

Auckland Unlimited

Quarter 3 Performance Report

For the period ending 31 March 2021

This report outlines the key performance of Auckland Unlimited, which includes regional facilities, economic development and visitor economy-related activities and investments

Auckland Unlimited (AU) Q3 summary

Highlights, issues and risks as at the end of Q3

- The America's Cup World Series Auckland and Prada Cup ran successfully from January 15 to March 17, with ETNZ being the victor against challenger Luna Rossa Prada Pirelli. More than 450,000 visitors travelled to the America's Cup Race Village during race days from December 2020, including more than 195,000 people across the five days of the 36th America's Cup Match, when crowds were permitted.
- Under the move to Level 3 in late February, Auckland Unlimited had to close venues and offices once again. Filming stopped across the film studios. The Auckland Live and Stadium's teams were forced to postpone and cancel events, including Auckland Arts Festival shows, Fringe Town and Outerfields. Further, Lantern Festival, due to be held from 4-7 March, was cancelled as it could only be delivered at Alert Level 1. 60-75,000 visitors were forecast to attend.
- Excellent attendance and media reviews continued for Toi Tū Toi Ora: Contemporary Maori Art this quarter, with Toi Tū Toi Ora Satellite works at Britomart successfully reaching non-traditional Gallery-goers.
- Several community events were offered as part of Summer in the Square, including America's Cup screenings. There were several sold-out Bill Bailey performances, and we saw the return of festivals, including the Beacon Festival and Auckland Art Fair at Queens Wharf.
- Conventions experienced increasing business confidence, with contracted future events growing. Events included an eight-day America's Cup hosting at The Cloud, and the 2021 AXIS Advertising Awards at Shed 10.
- The Spotless school lunches programme started operating from North Harbour Stadium's kitchen in February. The L.A.B concert held at Mt Smart in March was a resounding success for the promoter and patrons, with a sell-out crowd of 17,000.
- The Zoo experienced excellent visitation figures in January (95,605), the second highest on record despite no international visitors. Zoo staff successfully hatched and reared four Galapagos tortoises, 17 cobble skinks (increasing the global population by 30%) and, for the first time in a decade, successfully hatched and hand-reared a tāra iti (fairy tern), New Zealand's rarest and most endangered bird. The siamang gibbons were successfully introduced to the Aerial Pathways.
- Along with several America's Cup events, exhibitions and activations, NZ Maritime Museum's western wall mural was completed, the largest mural in New Zealand.

Issues/Risks:

- The resignation of the Auckland Art Gallery Māori Art Curator sparked conversations among staff and Māoridom about decisions on Māori art and the culture at the Gallery, with resulting negative media coverage and ongoing staff concerns.
- These issues are not unique to the Gallery, and are being addressed through ongoing cultural discussions, working closely with PSA and recruiting for senior, Māori-focussed appointments.

Key Performance Indicators:

- Out of a total of 22 KPIs, 14 KPIs have been met, 5 KPIs results are not available this quarter or have not yet been set, 3 KPIs have not been met.

Financials

| Financials Combined (\$m) | YTD actual | YTD budget | Actual vs Budget |
|---------------------------|------------|------------|------------------|
| Capital delivery | 29.3 | 38.6 | (9.3) |
| Direct revenue | 57.7 | 52.7 | ↑ 5.0 |
| Direct expenditure | 120.1 | 137.6 | ↓ 17.5 |
| Net direct expenditure | 62.5 | 84.9 | ↓ 22.5 |

Financial Commentary

Capital delivery: The Auckland Unlimited capital programme for the period ended 31 March 2021 delivered \$29.3m of works.

Net direct expenditure: The \$22.5m favourable variance reflects the receipt of unbudgeted central government grants and delayed programmes expenditure some of which is now expected to be incurred in Q4 and FY22.

