareness in Auckland doubled to 24%... " by removing the words "during the financial year".
- Change to our SSP (Statement of service performance) summary. We had previously reported " 1 established new base line measure" and have had to change this to "1 no result"

In addition, please note:

- our digital studio will provide the high resolution images and sort our page numbering and formatting, and
- final verification of cruise ship numbers are due shortly, and at this stage remain draft

## Consultation

These Accounts have been prepared in consultation with ATEED'S Audit and Risk Committee, Audit NZ, and Auckland Council.

## Decision Making

The Board will need to:

- Approve the Annual Accounts, including the Statement of Service Performance
- Authorise The Chair and Deputy Chair to sign the Directors Report as part of the Annual Accounts
- Authorise The Chair and Deputy Chair to sign the representation letter to Audit NZ. The representation letter from management to the directors will be tabled at the meeting

## Financial Implications

There are no financial implications. The audit fee for the year ended 30 June 2016 has been accrued and is included in the results for the year to 30 June 2016.

## Recommendations

It is recommended that the Board:

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

## Attachments

- Annual Accounts for the year ended 30 June 2016
  - Representation letter to Audit NZ
- 

## Signatories

Barbara Imlach, CFO

Brett O'Riley, Chief Executive

26 August 2016

Leon Pieterse  
Director  
Audit New Zealand  
PO Box 1165  
Auckland 1140

Dear Leon

### **Letter of representation for the year ended 30 June 2016**

This representation letter is provided in connection with your audit, carried out on behalf of the Auditor-General, of the financial statements and performance information of Auckland Tourism, Events and Economic Development Limited (the company) and group, comprising the company and its subsidiary (World Masters Games 2017 Ltd) for the year ended 30 June 2016.

We understand that your audit was carried out in accordance with the Auditing Standards issued by the Auditor-General, which incorporate the International Standards on Auditing (New Zealand). We also understand that your examination was (to the extent that you deemed appropriate) for the objective of:

- 1 providing an independent opinion on whether the company and group's financial statements:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2016; and
    - its financial performance and cash flows for the year then ended; and
  - comply with generally accepted accounting practice in New Zealand and have been prepared in accordance with Public Benefit Entity Standards; and
- 2 providing an independent opinion on whether the performance information of the company presents fairly, in all material respects, the company and group's achievements measured against the performance targets adopted for the year ended 30 June 2016; and
- 3 reporting on other matters relevant to the company and group's financial and other management systems that come to your attention and are material (for example, compliance with statutory obligations or probity).

### **General responsibilities**

We acknowledge the following responsibilities, and to the best of our knowledge and belief:



- the resources and activities under our control have been operating effectively and efficiently;
- we have complied with our statutory obligations including laws, regulations and contractual requirements;
- we have carried out our decisions and actions with due regard to minimising waste;
- we have met Parliament's and the public's expectations of appropriate standards of behaviour in the public sector (that is, we have carried out our decisions and actions with due regard to probity); and
- any decisions or actions have been taken with due regard to financial prudence.

We also acknowledge that we have responsibility for designing, implementing, and maintaining internal control (to the extent that is reasonably practical given the size of the company) to prevent and detect fraud.

### **Responsibilities for the financial statements and performance information**

We confirm that all transactions have been recorded in the accounting records and are reflected in the financial statements and performance information, and that, to the best of our knowledge and belief, having made such enquiries as we considered necessary for the purpose of appropriately informing ourselves:

- we have fulfilled our responsibilities for preparing and presenting the financial statements and performance information as required by:
  - Local Government Act 2002; and
  - Companies Act 1993
- we have appropriately considered the implications of public benefit entity (PBE) accounting standards and the company is correctly classified as a Tier 1 reporting entity;
- we consider the company and group's financial statements:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2016; and
    - its financial performance and cash flows for the year then ended; and
  - comply with generally accepted accounting practice in New Zealand and have been prepared in accordance with Public Benefit Entity Standards;
- we consider the performance information of the company presents fairly, in all material respects, the company and group's achievements measured against the performance targets adopted for the year ended 30 June 2016;

- we believe the significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable;
- we have appropriately accounted for and disclosed related party relationships and transactions in the financial statements and performance information;
- all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements and performance information have been disclosed to you and have been accounted for and disclosed in accordance with generally accepted accounting practice;
- we believe that grant expenditure is presented fairly within the financial statements. We confirm that grant expenditure which has been previously incorrectly accounted for is immaterial to the readers of the financial statements and the net effect as at 30 June 2016 on the financial statements is nil;
- we have adjusted or disclosed all events subsequent to the date of the financial statements and performance information that require adjustment or disclosure;
- we believe that the effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements and performance information as a whole; and
- we believe the effects of uncorrected disclosure deficiencies, including both omitted and incomplete disclosures, are quantitatively and qualitatively immaterial, both individually and in aggregate, to the financial statements and performance information as a whole.

### **Responsibilities to provide information**

We confirm that, to the best of our knowledge and belief, having made such enquiries as we considered necessary for the purpose of appropriately informing ourselves:

- we have provided you with:
  - all information, such as records and documentation, and other matters that are relevant to preparing and presenting the financial statements and performance information; and
  - unrestricted access to persons within the company from whom you determined it necessary to obtain audit evidence;
- we have disclosed to you the results of our assessment of the risk that the financial statements and performance information may be materially misstated as a result of fraud;
- we have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the company and group and involves:
  - management;
  - employees who have significant roles in internal control; or

- others where the fraud could have a material effect on the financial statements and performance information;
- we have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the company and group's financial statements and performance information communicated by employees, former employees, analysts, regulators, or others;
- we have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements and performance information; and
- we have disclosed the identity of the related parties, all of their relationships, and all of their transactions of which we are aware.

## **Going concern**

We confirm that, to the best of our knowledge and belief, the company and group has adequate resources to continue operations at their current level for the foreseeable future. For this reason, the Board continues to adopt the going concern assumption in preparing the financial statements and performance information for the year ended 30 June 2016. We have reached this conclusion after making enquiries and having regard to circumstances that we consider likely to affect the company during the period of one year from the date of signing the financial statements, and to circumstances that we know will occur after that date which could affect the validity of the going concern assumption.

We consider that the financial statements and performance information adequately disclose the circumstances, and any uncertainties, surrounding the adoption of the going concern assumption by the company and group.

Throughout the year, the company has conformed with the requirements of its banking arrangements, debenture trust deeds, or negative pledge agreements, including those relating to its net tangible assets ratios.

## **Publication of the financial statements and performance information and related audit report on a website**

The Board accepts that it is responsible for the electronic presentation of the audited financial statements and performance information.

The electronic version of the audited financial statements and performance information and the related audit report presented on the website are the same as the final signed version of the audited financial statements and performance information and audit report.

We have clearly differentiated between audited and unaudited information on the website and understand the risk of potential misrepresentation without appropriate controls.

We have assessed the security controls over the audited financial statements and performance information and the related audit report and are satisfied that procedures are adequate to ensure the integrity of the information provided.

Where the audit report on the full financial statements and performance information is provided on a website, the financial statements and performance information are also provided in full.

**Sign-off on these representations**

The representations in this letter are made at your request, and to supplement information obtained by you from the records of the company and to confirm information given to you orally.

Yours sincerely

David McConnell  
Chair

Norm Thompson  
Director

# ATEED

Annual Report for the year ended 30 June 2016





# Contents

	Page
<u>Introduction</u>	
Statement from the Chairman	4
Statement from the Chief Executive	7
Directors' Report	10
Independent Auditor's Report	11
<u>Highlights for 2015/16</u>	
Growing a culture of innovation and entrepreneurship	13
Attracting business and investment	15
Growing a skilled workforce	17
Enabling education and talent	18
Growing the visitor economy	19
Building Auckland's brand and identity	22
<u>Financial statements</u>	
Statements of comprehensive income	25
Statements of changes in equity	26
Statements of financial position	27
Statement of cash flows	28
<u>Notes to the financial statements</u>	
1 General information	30
2 Summary of significant accounting policies	30
3 Critical accounting estimates and judgements	38
4 Revenue	40
5 Other gains/(losses)	40
6 Personnel	41
7 Other expenses	41
8 Income tax expense/(benefit)	42
9 Imputation credit account	42
10 Deferred tax assets/(liabilities)	43
11 Cash and cash equivalents	45
12 Debtors and other receivables	45
13 Inventories	46
14 Property, plant and equipment	47
15 Intangible assets	49
16 Other financial assets	51
17 Payables and accruals	51
18 Employee entitlements	52
19 Derivative financial instruments	52
20 Provisions	52
21 Investment in other entities	53
22 Contributed equity	54
23 Reserves and accumulated funds/(losses)	55
24 Reconciliation of net surplus/(deficit) after tax to net cash inflow from operating activities	56
25 Capital commitments and operating leases	57
26 Contingencies - assets & liabilities	58
27 Related party transactions	58
28 Remuneration	59
29 Events occurring after the balance date	61
30 Financial risk management	61
31 Capital management	69
32 Variances against financial targets in the Statement of Intent (SOI)	69
<u>Statement of Service Performance</u>	
ATEED Performance Measures – Annual Result	71
Key Performance Indicators for Auckland Tourism, Events and Economic Development Limited	72
Directory	79

## Statement from the Chairman

There is an inescapable mood of transformation and opportunity in Auckland: the city centre is abuzz with the start of work on the multi-billion dollar City Rail Link, and the immense Waterview Connection is nearing completion – two infrastructure projects which will forever change our region, improve its liveability and reflect the emergence of Auckland as a new world city.

Cities around the world are increasingly the key mechanism for driving international trade and investment – they are engines for growth. As the region's economic growth agency, Auckland Tourism, Events and Economic Development (ATEED) has a clear focus on a trade strategy which recognises the importance of city to city relationships creating opportunities for trade growth.

While we are forging strong business-focused relationships with cities such as Brisbane, Singapore, San Francisco, Qingdao, Ningbo and Busan, it is the Tripartite Economic Alliance between Auckland and our partner cities Guangzhou and Los Angeles which is already providing high octane fuel to our regional economy.

The hugely successful Tripartite Economic Summit Auckland 2016, delivered by ATEED on behalf of Auckland Council, provided an unprecedented opportunity to forge long-term trade relationships with those two economic powerhouses. Together with an impressive line-up of events in the inaugural Techweek AKL 2016, Auckland was able to showcase our region's world-class capability to an audience of influential international investors and entrepreneurs. Across the city, there is an innovative vibe fuelled by hubs of high-tech companies and research organisations.

In January, Auckland's growing reputation as a city on the move received further recognition when it was named for the first time in the respected JLL Top 20 City Momentum Index compiled by global commercial real estate firm Jones Lang LaSalle.

JLL's 2016 report *The Rise of the Innovation-Oriented City* analysed 120 major established and emerging business hubs across the globe. The fact that Auckland now features among cities worldwide, which have the most dynamic urban economies and are adapting most rapidly to the imperatives of technological and infrastructural transformation, is hugely exciting – and it is no accident.

ATEED has played a key role in driving economic transformation since 2010. We work with a diverse range of partners to deliver world-class growth programmes which reflect Auckland Council's aspiration for this to be the world's most liveable city.

ATEED's underlying culture is to be ready to respond to global opportunities, and to think boldly. Every day, the organisation tries to identify game-changing interventions to achieve our vision of delivering new smart investment and new high-value jobs for Auckland. We seek catalysts which will inspire our region's globally competitive advanced industries.

In the latter part of the year, the ATEED Board approved the tightening of ATEED's strategic framework from six to five pillars. As reflected in our *Statement of Intent 2016-2019*, the natural synergies of our previously separate priorities to 'grow a skilled workforce', and 'enable



education and talent', are now recognised in a combined strategic imperative: 'grow and attract skilled talent'.

The other crucial four pillars are: 'build a culture of innovation and entrepreneurship'; 'attract business and investment'; 'grow the visitor economy'; and 'build Auckland's brand and identity'. All five priorities are delivered using a fully integrated approach, with each business unit working together to collectively maximise opportunities and achieve improved outcomes for the region.

ATEED's evolution continues. Our initial operating focus was to grow the visitor economy as a way to underwrite the amenity of the city and improve its liveability. Having achieved excellent progress in that area after two years, we prioritised developing Auckland's culture of innovation and entrepreneurship – a crucial driver of economic growth – and we have made great strides.

Delivering on council's goal for Auckland to become a major innovation hub of the Asia-Pacific enables us to raise Auckland's international profile, improve international connectivity through trade, and attract new business and fresh talent. These outcomes drive Auckland's brand and identity, which in turn attracts new investment, entrepreneurs, businesses, talent, high-value visitors and major events.

As part of council's wider priorities, ATEED this year increased its focus on programmes which help to reduce social inequality. We can make a significant contribution by accelerating the prospects of Auckland's young people.

This will come from delivering initiatives which encourage youth entrepreneurship and create employment pathways, raise living standards for all Aucklanders in an innovation-based export-focused economy, and enhance Māori business, tourism and major events and therefore significantly lift Māori social and economic well-being.

This year, the ATEED Board was thrilled when one of New Zealand's most respected statesmen and educationalists, Sir Pita Sharples, accepted a role as board strategic advisor with a priority to help us respond to the unique needs of Tāmaki Makaurau's mana whenua and mataawaka, particularly Māori youth. His work to date confirms he is the ideal person to challenge ATEED on its evolving Māori responsiveness, and help identify opportunities to grow the Māori economy into a real force.

The board was also strengthened through the appointment of Professor Stuart McCutcheon, Vice-Chancellor of Auckland University who also chairs Auckland UniServices Ltd, the institution's research commercialisation company which is a crucial part of Auckland's innovation ecosystem.

A strong focus for ATEED in the upcoming year will be to grow alternate revenue streams to reduce the need for rates funding, while continuing to deliver strong value for money to our shareholders.

We are committed to delivering significant interventions and programmes that will leave a lasting legacy for Auckland and New Zealand, and on achieving world-leading outcomes for all Aucklanders.

I thank the ATEED team for its outstanding dedication and contribution to council's transformational vision for our region.

David McConnell

ATEED Chairman

## Statement from the Chief Executive

ATEED recognises that its work to create outstanding economic growth outcomes on behalf of Auckland Council can only be achieved by collaborating effectively with other parts of the council group, and forging increasingly close partnerships with central government and the private sector at both a strategic and operational level.

During the 2015/16 reporting year, we focused on fully leveraging our relationships with partners to ensure maximum value for money from our activities – for all Aucklanders. This included working closely with Council, the Independent Māori Statutory Board, and other CCOs through various management forums and projects, as we collectively address Auckland's growth opportunities and challenges outlined in the Auckland Plan. And collaboration will be even more of a priority next year.

Nowhere was our principle of kotahitanga, or one shared purpose, exemplified better than in the success of Tripartite Economic Summit Auckland 2016. ATEED was proud to deliver the summit on behalf of council with the support of a number of key corporate sponsors, and other partners including trade officials and central government agencies.

In many ways, the summit's significant international component – the 700 attendees included delegates from the US, China, Australia and Malaysia – marked a coming of age of Auckland as a globally connected city with advanced industries which are an emerging force in the international marketplace.

The fact that Prime Minister John Key, three New Zealand Government ministers, and senior Chinese trade official Madam Li Xiaolin attended and spoke, showed the level of credibility achieved by the summit, and Auckland's growing reputation as an Asia-Pacific business hub.

It was a major catalyst for new export opportunities for Auckland companies, and we also anticipate significant future inbound investment by entrepreneurs and companies which were part of the visiting business delegations and were excited about Auckland's proposition.

ATEED's ability to make the most of that investment proposition will be reinforced by the implementation of a refreshed foreign direct investment strategy which was approved by the ATEED Board towards the end of the reporting year. This will be delivered by a re-aligned Business Attraction and Investment unit which has been given additional resources recognising the priority focus of this work, including stimulating new investment in priority areas for Auckland including infrastructure, housing and innovation.

Our Aroha Auckland aftercare programme, which engages with 85 of the top multi-national businesses and international investors with a base in Auckland, is achieving great results and has been recognised by the Government as a best-practise model. We have been asked to help government agencies roll out a similar model nationally through the Investment Attraction Taskforce.

Our investment strategy incorporates and complements the work carried out by our Business, Innovation and Skills unit this year to identify industry opportunities and gaps that need to be addressed to advance Auckland's economy. Our assessment of Auckland's capability in advanced industries, based on a model developed by the Brookings Institution, identified key sectors such as high-value food, advanced materials, ICT and digital, and screen and creative, where we have significant growth potential – in addition to the strong performance from tourism and international education.

Our analysis, working with NZIER, also identified the investment and workforce requirements if those industries are to achieve their potential and drive export earnings, and job creation. Auckland is performing well in the innovation area with its technology companies experiencing strong growth and gaining international recognition.

Our work to grow Auckland's culture of innovation was spearheaded by the ongoing development of the vibrant GridAKL hub at Wynyard Quarter. GridAKL, and its cohort of exciting young ICT and digital companies, is a major asset for our region and was highlighted in the JLL Top 20 Cities on the Move report. Other innovation precincts and facilities are developing across the region, spurred on by investors and entrepreneurs.

