

Auckland Tourism, Events and Economic Development

Quarter 3 Performance Report

For the period ending 31 March 2020

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

ATEED Q3 summary

The final two weeks of this reporting period irrecoverably changed the world we operate in, and it is important to note the way ATEED has evolved its programme to address the impact of COVID-19 to support our role as the region's economic development agency.

ATEED is working hard to support recovery across Auckland on a local level. As secretariat to the Mayor's Business Advisory Panel, we are to bring together key leaders from the health, economic and social wellbeing sectors to enable multi-disciplinary decisions to be taken in the context of COVID-19.

As a city we need take a balanced approach that minimises health impacts while maintaining economic and social wellbeing of Aucklanders across the region. We also need to be ready to respond locally to outbreaks.

More tactically, we are developing a 'support local' promotional campaign, an adaptable campaign that local boards, business associations, BIDs and communities could get involved in or use it to enhance local activity they are already doing.

A significant part of ATEED's COVID-19 response is as the government's Auckland delivery partner for the Regional Business Partner Network (RBPN), which supports businesses at a local level. In the past month 533 businesses have received \$1.1m in business advice funding.

In recovery, we will be working on helping redeploy Auckland's workforce, which while regional, has an impact at a local level. We have a project looking at the employment impacts on Maori, Pacific and youth, to inform and seek support from government programmes.

We provide evidence-based analysis and advice to enable Local Boards, Auckland Council teams like the BIDs and ACE teams, and regional partners including TSI & TWI, Tāmaki Regeneration Company and Kainga Ora to deliver impactful local economic outcomes.

We released the Local Economic Overviews for each of the 21 local board areas in March and are now developing recommendations outlining how local boards can most effectively support their local economic recovery in a Covid-19 world.

ATEED Q3 summary

Highlights, issues and risks as at the end of Q3

Highlights:

- **Invest AKL** had its soft launch in early April. It is a dedicated site on the ATEED website to link investable opportunities in key sectors to potential investors as well as provide success stories and resources.
- Launch of **Xlabs Circular Economy Innovation Programme** and delivery of Day's 1-4 of the Xlabs programme with positive feedback from participating businesses, experts and collaborators. Day 4 of Xlabs was delivered largely remotely with the remainder of the programme pivoting to be fully digital.
- The **Tāmaki Herenga Waka Festival** was delivered on 31 January celebrating Tāmaki Makaurau Auckland's Māori heritage. The total attendance was 5952 and unique attendance of 4666 with notable media coverage. The overall customer satisfaction for the festival was 90%.
- In response to COVID-19, **Go with Tourism (GWT)** has formed a new '**Support the Tourism Workforce Strategy**' which aims to help the redeployment of displaced tourism workers and provide guidance to businesses as they navigate the outbreak and, in due course, begin a post-crisis rebuild.
- The **Maori Outcomes 2021 programme** was fully developed during Q3, with programme governance in place.

Issues/risks:

1. COVID-19 – impact on activities
2. COVID-19 – impact on business events
3. COVID-19 – impact on staff
4. AC36 – COVID-19 impact
5. COVID-19 impact on the Visitor Economy
6. AC36 – Summer Festival COVID-19 impact

Financials (\$m)	YTD actual	YTD budget	Actual vs Budget
Capital delivery	0.0	0.1	-0.1
Direct revenue	20.3	16.5	3.8
Direct expenditure	52.6	51.4	-1.2
Net direct	32.3	34.9	2.6

Financial Commentary

- **Capital delivery:** No reportable activity.
- **Direct revenue:** Increased revenue due to commencement of new leases
- **Direct expenditure:** Impacted by changes in events and project resourcing.

Key performance indicators (Refer to page 7 for complete list and detailed commentary)	Previous Quarter	FY 20 Quarter 3			Commentary
		Actual	Target	Status	
KPI1: Contribution to regional GDP from ATEED interventions	\$351.8m	\$351.8m	>\$103m	Met	Results are provisional and based on major event, business event, screen and investment attraction activity and GridAKL activity over June-December 2019. Target has been exceeded but the year end result may be impacted by COVID-19.
KPI2: Number of businesses that have been through an ATEED programme or benefited from an ATEED intervention	1876	1876	3,000	Not Met	Result is based on the period June to December 2019. It has not been possible to collate an updated result to the end of Q3 due to the impact of COVID-19 on business operation.
KPI3: Number of new jobs created, safeguarded or retained in Auckland as a result of an ATEED intervention	3,961	3,961	>1,280	Met	Results are provisional and based on major event, business event, screen and investment attraction activity and GridAKL activity over June-December 2019. Target has been exceeded but the year end result may be impacted by COVID-19.
KPI4: Number of visitor nights resulting from an ATEED intervention	158,994	202,959	370,000	Not Met	Results include major events to March 2020 and business events to December 2019. Given the restrictions placed on travel and mass gatherings as a result of COVID-19, it is now anticipated that the end of year target will not be achieved.
KPI5: Customer satisfaction of customers, partners and stakeholders who have interacted with ATEED	No result to date	No Result	Maintain or grow	N/A	Annual results to be available in Q4 report.