Strategic focus area – Economic Development

| Key commentary | Strategic context |
|--|---|
| <p>For the 9 months to 31 March 2021, total net direct expenditure of \$10.4m spent on Economic Development against a budget of \$16.1m (includes associated operational support costs and excludes depreciation and divestment). Highlights:</p> <ul style="list-style-type: none"> The move to Alert Level 3 caused disruption for screen productions creating significant work and pressure for the film facilitation team. Screen activity remains at very high levels stretching the team resources. Auckland Unlimited funding for the Tāmaki Innovation Hub was released in March 2021 spearheading the Tāmaki Regeneration Company innovation initiative. The second Auckland’s Future, Now business summit will be held 14 May. | <p>Auckland Unlimited’s Economic Development division supports the growth of quality jobs. The division does this by working with industry across business support, business, talent and investment attraction, workforce and sector development. The COVID-19 response focussed on SMEs support, plus convening various sectors to develop a recovery plan for Auckland. The health of the economy reinforces Auckland as a destination creating international links and driving international investment.</p> |

| Key programme | Description | Outlook |
|---|---|---|
| Skills and workforce | 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 to develop pathways for high-value industries. | The Pacific Skills Shift (PSSI) initiative, named Project Ikuna is progressing well, with recruitment complete, and contracts for micro-credentials with education providers underway. A pilot is to begin imminently for the digital foundations micro-credential. The Sustainable Business Council (SBC), partner for the first pilot, released a video on digital platforms of the Sanford Pilot. A Youth Employment Networking Event due for late February was cancelled as a result of the raising of Covid Alert Levels during the month. |
| Investment attraction and international partnerships | 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. | The Auckland Unlimited led MIQ steering group continues to lead the voice of Auckland business in advocating for increased places in MIQ for critical workers and the development of more critical worker exemption classes, including investors. Costco USA has now been given consent by the OIO office to acquire 2.7ha of land at Westgate to build a \$100m retail warehouse business, a 750-car carpark and petrol station. Ikea are in final negotiations for a site location in Auckland and Decathlon has now commenced trading in Auckland. New investment inquiries continue to grow on the back of Covid success with six new material investment clients. For FY21, the investment team has supported 7 investment deals with a total value of \$297.5m and an attributed deal value of approx. \$60m - creating and estimated 245 jobs. |
| Screen Auckland | Screen attraction, infrastructure, facilitation and talent | Screen production is busy with 776 film permit applications and 549 enquiries YTD. Two new international productions began early pre-production, as well as returning seasons of 3-4 international TV series due next quarter. The AKL Film Studio Expansion delivery programme is on track and on budget. The feasibility study into the establishment of a screen infrastructure fund is underway and is to be completed by May 2021. The Screen Creative Careers Research is complete with external partner funding received from The NZ Film Commission and Screen Wellington. |
| Local economic development | Providing guidance to support local initiatives and focusing future investment on enhancing economic outcomes for south and west Auckland. | The South Auckland Drury Land Use study engaged with a wide range of stakeholders including Auckland Council, Kāinga Ora, Ministry of Housing and Urban Development, NZTE and developers in Drury. The Stakeholder Forum event was held in March with over 80 attendees and the study is gaining wide ranging support. Three cross-council and stakeholder workshops were delivered in March to inform the Flexicity project scope and next steps. Two Pop-Up Business School events were delivered. |
| Innovation | Supporting innovation. Leveraging our role to grow Auckland’s innovation ecosystem, including the ongoing development of GridAKL. | GridAKL Q3 stats - 140 resident businesses, 795 individuals; and 292 events have been hosted with 15,622 attendees YTD. Premises were closed for 10 days due to changes in Alert Levels. A deal with a potential new tenant at 12 Madden Street/Level 5 has not proceeded. The high-level Project Workplan around the Tamaki Innovation Hub is now complete. |
| Business growth | A focus on existing small businesses, raising their capability, encouraging business networking, connecting them to talent and facilitating access to export markets. | The Business team has delivered NZTE capability and COVID-19 vouchers worth \$16.3m YTD (usual annual target of \$1.7m). 4295 new client registrations have been achieved to date and demand continues for RBP services. Promotion of business advice for tourism businesses has continued given government funding for that sector. The RBP Management Capability fund is nearing completion with no more funds till 1 July for SMEs. An EMEX Business Support Hub/Trade Show was cancelled, however AU, Callaghan Innovation, XPO and Beca are producing a one-day event that will bring the best of the EMEX seminar to manufacturers. |