In the north of Auckland these innovation initiatives and potential has been encapsulated by an area growth strategy entitled 'Grow North' that was completed by Massey University supported by ATEED, BNZ and other partners. Elsewhere, as a direct result of the Tripartite Economic Summit Auckland 2016, and Techweek AKL 2016, ATEED made significant progress on the development of an augmented and virtual reality lab at the GridAKL/Uptown innovation hub in Newton. GridAKL/Uptown has been developed in partnership with buildings' owner Auckland Transport, and also houses other innovation programmes: Lightning Lab in partnership with The Icehouse, and Industry Connect.

Programmes are underway to ensure more skilled workers are delivered by New Zealand's education and training pipeline. ATEED is also focused on talent attraction through a targeted migrant initiative in partnership with Immigration New Zealand, Auckland Chamber of Commerce and key employers. This initiative supports the attraction of migrant and expat talent into skills gaps in Auckland for key sectors through a range of channels, including targeted marketing campaigns and interventions to address sector barriers.

The construction sector is one area under significant workforce pressure. This is likely to continue for several years based on the pipeline of new infrastructure, commercial and residential property development. The success in the last year of the two JobFests – which attracted thousands of young job seekers – highlighted the excellent work being done by ATEED and its council Youth Connections programme partners to connect Auckland's talented youth with employers, and ultimately get them into the workforce.

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. ATEED has continued its focus on the Australia market, and on high value travelers through its China GEMS and US luxury travel partners approach. ATEED is responding to this growth with a focus on destination development, including new infrastructure, attractions, hotels and community facilities to support higher visitor volumes.

Another significant body of work which will affect ATEED's future direction was also undertaken during the year – working with stakeholders to refresh the *Auckland Major Events Strategy*. The results of that work will be released in 2016/17.

The original strategy was successfully implemented through the development of a portfolio approach to event investment on behalf of council. Auckland has certainly quickly made its mark on the global sporting events stage, winning a host of awards and accolades including 'Best Medium Sports City' in 2014 and again in 2016. We recognise the need to ensure future investment is aligned with our core integrated approach to growing Auckland's key industries, and to amplify Auckland's unique Māori identity and creative communities.

The trade growth initiatives being designed around Auckland's hosting of World Masters Games 2017, and the New Zealand Lions Series 2017, also reflect the fully integrated approach which is assisted by a fund within ATEED's existing budget, which prioritises resources for projects where business units will work together to achieve measurable economic growth outcomes.

Our subsidiary, World Masters Games 2017 Ltd, continues to make great progress towards Auckland hosting this huge global event and its forecast 25,000 participants – an immense opportunity for the region.

ATEED implemented a new programme which recognises the importance of improved engagement and collaboration with the region's elected local boards to ensure our work programmes connect, and have a positive regional community impact. This included integrating Council's Local Economic Development team into ATEED.

We developed and delivered Local Board Engagement and Action Plans for a pilot group of local boards (Franklin, Kaipātiki, Orākei, Waiheke, Waitākere Ranges and Waitemata) in the first part of the year, featuring agreed priorities and engagement processes.

The pilot outcomes were evaluated and due to its success, the initiative expanded in the latter part of the year to include six further boards (Rodney, Hibiscus and Bays, Upper Harbour, Maungakiekie-Tāmaki, Māngere-Otāhuhu and Manurewa) selected on their cross boundary economic and collaborative potential. The remaining nine local boards will be included in the programme during 2016/17.

The Auckland Investment Office, which ATEED incubated, expanded as the council's team responsible for attracting major inbound investment into transformative projects for the region. ATEED works alongside the AIO and the wider council group on a number of projects, including Skypath and the proposed Screen Innovation and Production Precinct.

During the year, ATEED also placed a high priority on continuing to implement best-practice systems required under the Health and Safety At Work Act, particularly working with our events and tourism operator partners to raise industry standards.

A major achievement during the year was the formal approval and adoption of ATEED's Māori Responsiveness Plan which signals our refreshed commitment to meeting the needs of Auckland's Māori people and economy – a significant priority for council.

In 2016/17, we will increase our formal engagement with mana whenua and mataawaka, and our delivery of the responsiveness plan alongside mana whenua and other partners. ATEED leads the Te Whai Rawa economic development workstream of council's Te Toa Takitini initiative, which is designed to deliver a transformational shift for Māori in Auckland.

Programmes instigated by ATEED and its partners are helping drive that shift. The DigMyIdea Māori Innovation Challenge unearthed exciting young entrepreneurial talent. Our support of Te Whare Hukahuka's scheme 'Ka Eke Poutama' helps to fast-track young Auckland Māori leaders into governance roles. And support of specialist Māori tourism clusters is designed to fuel the Māori economy. In 2017/18, we will further progress investment and trade opportunities with Māori businesses, particularly in relation to China.

This year, we instigated a project to review ATEED's business model. We are proud of what we have already delivered for the region on behalf of Council, and we think it is timely to conduct out a robust examination of our business model to ensure we can step performance up to the next level – to achieve even better focused economic growth outcomes for Aucklanders.

We believe that stronger partnerships with the private and public sector, combined with a more highly integrated business model, can deliver stronger measurable outcomes.

In 2015/16, ATEED 'achieved' or 'substantially achieved' 18 of its 24 key performance indicators, and the tables beginning on pxx of this report show some excellent results. We will focus in the coming year on

improving the areas where targets were not achieved, and looking at new targets which reflect the growth opportunities we are identifying with Council and our partners.

We believe Auckland can be the world's most liveable city. We believe this status can be characterised by an innovation-led high-income Auckland economy – an economy that is high growth through being globally connected, is locally inclusive across our diverse communities, and attracts significant investment to fulfill its potential.

Brett O'Riley

Chief Executive

## Directors' report

The Board of Directors have pleasure in presenting the annual report of Auckland Tourism, Events and Economic Development Limited, incorporating the financial statements, statement of service performance and the auditors' report, for the year ended 30 June 2016

**David McConnell**

Chairman

**Norm Thompson**

Deputy Chair

# Independent Auditor's Report

To the ratepayers of Auckland Tourism, Events and Economic Development Limited





# Highlights

---

2015 / 2016

---

## Growing a culture of innovation and entrepreneurship

Auckland's journey towards being a major innovation hub of the Asia-Pacific region made major strides during the year with more significant milestones for GridAKL – Auckland Council's innovation precinct at Wynyard Quarter – and the inaugural Techweek AKL 2016, which shone a spotlight on the region's thriving innovation ecosystem.

Virtual and augmented reality showcases, and start-up competitions were highlights among the more than 55 great innovation-focused events held in Auckland during May's Techweek AKL. The series of events – held in the same week as Tripartite Economic Summit Auckland 2016 and the NZ Hi-Tech Awards – was curated by ATEED in partnership with the Hi-Tech Trust and the NZ Technology Industry Association, and with support from universities, private businesses, start-up communities and other industry associations.

Innovation clusters continued to emerge across Auckland during the year, highlighting the way one significant intervention – Council's ATEED-led investment and facilitation of GridAKL – can help to drive a regional culture of innovation and entrepreneurship. ATEED's GridAKL expansion programme is designed to build on that momentum, by expanding the GridAKL community and working with emerging hub partners to develop their value propositions. During the year, significant progress was made working with partners at GridAKL/Uptown, Devonport Wharf, Motat, Massey University and Smales Farm.

In late 2015, GridAKL moved to the refurbished character Lysaght Building, which is leased from Pānuku Development Auckland, and features smart technology provided by GridAKL foundation partner Huawei. By year end it housed nearly 60 businesses, including GridAKL partner BizDojo's incubation operations and the Auckland operation of InnoHub, the Guangzhou-based incubator which signed an agreement with ATEED (on behalf of Auckland) during the year

GridAKL/Uptown is the Auckland home of New Zealand's leading digital start-up accelerator, The Lightning Lab managed by The Icehouse, which renewed its agreement with ATEED during the year.

Design and early construction work is underway for the Wynyard Quarter precinct's first new building which ATEED will take the head lease on, and is expected to open in 2017. Interest in the new building from prospective tenants is high. Preliminary planning is taking place for the second new building to be completed in 2019.

The inaugural DigMyIdea Māori Innovation Challenge took place this year in partnership with Te Puni Kokiri's Ngā Pū Waea National Māori Broadband Working Group, and supported by Poutama Trust and Callaghan Innovation.

The competition was designed to encourage Aotearoa's top emerging entrepreneurs to come up with a digital business idea with the potential to go global and grow economic outcomes for Māori. More than 130 people entered DigMyIdea, submitting almost 100 ideas. The top five entries in two categories – 19 years and over ('mauri tū') and 15-18 years ('mauri oho') – took part in a 'Digiwananga' workshop at Manukau Institute of Technology, with industry mentorship and a judging panel selecting the winners.

The FoodBowl – Te Ipu Kai state-of-the-art food and beverage production and test facility near Auckland Airport (a joint venture with Callaghan Innovation) continued to fuel growth in Auckland's world-class food and beverage sector. Nearly 100 companies held a total of nearly 380 trials or production runs during the year.

Nearly 250 people attended workshops at the facility, and it delivered several record months of revenue earned.

A prominent example of the FoodBowl's value was Manuka Health, one of the country's most promising high-value food producers. The company booked the freeze drier facility for the entire second half of the financial year, continuing work at the FoodBowl since late 2014 to develop an ingredient, which has enabled Manuka Health to commercialise its product CycloPower.

The company has also done research and development trials at The FoodBowl to further extend its range of this successfully exported product.

The FoodBowl also hosted a specialist delegation from China to help Auckland businesses understand how to break into that huge market, and held up to five workshops a month in collaboration with various partners. In another boost to Auckland's food and beverage sector, ATEED involved 26 emerging businesses in its 'Auckland on the Menu' pop-up space at The Food Show Auckland; and ATEED facilitated the presence of four companies on Auckland's stand at the influential Fine Food Australia trade show in September 2015.

ATEED hosted Auckland's first Sports Technology Forum in March, in partnership with Callaghan Innovation and High Performance Sport New Zealand. This forum is a precursor to a significant focus on growing the sports technology sector opportunity, in partnership with the AUT Millennium Centre and other key partners.

ATEED's delivery of the Government's Regional Business Partner Network programme saw its research and development specialists help Auckland companies successfully apply for \$1.5 million in Callaghan Innovation grants. During the year, ATEED was re-appointed as the Government's delivery partner across Auckland until mid-2019.



## Attracting business and investment

The hugely successful Tripartite Economic Alliance Auckland 2016 attracted about 700 delegates, including more than 150 in Mayor-led delegations from Auckland's sister cities and alliance members Los Angeles and Guangzhou.

The May summit was delivered by ATEED and was the culmination of a year's planning and engagement with industry organisations and officials in all three tripartite cities. It followed on from the inaugural summit in Los Angeles in June 2015.

Designed with the theme 'Making Connections', the summit focused on five sectors where Auckland has world-leading companies and expertise, significant opportunity for growth, and is globally competitive: advanced materials (such as composites); high-value foods; new media (entertainment/digital); smart data; and urban design.

The summit featured an outstanding line-up of speakers and expert panellists, and a unique business matching programme to enable companies to progress deals and partnerships, and was supported by a number of major corporate partners. ATEED has a programme in place to help Auckland companies convert the business opportunities created by the summit into actual deals and partnerships, and maintain momentum towards the third summit in Guangzhou 2017.

ATEED's Business Attraction and Investment (BA&I) unit facilitated the establishment or expansion in Auckland of nine multi-national or domestic companies, and secured investment deals worth an estimated \$328.5 million.

The Aroha Auckland programme – which promotes regular engagement with 85 of the top multi-national companies and investors present in Auckland – made major strides during the year. The programme now includes 81 companies being actively managed, and helping to meet their needs. This has huge potential for growing jobs and investment into the region.

During the year, BA&I hosted a number of international business and investment delegations from key target markets. Singapore is one of the world's busiest travel and commercial hubs and its investors and high net worth individuals are an increasingly important target for ATEED. In a two-day programme in early 2016, ATEED introduced visiting representatives of a Singapore-based investment company to key managers of seven growing and globalising Auckland companies to understand the possible future investment opportunities they offer.

The Screen Auckland team within BA&I, which operates the region's film office on behalf of Auckland Council, issued a record 567 permits for filming on open public spaces across the region. Those shoots were worth an estimated \$165 million to the region's economy. This year, ATEED's screen attraction specialist played a key role in bringing new productions to the region worth \$47million.

During the year, Auckland hosted numerous productions including the second season of hit Australian TV series *800 Words* – a co-production with Auckland's South Pacific Pictures, the country's largest production company – and the second season of Executive Producer Rob Tapert and Starz Entertainment's cult TV show *Ash vs Evil Dead*. Auckland-based animation company HuHu Studios is working on the 3D movie *Beast of Burden*, a co-production with China Film Animation.

The BBC filmed a new season of *Wanted Down Under* around Auckland, with British families considering immigrating being shown what a new life in Auckland could be like.

Greater cooperation between the screen industries of Auckland and South Korean sister city Busan was forged through the signing of a Memorandum of Understanding (MOU) between ATEED and Busan’s leading film organisations – underpinned by a co-production agreement between the New Zealand and South Korean governments. Busan is one of the key film centres in Asia and accounts for 40 per cent of production activity in South Korea.

During the year, ATEED worked with the screen industry and other stakeholders to find a solution to a major issue for Auckland – the lack of world-class studio infrastructure. Auckland missed out on about \$200 million of international productions during the year because of the region’s limited facilities.

While the first proposal during the year – for council land at Hobsonville Point to be used for a privately built screen and production innovation precinct – did not come to fruition, it resulted in positive momentum which has been sustained. By year end, ATEED was part of a wider council group discussion with developers and key local industry players about other possible sites and operating models. It is planned this will deliver a long-term industry infrastructure solution in 2016/17.



## Growing a skilled workforce

ATEED partnered in a number of council Youth Connections programmes which are supported by The Tindall Foundation and are successfully tackling Auckland's significant youth unemployment issues.

This included a key role in the success of the Youth Employer Pledge project which makes the employment process much easier for both employers and young people. By year end, ATEED had secured the signed commitment of more than 50 companies to the pledge, including a number of major Auckland construction and hospitality companies which are now fully engaged in the employment of young talented Aucklanders.

Building on the successful launch of JobFests in 2014/15, there were two highly successful JobFest events during the 2015/16 year, delivered in partnership with the Ministry of Social Development, and Careers New Zealand.

The first, at Albany in August, attracted about 1900 young Aucklanders keen to find work from the 65 attending employers. A post-event survey indicated about 150 found jobs as a result of JobFest. The second, at The Cloud in May, attracted another 2000 young jobseekers and 75 leading Auckland employers with vacancies. The number of successful job seekers at the May event was still being evaluated at year end.

During the year, ATEED worked with industry to develop a construction and infrastructure recruitment campaign to raise awareness of opportunities in the sector, where there are significant shortages due to the major building projects underway in Auckland. This will be launched in the first half of 2016/17.

ATEED's delivery of the Lion Foundation Young Enterprise Scheme in the 2015 school year saw more than 1400 students from 52 Auckland schools compete in another successful programme, with Auckland teams placing first and third overall at the nationals, and gaining five excellence awards.

Six winners of the second annual IDEASTarter, an ATEED-supported competition for entrepreneurial Aucklanders aged 15-24 which had a highly successful pilot in 2014/15, were announced in May 2016. The popular challenge received nearly 140 entries. Business mentors work with the winners – which included an app to help young people share their feelings through colours, a pocket water meter, and an idea to attract more school girls into science, technology, engineering and maths – to gauge if the ideas can be commercialised.

Through its delivery of the Regional Business Partner Network, ATEED actively managed 1042 businesses, and facilitated more than \$1.6 million in NZTE Capability Development Vouchers to improve the management skills of small to medium enterprises.



## Enabling education and talent

ATEED's portfolio of initiatives to attract talented students and business migrants to Auckland involves collaboration with a number of central government agencies, and is integrated with the rest of ATEED's work.

The ground-breaking Auckland Regional Partnership Agreement with Immigration New Zealand helped drive initiatives to attract talented migrants for Auckland's key growth sectors this year, with a particular focus on the skilled workers needed to help to grow Auckland's ICT sector.

ATEED's project to develop a value proposition for skilled migrants was completed by the end of February, and was tested with businesses and skilled migrants. It will form the basis of future digital content and sector recruitment campaigns for Auckland's advanced industries.

In partnership with the Auckland Chamber of Commerce, ATEED hosted stands at Working International's Perth job expo focused on construction, engineering and infrastructure roles – two sectors in Auckland with significant skills shortages as an unprecedented wave of new building activity continues.

ATEED's International Education unit organised the International Education Conference in Auckland, which attracted more than 150 education providers to discuss ways to develop the region's value proposition for international students.

The International Education team delivered three important six-month projects in partnership with Education New Zealand during the year. The first, which also involved Immigration New Zealand, was focused on enhancing the international student experience in Auckland and targeting students who are looking to find employment after graduating from tertiary institutions.

The second focussed on initiatives to tell the Auckland international education story. ATEED will develop promotional videos featuring international students who have studied in Auckland and completed a pathway into employment in New Zealand.