Strategic focus area – Economic Development

Key commentary	Strategic context
<p>For the 9 months to 31 March 2020, total net direct expenditure of \$12.8m was spent on Economic Development against a budget of \$15.2m (including associated operational support costs and excluding depreciation and divestment). Highlights:</p> <ul style="list-style-type: none"> • Creative Industries Strategy 2030: The focus is now on completing the Creative Industries 2030 Plan over the next months. In February the insights phase of the strategy was completed, with the writing and creation phase in full swing. • Season one of Amazon’s series based on <i>The Lord of the Rings</i> commenced filming in February in Auckland. The production is going into early hiatus due to Covid19. The final agreements to complete the long-term licensing agreements with Amazon have been signed. • ATEED supported the premiere of the TVNZ/ American Cable Network’s <i>The Dead Lands</i> action/fantasy series launched at an industry event at TVNZ. <p>Issues/risks: 1. COVID-19 – impact on activities (whole of ATEED risk)</p>	<p>ATEED’s economic development activities include business support, business and investment attraction, local economic development, trade and industry development, skills employment and talent, and innovation and entrepreneurship. The economic growth of the wider economy reinforces Auckland as a destination by creating supply chain opportunities, international links, talent and student attraction, and by making the city attractive to international business events.</p>

Key programme	Status	Description	Outlook
Skills and workforce	On track	Working with employers and the Government to better understand key skill challenges and workforce development needs and enable business to attract the right talent. Partner with Government and training providers to develop pathways for students into the city’s high-value industries.	Youth Employer Pledge on hold but was scheduled and on track for relaunch early April. Hubs closed during Covid-19 lock down. The ATEED-established City Centre Hub reports a total of 491 people into employment and 2092 training outcomes as at 31 March 2020. Site visits, project-based learning and work experience opportunities were being developed with interested employers and schools for pilot implementation by BuildAKL school engagement. This programme is now on hold.
Investment attraction and international partnerships	On track	Attracting high-value business and investment to the city to maximise economic opportunities associated with infrastructure investment for long-term impacts at a local and regional level.	In Q3 there were 86 open investment opportunities at a value of \$7,320.9m. There were three inward delegations in Q3: Fukuoka City representatives in January, Consul and NNR Global Logistics delegation in February, and a delegation from Liverpool (Australia) in March with a focus on health tech and ecosystem development. All new investment activity is now likely to be impacted in the short to medium term; long term projects including new hotels and big box retail clients continue.
Screen Auckland	On track	Screen infrastructure, attraction, facilitation and strategy	There were 153 film permits ¹ issued during the quarter (453 YTD) of which 9 were delayed; 193 enquiries were captured (868 YTD). The four ATEED-managed studios across the Auckland region were all fully licenced. Two Screen Skills and Talent Development programme initiatives in west Auckland were cancelled.
Local economic development	On track	Providing guidance to support local initiatives and focusing future investment on enhancing economic outcomes for south and west Auckland.	YTD figures for Starting Off Right workshops are 135 registrants (8 during Q3). The programme has been paused. Tamaki Regeneration Company was leading the Tamaki Business Support Campaign but instead communications on COVID-19 support were emailed out to businesses. Teu Le Va, the ATEED Pasifika work programme implementation plan underway.
Innovation	On track	Supporting innovation across the Council group and business. Leveraging ATEED’s role to grow Auckland’s innovation ecosystem, including the ongoing development of GridAKL.	Key projects resulting from the Strategic Blueprint refresh now in action. General outreach of GridAKL Innovation campus into other areas such as south Auckland and inner west in action. At the end of Q3 prior to closure due to COVID-19, GridAKL housed 150 resident businesses, 934 individuals; and YTD 486 events have been hosted, with 12,429 attendees, including 97 workshops held at Hatchbox (YTD).
Business growth	On track	An enhanced focus on existing small businesses, raising their capability, encouraging business networking, connecting them to talent and facilitating access to export markets.	COVID-19 has put this teams work at the forefront of ATEED’s visible response. BAU Regional Business Partner Network (RBPN) activity and Customer Experience project now on hold. As of March 20, 691 YTD engaged clients through the programme. The year has seen \$1.14M of NZTE capability vouchers. ATEED’s RBPN services showed high client satisfaction with NPS of +71 (target of +50 and national NPS of +68). A new service began in March to deliver COVID-19 response funding to provide advice and support for business with an initial government fund of \$450K.