Strategic focus area – Destination

| Key commentary | | Strategic context |
|--|--|--|
| <p>For the 9 months to 31 March 2021, total net direct expenditure of \$17m was spent on Destination activity against a budget of \$26.1m (including associated operational support costs and excluding depreciation and divestment). Highlights:</p> <ul style="list-style-type: none"> At the end of March, Tourism Minister Stuart Nash attended the Destination AKL Industry Leaders Group meeting to discuss a range of topics that are impacting our industry including quarantine-free travel and destination management. Summernova Festival series provided great entertainment for Aucklanders and visitors to the region this summer, with a stellar line-up of more than 20 events spreading the benefits of hosting the 36th America's Cup throughout the region. The programme consisted of food and wine festivals, live music, arts and cultural showcases, sporting events and more. FIFA announced that Auckland has been awarded the opening match of the FIFA Women's World Cup 2023. Communications confirming the structure and application process for the Regional Events Fund were shared with our major and business events industry to access support through the contestable funding categories. The Go with Tourism team are preparing for the five flagship GWT Careers Expos across New Zealand, launched a 360 VR experience in schools at the beginning of term, and aired the first two episodes of The Itinerary in 2021. | | <p>Normally, the Destination division supports the sustainable growth of Auckland's visitor economy, so that the region is better off economically, socially and environmentally. Post COVID-19 the Destination division sees its role as a facilitator and partner with industry and government to support the recovery and re-activation of Auckland's visitor economy through the implementation of the Destination AKL Recovery Plan.</p> |
| Key programme | Description | Outlook |
| Tourism | Auckland Unlimited's Tourism team has two key areas of focus: leading and partnering in destination marketing and advocating or co-ordinating in destination management. | Joint partnership marketing campaigns launched with neighbouring regions. Marketing campaign activity with Hamilton Waikato began 22 March, while the Northland campaign activated in late March. The Auckland episode of Travel Guides aired Thursday 25 March on TVNZ with both city and regional product included as well as an Auckland Unlimited event. Promoting Auckland's Iconic Eats continued in the second half of the quarter. Support for Tourism New Zealand's, "Do something new, New Zealand campaign" continued with the urban leisure travel campaign in January and the next instalment running from 19 April until 6 June, aimed at empty nesters and couples. |
| Business Events | Sales and marketing activity to grow the value and volume of business events in Auckland, and position Auckland as a premium business destination. | Auckland Convention Bureau's (ACB) business events opportunities supported YTD March FY20/21 have resulted in 43 wins, with a future total impact estimated value of \$14.4m, generating 10,323 visitor nights from a total of 10,323 attendees. The estimated visitor spend of these opportunities is \$12.9m. As at end of March 2021, ACB has accumulated a total of 147 opportunities which were won for Auckland which will take place until 2027. ACB is currently discussing 98 "Active Potential" opportunities with identified clients who have a genuine interest in bringing a business event to Auckland. |
| Major Events | Auckland Unlimited intervenes in the events landscape through strategic influencing, investment in major events, production, activation, leverage and marketing. | Q3 events included Tāmaki Herenga Waka Festival (23 January, 7,500 attendees, 93% customer satisfaction), Buzz Festival (Matakana, 14 February), Pride Party (27 February), Auckland Arts Festival, (extended from 4 March-11 April), Splore Festival (postponed to 26-28 March), and as part of the Summernova Festival series – L.A.B. (27 March, Mt Smart Stadium) and Island Time on Motutapu (27-28 February). Auckland Lantern Festival was set to be held on 25-28 February but was unfortunately postponed due to Auckland's change in Alert Levels, and then cancelled for the second year in a row. Pasifika Festival was delivered at Western Springs on 10 and 11 April 2021, after a postponement from March. |
| International student attraction and retention | Growing Auckland's reputation as an innovative international education hub through ensuring students access high-value tourism services and experiences. | Be Kiwi launched in December 2020 and is a digital led generator for over 60 Auckland tourism and volunteer providers, enabling Auckland students to discover unique destination experiences that connects them with the values, culture and people of New Zealand. The Autumn campaign - Bring Back The Awesome - launched in February, aimed to increase bookings for key Auckland attractions and raise awareness for Be Kiwi. The campaign exceeded KPIs around reach, link clicks and book now clicks. |