Increasing the capability of Auckland's international education sector was the focus of the final project. ATEED helps the industry to develop new products to attract more international students into Auckland, including an opportunity to offer a Māori tourism product for the USA Study Abroad market that combines education, tourism and cultural elements.

ATEED facilitates Study Auckland, which has a base of more than 150 education provider members, and led a number of capability workshops for members in collaboration with Immigration New Zealand, Education New Zealand, New Zealand Qualifications Authority, and the Ministry of Education.





## Growing the visitor economy

Auckland's portfolio of 36 major events injected \$43.7 million into the regional economy and generated more than 283,000 visitor nights.

A booming visitor sector was highlighted by a record-breaking summer for international arrivals, and January's record 715,000 guest nights (up 3.8 per cent on 2015) with the biggest growth occurring from international markets, according to the Ministry of Business, Innovation and Employment's Commercial Accommodation Monitor.



ATEED's strategic approach is to focus its marketing and partnership-based initiatives on high-value visitors, and on Auckland's key international markets – Australia (the largest), China (second) and the US (third) – using robust visitor data provided by Statistics New Zealand and Tourism New Zealand.

In Australia, ATEED continued to work closely with Flight Centre and other partners including Tourism NZ to grow visitation by the target 6 per cent. There has been a particular focus on marketing Auckland as a short break destination. It was pleasing to see Auckland ranked as third most preferred Easter destination for Australians this year.

In China, ATEED expanded the GEM high-value visitor programme (golf, equine, marine) to GEMS. This was with the addition of the screen sector, recognising the huge potential growth in activity between China and New Zealand, stimulated by the co-production arrangements within the Free Trade Agreement, and the profile that Auckland can gain through this activity. As part of GEMS, ATEED worked closely with partners including Rider Horse Group, China Cup, Royal Hong Kong Yacht Club, Mission Hills Resorts, Nicklaus Club, NZ Film Commission, AIAL, China Southern Airlines, to stimulate trade, investment and tourism for Auckland.

In the US, ATEED continued to develop its partnerships with Virtuoso, American Express and Travel Leaders to attract high-value visitors, in partnership with a range of operators and Tourism NZ. Waiheke Island and Matakana continue to be 'jewels in Auckland's crown', as rated by visitors and a host of international travel publications and web-sites.

In the year to 30 June, ATEED's programmes contributed to the number of visitors to Auckland from the US growing by nearly 10 per cent; Chinese visitor arrivals in Auckland rising 23 per cent; and from Australia growing by more than 5 per cent. The 2015/16 growth in the number of visitors from Japan (up 21 per cent year on year), and Korea (up 23 per cent year on year) reflect potential future opportunities which will be explored.

ATEED successfully delivered the inaugural Tāmaki Herenga Waka Festival in close collaboration with Tāmaki Makaurau mana whenua on Auckland Anniversary Weekend 2016.

Tāmaki Makaurau has a rich Māori identity, linked with 19 different mana whenua and mataawaka, and the festival was a chance for Aucklanders and visitors to learn more about our unique Māori heritage and contemporary culture.

The free, family-friendly festival took place on Queens Wharf and in waka on the Waitemata Harbour, and festival-goers were enthusiastic about its relaxed, positive atmosphere.

A beam of light shone upwards from the summit of Rangitoto each night of the festival. The large-scale outdoor light activation, Te Haeata o Rangitoto, was a joint pilot project led by Ngā Mana Whenua o Tāmaki Makaurau (the Tāmaki Collective) and supported by ATEED.

The Tāmaki Herenga Waka Festival sits proudly alongside Auckland's other annual cultural anchor events – the Lantern, Pasifika, and Diwali festivals.

On behalf of Auckland Council, ATEED invested in a portfolio of recurring annual sporting, arts and cultural events – such as the Downer NRL Auckland Nines, New Zealand Fashion Week, and Auckland Pride Parade – and one-off highlights including the Pop-up Globe theatre, *Cats*, *Phantom of the Opera*, and Ed Sheeran.

Planning by ATEED's subsidiary company World Masters Games 2017 proceeded well, with milestones including the successful launch in February of the global athlete registration process (for full details, see [pxx](#)).

The Auckland Convention Bureau (ACB) team was focused on delivering the Auckland Business Events Plan in conjunction with industry. Of critical importance is attracting events which will help to reduce seasonality in Auckland's visitor market, and support growth and investment in key industry sectors.

ACB's International Bid team won 11 international conferences during the year – these will make an estimated \$17.1 million contribution to Auckland's regional economy when they take place. The team supported 29 international bids during the year and, 22 had moved through to submission by year end.

There has been strong interest in the New Zealand International Convention Centre with ACB working on a number of promising bids, many in conjunction with Tourism NZ. NZICC is due to be completed in 2019 and will ensure Auckland is able to compete with rivals in the Asia-Pacific for larger scale major conferences.

ATEED's Māori Tourism Development Programme saw ATEED supporting the Auckland Rima Tourism Cluster's efforts to engage the Australian market, and clusters of Maori tourism operators near both Auckland Airport and Woodhill.

The regional i-SITE network managed by ATEED experienced a strong financial turnaround, achieving its target to reduce the network's operating loss by more than half a million dollars – to \$300,000. Rationalisation of the network included moving the Waiheke Island office to the arrivals wharf at Matiatia. We were able to reduce wage

costs through tighter roster management and the implementation of a summer volunteer programme, in addition to a strong team focus on cost control.

The i-SITE booking service for Auckland tourism operators remained steady at the Auckland International Airport and Princess Wharf sites, but declined at the other four sites due in part to increased competition from other retail outlets, and also to an increase in online bookings.

The 2015/16 cruise ship season – which began in October and runs until the end of September 2016 – was another strong one, with 34 ships scheduled to make 125 calls into Auckland, bringing almost 250,000 passengers (an increase of 32 per cent on last season) and nearly 90,000 crew. The ships' visits injected an estimated \$252 million into Auckland's economy (up more than 30 per cent on last season) and supported more than 4000 jobs.

The Cruise Action Plan for Auckland is focused on ensuring Auckland, which is New Zealand's cruise hub, is recognised as the best cruise destination in Oceania. During the year ATEED advocated for its industry partners to ensure cruise infrastructure – particularly berths for longer ships – was a key consideration for the council strategy group working on the Port Future Study.

ATEED continued to support local tourism clusters in Auckland's Franklin and Rodney regions, and on Great Barrier and Waiheke islands.





## Building Auckland's brand and identity

By year end, the Global Auckland Project to develop a new global story and identity for Auckland, had made excellent progress. The project's first three stages – discovery, strategy and creative – were completed during the year and have delivered the basis of an Auckland story which ATEED believes has the potential to form a powerful and unique global identity for the region.

More than 50,000 people were engaged in the development of the story, including testing with international audiences in the US, China and Australia.

ATEED now needs to ensure the story is an authentic reflection of Auckland – that it resonates with 1.5 million Aucklanders, and each of its global target audiences which include: investors, multi-national businesses, entrepreneurs, high-value visitors, international students, major event organisers, and talented migrants.

In the 2016/17 year, various groups will be involved in the further refinement and detailed validation. By the end of 2016, ATEED expects to be able to finalise the Auckland story. ATEED and the wider Auckland Council group will then begin to work with Aucklanders and commercial partners to tell that story internationally.

The project is the cornerstone of ATEED's work to define Auckland's global business and investment brand, and amplify the city's aspirations to be the world's most liveable city, in a way that reflects our history as Tāmaki Makaurau and our future as one of the most diverse and successful cities in the world.

Several key marketing campaigns during the year helped to further shape Auckland as a vibrant city of events and world-class visitor experiences.

ATEED launched a number of campaigns to build the '*AKL: The Show Never Stops*' domestic tourism proposition, including '*Stellar Spring Line-up*', and '*Beyond your Backyard*' which featured actress Robyn Malcolm encouraging Aucklanders to explore the region during summer. The campaign's seven short videos covered some of the lesser known things to do around Auckland: Huia and Whatipu; Awhitu Peninsula; Matakana Coast; Great Barrier Island; Pohutukawa Coast; Hauraki Gulf & Islands; and NorthWest Country (Kumeu).

Results from the campaign included: 325,526 total video views which prompted action from 61 per cent of those who saw them, and 34 per cent of consumers who were aware of the campaign taking a short trip within the Auckland region as a result. The campaign created a \$14.2 million (12.3 per cent) increase in spend by Aucklanders in Auckland during spring.

ATEED, in partnership with Regional Facilities Auckland, launched an autumn domestic marketing campaign – '*Arts are Alive: Auckland's Autumn of the Arts*' – which encouraged New Zealanders to visit in the March to June shoulder season.

Across the Tasman, ATEED's '09 Seconds in Auckland' campaign in November starred rugby league personality Benji Marshall showcasing Auckland as a unique and exciting world class short-break holiday destination for Australians. The 'Aussie, Aussie, Aussie' joint marketing project with Auckland Airport leveraged ATEED's partnership with Tourism New Zealand, and partnership with Flight Centre Australia.

Visits to [www.aucklandnz.com](http://www.aucklandnz.com), the region's website, exceeded the 3 million target for the year by nearly 500,000.



## GRAPHIC

**ATEED'S MAJOR ACCOLADES ON BEHALF OF AUCKLAND****2016 SportBusiness Ultimate Sports Cities Awards**

- Winner 'Best Medium Sports City'
- 4<sup>th</sup> 'Best Sports City'
- Winner 'Best Major Events Strategy'
- Winner 'Best Event Security'

**2016 International Economic Development Council's Excellence in Economic Development Awards**

- Silver Award: 'Best Multimedia/Video Promotion – population > 500,000' (Ian Taylor produced investor presentation)

**2015/16 fDi Asia-Pacific Cities of the Future rankings**

- 5<sup>th</sup> Foreign Direct Investment Strategy

**2016 New Zealand Sport and Recreation Awards**

- Winner 'Innovation Excellence', for Ultimate Waterman event

**Corporate LiveWire's 2016 Innovation & Excellence Awards**

- 'Most Innovative Economic Growth Strategy – New Zealand'



# Financial statements



## Statement of comprehensive revenue and expense

For the year ended 30 June 2016

	Notes	PARENT		GROUP	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<b>INCOME</b>					
Service and other revenue	4	57,410	57,364	62,736	60,190
Finance income (interest)		37	66	37	66
Other gains	5	-	-	21	55
<b>Total income</b>		<b>57,447</b>	<b>57,430</b>	<b>62,794</b>	<b>60,311</b>
<b>EXPENDITURE</b>					
Personnel costs	6	(20,272)	(18,780)	(22,815)	(20,352)
Depreciation and amortisation	13,14	(591)	(540)	(702)	(561)
Finance expenses (bank charges)		(71)	(70)	(107)	(11)
Other expenses	7	(34,126)	(38,047)	(36,762)	(39,714)
<b>Total expenditure</b>		<b>(55,060)</b>	<b>(57,437)</b>	<b>(60,386)</b>	<b>(60,638)</b>
<b>(Deficit)/surplus before tax</b>		<b>2,387</b>	<b>(7)</b>	<b>2,408</b>	<b>(327)</b>
Income tax expense	8	-	-	-	-
Profit from continuing operations		2,387	(7)	2,408	(327)
<b>(Deficit)/surplus after tax</b>		<b>2,387</b>	<b>(7)</b>	<b>2,408</b>	<b>(327)</b>
<b>OTHER COMPREHENSIVE INCOME</b>					
Cash flow hedge	22	(59)	67	(59)	67
<b>Total comprehensive income for the year</b>		<b>2,328</b>	<b>60</b>	<b>2,349</b>	<b>(260)</b>
<b>PROFIT IS ATTRIBUTABLE TO:</b>					
Equity holders of Auckland Tourism, Events and Economic Development Limited		2,387	(7)	2,408	(327)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR IS ATTRIBUTABLE TO:</b>					
Equity holders of Auckland Tourism, Events and Economic Development Limited		2,328	60	2,349	(260)

Summary of significant accounting policies and the accompanying notes form part of these financial statements.

## Statement of changes in equity

For the year ended 30 June 2016

	Notes	ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY			
		Contributed equity \$'000	Hedging reserve \$'000	Accumulated funds \$'000	Total equity \$'000
<b>PARENT</b>					
<b>Balance as at 1 July 2014</b>		4,377	(240)	(1,300)	2,837
<b>COMPREHENSIVE INCOME</b>					
Profit or loss for the year		-	-	(7)	(7)
<b>OTHER COMPREHENSIVE INCOME</b>					
Cash flow hedge	22	-	67	-	67
<b>Total comprehensive income</b>		-	67	(7)	60
Transactions with owners		-	-	-	-
<b>Balance as at 30 June 2015</b>		4,377	(173)	(1,307)	2,897
<b>Balance as at 1 July 2015</b>		4,377	(173)	(1,307)	2,897
<b>COMPREHENSIVE INCOME</b>					
Profit or loss for the year		-	-	2,387	2,387
<b>OTHER COMPREHENSIVE INCOME</b>					
Cash flow hedge	22	-	(59)	-	(59)
<b>Total comprehensive income</b>		-	(59)	2,387	2,328
Other equity movements	21	-	-	-	-
<b>Balance as at 30 June 2016</b>		4,377	(232)	1,080	5,225

Summary of significant accounting policies and the accompanying notes form part of these financial statements.

	Notes	ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY			
		Contributed equity \$'000	Hedging reserve \$'000	Accumulated funds \$'000	Total equity \$'000
<b>GROUP</b>					
<b>Balance as at 1 July 2014</b>		4,377	(240)	1,755	5,892
<b>COMPREHENSIVE INCOME</b>					
Profit or loss for the year		-	-	(327)	(327)
<b>OTHER COMPREHENSIVE INCOME</b>					
Cash flow hedge	22	-	67	-	67
<b>Total comprehensive income</b>		-	67	(327)	(260)
Other equity movements	21	-	-	-	-
<b>Balance as at 30 June 2015</b>		4,377	(173)	1,428	5,632
<b>Balance as at 1 July 2015</b>		4,377	(173)	1,428	5,632
<b>COMPREHENSIVE INCOME</b>					
Profit or loss for the year		-	-	2,408	2,408
<b>OTHER COMPREHENSIVE INCOME</b>					
Cash flow hedge	22	-	(59)	-	(59)
<b>Total comprehensive income</b>		-	(59)	2,408	2,349
Other equity movements	21	-	-	-	-
<b>Balance as at 30 June 2016</b>		4,377	(232)	3,836	7,981

## Statement of financial position

As at 30 June 2016

	Notes	PARENT		GROUP	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	10	2,023	2,206	2,023	2,206
Debtors and other receivables	11	12,809	8,424	14,111	9,514
Other financial assets	15	-	-	-	-
Inventories	12	80	55	80	55
		14,912	10,685	16,214	11,775
<b>Total current assets</b>		<b>14,912</b>	<b>10,685</b>	<b>16,214</b>	<b>11,775</b>
<b>NON-CURRENT ASSETS</b>					
Property, plant and equipment	13	5,068	2,094	5,098	2,239
Intangible assets	14	56	79	56	79
Debtors and other receivables	11	601	1,044	601	1,118
Other financial assets	15	40	40	40	40
Investment in other entities	20	4	4	2,067	2,046
Derivative financial instruments	18	-	-	-	-
Total non-current assets		5,769	3,261	7,862	5,522
<b>Total assets</b>		<b>20,681</b>	<b>13,946</b>	<b>24,076</b>	<b>17,297</b>
<b>LIABILITIES</b>					
<b>CURRENT LIABILITIES</b>					
Payables and accruals	16	12,590	8,785	13,184	9,382
Employee entitlements	17	1,567	1,417	1,613	1,437
Derivative financial instruments	18	232	59	232	59
Provisions	19	885	353	885	353
<b>Total current liabilities</b>		<b>15,274</b>	<b>10,614</b>	<b>15,914</b>	<b>11,231</b>
<b>NON-CURRENT LIABILITIES</b>					
Derivative financial instruments	18	-	114	-	114
Creditors and other payables	16	182	318	182	318
Employee entitlements	17	3	3	3	3
Total non-current liabilities		185	435	185	435
<b>Total liabilities</b>		<b>15,459</b>	<b>11,049</b>	<b>16,099</b>	<b>11,666</b>
<b>Net assets</b>		<b>5,225</b>	<b>2,897</b>	<b>7,980</b>	<b>5,631</b>
<b>EQUITY</b>					
Contributed equity	21	4,377	4,377	4,376	4,376
Reserves	22	(232)	(173)	(232)	(173)
Accumulated funds	22	1,080	(1,307)	3,836	1,428
<b>Total equity</b>		<b>5,225</b>	<b>2,897</b>	<b>7,980</b>	<b>5,631</b>

Summary of significant accounting policies and the accompanying notes form part of these financial statements.