¹ For filming in public spaces

Strategic focus area – Destination

Key commentary

For the 9 months to 31 March 2020, total net direct expenditure of \$19.5m was spent on Destination against a budget of \$19.6m (including associated operational support costs and excluding depreciation and divestment). Highlights:

- In February ATEED signed a **two-year partnership with New York & Company** (NYC&Co) aimed at attracting more visitors from our third-largest market. This agreement which includes reciprocal marketing and promotion over two years, launched just as Air New Zealand was preparing to start a new non-stop service between Auckland and New York City in October 2020.
- In response to COVID-19, **Go with Tourism** (GWT) has formed a new **'Support the Tourism Workforce Strategy'** which aims to help the redeployment of displaced tourism workers and provide guidance to businesses as they navigate the outbreak and, in due course, begin a post-crisis rebuild. This new strategy will be cost-neutral and require no additional investment from the IVL.
- The **Tāmaki Herenga Waka Festival** was delivered on 31 January, in partnership with ngā mana whenua o Tāmaki Makaurau (see Contribution towards Māori outcomes section for details)
- The Major Events Production Team have been named as finalists in three categories of the **New Zealand Event Awards**. The finalists are: Auckland Lantern Festival, Auckland Diwali Festival, and ATEED's Simone Pakieto.

Issues/risks: 1. COVID-19 – impact on activities (whole of ATEED risk) 2. COVID-19 – impact on business events

Strategic context

The Destination division supports the sustainable growth of Auckland's visitor economy, so that the region is better off economically, socially and environmentally. We work with industry to influence change and to achieve the goals outlined in the Destination AKL 2025 strategy across our tourism, major events, business events and international education activity. Auckland's visitor economy is an important part of the city's wider economy that underwrites the amenity of the city, making it more attractive to residents and visitors.

Key programme	Status	Description	Outlook
Tourism	On track	ATEED's Tourism team has two key areas of focus: leading and partnering in destination marketing and advocating or co-ordinating in destination management.	Pilot courses took place for Tū Mai, Auckland's refreshed ambassador programme in February to further refine content prior to formal launch, however the programme is now on hold as a result of COVID-19. The Journeys North project in collaboration with Northland Inc saw the Auckland Journeys developed to offer visitors richer and easier journeys to enjoy. This quarter has also included hosting famils from the US, profiling Waiheke for Air NZ's in-flight magazine, and two episodes of <i>Samantha Brown's Places to Love</i> focused on Auckland aired in January at the advertising value of NZ\$2.1m per episode.
Business Events	On track	Sales and marketing activity to grow the value and volume of business events in Auckland, and position Auckland as a premium business events destination.	Auckland is set to host TENCON, the premier international conference within the Institute of Electrical and Electronics Engineers in 2021 and is expected to create 2595 visitor nights and generate more than \$1 million for the economy. ACB is advising that conferences and trade shows may be cancelled or that some delegates are unable to or choosing not to attend. YTD, ACB's business events activity has helped Auckland win 67 future events with a total projected tourism spend of \$19.6m (from 48,401,781 delegate days and 43,986 visitor nights). A total of 256 opportunities have been submitted YTD. with a potential tourism spend value of \$84.4m with 222,793 delegate days and 236,553 visitor nights.
Major Events	On track	ATEED intervenes in the events landscape through strategic influencing, investment in major events, production, activation, leverage and marketing.	Following a discussion with representatives of the local Chinese community ATEED management decided to cancel this year's Auckland Lantern Festival, which resulted from growing concerns within the community as to the timing of the event in relation to the evolving COVID-19 situation. In addition, following discussion at the COVID-19 Cabinet Committee, the Prime Minister contacted the Mayor to request that the Pasifika Festival be cancelled. This decision was made to reduce the risk of the spread of COVID-19 into the Pacific Islands.
International student attraction and retention	On track	Growing Auckland's reputation as an innovative international education hub through ensuring students access high-value tourism services and experiences.	Study Auckland partnered with Northland Inc and shot a series of video content that highlights the unique experiences youth can enjoy in Northland. Study Auckland is developing a new career ready programme in partnership with the New Zealand Rugby Players' Association based around resilience and teamwork. Two sessions were delivered in March and were attended by 31 students from 13 countries. The first of the Career Accelerator sessions were delivered online in March. Session 1: 'Becoming Employable in New Zealand' covered tips and tricks for tackling the New Zealand job market with confidence, application forms, CVs and cover letters, and making a positive impression.