Strategic focus area – Stadia

Key commentary

For Q3 ending 31 March 2021, a total of \$2.7m has been spent towards stadia against an allocated FY21 capital budget of \$5.6m.

Highlights

1. **Western Springs Stadium:** All programmed works at Western Springs Stadium have been completed.
2. **Mount Smart Stadium:** The upgrade of the #1 turf to a Hybrid system is almost complete. Key upgrades to the grandstand seats and conversion of static advertising hoardings to a digital solution have been placed on hold pending long term Stadium Planning. General facilities renewals works and planning for FY22 continue.
3. **North Harbour Stadium:** The FY21 Capital Programme is centred around investigation and remedial works to the main grandstand roof which was delayed from FY20 due to COVID along with some minor renewal works. A new \$1.8m project to upgrade office accommodation for FIFA and New Zealand Football has been approved by the board and is due for completion by Q1 2022.

Issues/Risks

1. There are no significant risks associated with the delivery of the FY21 Stadiums Programme. The placement of the digital advertising and seat renewal programme on hold means that delivery of the full Stadiums budget will not be achieved however some of the funding can be reallocated across the wider portfolio.

Strategic context

Much of Auckland's network of stadia are aging and do not respond to the evolving interests of Aucklanders, including the growth of interest in a wider range of sports.

Auckland Unlimited is working to improve the amenity and health and safety standards in the stadia under its stewardship, in order to improve their financial sustainability and provide better facilities for both community sports activities and professional sports teams and their fans. Auckland Unlimited also aims to provide venues to support Auckland's emerging sports.

| Key programme of works | Status | Description | Outlook |
|---|----------------|---|--|
| Mount Smart Renewals Programme | Delivery Phase | A programme of minor renewals and infrastructure upgrades | Progressing well |
| North Harbour Stadium – main stand roof renewal | Plan Phase | To evaluate and renew the main grandstand roof | Initial investigations have identified more complex issues than previously anticipated meaning further investigation is required. The impact is that remediation works are unlikely to commence until FY22 |
| Western Springs Stadium renewals | Close Phase | Completed | |

Strategic focus area – Auckland Zoo development

Key commentary

For Q3 ending 31 March 2021, a total of \$8.9m has been spent at Auckland Zoo against an allocated FY21 budget of \$15m.

Highlights

1. The South East Asia Jungle Track project continues on budget with a planned completion date of November 2021.
2. The Tiger, Otter and Swamp forest habitats remain under construction.
3. In addition to the SEAJT Project, a \$7m programme of Infrastructure and General Renewals is planned for this financial year and is currently underway.
4. The Te Puna Café, The High Canopy Aerial Pathway and the staff quarters in the Tiger Care facility are all now open.

Issues/Risks

There is potential for future disruptions by Covid-19 to labour and materials and the additional time and costs associated with these delays.

Strategic context

Auckland Unlimited is continuing with development of a world-class zoo and wildlife conservation facility by addressing aging infrastructure at Auckland Zoo and long-term under-investment through a phased programme of works.