**Statement of cash flows**

For the year ended 30 June 2016

	Notes	PARENT		GROUP	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Interest received		37	66	36	66
Receipts from other revenue		49,380	56,712	55,736	59,216
Payments to suppliers and employees		(46,944)	(55,249)	(52,581)	(57,632)
Income tax paid		-	-	-	-
Goods and services tax net refunded		209	(152)	209	(152)
Other cash flows from operating activities		2	2	2	2
<b>Net cash from operating activities</b>	23	<b>2,684</b>	1,379	<b>3,402</b>	1,500
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Disposals/(purchases) of property, plant and equipment	13	(3,607)	(654)	(3,602)	(778)
Other cash flows from investing activities		740	17	17	20
<b>Net cash from investing activities</b>		<b>(2,867)</b>	(637)	<b>(3,585)</b>	(758)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Other cash flows from financing activities		-	-	-	-
<b>Net cash from financing activities</b>		-	-	-	-
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(183)</b>	742	<b>(183)</b>	742
Cash and cash equivalents at the beginning of the period		2,206	1,464	2,206	1,464
Cash and cash equivalents transferred to disposal group		-	-	-	-
<b>Cash and cash equivalents at end of the year</b>	10	<b>2,023</b>	2,206	<b>2,023</b>	2,206

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



# **Notes to the financial statements**

## 1 General information

The role of Auckland Tourism, Events and Economic Development Limited (ATEED, Parent or the Company) is to help deliver Auckland Council's vision of creating the world's most liveable city by supporting the growth of a vibrant and competitive economy, with a particular focus on facilitating new money and new high-value jobs for Auckland. The extent to which new opportunities deliver new money into Auckland and also increase the level of jobs within Auckland are two key pre-requisites upon which we prioritise and allocate our resources.

ATEED regards innovation as the most crucial driver of growth and the area where it can make the greatest contribution to delivering council's economic priorities.

ATEED must work in partnership with others, informing, promoting, innovating and integrating to the best of its ability and mindful of the resources available. ATEED is committed to the principle of kotahitanga – a shared unity of purpose – and the notion of ko tou rourou, ko toku rourou, ka ora ai te iwi (with your contribution and my contribution, we will thrive).

In delivering on its role, ATEED will contribute to the priorities and growth goals contained in council's *Auckland Plan* and the *Economic Development Strategy* to:

- Grow a business friendly and well-functioning city
- Develop an innovation hub of the Asia-Pacific region
- Become internationally connected and export driven
- Enhance investment in people to grow skills and a local workforce
- Develop a creative, vibrant international city.

ATEED was established and commenced operations on 1 November 2010. It is a council controlled organisation (CCO) as defined under section 6 of the Local Government Act (LGA) 2002, by virtue of equity securities carrying 50 per cent or more of the voting rights at a meeting of the shareholders of the Company being held by Auckland Council.

ATEED has designated itself and the group as public benefit entities (PBEs) for financial reporting purposes.

## 2 Summary of significant accounting policies

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

### 2.1 Basis of preparation

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

#### Statement of compliance

The financial statements of ATEED and group have been prepared in accordance with the requirements of the LGA, which include the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

ATEED is a registered company under the Companies Act 1993 and is domiciled in New Zealand.

The financial statements have been prepared in accordance with Tier 1 PBE accounting standards.

These financial statements comply with PBE Standards.

#### Measurement base

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

#### Presentation currency and rounding

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

## 2 Summary of significant accounting policies (continued)

### 2.2 Consolidation

#### Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Company as at 30 June 2016 and the results of its subsidiary for the year then ended. World Master Games 2017 Limited is the only subsidiary of ATEED.

Subsidiaries are all those entities over which the Company and Group have the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company and Group controls another entity.

The subsidiary is fully consolidated from the date of incorporation.

The Company financial statements show the investment in subsidiary at cost less impairment.

Inter-entity transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of our subsidiary are aligned to ensure consistency with the policies adopted by the Company and Group.

The results of subsidiaries acquired or disposed of during the year are included in the surplus or deficit from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

#### Joint Ventures

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. Joint control is the contractually agreed sharing of control over an economic activity whereby no party to the agreement is able to act unilaterally to control the activity of the entity.

ATEED is accounting for its interest in its joint venture using the equity method. The Group financial statements recognises the investment retained in NZFIA at fair value.

### 2.3 Foreign currency translation

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

### 2.4 Property, plant and equipment

#### Initial recognition

Property, plant and equipment are initially shown at cost or at fair value in the case where an asset is acquired at no cost or for a nominal cost, less accumulated depreciation and any impairment losses. Cost includes any costs that are directly attributable to the acquisition of the items including the costs of bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended. Note, in the case of the assets acquired by the Company and Group on establishment at 1 November 2010, cost was the carrying value of the asset by the previous owning entities.

#### Additions

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

In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.



## 2 Summary of significant accounting policies (continued)

### Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are reported in the net surplus or deficit.

### Assets or disposal groups held for sale

Property, plant and equipment or disposal groups are classified as assets or disposal groups held for sale if their carrying amount will be recovered principally through a sale rather than through continuing use and a sale is considered highly probable. Assets or disposal groups held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

### Depreciation

Depreciation on assets is provided on a straight line basis at rates that will write off the cost of the assets to their estimated residual values over their useful lives. The useful lives have been estimated as follows:

<u>Class of asset depreciated</u>	<u>Estimated useful life (years)</u>
• Plant and machinery	1-50
• Computer equipment	1-8
• Furniture, fittings and other office equipment	1-15
• Leased Asset	14

The residual value and remaining useful life of an asset is reviewed, and adjusted if applicable, at each financial period end.

### Capital work in progress

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

## 2.5 Intangible assets

### Computer software

Costs directly associated with the development of identifiable and unique software products are recognised as an asset.

Computer software licences are capitalised based on the costs incurred to acquire and bring to use the software. Costs are amortised using the straight line method over their estimated useful lives (3 to 8 years).

Costs associated with maintaining computer software programmes are recognised as an expense when incurred.

## 2.6 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment and whenever there is an indication of impairment. At each balance date the Company and Group reviews the carrying amounts of its other tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company and Group estimates the recoverable amount of the cash generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash generating units; otherwise, they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation can be identified.

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

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

## 2 Summary of significant accounting policies (continued)

### 2.7 Investments and other financial assets

#### Financial assets

The Company and Group classifies its financial assets as loans and receivables.

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

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

#### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the period end date, which are classified as non-current assets.

After initial recognition loans and receivables are carried at amortised cost using the effective interest rate method less impairment if any.

### 2.8 Impairment of financial assets

#### *Assets carried at amortised cost*

The Company and Group reviews at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Company and Group uses to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of the issuer or obligor,
- A breach of contract, such as a default or delinquency in interest or principal payments;
- The Company and Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for that financial asset because of financial difficulties; or
- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
  - a) Adverse changes in the payment status of borrowers in the portfolio; and
  - b) National or local economic conditions that correlate with defaults on the assets in the portfolio.

The amount of loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted using the financial asset's original effective interest rate. The asset's carrying amount is reduced and the loss is recognised in the statements of comprehensive income in "other expenses". If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Company and Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the surplus or deficit component of the statements of comprehensive income.

## 2 Summary of significant accounting policies (continued)

### Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statements of financial position when it is legally enforceable and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

### 2.9 Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as hedges of highly probable forecast transactions (cash flow hedges).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative financial instruments used for hedging purposes are disclosed in note 19. Movements in the cash flow hedging reserve in shareholders' equity are shown in note 23(a). The full value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than 12 months, and as a current asset or liability when the remaining hedged item is less than 12 months.

#### *Cash flow hedge*

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the "hedging reserve" within other comprehensive income. The gain or loss relating to the ineffective portion is recorded in the statements of comprehensive income within "other gains/(losses)".

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets hedge accounting criteria, any cumulative gain or loss in equity at that time remains in equity and is recognised when the forecast transaction is recorded in the statement of comprehensive income. When a forecast transaction is no longer expected to occur, the cumulative gain or loss reported in the "hedging reserve" transfers to "other gains/(losses)" within the statement of comprehensive income.

When a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, or a forecast transaction for a non-financial asset or non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, then the associated gains and losses that were recognised in other comprehensive income will be included in the initial cost or carrying amount of the asset or liability.

### 2.10 Inventories

Inventories held for sale on a commercial basis are valued at the lower of cost and net realisable value. The cost of purchased inventory is determined using the first in first out (FIFO) method.

The amount of any write down in the value of inventories is recognised in the statements of comprehensive income.

### 2.11 Debtors and other receivables

Debtors receivables are amounts due from trade debtors and other customers. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

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

For information on impairment of trade and other receivables refer to note 12. The amount of debtors assessed as impaired is recognised as a provision against the debtors and as a doubtful debts expense. Furthermore, when a trade receivable for which the provision for impairment has been recognised becomes uncollectible in a subsequent period, it is written off against the provision for impairment of receivables. Subsequent recoveries of amounts previously written off are credited against "other expenditure" in the statements of comprehensive income.

### 2.12 Cash and cash equivalents

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

Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

## 2 Summary of significant accounting policies (continued)

### 2.13 Creditors and other payables

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

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

### 2.14 Equity

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

- Accumulated funds
- Contributed equity

Contributed equity represents the transfer of assets on establishment of the Company.

The Company and Group objectives, policies and processes for managing capital are discussed in note 31.

### 2.15 Borrowings

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and amortised cost is recognised in the statements of comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company and Group has an unconditional right to defer settlement of the liability for at least 12 months after the year-end date.

### 2.16 Borrowing costs

All borrowing costs are recognised as an expense in the period in which they are incurred in accordance with PBE IPSAS 5.

### 2.17 Current and deferred income tax

Income tax expense comprises both current tax and deferred tax, and is calculated using tax rates (and tax laws) that have been enacted or substantively enacted by balance date. Income tax expense is charged or credited to the statements of comprehensive income, except when it relates to items charged or credited directly to equity or other comprehensive income.

Current tax is the amount of income tax payable based on the taxable surplus for the current period, plus any adjustments to income tax payable in respect of prior periods.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable surplus.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the entity expects to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that a taxable surplus will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset and liability in a transaction that is not a business combination and at the time of the transaction affects neither accounting surplus nor taxable surplus.

Deferred tax is recognised on taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Company and Group can control the reversal of the temporary difference and it is probable that the temporary difference will not be reversed in the foreseeable future.

## 2 Summary of significant accounting policies (continued)

### 2.18 Goods and Services Tax (GST)

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

The net amount of GST recoverable from, or payable to, the Inland Revenue is included as part of receivables or payables in the statement of financial position.

### 2.19 Revenue recognition

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

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

- Grants received from the Auckland Council and government are the primary source of funding to the Company and Group and are restricted for the purposes of the Company and Group meeting its objectives as specified in the Company's Statement of Intent. The Company and Group also receive other government assistance for specific purposes, and these grants usually contain restrictions on their use. Council, government, and non-government grants and sponsorships are recognised as revenue when they become receivable unless there is an obligation to return the funds if conditions of the grant or sponsorship agreement are not met. If there is such an obligation, the grants are initially recorded as grants received in advance and recognised as revenue when conditions of the contract are satisfied.
- Revenue from rendering of services is recognised by reference to the stage of completion of the transaction at balance date, based on the actual service provided as a percentage of the total services to be provided.
- Revenue from the sale of goods or services is recognised when a product is sold or service is provided to the customer. The recorded revenue is the gross amount of the sale, including credit card fees payable for the transaction. Such fees are included in other expenses.
- Interest income is recognised using the effective interest method.
- Rental income is recognised on a straight line basis over the lease term.
- Commission received on voucher sales is recognised as the net of voucher sale proceeds, less costs payable by ATEED to the supplier of services specified on the voucher.

### 2.20 Employee entitlements

#### Short-term employee entitlements

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

The Company and Group recognises a liability for sick leave to the extent that absences in the coming period are expected to be greater than the sick leave entitlements earned in the coming period. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent that the Company and Group anticipates it will be used by staff to cover those future absences.

The Company and Group recognises a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

## 2 Summary of significant accounting policies (continued)

### Long-term employee entitlements

Entitlements that are payable beyond 12 months, such as long service leave, have been calculated on an actuarial basis. The calculations are based on:

- Likely future entitlements accruing to staff, based on periods of service, periods to entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlement information; and
- The present value of the estimated future cash flows.

The discount rate is based on the weighted average of interest rates for government stock with terms to maturity similar to those of the relevant liabilities. The inflation factor is based on the expected long term increase in remuneration for employees.

### Superannuation schemes

#### *Defined contribution schemes*

Obligations for contributions to defined contribution superannuation schemes are recognised as an expense in the statement of comprehensive income.

The Company has some employees who have transferred from predecessor councils and who belong to the Defined Benefit Plan contributors scheme, which is managed by the Board of Trustees of the National Provident fund. The scheme is a multi-employer defined benefit scheme.

Insufficient information is available to use defined benefit accounting, as it is not possible to determine from the terms of the scheme the extent to which the surplus / deficit is attributable to the Company. The scheme is therefore accounted for as a defined contribution scheme. If other participating employers ceased to participate in the scheme, the Company could be responsible for the entire deficit of the scheme. Similarly, if a number of employers ceased to participate in the scheme, the Company could be responsible for an increased share of the deficit.

### 2.21 Leases

#### *Lessee*

The Company and Group leases certain property, plant and equipment.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statements of comprehensive income on a straight line basis over the period of the lease.

Leases of property, plant and equipment, where the Company and Group has been transferred substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. The leased assets (the leased properties) and corresponding liabilities (the lease payments) are recognised in the statement of financial position. Interest on finance leases is charged to the statement of comprehensive income over the lease period. Leased assets are depreciated over the period the Company and Group is expected to benefit from their use or the lease term if ownership at the end of the lease is uncertain.

### 2.22 Provisions

The Company and Group recognises a provision for future expenditure of uncertain amount or timing when:

- the Company and Group has a present obligation (legal or constructive) as a result of past events;
- it is probable that expenditures will be required to settle the obligation; and
- reliable estimate can be made of the amount of the obligation.

Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

The increase in the provision due to the passage of time is recognised as an interest expense and is included in "finance costs".

### 2.23 Major Events Contracts

The Company enters into contractual arrangements for hosting, delivering and/or sponsoring major events. Where there is a clear obligation to pay regardless of the timing and occurrence of the event, this will be recognised as an expense and liability in the year the obligation falls due. Any future years obligations will be disclosed at year-end as a financial commitment.

Where the obligation to pay is dependent upon a certain event, and the likelihood of that event happening is uncertain, then this will be treated as a contingency and disclosed accordingly in the financial statements.

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

### 2.24 Related Parties

Related parties include key management personnel, directors and their close family members and entities controlled by them. Key management personnel are the chief executive and executive leadership team. Close family members are spouses or domestic parties, children, dependants.

Subsidiaries and jointly controlled entities are also related parties. This is due to ATEED's influence over them.

## 3 Significant judgements and estimates

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

#### Grant and sponsorship Income

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

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

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

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

- physical inspection of assets;
- asset replacement programmes;
- review of second hand market prices for similar assets; and
- analysis of prior asset sales.

The Company has not made significant changes to past assumptions concerning useful lives and residual values.

#### 4 Service and other revenue

	PARENT		GROUP	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<b>REVENUE FROM NON-EXCHANGE TRANSACTIONS</b>				
Grants and subsidies*	51,563	51,998	54,783	54,698
Sponsorships and other transfer revenue	4,760	4,810	6,866	4,936
<b>Total revenue from non-exchange transactions</b>	<b>56,323</b>	<b>56,808</b>	<b>61,649</b>	<b>59,634</b>
<b>REVENUE FROM EXCHANGE TRANSACTIONS</b>				
Rental income	1,085	554	1,085	554
Dividends	2	2	2	2
<b>Total revenue from exchange transactions</b>	<b>1,087</b>	<b>556</b>	<b>1,087</b>	<b>556</b>
<b>Total service and other revenue</b>	<b>57,410</b>	<b>57,364</b>	<b>62,736</b>	<b>60,190</b>

\* Grants and subsidies include \$46,856,000 from Auckland Council of which \$2,975,000 relates to capital funding (2015: \$48,381,000 including \$429,000 for capital funding).

#### 5 Other gains

	PARENT		GROUP	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Share of profit of associates and joint ventures	-	-	21	55
<b>Total other gains</b>	<b>-</b>	<b>-</b>	<b>21</b>	<b>55</b>

#### 6 Personnel costs

	PARENT		GROUP	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Salaries and wages	19,605	17,922	22,133	19,446
Defined contribution plan employer contributions	505	439	519	441
Redundancy expense	80	185	80	185
Other staff expenses	48	67	56	75
Increase/(decrease) in employee entitlements	34	167	27	205
<b>Total personnel costs</b>	<b>20,272</b>	<b>18,780</b>	<b>22,815</b>	<b>20,352</b>



## 7 Other expenses

	PARENT		GROUP	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Audit Fees	116	105	132	121
Service delivery contracts	2,102	1,346	2,948	1,518
Impairment of receivables	60	4	60	4
Marketing expenses	6,406	7,347	7,307	7,821
Professional services	3,810	2,711	4,092	2,849
Repairs and maintenance	55	48	61	48
Utilities and occupancy	2,689	2,597	2,888	2,704
Other operating expenses	8,313	10,508	9,268	10,905
Directors' fees and expenses	340	331	499	490
Grant, contributions and sponsorship	10,168	12,743	9,432	12,865
Loss on disposal of assets	65	238	65	261
Impairment of assets	-	62	-	62
Interest expense	-	-	(22)	59
Net foreign exchange loss	2	7	32	7
<b>Total other expenditure</b>	<b>34,126</b>	<b>38,047</b>	<b>36,762</b>	<b>39,714</b>

The auditors of the financial statements are Audit New Zealand. Other than fees in relation to the audit of the financial statements, no other remuneration was paid.