Other Statement of Intent focus areas

Auckland 2021

Despite the uncertainties presented by COVID-19 on 2021 planning, the year still presents significant opportunities as Auckland's biggest planned major events year and can play a critical part in the Auckland recovery plan. The 2021 planning work is currently connected to other areas of ATEED recovery planning to understand the impacts as well as opportunities for the 2021 programme of work. ATEED is leading the development of the CME framework and plans on behalf of Crown and council. Feedback is being sought from the broader workstream prior to presentation to the Joint CE Group for America's Cup in February.

South and West Regeneration

The team has finalised the *Tamaki Employment Precinct Strategy* with the Tamaki Regeneration Company (TRC). As a result of approval at both the ATEED and TRC Boards the project team have commenced implementation of the Strategy.

ATEED and TSI have engaged Stakeholder Strategies (Rick Boven and David Cunliffe) to develop a *South and West youth employment strategy* that will scale successful TSI and grassroots community-led development to achieve scale, measurability and integration into funded central and local government action plans.

A business case for the development of an industry-led Creative Tech Hub in West Auckland is underway.

Auckland investment story: Invest AKL

The Invest Auckland website is *now live*, with a soft launch on 3 April. The site features phase one of InvestAKL including investable opportunities, Auckland investment success stories and contact pages for ATEEDs sectoral investment specialists. Phase two is to be launched in Q4.

The investment specialists are working through the Invest AKL CCO Working Group's project pipelines to determine which ones can be listed on the website as opportunities.

Local Board engagement

A framework for local board engagement was agreed by ALT in November and Auckland Council officers in December. ATEED's External Relations Advisor has begun meeting with local boards on a regular basis, while the Franklin Local Board visited ATEED's Victoria Street office in February and met with management.

The Pop-up Business School Albany event was successfully held in February with 57 registrations. The final event in March in Three Kings has been postponed due to COVID-19. The Starting off Right programme was delivered at Business North Harbour on Wednesday 11 March 2020. 8 people registered. 4 attended.

Contribution towards Māori outcomes

4. Economic Development

The Tāmaki Herenga Waka Festival was delivered on 31 January, in partnership with ngā mana whenua o Tāmaki Makaurau. The one-night spectacular began with a VIP stakeholder event attended by mana whenua, central Government, sponsors, Auckland Council and key Māori stakeholders. The event narrative 'Tāmaki Herenga Waka, Tāmaki Herenga Tangata' came through very strongly in the Land and Water stage performances; and surveys showed extremely high levels of satisfaction by festival attendees.

A panel discussion was held with six Māori designers from The Kāhui Collective. The session provided a platform for the designers to share their journey as a Māori designer in the fashion industry. There were approximately 50 people in attendance from related sectors.

ATEED has engaged with 63 Māori business owners through the Regional Business Partnership Network programme YTD (on target).

A draft feasibility study for a Māori Cultural Centre was completed and has been received by the Mana Whenua Kaitiaki Forum to review.

The Māori Outcomes 2021 Programme was developed during Q3. Recruitment was completed and workstream plans are under development which will leverage the wider Auckland 2021 programme.

Continued engagement with mana whenua to embed mana whenua principles into 2021 narrative, design, and collateral.

Climate Change and Sustainable development

Development of a climate change and sustainability Destination action plan was at early stage discussions on an engagement plan with working groups and industry – but is on hold due to the impacts COVID-19 has had on the tourism industry. There is specific work to be carried out to ensure environmental sustainability recommendations in *Destination AKL 2025* and associated recovery plans are in alignment with ATEED's sustainability framework. Progress has been made on the climate change risk assessment on Auckland's economy but is subject to current budget restrictions. We are working with Council to assess whether we have internal capability and capacity to do this work in-house. Continued progress has been made on preparation for Diamond certification for Toitū Environmental Management System. Early work has begun to compile ATEED's emissions inventory, with the exclusion of Major Events until further notice. Exploration of 'doughnut economics' and other thought pieces to look at sustainable recovery is underway.