These works constitute essential renewals aimed at ensuring Auckland Zoo meets the modern standards of animal welfare, visitor amenity, wildlife exhibition and health and safety obligations.

Key programme of works

| Key programme of works | Status | Description | Outlook |
|--------------------------------------|----------------|---|---|
| South East Asia Precinct development | Delivery Phase | Redevelopment of the central area within the Zoo to provide modern standards of housing and care for the Zoo's South East Asian species, and new catering facilities for zoo visitors | The revised delivery programme developed post COVID19, is meeting planned timelines and cost to complete estimates. |

Strategic focus area – Aotea precinct development

Key commentary

For Q3 ending 31 March 2021, a total of \$9.4m has been spent against an allocated FY21 budget of \$14.6m

Highlights

1. The Weathertightness improvement phase of the Aotea Centre Refurbishment Programme is progressing at a steady rate and scheduled to be completed in August 2021. This revised completion date means a budget deferral of \$1.75m is now required.
2. In parallel to the main building works, construction has started on the Herald Theatre which is due for completion slightly later in September 2021.
3. Construction of the decorative façade treatment is underway off-site and elements will start to be installed in May through to August 2021.

Issues/Risks

The remaining risk is around programme and allowing for events and performances. At this stage completion dates are based around known events but new bookings may result in an extended programme to The Herald Theatre.

Strategic context

The refurbishment and further proposed development and expansion of the Aotea Centre are aimed at creating a vibrant cultural and civic centre for Auckland focussed on the Aotea Square precinct and as part of a wider Aotea Arts Quarter.

This will include a significantly upgraded and expanded Aotea Centre and integrated Aotea Square, providing a home for the development and presentation of performing arts in Auckland.

| Key programme of works | Status | Description | Outlook |
|------------------------|----------------|--|---|
| Aotea refurbishment | Delivery Phase | The first significant refurbishment of the 30-year-old Centre, aiming to upgrade foyer and functions spaces and address long-standing weather-tightness issues | Internal refurbishment works are complete. Exterior weathertightness works are scheduled for completion in Q1 FY22. |

Other Statement of Intent focus areas

Local board engagement

- Representatives have fed into and participated in the Council-led CCO Engagement Plan review workshops, and the Elected Member survey workshops.
- Local board-specific newsletters have continued to be published and are being adapted to include the broader Auckland Unlimited content.
- Staff have engaged with Local Boards on the development of their locally driven initiatives work programme for local economic development and continues to deliver the current year's programme on behalf of local boards.
- The Local Board Engagement Managers of the former RFA and ATEED jointly presented to the Franklin Local Board as Auckland Unlimited, which was well received.
- Auckland Stadiums hosted the Maungakiekie-Tāmaki Local Board at Mt Smart Stadium in late February. The board were interested in the long-term plans for Mt Smart.
- The Albert-Eden and Waitemātā Local Boards were taken on a site visit to Auckland Zoo and shown the South East Asia Jungle Track and were provided information about the conservation work the zoo is currently working on.
- Nick Hill spoke to the Waitemātā Local Board and the Local Board Chairs' Forum about the strategic direction for Auckland Unlimited.
- A meeting was held with the Devonport-Takapuna Local Board to report on plans for the Bruce Mason Centre.
- The Directors of Auckland Zoo and Auckland Stadiums talked with the Waitemātā Local Board about the ongoing issues and plans for the Western Springs precinct.
- Attendance and input into workshops are ongoing by the Manager Local Board Engagement in relation to the Auckland Council Local Board Services aspects of the CCO review.