## 8 Income tax expense

	PARENT		GROUP	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
<b>COMPONENTS OF INCOME TAX EXPENSE</b>				
Current tax expense	-	-	-	-
Deferred tax expense	-	-	-	-
<b>Total income tax expense</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>RELATIONSHIP BETWEEN TAX EXPENSE AND ACCOUNTING PROFIT</b>				
Net surplus/(deficit) before tax	2,387	(7)	2,408	(327)
Less net surplus/(deficit) from non-taxable activities	-	-	(21)	320
<b>Surplus (deficit) before tax</b>	<b>2,387</b>	<b>(7)</b>	<b>2,387</b>	<b>(7)</b>
Prima facie income tax at 28%	668	(2)	668	(2)
Prior period adjustment	-	-	-	-
Taxation effect of permanent differences	85	99	85	99
Loss transferred to/(from) group companies	(717)	(165)	(717)	(165)
Effect of deferred tax not recognised - current year	(35)	69	(35)	69
Effect of deferred tax not recognised - prior year	-	-	-	-
Tax credits	(1)	(1)	(1)	(1)
<b>Total income tax (benefit)/expense</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## 9 Imputation credit account

	PARENT		GROUP	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Imputation credits available for subsequent reporting periods based on a rate of 28%	<b>105,000</b>	121,230	<b>105,000</b>	121,230

Auckland Council formed a tax consolidated group. As a consequence of forming the tax consolidated group, all member companies have access to the imputation credits within the tax consolidated group.

## 10 Cash and cash equivalents

	PARENT		GROUP	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Cash at bank and in hand	<b>2,023</b>	2,206	<b>2,023</b>	2,206
<b>Total cash and cash equivalents</b>	<b>2,023</b>	2,206	<b>2,023</b>	2,206

## 11 Debtors and other receivables

	PARENT		GROUP	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<b>CURRENT ASSETS</b>				
Trade receivables	<b>701</b>	1,046	<b>1,216</b>	1,104
Sundry receivables	<b>146</b>	418	<b>844</b>	1,672
Related party receivables	<b>11,117</b>	5,918	<b>11,117</b>	5,611
Goods and services tax	<b>215</b>	424	<b>215</b>	424
Prepayments	<b>630</b>	618	<b>719</b>	703
	<b>12,809</b>	8,424	<b>14,111</b>	9,514
<b>Current receivables from non exchange transactions</b>	<b>12,809</b>	8,424	<b>14,111</b>	9,514
<b>NON-CURRENT ASSETS</b>				
Prepayments	<b>601</b>	1,044	<b>601</b>	1,118
	<b>601</b>	1,044	<b>601</b>	1,118
<b>Total debtors and other receivables</b>	<b>13,410</b>	9,468	<b>14,712</b>	10,632
<b>Non-current receivables from non exchange transactions</b>	<b>13,410</b>	9,468	<b>14,712</b>	10,632

## 11 Debtors and other receivables (continued)

### Impairment

At year end, all overdue receivables are assessed for impairment and appropriate provisions applied.

The status of receivables as at 30 June 2016 are detailed below:

#### *Past due but not impaired*

As at 30 June 2016, Parent trade receivables of \$528,000 and Group trade receivables of \$945,000 were past due but not impaired (2015: Parent \$773,000 and Group \$773,000). These relate to a number of independent customers for whom there is no recent history of default.

The aging analysis of trade receivables is as follows:

	PARENT		GROUP	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Current	173	275	271	333
Past due 1-60 days	134	773	551	773
Past due 61-90 days	94	-	94	-
Past due 90+ days	300	(2)	300	(2)
<b>Balance at 30 June 2016</b>	<b>701</b>	<b>1,046</b>	<b>1,216</b>	<b>1,104</b>

## 12 Inventories

	PARENT		GROUP	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Finished goods	80	55	80	55
<b>Total inventories</b>	<b>80</b>	<b>55</b>	<b>80</b>	<b>55</b>

### 13 Property, plant and equipment

	1 JULY 2015			CURRENT YEAR MOVEMENTS				30 JUNE 2016		
	Cost	Accumulated depreciation	Carrying amount	Current year additions	Current year disposals	Transfers	Current year depreciation	Cost	Accumulated depreciation	Carrying amount
PARENT	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>OPERATIONAL ASSETS</b>										
<u>At cost</u>										
Leased asset	-	-	-	-	-	2,049	(73)	2,049	(73)	1,976
Plant and machinery	235	(106)	129	-	-	-	(25)	235	(131)	104
Computer equipment	485	(294)	191	-	-	43	(115)	528	(409)	119
Furniture, fittings and equipment	2,336	(1,011)	1,325	-	(74)	515	(354)	2,627	(1,215)	1,412
Capital work in progress	449	-	449	3,615	-	(2,607)	-	1,457	-	1,457
	<b>3,505</b>	<b>(1,411)</b>	<b>2,094</b>	<b>3,615</b>	<b>(74)</b>	<b>-</b>	<b>(567)</b>	<b>6,896</b>	<b>(1,828)</b>	<b>5,068</b>

	1 JULY 2014			PRIOR YEAR MOVEMENTS				30 JUNE 2015		
	Cost	Accumulated depreciation	Carrying amount	Prior year additions	Prior year disposals	Transfers	Prior year depreciation	Cost	Accumulated depreciation	Carrying amount
PARENT	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>OPERATIONAL ASSETS</b>										
<u>At cost</u>										
Leased Asset	-	-	-	-	-	-	-	-	-	-
Plant and machinery	272	(95)	177	-	(9)	-	(39)	235	(106)	129
Computer equipment	456	(266)	190	75	-	13	(88)	485	(294)	191
Furniture, fittings and equipment	2,225	(834)	1,391	-	(236)	622	(389)	2,336	(1,011)	1,325
Motor vehicles	8	(8)	-	-	-	-	-	-	-	-
Capital work in progress	505	-	505	579	-	(635)	-	449	-	449
<b>Total operational assets</b>	<b>3,466</b>	<b>(1,203)</b>	<b>2,263</b>	<b>654</b>	<b>(245)</b>	<b>-</b>	<b>(516)</b>	<b>3,505</b>	<b>(1,411)</b>	<b>2,094</b>

**13 Property, plant and equipment (continued)**

Capital expenditure funded by Auckland Council this reporting period \$2,975,000 (2015: 429,000).

	1 JULY 2015			CURRENT YEAR MOVEMENTS					30 JUNE 2016		
	Cost	Accumulated depreciation & impairment charges	Carrying amount	Current year additions	Current year disposals	Transfers	Impairment charges	Current year depreciation	Cost	Accumulated depreciation & impairment charges	Carrying amount
GROUP	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>OPERATIONAL ASSETS</b>											
<u>At cost</u>											
Leased asset	-	-	-	-	-	2,049	-	(73)	2,049	(73)	1,976
Plant and machinery	235	(106)	129	-	-	-	-	(25)	235	(131)	104
Computer equipment	505	(303)	202	-	-	47	-	(119)	552	(422)	130
Furniture, fittings and equipment	2,354	(1,019)	1,335	-	(74)	631	-	(461)	2,761	(1,330)	1,431
Capital work in progress	573	-	573	3,611	-	(2,727)	-	-	1,457	-	1,457
	<b>3,667</b>	<b>(1,428)</b>	<b>2,239</b>	<b>3,611</b>	<b>(74)</b>	<b>-</b>	<b>-</b>	<b>(678)</b>	<b>7,054</b>	<b>(1,956)</b>	<b>5,098</b>
	1 JULY 2014			PRIOR YEAR MOVEMENTS					30 JUNE 2015		
	Cost	Accumulated depreciation & impairment charges	Carrying amount	Prior year additions	Prior year disposals	Transfers	Impairment charges	Prior year depreciation	Cost	Accumulated depreciation & impairment charges	Carrying amount
GROUP	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>OPERATIONAL ASSETS</b>											
<u>At cost</u>											
Leased Asset	-	-	-	-	-	-	-	-	-	-	-
Plant and machinery	272	(95)	177	-	(9)	-	-	(39)	235	(106)	129
Computer equipment	482	(269)	213	75	(3)	13	-	(96)	505	(303)	202
Furniture, fittings and equipment	2,278	(844)	1,434	-	(256)	622	(62)	(401)	2,354	(1,019)	1,335
Motor vehicles	8	(8)	-	-	-	-	-	-	-	-	-
Capital work in progress	505	-	505	703	-	(635)	-	-	573	-	573
<b>Total operational assets</b>	<b>3,545</b>	<b>(1,216)</b>	<b>2,329</b>	<b>778</b>	<b>(268)</b>	<b>-</b>	<b>(62)</b>	<b>(536)</b>	<b>3,667</b>	<b>(1,428)</b>	<b>2,239</b>

## 14. Intangible assets

	1 JULY 2015		CURRENT YEAR MOVEMENTS					30 JUNE 2016		
	Cost	Accumulated amortisation & impairment charges	Carrying amount	Current year additions	Current year disposals	Transfers	Current year amortisation	Cost	Accumulated amortisation & impairment charges	Carrying amount
PARENT	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>AT COST</b>										
Computer software	117	(38)	79	-	-	-	(23)	115	(59)	56
	1 JULY 2014		PRIOR YEAR MOVEMENTS					30 JUNE 2015		
	Cost	Accumulated amortisation & impairment charges	Carrying amount	Prior year additions	Prior year disposals	Transfers	Prior year amortisation	Cost	Accumulated amortisation & impairment charges	Carrying amount
PARENT	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>AT COST</b>										
Computer software	126	(20)	106	-	(2)	-	(25)	117	(38)	79

## 14 Intangible assets (continued)

	1 JULY 2015			CURRENT YEAR MOVEMENTS				30 JUNE 2016		
	Cost \$'000	Accumulated amortisation & impairment charges \$'000	Carrying amount \$'000	Current year additions \$'000	Current year disposals \$'000	Transfers \$'000	Current year amortisation \$'000	Cost \$'000	Accumulated amortisation & impairment charges \$'000	Carrying amount \$'000
<b>GROUP</b>										
<b>AT COST</b>										
Computer software	117	(38)	79	-	-	-	(23)	115	(59)	56
	1 JULY 2014			PRIOR YEAR MOVEMENTS				30 JUNE 2015		
	Cost \$'000	Accumulated amortisation & impairment charges \$'000	Carrying amount \$'000	Prior year additions \$'000	Prior year disposals \$'000	Transfers \$'000	Prior year amortisation \$'000	Cost \$'000	Accumulated amortisation & impairment charges \$'000	Carrying amount \$'000
<b>GROUP</b>										
<b>AT COST</b>										
Computer software	126	(20)	106	-	(2)	-	(25)	117	(38)	79

Amortisation of \$23,000 (2015: \$25,000) (Parent) and \$23,000 (2015: \$25,000) (Group) is included in depreciation and amortisation expense in the statements of comprehensive income.

## 15 Other financial assets

	PARENT		GROUP	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
<b>NON-CURRENT</b>				
Community loan	40	40	40	40
<b>Total non-current</b>	<b>40</b>	<b>40</b>	<b>40</b>	<b>40</b>
<b>Total other financial assets</b>	<b>40</b>	<b>40</b>	<b>40</b>	<b>40</b>

The non-current community loan is to the Methodist Employment Generation Fund (Northern) Trust to provide funds for its Young Enterprise Loan Scheme. The loan is repayable on written demand.

## 16 Payables and accruals

	PARENT		GROUP	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
<b>CURRENT</b>				
Creditors	1,349	2,447	1,369	2,582
Accrued expenses	4,898	4,715	5,717	5,165
Related party payables	4,202	851	3,907	851
Revenue in advance	267	254	292	254
Sundry payables	842	389	867	401
Lease inducement payment	1,032	129	1,032	129
	<b>12,590</b>	<b>8,785</b>	<b>13,184</b>	<b>9,382</b>
<b>NON CURRENT</b>				
Lease inducement payment	182	318	182	318
	<b>182</b>	<b>318</b>	<b>182</b>	<b>318</b>
<b>Total trade and other payables</b>	<b>12,772</b>	<b>9,103</b>	<b>13,366</b>	<b>9,700</b>
<b>Exchange trade and other payables</b>	<b>12,772</b>	<b>9,103</b>	<b>13,366</b>	<b>9,700</b>

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



## 17 Employee entitlements

	PARENT		GROUP	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<b>CURRENT</b>				
Annual leave	898	931	944	951
Accrued salaries and wages	669	486	669	486
<b>Total current</b>	<b>1,567</b>	<b>1,417</b>	<b>1,613</b>	<b>1,437</b>
<b>NON CURRENT</b>				
Long service leave	3	3	3	3
<b>Total non-current</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
<b>Total employee benefit liabilities</b>	<b>1,570</b>	<b>1,420</b>	<b>1,616</b>	<b>1,440</b>

## 18 Derivative financial instruments

	PARENT		GROUP	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<b>NON-CURRENT ASSETS</b>				
Forward foreign exchange contracts cash flow hedges	-	-	-	-
<b>Total derivative financial instrument assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CURRENT LIABILITIES</b>				
Forward foreign exchange contracts cash flow hedges	232	59	232	59
	232	59	232	59
<b>NON-CURRENT LIABILITIES</b>				
Forward foreign exchange contracts cash flow hedges	-	114	-	114
	-	114	-	114
<b>Total derivative financial instrument liabilities</b>	<b>232</b>	<b>173</b>	<b>232</b>	<b>173</b>
<b>Total net derivative financial instruments assets/ (liabilities)</b>	<b>(232)</b>	<b>(173)</b>	<b>(232)</b>	<b>(173)</b>

The Parent is party to derivative financial instruments in the normal course of business in order to manage exposure to fluctuations in foreign exchange rates in accordance with the Company and Group's financial risk management policies.

The Group is party to forward exchange contracts in order to manage foreign exchange risk.

These contracts are hedging highly probably forecasted transactions.

## 19 Provisions

	PARENT		GROUP	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Staff cost provision	885	353	885	353

## 20 Investment in other entities

### 20.1 Investment in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiary in accordance with the accounting policy described in note 2.2

All subsidiaries are incorporated in New Zealand.

	2016	2015
	%	%
<b>NAME OF ENTITY</b>		
World Masters Games 2017 Limited	100	100

	PARENT		GROUP	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
World Masters Games 2017 Limited	1	1	-	-
<b>Total investments in subsidiaries</b>	<b>1</b>	<b>1</b>	<b>-</b>	<b>-</b>

### 20.2 Investment in jointly controlled entities

	PARENT		GROUP	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
New Zealand Food Innovation Auckland Limited	3	3	2,067	2,046
<b>Total investments in jointly controlled entities</b>	<b>3</b>	<b>3</b>	<b>2,067</b>	<b>2,046</b>

	Total assets	Total liabilities	Gross Revenue	Net Profit after tax	Percentage of interest held
	\$'000	\$'000	\$'000	\$'000	
<b>As at 30 June 2016</b>					
New Zealand Food Innovation Auckland Limited	8,808	2,544	3,788	26	33.30%
<b>As at 30 June 2015</b>					
New Zealand Food Innovation Auckland Limited	8,677	2,474	3,808	143	33.30%

## 21 Contributed equity

	PARENT		GROUP	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
<b>CONSOLIDATED AND PARENT</b>				
Equity contributed by disestablished councils	3,458	3,458	3,457	3,457
Equity contributed by disestablished CCOs	919	919	919	919
<b>Total</b>	<b>4,377</b>	<b>4,377</b>	<b>4,376</b>	<b>4,376</b>

	PARENT		GROUP	
	2016	2015	2016	2015
	Shares	Shares	Shares	Shares
<b>Opening number of ordinary shares issued</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>
Issues of ordinary shares during the year/period	-	-	-	-
<b>Closing balance of ordinary shares issued</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>

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

Opening equity contributed by disestablished councils included opening accumulated deficit of \$44,000 held in the subsidiary of New Zealand Food Innovation Auckland Limited. This deficit has been reclassified into Accumulated Funds as this was the correct nature of the deficit when the shareholding was transferred to ATEED from the Manukau Enterprise and Employment Trust (a subsidiary of Manukau City Council pre Auckland Council amalgamation) on 1 November 2010.

## 22 Reserves and accumulated funds/(losses)

	PARENT		GROUP	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
<b>(A) HEDGING RESERVE - CASH FLOW HEDGES</b>				
Balance beginning of year	(173)	(240)	(173)	(240)
Fair value gains/(losses) in year	(59)	67	(59)	67
<b>Balance at 30 June</b>	<b>(232)</b>	<b>(173)</b>	<b>(232)</b>	<b>(173)</b>

### Hedging reserve - cash flow hedges

The hedging reserve is used to record gains or losses on a hedging instrument in a cash flow hedge. The amounts are recognised in the surplus/deficit component of the statements of comprehensive income when the associated hedged transactions affect the surplus/deficit component of the statements of comprehensive income as described in note 2.9.