ATEED Q3 financials



Direct operating performance

(\$ million)	Notes	FY 19	FY 20 Quarter 3 YTD			FY 20
		Actual	Actual	Budget	Variance	Budget
Net direct expenditure	A	48.7	32.3	34.9	2.7	50.4
Direct revenue	B	17.9	20.3	16.5	3.8	21.7
Fees & user charges		0.6	0.5	0.5	0.0	2.8
Operating grants and subsidies		2.2	3.0	1.9	1.1	2.8
Other direct revenue		15.1	16.8	14.1	2.7	18.3
Direct expenditure		66.6	52.6	51.4	-1.1	72.1
Employee benefits	C	21.5	16.9	18.6	1.7	25.0
Grants, contributions & sponsorship	D	10.9	6.6	5.6	-1.0	9.2
Other direct expenditure	E	34.2	29.1	27.2	-1.8	37.9
Other key operating lines						
AC operating funding		48.7	32.3	34.9	-2.6	50.4
AC capital funding		3.1	0.0	0.1	-0.1	0.2
Vested assets		0.0	0.0	0.0	0.0	0.0
Depreciation		3.1	2.2	2.3	0.1	3.1
Divestment of other assets		1.9	0.0	0.0	0.0	0.0
Net interest expense		0.0	0.0	0.0	0.0	0.0



Financial Commentary

A: Net Direct Expenditure variance to Budget for Q3 YTD is due to changes in the timing of some key activities. Timing of these activities have been reforecast into later months of the financial year as key dates for expenditure are confirmed.

B: Increase in rental revenue higher than previously anticipated due to commencement of new leases.

C: Lower Staff Costs relates to timing of recruitment and various unfilled positions.

D: Overspend of expenditure due to timing of finalising sponsorship contracts, representing a timing change only in this expenditure.

E: Variance primarily relates to lease costs which are offset by the increase in revenue for these leases (*refer B*)

ATEED Q3 performance measures

Key performance indicators	Previous Quarter	FY 20 Quarter 3		Status	Commentary
		Actual	Target		
Note: ATEED has a total of 4 LTP measures among 7 SOI measures. For the three months to 31 March 2020, 2 measures are on track to meeting year-end targets, 2 results have not been met and 3 measures will be available in the Q4 report.					
KPI1: Contribution to regional GDP from ATEED interventions	\$351.85m	351.85m	>\$103m	Met	Results are provisional and based on major event, business event, screen and investment attraction activity and GridAKL activity over June-December 2019. Target has been exceeded but the year end result may be impacted by COVID 19.
Contributory measure: Contribution to regional GDP from major and business events attracted or supported (LP measure)	\$20.4m	\$28.7m	\$52.5m	Not Met	Results include major events to March 2020 and business events to December 2019. Given the restrictions placed on travel and mass gatherings as a result of COVID 19, it is now anticipated that the end of year target will not be achieved.
KPI2: Number of businesses that have been through an ATEED programme or benefited from an ATEED intervention (LTP measure)	1,876	1,876	3000	Not Met	The reported result is based on the period June to December 2019. It has not been possible to collate an updated result to the end of Q3 due to the impact of COVID 19 on business operation. A final result will be available in Q4 report.
Contributory measure: Number of Māori businesses that have been through an ATEED programme or benefitted from an ATEED intervention (LTP measure)	190	190	120	Met	The reported result is based on the period June to December 2019. It has not been possible to collate an updated result to the end of Q3 due to the impact of COVID 19 on business operation. A final result will be available in Q4 report.
KPI3: Number of new jobs created, safeguarded or retained in Auckland as a result of an ATEED intervention	3,961	3,961	>1280	Met	Results are provisional and based on major event, business event, screen and investment attraction activity and GridAKL activity over June-December 2019. Target has been exceeded but the year end result may be impacted by COVID 19.
KPI4: Number of visitor nights resulting from an ATEED intervention (LTP measure)	158,994	202,959	370,000	Not Met	Results include major events to March 2020 and business events to December 2019. Given the restrictions placed on travel and mass gatherings as a result of COVID 19, it is now anticipated that the end of year target will not be achieved.
KPI5: Customer satisfaction of customers, partners and stakeholders who have interacted with ATEED	No result to date	No Result	≥77%	N/A	Annual results to be available in Q4 report.