Climate Change and Sustainability

- Phase 1 of the Auckland Economy Climate Change Risk Assessment (ECCRA) has been finalised. The insights report has been posted and distributed to media agencies. Phase 2 of this work builds on the findings of phase 1, and it is done in collaboration with AECOM and Whetu Consultancy Group. In phase 2, we will assess sectors not covered in Phase 1 and engage with businesses to further identify climate risk and adaptation and transition actions. We have held workshops with stakeholders from the Food and Beverage and Screen sectors in March and will continue with Advanced Manufacturing and Technology, Construction, Visitor Economy sectors in April. As part of this work, climate risk will be identified and assessed for Māori businesses through desktop analysis and a series of interviews. A draft report has been developed and the interviews will continue with Māori businesses in April.
- Work continues on Destination AKL Recovery Plan action #14 to develop evidence base-research and recommended next steps. AUT's New Zealand Tourism Research Institute (NZTRI) has been commissioned to provide a report that investigates the social impacts and opportunities for the visitor economy. This report is titled 'Towards Sustainability: Strengthening community dimensions of Auckland tourism'. Griffith University has been commissioned to provide a report to understand tourism emissions and what recommended mitigation actions are needed, as well as the opportunities of transitioning to a low carbon economy.
- Toitū Carbonzero certification for the Lantern Festival was not completed. Prior to the cancellation of the event, during procurement we planned for this scenario and since transferred the certification to the Diwali Festival at no further cost. An inception meeting to define the next steps will take place in April.
- Auckland Unlimited has completed its first draft Taskforce on TCFD pro-forma to be combined with the Auckland Council Group's TCFD pro-forma and sent to Audit NZ on 12th April. We are engaging with external consultants to support a climate risk assessment for Auckland Unlimited's assets and services as part of the TCFD process.
- Auckland Unlimited has contributed to Auckland Council Group's full submission on the Climate Change Commission (CCC) draft advice on the first three emission budgets and emission reduction plan for the government. A memo was sent to Chief Executive, Nick Hill and his level 2 managers to address this matter, our organisation's input and the next steps.
- The ex-RFA operations of Auckland Unlimited recently underwent third party carbon emissions auditing and was successful in retaining its status Toitū carbon reduce certification. The audit report cited:
 - *"...RFA meets the requirements of Toitū carbon reduce certification having measured its greenhouse gas emissions in accordance with ISO 14064-1:2006 and committed to managing and reducing its emissions in respect of the operational activities of its organisation..."*

Other Statement of Intent focus areas

Contribution towards Māori outcomes

- The draft Māori Outcomes Plan for Auckland Unlimited commenced, completion of this work is due by the end of June 2021, for Board approval. The new plan will need to consider the new SOI of Auckland Unlimited and the updated Kia ora Tāmaki Framework from Council.
- Recruitment commenced for Auckland Zoo's Maturanga Māori Learning Facilitator
- Completion and continued development of the 20 initiatives related to the Toi Tū Toi Ora Exhibition continued. Specifically, public programmes, a permanent Te Ao Māori family trail in place, artist led talks and workshops, bilingual tours and the completion of the digitisation of the exhibition into Te Reo, English and Mandarin.
- RFPs commenced for phase of the bilingual signage project for the Auckland Town Hall and Civic Building
- Staff capability development continues with a range of free Te Reo language and cultural etiquette courses across Auckland Unlimited.
- Te Matatini planning meetings have been attended in preparation for hosting the national event in February 2022.

Māori Outcomes – AKL 2021

- **AC36:** Te Pua was held on the weekend of 13/14 March, to coincide with the first weekend of AC36 racing. This was a showcase of Māori art, craft, music and kai in Silo Park. There were 13 Māori vendors – employing about 50 staff at marketplace. The activation was a significant milestone in the Māori Outcomes programme calendar, delivering on a number of key KPIs to support Mana Whenua and Māori businesses in Tāmaki – particularly in a COVID environment.
- **Best of Māori Showcase:** The Best of Māori showcase was due to be held on 04 March at the Maritime Museum, however due to Auckland being in lockdown, the event has been moved to 22 April. This will be a showcase of Māori businesses that are internationally renowned or have aspirations to be globally recognised. The showcase will be designed in collaboration with Mana Whenua. Invitations have been sent out and RSVPs are tracking well. The event will have a digital presence as well.