	PARENT		GROUP	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
<b>(B) ACCUMULATED FUNDS/(LOSSES)</b>				
Balance at beginning of the year	(1,307)	(1,300)	1,428	1,755
Surplus/(deficit) for the year	2,387	(7)	2,408	(327)
<b>Accumulated funds/(losses) 30 June</b>	<b>1,080</b>	<b>(1,307)</b>	<b>3,836</b>	<b>1,428</b>

Surplus for the current year includes \$2,975,000 received from Auckland Council for capital grants. Future year's depreciation and amortisation expenses will be funded from this reserve.

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

	PARENT		GROUP	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
<b>Surplus/(deficit) after tax</b>	<b>2,387</b>	<b>(7)</b>	<b>2,408</b>	<b>(327)</b>
<b>ADD/(LESS) NON-CASH ITEMS:</b>				
Depreciation and amortisation expense	591	539	702	561
Impairment of assets	-	64	-	62
Loss on disposal of assets	65	238	65	270
Share of surplus in joint venture	-	-	(21)	(55)
Net foreign exchange loss	59	(7)	59	(7)
Lease inducement costs	(136)	(129)	(136)	-
<b>ADD/(LESS) MOVEMENTS IN WORKING CAPITAL:</b>				
Debtors and other receivables	(3,942)	(1,627)	(4,080)	(1,731)
Inventories	(25)	18	(25)	18
Creditors and other payables	3,003	1,731	3,722	2,163
Provisions	532	313	532	313
Employee benefits	150	246	176	233
<b>Net cash inflow (outflow) from operating activities</b>	<b>2,684</b>	<b>1,379</b>	<b>3,402</b>	<b>1,500</b>

## 24 Commitments and operating leases

### Operating leases as lessee

The Company and Group lease property, plant and equipment in the normal course of their business. The majority of these leases have a non-cancellable term, varying from 1 to 12 years. The future aggregate minimum lease payments payable under non-cancellable operating leases are as follows:

	PARENT		GROUP	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
<b>MINIMUM OPERATING LEASE PAYMENTS PAYABLE:</b>				
Less than one year	2,187	2,542	2,280	2,681
Between one and five years	5,024	7,011	5,024	7,073
More than five years	6,517	6,468	6,517	6,468
<b>Total non-cancellable operating leases at lessee</b>	<b>13,728</b>	<b>16,021</b>	<b>13,821</b>	<b>16,222</b>

The total minimum future sublease payments expected to be received under non cancellable subleases at balance date is \$3,238,440 (2015: \$663,000).

Leases can be renewed at the Company and Group's discretion, with rents set by reference to current market rates for items of equivalent age and condition.

There are no restrictions placed on the Company and Group by any of the leasing arrangements.

As at 30 June 2016 ATEED had entered into a number of contracts. ATEED recognises a future year financial commitment where there is a clear obligation to pay and there is no indication the event will not occur.

	PARENT	GROUP
	2016	2016
	\$'000	\$'000
Less than one year	13,184	21,648
Between one and five years	2,931	3,700
<b>Total non-cancellable contracts</b>	<b>16,115</b>	<b>25,348</b>

The value of these contracts does not exceed Auckland Council funding reflected in the long term plan 2015 – 2025.

ATEED has entered into a Services Agreement with the International Masters Games Association (IMGA) on behalf of its subsidiary, World Masters Games 2017 Limited. This Services Agreement commits ATEED to a hosting fee of 3.5m Euro for which ATEED have entered into a contract to hedge the foreign currency. The expenditure relating to the hedge transactions is recognised in WMG 2017 Ltd.

## 25 Contingencies - assets & liabilities

As at 30 June 2016, ATEED has entered into contracts to host, deliver or sponsor a number of events: The World Masters Games (2017), NRL Auckland Nines, the Volvo Ocean Race stopover and the V8 Supercars. Any revenue and costs related to these events will be accounted for when they are incurred. Any known contractual obligations have been included as commitments (note 24).

## 26 Related party transactions

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

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

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

## 27 Remuneration

	PARENT		GROUP	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
<b>KEY MANAGEMENT REMUNERATION</b>				
Directors	336	315	497	474
Senior management salaries and other short term benefits	1,429	1,096	2,460	1,890
<b>Total key management remuneration</b>	<b>1,765</b>	<b>1,411</b>	<b>2,957</b>	<b>2,364</b>

## 27 Remuneration (continued)

	PARENT		GROUP	
	2016	2015	2016	2015
	Number of employees	Number of employees	Number of employees	Number of employees
<b>THE NUMBER OF EMPLOYEES THAT RECEIVED OVER \$100,000 P.A. AS AT 30 JUNE IS AS FOLLOWS:</b>				
\$100,000 - \$109,999	14	1	15	1
\$110,000 - \$119,999	14	25	14	26
\$120,000 - \$129,999	5	6	10	8
\$130,000 - \$139,999	7	5	7	5
\$140,000 - \$149,999	4	2	5	2
\$150,000 - \$159,999	1	5	1	5
\$160,000 - \$169,999	3		3	1
\$170,000 - \$179,999		1		2
\$180,000 - \$189,999	3	3	5	3
\$190,000 - \$199,999	3	1	3	1
\$200,000 - \$209,999	3	1	3	1
\$210,000 - \$219,999	1		1	1
\$220,000 - \$229,999	1	2	2	2
\$230,000 - \$239,999				
\$240,000 - \$249,999				
\$270,000 - \$279,999	2		2	
\$350,000 - \$359,999				
\$370,000 - \$379,999		1		1
\$380,000 - \$389,999	1		1	

	PARENT		GROUP	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
<b>DIRECTORS' REMUNERATION BY DIRECTOR</b>				
David McConnell	82	81	82	81
Franceska Banga	47	47	47	47
Norm Thompson	51	51	51	51
Richard Jeffery	41	41	41	41
Vivien Bridgwater	-	15	-	15
Helen Robinson	41	41	41	41
Danny Chan	41	41	41	41
Stuart McCutcheon	35	-	35	-
John Wells			60	60
Diana Puketapu			20	20
Kevin Ross			20	20
Martin Snedden			20	20
Dianne McAteer			20	20
Barry Maister			-	19
Graham Child			20	-
<b>Total directors remuneration</b>	<b>336</b>	<b>315</b>	<b>496</b>	<b>474</b>

## 28 Events occurring after the balance date

There were no significant events occurring after the balance date.

## 29 Financial risk management

The Company and Group's activities expose it to a variety of financial risks: market risk, liquidity risk and credit risk. The Company and Group's risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company and Group.

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

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

	Notes	CARRYING AMOUNT		FAIR VALUE	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<b>PARENT</b>					
<b>FINANCIAL ASSETS</b>					
Derivative financial assets	19	-	-	-	-
Debtors and other receivables	12	11,964	7,382	11,964	7,382
Cash and cash equivalents	11	2,023	2,206	2,023	2,206
Other financial assets	16	40	40	40	40
<b>Total financial assets</b>		<b>14,027</b>	<b>9,628</b>	<b>14,027</b>	<b>9,628</b>
<b>FINANCIAL LIABILITIES</b>					
Derivative financial liabilities	19	(232)	(173)	(232)	(173)
Creditors and other payables	17	(11,291)	(8,402)	(11,291)	(8,402)
<b>Total financial liabilities</b>		<b>(11,523)</b>	<b>(8,575)</b>	<b>(11,523)</b>	<b>(8,575)</b>
<b>Net financial assets/(liabilities)</b>		<b>2,504</b>	<b>1,053</b>	<b>2,504</b>	<b>1,053</b>
<b>GROUP</b>					
<b>FINANCIAL ASSETS</b>					
Derivative financial assets	19	-	-	-	-
Debtors and other receivables	12	13,177	8,387	13,177	8,387
Cash and cash equivalents	11	2,023	2,206	2,023	2,206
Other financial assets	16	40	40	40	40
<b>Total financial assets</b>		<b>15,240</b>	<b>10,633</b>	<b>15,240</b>	<b>10,633</b>
<b>FINANCIAL LIABILITIES</b>					
Derivative financial liabilities	19	(232)	(173)	(232)	(173)
Creditors and other payables	17	(11,860)	(8,999)	(11,860)	(8,999)
<b>Total financial liabilities</b>		<b>(12,092)</b>	<b>(9,172)</b>	<b>(12,092)</b>	<b>(9,172)</b>
<b>Net financial assets (liabilities)</b>		<b>3,148</b>	<b>1,461</b>	<b>3,148</b>	<b>1,461</b>

## 29 Financial risk management (continued)

### (a) Market risk

#### Foreign exchange risk

The Company and Group won the rights to host the World Masters Games 2017 in 2012 and as a consequence has an obligation to make Euro denominated rights payments in each of the 5 years until 2017. The Company and Group decided to hedge the foreign currency risk associated with these payments and entered in August 2013 into forward foreign exchange contracts for each of the payments to 2017.

Foreign currency risk arises when the cost of a product or service sourced offshore rises due to a deterioration in the exchange rate between the New Zealand dollar and the relevant foreign currency (2016: Euro, 2016: Euro) between the time a commitment is made to incur the expenditure and the time payment is actually made. The Company and Group is able to mitigate the risk of such an adverse movement in exchange rates by utilising the services of the Auckland Council Treasury group and by entering into forward foreign exchange contracts.

In applying a sensitivity of plus or minus 5% (2015:5%) movement in foreign exchange rates, the Company and Group is exposed to either a foreign exchange loss of \$165,000 or loss of \$295,000 in other comprehensive income (2015: \$65,000 loss or \$274,000 loss in other comprehensive income). The Company and Group considers this potential movement reflects reasonably possible changes in foreign exchange rates.

#### Interest rate risk

The Company and Group have no borrowings and are therefore not exposed to interest rate risk.

### (b) Credit risk

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

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

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

#### Maximum exposure to credit risk

ATEED's maximum credit exposure for each class of financial instrument is as follows:

	PARENT		GROUP	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	2,023	2,206	2,023	2,206
Debtors and other receivables	11,964	7,382	13,177	8,387
Other financial assets	40	40	40	40
<b>Total</b>	<b>14,027</b>	<b>9,628</b>	<b>15,240</b>	<b>10,633</b>



## 29 Financial risk management (continued)

### Credit quality of financial assets

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

	PARENT		GROUP	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<b>CASH AT BANK AND SHORT-TERM BANK DEPOSITS</b>				
"AA-" Standard and Poor's rating	2,023	2,206	2,023	2,206
<b>Total cash at bank and short-term bank deposits</b>	<b>2,023</b>	<b>2,206</b>	<b>2,023</b>	<b>2,206</b>
<b>COUNTER PARTIES WITHOUT CREDIT RATINGS</b>				
Existing counterparty with no defaults in the past	12,004	7,422	13,217	8,427
<b>Total counter parties without credit ratings</b>	<b>12,004</b>	<b>7,422</b>	<b>13,217</b>	<b>8,427</b>

	On demand \$'000	Less than 1 year \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000	Total contractual cash flows \$'000	Carrying amount liabilities \$'000
<b>PARENT - 30 JUNE 2016</b>							
<b>NON-DERIVATIVES</b>							
Creditors and other payables	(11,291)	-	-	-	-	(11,291)	(11,291)
<b>Total</b>	<b>(11,291)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(11,291)</b>	<b>(11,291)</b>
<b>DERIVATIVES</b>							
Forward foreign exchange contracts	-	-	-	-	-	-	(232)
- (inflow)	-	(859)	(886)	-	-	(1,745)	-
- outflow	-	744	769	-	-	1,513	-
<b>Total</b>	<b>-</b>	<b>(115)</b>	<b>(117)</b>	<b>-</b>	<b>-</b>	<b>(232)</b>	<b>(232)</b>

	On demand \$'000	Less than 1 year \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000	Total contractual cash flows \$'000	Carrying amount liabilities \$'000
<b>GROUP - 30 JUNE 2016</b>							
<b>NON-DERIVATIVES</b>							
Creditors and other payables	(11,860)	-	-	-	-	(11,860)	(11,860)
<b>Total</b>	<b>(11,860)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(11,860)</b>	<b>(11,860)</b>
<b>DERIVATIVES</b>							
Forward foreign exchange contracts	-	-	-	-	-	-	(232)
- (inflow)	-	(859)	(886)	-	-	(1,745)	-
- outflow	-	744	769	-	-	1,513	-
<b>Total</b>	<b>-</b>	<b>(115)</b>	<b>(117)</b>	<b>-</b>	<b>-</b>	<b>(232)</b>	<b>(232)</b>

PARENT - 30 JUNE 2015	On demand \$'000	Less than 1 year \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000	Total contractual cash flows \$'000	Carrying amount liabilities \$'000
<b>NON-DERIVATIVES</b>							
Creditors and other payables	(8,402)	-	-	-	-	(8,402)	(8,402)
<b>Total</b>	<b>(8,402)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(8,402)</b>	<b>(8,402)</b>

<b>DERIVATIVES</b>							
Forward foreign exchange contracts	-	-	-	-	-	-	(173)
- (inflow)	-	(786)	(802)	(818)	-	(2,406)	-
- outflow	-	720	744	769	-	2,233	-
<b>Total</b>	<b>-</b>	<b>(66)</b>	<b>(58)</b>	<b>(49)</b>	<b>-</b>	<b>(173)</b>	<b>(173)</b>

GROUP - 30 JUNE 2015	On demand \$'000	Less than 1 year \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000	Total contractual cash flows \$'000	Carrying amount liabilities \$'000
<b>NON-DERIVATIVES</b>							
Creditors and other payables	(8,999)	-	-	-	-	(8,999)	(8,999)
<b>Total</b>	<b>(8,999)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(8,999)</b>	<b>(8,999)</b>

<b>DERIVATIVES</b>							
Forward foreign exchange contracts	-	-	-	-	-	-	(173)
- (inflow)	-	(786)	(802)	(818)	-	(2,406)	-
- outflow	-	720	744	769	-	2,233	-
<b>Total</b>	<b>-</b>	<b>(66)</b>	<b>(58)</b>	<b>(49)</b>	<b>-</b>	<b>(173)</b>	<b>(173)</b>

## 29 Financial risk management (continued)

### (d) Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

**Level 1** fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

**Level 2** fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

**Level 3** fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table presents the Group's assets and liabilities that are measured at fair value as at 30 June 2016.

	Level 1	Level 2	Level 3	Total balance
	\$'000	\$'000	\$'000	\$'000
<b>PARENT - 30 JUNE 2016</b>				
<b>ASSETS</b>				
Forward foreign exchange contracts - cash flows hedges	-	-	-	-
<b>Total Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>LIABILITIES</b>				
Forward foreign exchange contracts - cash flows hedges	-	(232)	-	(232)
<b>Total liabilities</b>	<b>-</b>	<b>(232)</b>	<b>-</b>	<b>(232)</b>
<b>PARENT - 30 JUNE 2015</b>				
<b>ASSETS</b>				
Forward foreign exchange contracts - cash flows hedges	-	-	-	-
<b>Total Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>LIABILITIES</b>				
Forward foreign exchange contracts - cash flows hedges	-	(173)	-	(173)
<b>Total liabilities</b>	<b>-</b>	<b>(173)</b>	<b>-</b>	<b>(173)</b>
<b>GROUP - 30 JUNE 2016</b>				
<b>ASSETS</b>				
Forward foreign exchange contracts - cash flows hedges	-	-	-	-
<b>Total Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>LIABILITIES</b>				
Forward foreign exchange contracts - cash flows hedges	-	(232)	-	(232)
<b>Total liabilities</b>	<b>-</b>	<b>(232)</b>	<b>-</b>	<b>(232)</b>

## 29 Financial risk management (continued)

	Level 1	Level 2	Level 3	Total balance
GROUP - 30 JUNE 2015	\$'000	\$'000	\$'000	\$'000
<b>ASSETS</b>				
Forward foreign exchange contracts - cash flows hedges	-	-	-	-
<b>Total Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>LIABILITIES</b>				
Forward foreign exchange contracts - cash flows hedges	-	(173)	-	(173)
<b>Total liabilities</b>	<b>-</b>	<b>(173)</b>	<b>-</b>	<b>(173)</b>

The fair value of financial instruments that are not traded in an active market (for example, over the counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

The fair value of forward foreign currency contracts is calculated as the present value of the estimated future cash flows based on observable yield curves.

**(e) Financial instruments by category****Assets as per balance sheet**

	Derivatives for hedging	Loans and receivables	Total
	\$'000	\$'000	\$'000
<b>PARENT</b>			
<b>AT 30 JUNE 2016</b>			
Derivative Financial Asset - Forward foreign exchange contracts	-	-	-
Cash and cash equivalent	-	2,023	2,023
Debtors and other receivables	-	11,964	11,964
Other financial assets	-	40	40
<b>Total</b>	<b>-</b>	<b>14,027</b>	<b>14,027</b>
<b>AT 30 JUNE 2015</b>			
Derivative Financial Asset - Forward foreign exchange contracts	-	-	-
Cash and cash equivalent	-	2,206	2,206
Debtors and other receivables	-	7,382	7,382
Other financial assets	-	40	40
<b>Total</b>	<b>-</b>	<b>9,628</b>	<b>9,628</b>
<b>GROUP</b>			
<b>AT 30 JUNE 2016</b>			
Derivative Financial Asset - Forward foreign exchange contracts	-	-	-
Cash and cash equivalents	-	2,023	2,023
Debtors and other receivables	-	13,177	13,177
Other financial assets	-	40	40
<b>Total</b>	<b>-</b>	<b>15,240</b>	<b>15,240</b>
<b>AT 30 JUNE 2015</b>			
Derivative Financial Asset - Forward foreign exchange contracts	-	-	-
Cash and cash equivalents	-	2,206	2,206
Debtors and other receivables	-	8,387	8,387
Other financial assets	-	40	40
<b>Total</b>	<b>-</b>	<b>10,633</b>	<b>10,633</b>

## 29 Financial risk management (continued)

### (e) Financial instruments by category (continued)

#### Liabilities as per balance sheet

	Derivatives for hedging \$'000	Loans and receivables \$'000	Total \$'000
<b>PARENT</b>			
<b>AT 30 JUNE 2016</b>			
Derivative Financial Liability - Forward foreign exchange contracts	(232)	-	(232)
Trade and other payables	-	(11,291)	(11,291)
<b>Total</b>	<b>(232)</b>	<b>(11,291)</b>	<b>(11,523)</b>
<b>AT 30 JUNE 2015</b>			
Derivative Financial Liability - Forward foreign exchange contracts	(173)	-	(173)
Trade and other payables	-	(8,402)	(8,402)
<b>Total</b>	<b>(173)</b>	<b>(8,402)</b>	<b>(8,575)</b>
<b>GROUP</b>			
<b>AT 30 JUNE 2016</b>			
Derivative Financial Liability - Forward foreign exchange contracts	(232)	-	(232)
Creditors and other payables	-	(11,860)	(11,860)
<b>Total</b>	<b>(232)</b>	<b>(11,860)</b>	<b>(12,092)</b>
<b>AT 30 JUNE 2015</b>			
Derivative Financial Liability - Forward foreign exchange contracts	(173)	-	(173)
Creditors and other payables	-	(8,999)	(8,999)
<b>Total</b>	<b>(173)</b>	<b>(8,999)</b>	<b>(9,172)</b>

## 30 Capital management

The Company and Group's capital is its equity, which comprises equity contributed by disestablished councils and accumulated funds. Equity is represented by net assets.

The Local Government Act 2002 requires the Company and Group's sole shareholder, the Auckland Council to manage its revenues, expenses, assets, liabilities and general financial dealings prudently. The Company and Group's equity is largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments, and general financial dealings. These are monitored by using cash flow forecast analysis and detailed budgeting processes.

The objective of managing the Company and Group's equity is to ensure that the Company and Group effectively achieves its objectives and purpose, whilst remaining a going concern.

### 31 Variances against financial targets in the Statement of Intent (SOI)

	Actual	Target	Variance
	2016	2016	2016
<b>TARGET</b>			
Operating surplus (\$'000)	2,408	874	1,534
Shareholder's funds (\$'000)	7,980	6,932	1,048
Total assets (\$'000)	24,076	14,846	9,230
Ratio of consolidated shareholder funds to total assets (%)	33	47	14

#### Operating surplus

Operating surplus higher than the SOI target due to capital funding of \$1.5m rolled over from previous financial year.

#### Shareholder's Funds

Increase in reserves due to the difference in the operating surplus of \$1.5m offset by difference in SOI opening balance.

#### Total Assets

Increase in total assets due to increase in debtors and other receivables. In the SOI, related party payables had been offset against total assets. In 2016, we have disclosed related party payables and receivables separately. In addition, actual related party receivables are greater than expected due to timing of settlement.








# Statement of service performance

## ATEED Performance Measure – Annual Result (FY 2015/16)

Auckland Tourism, Events and Economic Development Ltd (ATEED), has progressed well in our work towards the targets set in our 2015-18 Statement of Intent (SOI). The Key Performance Indicators (KPIs) set out in the SOI have been refined from those used in previous years.





Against the 24 KPIs contained in the 2015-18 SOI, ATEED has made significant progress towards achieving our vision to improve New Zealand's economic prosperity by leading the successful transformation of Auckland's economy. ATEED has adopted the 5-tier assessment which Auckland Council uses to assess KPIs, with the following statuses applied:

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






ATEED's performance against the KPIs is set out in the table below, along with commentary regarding the results, measurement methods, and previous year's performance as appropriate. In summary, of the 24 KPIs:








- 18 were 'achieved'
- 0 were 'substantially achieved'
- 0 were 'progressing'
- 5 were 'not achieved'
- 1 had 'no result'






No.	How we will demonstrate success in achieving our aims	We will measure our progress against these targets at these times	2016 Result	2015 Result	Status	Comment
<b>Building a Culture of Innovation and Entrepreneurship</b>						
1.1	Number of businesses taking up tenancy at GridAKL (Wynyard Innovation Precinct) (cumulative) and percentage 'innovation-led' <sup>1</sup>	30 June 2016: 25 / (70%) 30 June 2017: 25 / (70%) 30 June 2018: 55 / (70%)	56 / (70%)	15		At the end of FY 2016 there are 56 businesses that have taken up residence in GridAKL. The increase over last year is primarily due to the move from the Polpero Building premises to the new John Lysaght Building offering increased capacity of co-working space, the introduction of flexible membership arrangements including hot desking and an increase in the number of businesses with less than 5 people. The BizDojo operations have also moved to the John Lysaght Building.
1.2	Total value of Callaghan Innovation R&D grants through Regional Business Partner Programme	30 June 2016: \$4m 30 June 2017: \$4m 30 June 2018: \$4m	\$1.506m	\$3.59m		This target has not been met due to a reduced government investment in R&D in Auckland and increased scrutiny and administration across the grants process from Callaghan Innovation. Callaghan Innovation will not be measuring the dollar value of R&D investment going forward, but is creating a greater focus and measure for the number of businesses being supported through their innovation journey. Callaghan Innovation and ATEED have jointly agreed that this metric would no longer be used and ATEED has now removed this metric from its SOI.
1.3	Percentage of stakeholders satisfied with provision of business advice, start-up, training and mentoring programmes (LTP measure)	30 June 2016: 85% 30 June 2017: 85% 30 June 2018: 85%	91%	94%		Based on 258 surveys undertaken by NZTE to the question: 'Overall, how would you rate your satisfaction with your Regional Business Partner?' The survey result of 91% is the total positive rating for July 2015 to June 2016. This exceeds the target of 85% and reflects the high quality advice provided by the ATEED team.
1.4	Number of actively managed businesses through Regional Business Partner Programme	30 June 2016: 360 30 June 2017: 360 30 June 2018: 360	1,042	884		This is the number of businesses managed through the Regional Business Partner Programme (excl. business mentors). This figure excludes all other ongoing client relationships which are managed throughout the year. The target has been exceeded due to efficiency improvements and good pipeline management from the team. Original target of 360 was based on a team of four funded staff.

<sup>1</sup> Innovation-led is defined as businesses developing new or improved technologies or services



1.5	Number of businesses that have been through an ATEED programme or benefitted from an ATEED intervention ( <b>LTP measure</b> )	30 June 2016: 1,500 30 June 2017: 1,500 30 June 2018: 1,500	4,073	N/A		This is a new KPI designed to give an overall indication of the number of businesses that are benefitting from programmes/interventions across the whole of ATEED. The measure includes only businesses that went through an ATEED programme or intervention and doesn't capture the wider downstream benefits of each intervention. It also excludes individuals or entrepreneurs. Businesses that have been involved in multiple ATEED interventions/ programmes are only counted once.
1.6	Number of Maori businesses that have been through an ATEED programme or benefitted from an ATEED intervention ( <b>LTP measure</b> )	30 June 2016: 100 30 June 2017: 100 30 June 2018: 100	157	N/A		This is a new KPI, specifically focussing on the number of Maori businesses that have been through an ATEED programme/intervention. Where possible, Maori businesses have been self-defined and include businesses that consider themselves a Maori business due to ownership, philosophy/principles/goals/tikanga, management practices, branding, assets (both tangible and intangible) and employees (all categories provided by Stats NZ).
<b>Attracting Business and Investment</b>						
2.1	Facilitation of the establishment, or significant expansion of multinational and local companies in target sectors ( <b>LTP measure</b> )	30 June 2016: 5 30 June 2017: 5 30 June 2018: 5	9	6		The establishment of six multinationals in Auckland was facilitated during 2015/2016, while three companies have seen significant expansion.
2.2	Number of intensively account managed customers in ATEED Aftercare programme	30 June 2016: 80 30 June 2017: 85 30 June 2018: 85	81	85		Account Management plans and strategies have been completed for 81 companies. Since the inception of the programme 112 companies and 15 high net worth individuals have been engaged. Regular reviews are made to ensure all programme members fit the Aroha Auckland criteria. The current programme consists of 80 companies and 5 high net worth individuals. ATEED is scoping future potential members of this programme.
2.3	Total GDP contribution of deals effected with ATEED involvement	30 June 2016: 54m 30 June 2017: 56.7m 30 June 2018: 59.6m	\$249.7m	\$201.7m		This figure is based on 11 deals achieved by the Business Attraction and Investment team this year, including 2 screen transactions. It should be noted that the 2014/15 figure reported here differs to that reported last year due to a change in calculation methodology. The current methodology uses a standardised attribution model based on a one-year calculation that accurately takes into account

						all investment into Auckland that ATEED has had involvement with.
2.4	Value of investment deals effected by ATEED within the financial year	30 June 2016: \$265m 30 June 2017: \$278m 30 June 2018: \$292m	\$328.5	\$265m		ATEED has effected \$328.5m of investment deals in this financial year. This includes \$46m of screen transactions.
<b>Growing a Skilled Workforce</b>						
3.1	Number of 'live' signatories to the Youth Employment Traction Hub Employers Pledge (LTP measure)	30 June 2016: 50 30 June 2017: 50 30 June 2018: 50	54	13		As at 30 June 2016, 54 Auckland employers had joined the Auckland Youth Employer Pledge. Collectively, their pledge commitments represent over 400 youth employment and employability opportunities across key Auckland industries including hospitality, construction and infrastructure, and the digital/ICT and services industries.
<b>Enabling Education and Talent</b>						
3.2	Growth in value of international student spend to Auckland	30 June 2016: \$1.564b 30 June 2017: \$1.888b 30 June 2018: tbc	\$2.1b	\$1.75b		Based on information provided by Education NZ. This figure is for the year ending December 2015. This represents a 15% increase on 2014 – Auckland has maintained its market share welcoming 62.8% of all international students to NZ in 2015.
<b>Growing the Visitor Economy</b>						
4.1	Spend by visitors in Auckland	30 June 2016: \$5,412m 30 June 2017: \$5,665m 30 June 2018: \$5,922m	\$5,593m	\$5,340m		This result is for the year ending March 2016, and has been modelled based on data available from the new Regional Tourism Estimates (dated March 2014) alongside the Regional Tourism Indicators, prepared by the Ministry of Business, Innovation and Employment. The target has been exceeded. This is being driven by strong growth in international arrivals, particularly from China and USA.
4.2	Number of major international business event bids submitted (and win/loss ratio)	30 June 2016: 35 / (60%) 30 June 2017: 40 30 June 2018: 40	22 submitted 63% conversion rate	N/A	 	The target related to bids submitted has not been achieved, but the win/loss ratio has been achieved. In addition to the 22 bids submitted, a further seven bids have been supported over the year, but have not reached submission stage.
4.3	Percentage of customers satisfied with visitor information centres and services (LTP measure)	30 June 2016: 85% 30 June 2017: 85% 30 June 2018: 85%	91%	93%		Based on 1,048 responses to surveys undertaken across the Auckland i-SITE network to the question: 'Overall, how satisfied were you with your experience at the i-SITE today?' Results are gained through a combination of on-site and online surveying.

4.4	Contribution to regional GDP from major events invested in <b>(LTP measure)</b>	30 June 2016: \$49m 30 June 2017: \$86m <sup>2</sup> 30 June 2018: \$49m	\$43.7m <sup>3</sup>	\$73.1m		<p>The targets set for these measures are those presented in the 2011 Auckland Major Events Strategy (MES). At the beginning of the year, a deliberate decision was made to maintain these targets despite forecasts showing that they may not be met due to a lower level of major event investment and activity over the year.</p> <p>When measured longitudinally against the targeted outcomes by 2021 articulated in the MES, ATEED has made good progress in the first five years of the 10 year Major Events Strategy (2011/12 to 2015/16) and is approximately 24% ahead of the cumulative target set.</p> <p>The primary reason this target for 15/16 has not been met is the absence of any significant one-off events within the year. In comparison, 2014/15 featured ICC Cricket World Cup, Volvo Ocean Race Auckland Stopover and FIFA U-20 World Cup; while 2016/17 will feature World Masters Games and the British and Irish Lions Tour.</p>
4.5	Percentage of Aucklanders who agree events make Auckland a great place to live (engender pride and sense of place)	30 June 2016: 80% 30 June 2017: 80% 30 June 2018: 80%	73%	79%		<p>Measured via the Auckland Council Annual Residents Omnibus survey of 4,200 Auckland residents. 38% of respondents strongly agreed that events make Auckland a great place to live, while 35% agreed. With the new LTP there was a change in the questionnaire, with a new question relating to events added before this one. This could have influenced how respondents answered. Another factor could be that there have been no significant one off events, (such as ICC Cricket World Cup) this year.</p>
4.6	Visitor nights generated by major events invested in	30 June 2016:170,000 30 June 2017: tbc 30 June 2018: tbc	283,679 <sup>3</sup>	390,000		<p>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 targets will be developed over 2017/18.</p>
4.7	Estimated number of attendees at major events invested in	30 June 2016: 1.57m 30 June 2017: 1.93m <sup>2</sup> 30 June 2018: tbc	1.7m <sup>3</sup>	1.87m		<p>Forecasted total incl. measured and pending results as per comment above at 4.4</p>
4.8	Percentage of customers satisfied with delivered major events <b>(LTP measure)</b>	30 June 2016: 85% 30 June 2017: 85% 30 June 2018: 85%	78%	92%		<p>Average satisfaction rating by respondents attending Tamaki Herenga Waka, Pasifika, Lantern and Diwali festivals. The result is below target. This is potentially due to a range of factors including new research supplier, timing of the Diwali event and a new venue</p>

<sup>2</sup> Target includes the impact of World Masters Games 2017

<sup>3</sup> Forecasted total incl. measured and pending results. Final results for 8 events are pending at the time of writing (18 August 2016).

						for the Lantern Festival.
<b>Building Auckland's Brand and Identity</b>						
5.1	Total visits to <a href="http://www.aucklandnz.com">www.aucklandnz.com</a> (LTP measure)	30 June 2016: 3m 30 June 2017: 3.4m 30 June 2018: 3.8m	3.7m	3.2m		Total visits to <a href="http://www.aucklandnz.com">www.aucklandnz.com</a> between 1 <sup>st</sup> July 2015 and 30 <sup>th</sup> June 2016. Traffic to <a href="http://www.aucklandnz.com">www.aucklandnz.com</a> has again exceeded the target.
<b>Mana Whenua Engagement</b>						
6.1	Percentage Mana Whenua satisfaction with quality of engagement	30 June 2016: Baseline 30 June 2017: =/+ 30 June 2018: =/+	N/A	N/A		<p>It was originally envisioned to measure this new target via the Mana Whenua Kaitiaki Representatives survey conducted annually by Auckland Council. This year was the first time any CCO (incl.ATEED) related questions were included. However it was found that the results are not suitable as a measure for this KPI due to several caveats of the council survey in the ATEED context. Firstly the sample might not include key representatives with whom ATEED has an actual and more extensive engagement/relationship and secondly, that the achieved sample size of n=6 providing ATEED related answers is too small to provide any definitive ratings.</p> <p>ATEED is currently assessing alternative approaches to obtaining robust and relevant information to inform this measure.</p>

## World Masters Games 2017 Limited

World Masters Games 2017 Limited (WMG2017) was incorporated on 19 September 2013 and is a 100 per cent owned subsidiary of Auckland Tourism, Events and Economic Development (ATEED). WMG2017 is responsible for the delivery of the World Masters Games in Auckland and the Waikato in April 2017 (the Games). WMG2017 has its own independent expertise-based board of directors, guided by the Constitution and Terms of Reference put in place by ATEED as shareholder.

WMG2017 leads all aspects of the Games planning, with the exception of leverage and legacy activities which are led by ATEED. Core activities of the organisation include:

Contracting and partnering with the sports organisations and venues to be part of the sports programme for the Games  
Marketing the Games to ensure athlete registration and volunteer application targets are met  
Securing sponsorship and commercial partnerships  
Legal aspects including insurances, risk management and compliance  
Operational delivery of the Games.

WMG2017 is a multi-year project. The major key performance indicators (KPIs) are based on the outcome of the Games and are specified in the Terms of Reference between ATEED and WMG2017. Achieving those KPIs will be the basis on which the performance of the organisation is judged. For this reason, there are no specific annual KPIs. However, the organisation continues to ensure that regular reporting to ATEED, the Ministry of Business, Innovation and Employment (MBIE), and International Masters Games Association (IMGA) reflects appropriate budgetary and financial management, and risk management, and demonstrates progress with the planning of the Games and achieving milestones.

### Outputs and Outcomes

Objectives	Performance measures / indicators
Deliver an exceptional and memorable Games experience for athletes, New Zealanders and stakeholders.	A survey of competitors/participants captures that more than 85 per cent agree that the Games were well organised. A survey of public attendees captures that more than 85 per cent agree that the Games were well delivered and enhanced their pride in the city.
Deliver a balanced budget, achieving revenue targets and demonstrating sound financial management.	A balanced budget. 25,000 athletes and 3,333 non-playing officials and supporters. The direct cost to ATEED does not exceed \$11.75 million and the direct cost to MBIE does not exceed \$11 million. ATEED and MBIE are kept informed of the event's progress.
Ensure the economic benefit from the Games is realised.	Auckland GDP impact meets or exceeds \$30.8 million. <sup>1</sup> Auckland visitor nights exceed 244,000. <sup>1</sup>
Deliver a benchmark Games that strengthens the global masters games movement.	IMGA agrees that Auckland successfully met the obligations of the Hosting Agreement.

<sup>1</sup> The sport venue allocation process has resulted in two venues being located in the Waikato region, resulting in a reduction in the projected Auckland visitor nights of 26,697 (ATEED Statement of Intent 2015-18: Auckland visitor night exceed 250,810) and a reduction in the projected contribution to GDP of \$4.48m (ATEED SOI 2015-18: GDP \$36.16m). There is no impact on the national projections.

### Progress made towards achievement of these objectives during the year ending 30 June 2016

Substantial progress has been made in the past financial year, the most notable achievements being:

- The opening of an athlete registration portal in February 2016 and volunteer registration portal in March 2016 and subsequent flow of registrants and interest from across New Zealand and around the world.
- Successful delivery of the '1 Year To Go' milestone celebrations featuring mall and sports ground activations on 30 April 2016. Coinciding with this, an editorial wrap was created for the *New Zealand Herald* sport section and six regional newspapers.
- Social media audiences reached 30,000 in the year. Website unique visits topped 250,000 against a target of 200,000 for the year.
- Games awareness in Auckland doubled to 24 per cent during the year.
- The announcement of Eden Park as the location for the Opening Ceremony at a '500 days to go' celebration and a summary of how the opening ceremony will bring the unique culture of New Zealand to life in a show that will feature traditional Māori ceremony, cutting edge technology, performances, a tribute to the 28 sports of the Games, and the celebratory athletes march.
- The contracting of Volvo, Mediaworks, QMS and Airbnb as Experience Partners; Fuseport, KPMG and Mighway as Product Partners; and Brian Perry Charitable Trust as a Trust Partner.
- The growth of the WMG2017 team to 40 people, as the operational focus moved from testing to delivery.
- Contracting of a further three competition venues to take the total to 48.
- Development and submission of an application to the Government for the Games to be declared a major event under the Major Event Management Act 2007.
- An evaluation visit was undertaken by the IMGA Director of Sport in December 2015, and the IMGA confirmed its satisfaction with the positive progress being made by WMG217. No immediate issues were identified.

## New Zealand Food Innovation Auckland Ltd (NZFIA)

The vision of Food Innovation Auckland Ltd, trading as **'The FoodBowl – Te Ipu Kai'** is: *"The FoodBowl will be instrumental in the successful growth of ambitious and innovative New Zealand food and beverage companies that are driven to commercialise and export"*.

Located near Auckland's international airport, The FoodBowl is a joint venture between ATEED and Callaghan Innovation, and is a central pillar in Auckland's food innovation ecosystem. Food and beverage manufacturing is the largest manufacturing sector in Auckland (17 per cent of manufacturing enterprises), and is also the largest manufacturing employer in the Auckland region (24 per cent). Food and beverage was the only manufacturing sector in Auckland to increase employment in the decade to 2015. The FoodBowl represents a powerful strategic investment by Auckland Council to support the region's food and beverage sector, which is identified in Auckland Council's *Economic Development Strategy 2012-2022* as a key growth export industry.

The FoodBowl is an integral part of the New Zealand Food Innovation Network, which was set up to support the Government's goal of growing New Zealand's exports to 40 per cent of GDP. Food and beverage exports are almost half of New Zealand's total exports. A strong emphasis on 'adding value to volume' and creating a high-value processed foods export portfolio, through initiatives such as The FoodBowl, is the best way achieve the Government's target.

During the year ended 30 June 2016, The FoodBowl engaged with more than 220 companies on projects, with 90 of these companies further using The FoodBowl to undertake trials or production to validate, commercialise and export their products.

All key performance indicators were exceeded by The FoodBowl, and in client survey, 93 per cent of respondents were satisfied ("agree" or "strongly agree") with their experience at The FoodBowl, with only 4 per cent not satisfied; 70 per cent made connections they believed would be valuable in the future; and 73 per cent believed the FoodBowl was instrumental in accelerating their businesses.

The FoodBowl continues to grow its reputation as a centre for upskilling, from both a technical and business skills perspective, with up to five workshops a month in conjunction with experts in the relevant fields. More than 240 people attended the technical and building business capability workshops at the FoodBowl during the year.

New product development opportunities were promoted to iwi groups, including one of the largest Māori food and beverage clusters in New Zealand – Nuku ki te Puku.

Food and beverage in Auckland is a globally relevant cluster. The FoodBowl aims to maximize this by capitalising on active partnerships with key stakeholders including Callaghan Innovation, ATEED, the Ministry of Primary Industries, NZTE, and New Zealand tertiary institutions to nurture and expand the region's burgeoning food and beverage sector.

# Directory

For the year ended 30 June 2016

## Directors

The Directors as at the year ended 30 June 2016 are as follows:

- David Arnot Williamson McConnell
- Norman John Thompson
- Francesca Banga
- Richard Jeffery
- Danny Chan
- Helen Alison Robinson
- Stuart McCutcheon (appointed 8 July 2015)

## Shareholders

Auckland Council (100%)  
Civic Building, 1 Greys Avenue,  
Auckland, 1010 ,  
New Zealand

## Registered Office

Level 8, 139 Quay Street  
Auckland, 1010  
New Zealand

## Auditors

Audit New Zealand  
Level 6, 280 Queen Street  
Auckland 1140  
New Zealand

## Bankers

Bank of New Zealand  
330 Broadway, Newmarket  
Auckland, 1023  
New Zealand

## Solicitor

Simpson Grierson,  
Level 27, 88 Shortland Street,  
Auckland, 1010 New Zealand

## Registered Company Number

3089625



Friday, 26 August 2016



OPEN AGENDA

6. **FINANCE REPORT**

Barbara Imlach, Chief Financial Officer

## Finance Report, July 2016

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

<b>Summary Income Statement</b>					<b>TABLE 1</b>
<b>For the Period Ended 31 July 2016</b>					\$000's
	Year to Date			Full Year	
	Actual	Budget	Variance	Budget	Last Year
<b>Net operational expenses:</b>					
Business Attraction & Investment	208	196	(12)	3,820	2,549
Destination & Marketing	148	313	165	5,637	5,043
Major Events	347	1,388	1,041	10,349	11,739
Visitor and External Relations	1,151	1,144	(7)	7,932	7,759
Business, Innovation and Skills	603	544	(59)	11,193	9,838
Corporate	582	689	107	10,390	9,088
Additional deferrals				753	
<b>ATEED net deficit</b>	<b>3,039</b>	<b>4,274</b>	<b>1,235</b>	<b>50,073</b>	<b>46,016</b>
World Masters Games 2017 Ltd, net deficit	(390)	465	855	7,319	1,427
<b>Operating deficit before Council funding</b>	<b>2,650</b>	<b>4,739</b>	<b>2,089</b>	<b>57,392</b>	<b>47,443</b>
Approved opex funding	4,677			56,200	46,856
<b>Operating Deficit</b>	<b>2,027</b>			<b>(1,193)</b>	<b>(587)</b>
Capex funding	615			7,385	2,975
<b>Surplus</b>	<b>2,642</b>			<b>6,192</b>	<b>2,387</b>

### Key Points

#### Current month's financial results

ATEED (excluding WMG) is tracking \$1.2m behind budget, with Major Events accounting for \$1m of this variance. Budgeted event sponsorship paid last year is \$0.5m.

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

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

### Budget deferrals

Last year, as part of the change in the governance model, ATEED was allowed to defer project underspend from FY16 to FY17. We had factored \$3.7m of deferred spend into the Annual Plan. At year end, this mix of deferred spend had changed and has resulted in an additional \$0.7m of deferred activities and projects not reflected in these Business Unit budgets. This deferred project activity has been reviewed and approved by ALT and will be incorporated into business unit Q1 forecasts.

### World Master Games

Although we increased our funding to WMG in 2016, our overall funding commitment to World Masters Games remains, as agreed at \$11.75m (including staff secondments). This has resulted in a reduction of funding requirements for 2017.

**ATEED Total net favourable variance of \$1.2m.**

### Destination and Marketing

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

### Major Events

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

### Corporate

July spend \$0.1m behind budget due to vacancies.

### Income Statement

<b>Income Statement</b>					<b>TABLE 2</b>	
<b>For the Period Ended 31 July 2016</b>						
	<b>Year to Date</b>			<b>Full Year</b>		
	<b>Actual</b>	<b>Budget</b>	<b>Variance</b>	<b>Budget</b>	<b>Last Year</b>	
<b>Operational income</b>						
Funding from Government	217	224	(7)	2,013	1,742	
Sponsorship	15	180	(165)	2,212	1,580	
Fees & Subscriptions	266	252	14	493	446	
i-Sites	137	120	17	2,270	2,502	
Sundry income	211	94	117	1,383	1,229	
<b>Total Operating income</b>	<b>847</b>	<b>871</b>	<b>(24)</b>	<b>8,371</b>	<b>7,630</b>	
Staff costs	1,722	1,869	147	22,577	20,728	
Professional fees, consultancy & contractors	379	683	304	8,453	7,004	
Grants & sponsorships	548	1,021	473	6,147	8,739	
Depreciation & amortisation	54	93	40	1,119	591	
Shared services and lease costs	43	44	1	531	2,141	
Occupancy	197	225	28	2,776	2,599	
Travel & entertainment	74	68	(6)	1,685	1,653	
General, admin & other	114	186	72	3,235	2,823	
Advertising, marketing & research	756	954	198	11,169	7,367	
Unallocated deferrals				753		
<b>Total Operating Expenditure</b>	<b>3,886</b>	<b>5,144</b>	<b>1,258</b>	<b>58,444</b>	<b>53,645</b>	
<b>ATEED Net deficit</b>	<b>3,039</b>	<b>4,274</b>	<b>1,235</b>	<b>50,073</b>	<b>46,016</b>	

## Revenue

Overall YTD revenue in line with budget.

Sponsorship income is behind budget due to a lag with funding from Council for the Maori ED program and sundry income is ahead of budget due to stall income from Diwali Festival and the Foodshow, as well as our contra annual rental income for KEA booked in July.

## Expenditure

YTD underspend of \$1.2m across the business, with \$0.5m of this brought forward to 2016. The balance is mainly due to 21 unfilled positions across the business.

**Staff Costs Variance, \$0.15m:** We are currently have 30 vacant positions with 9 of these filled by temp staff or contractors. There are 11 vacancies under active recruitment.

**Professional Services Variance, \$0.3m:** The grant expenditure due for the Volvo Ocean Race of \$0.2m had been budgeted for as professional fees, and remains unpaid as the KPI's have not yet been met.

**Grants and Sponsorships Variance, \$0.5m:** Underspend due to V8 Supercars expense paid last year.

**Advertising and Marketing Variance, \$0.2m:** Underspend due to the timing of work for ACB international marketing for NZICC, and for digital work in Brand and Marketing.

## Summary of major projects

<b>Summary of Major Projects: Spend and/or (Revenue) &gt; 0.5m</b>					<b>TABLE 3</b>
<b>For the Period Ended 31 July 2016</b>					
\$000's					
	Year to Date				
	Actual	Forecast	Variance	Budget	Last Year
<b>Business, Innovation and Skills</b>					
Foodbowl	139	67	(72)	1,000	1,015
GridAKL	107	164	57	2,491	1,557
<b>Major Events</b>					
World Masters Games 2017 leverage	0	10	10	947	36
V8 Supercars	2	438	436	1,442	2,097
NRL 9s competition	(5)	0	5	540	2,868
Lions Tour 2017	0	0	0	1,065	268
Tāmaki Herenga Waka Festival	0	0	(0)	500	514
<b>Total of all Major Events Projects</b>	<b>219</b>	<b>1,195</b>	<b>976</b>	<b>7,972</b>	<b>9,642</b>

- The FoodBowl overspend relates to an over accrual in July. A full year's grant has been provided for in the budget.
- GridAKL underspend due to phasing of budgeted depreciation. This will be corrected in the Q1 forecast.
- V8 Supercars: Budgeted milestone payment in 2016.

## World Masters Games

World Masters Games 2017 Ltd									TABLE 4
Summary Income Statement									
For the Period Ended 31 July 2016									
\$000's									
Month				Year to Date			Full Year		
Actual	Budget	Variance		Actual	Budget	Variance	Budget	Last Year	
637	175	462	Revenue from Activities	637	175	462	6,977	1,616	
333	0	333	Funding from Government	333	0	333	3,655	2,625	
70	0	70	Sponsorship	70	0	70	0	475	
0	0	0	Sundry income	0	0	0	600	610	
<b>1,041</b>	<b>175</b>	<b>866</b>	<b>Total Operating income</b>	<b>1,041</b>	<b>175</b>	<b>866</b>	<b>11,232</b>	<b>5,326</b>	
			<b>Net Operational costs</b>						
260	332	72	Staff costs	260	332	72	4,513	2,621	
258	158	(100)	Professional fees, consultancy & contractors	258	158	(100)	6,903	1,302	
0	0	0	Grants & sponsorships	0	0	0	1,880	695	
9	6	(3)	Depreciation & amortisation	9	6	(3)	70	111	
13	13	0	Occupancy	13	13	0	164	164	
11	24	13	Travel & entertainment	11	24	13	1,023	267	
39	48	9	General, admin & other	37	48	11	3,785	671	
61	61	0	Advertising, marketing & research	61	61	0	966	905	
<b>651</b>	<b>641</b>	<b>(10)</b>	<b>Total Operating Expenditure</b>	<b>651</b>	<b>641</b>	<b>(10)</b>	<b>19,304</b>	<b>6,753</b>	
<b>390</b>	<b>(465)</b>	<b>855</b>	<b>Operating surplus/(deficit)</b>	<b>390</b>	<b>(465)</b>	<b>855</b>	<b>(8,072)</b>	<b>(1,427)</b>	

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

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

- WMG's budget was completed in February, and does not take into consideration the additional funding in 2016. An updated forecast to reflect the revised 2017 position has been requested and we will consolidate into our Q1 forecast.
- We will also look at opportunities via the WMG steering committee, to report on monthly revenue tracking, and provide to the Board once available.
- Overall WMG are predicting the majority of game registration to take place three months prior to the Games, similar to that in Torino and in Sydney.
- The latest WMG reporting notes that risk is considered low across the whole of program, and steps are in place to mitigate against any perceived revenue risks.

## Summary Statement of Financial Position

<b>Statement of Financial Position, ATEED Group</b>		
<b>As at 31 July 2016</b>		
<b>TABLE 5</b>	<b>YTD</b>	<b>\$000's Jun-16</b>
<b>Current assets</b>		
Cash and cash equivalents	1,710	2,024
Receivables and prepayments	12,159	10,714
Other current assets, including iSite inventory	72	80
<b>Total current assets</b>	<b>13,941</b>	<b>12,818</b>
<b>Current liabilities</b>		
	<b>10,966</b>	<b>12,448</b>
<b>Working capital</b>	<b>2,975</b>	<b>370</b>
<b>Non-current assets</b>		
Receivables and prepayments (non-current)	695	697
Property, plant and equipment	5,128	5,098
Investment in Joint Venture, The FoodBow I	2,067	2,067
<b>Total con-current assets</b>	<b>7,890</b>	<b>7,862</b>
<b>Non-current liabilities</b>	<b>253</b>	<b>253</b>
<b>NET ASSETS</b>	<b>10,612</b>	<b>7,979</b>
<b>EQUITY</b>	<b>10,612</b>	<b>7,979</b>
<b>Capex spend</b>	<b>91</b>	<b>Annual Plan Bud \$7.8m</b>
<b>Total commitments (at July 2016)</b>	<b>\$31.5m</b>	<b>\$29.5m</b>

- Receivable and prepayments higher in July than last month, due to timing of intercompany settlement from Council, which is yet to take place.
- Current liabilities lower due to large accruals raised at year end but paid in July.

---

### Recommendation

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

---

### Signatories

Manager: Avika Singh, Finance Manager

GM: Barbara Imlach, Chief Financial Officer

---