Māori business

- **Māori Business Clinics:** The 1:1 Māori Business Clinics were restarted in March.
- **Quarterly Māori business eDM:** The Panui was sent to more than 1500 Māori businesses in Tāmaki. The eDM had an excellent performance open rate of 46.7 per cent (industry standard is 20-30 per cent).
- **Kokiri Māori Business Accelerator:** The Business team and GridAKL team have formed a partnership with Te Wananga O Aotearoa to support the delivery of Kokiri 2021. Applications close in April, with delivery through to August.
- **One-to-many Māori business workshops:** Early scoping of programme of workshops to deliver to the needs of Māori businesses as identified in the *RBP Next Steps survey* of 171 Māori businesses.

Arts & Culture Strategy

- Auckland Live, in partnership with PANNZ, delivered the 2021 PANNZ Digital Arts Market – the first-ever hybrid New Zealand arts market. This is an annual performing arts industry event and the sole marketplace for performing arts in New Zealand. Nearly 300 delegates from around the world participated to connect with 80-plus artists and companies.
- The next phase of Auckland Live's digital content plan, Auckland Live Connect, will provide vital support to the live performing arts sector to make the transition to digital and hybrid presentation, engaging with audiences, new business models and international markets. The team has applied for funding to the Ministry of Culture and Heritage Cultural Sector Capability Fund alongside two other Auckland Unlimited projects: the established screen business sector accelerator programme and creative commercial essentials.
- NZ Maritime Museum rolled out a very successful pilot programme for a Māori Cultural performance through January and February.
- Auckland Live, in partnership with the Commercial and Growth team, launched an Auckland-based hotel initiative: an online toolkit containing copy, imagery, and video content to promote major shows happening in Auckland Live venues.

Auckland investment story: Invest AKL

One of the objectives of the project was to enable us to target opportunities that deliver our strategic objectives for Auckland. These strategic objectives include sustainability-based solutions for the region; Māori and Pacific economic impact; south and west Auckland-located investment; climate change solutions; priority sectors such as Technology, Green Economy, Building and Infrastructure, and Food & Beverage. To achieve this, we have developed a set of investment criteria that prioritises which investable opportunities and international investors we spend our time on.

- Through our CCO working group and strategic partner collaboration, we have compiled 35 investable opportunities across our five focus sectors of Building and Infrastructure, Technology, Food and Beverage, Green Economy and Tourism. A soft launch of the website to promote these globally was achieved on time and on budget in March 2020.
- Since soft launch we have continued Phase 2 of the project, developing the scalability of the project in readiness for our successful international marketing campaigns to be launched in July this year. We are adding virtual data room capability to allow international investors secure access to investable company financial information and digital due diligence capability to allow us to quickly build bespoke video content that mirrors the real-life due diligence inspections that international investors would otherwise come to Auckland in person to do. These elements have also further enabled our team. We have added fresh content and made it dynamic so it responds to investors' specific self-identified needs. This will make the site even more user friendly and internationally competitive.

We have developed in-house design capability that enables us to produce high quality, bespoke investment proposals, brochures and sales material for each investable opportunity and tailored to each investor's requirements.

Consolidated Auckland Unlimited financials

Direct operating performance

| (\$ million) | Notes | FY20 | FY21 YTD | | | FY21 |
|-------------------------------------|----------|--------------|--------------|--------------|-------------|--------------|
| | | Actual | Actual | Budget | Variance | Budget |
| Net direct expenditure | A | 89.3 | 62.5 | 84.9 | 22.5 | 114.0 |
| Direct revenue | B | 83.5 | 57.7 | 52.7 | 5.0 | 68.0 |
| Fees & user charges | | 34.9 | 16.4 | 16.6 | (0.2) | 23.5 |
| Operating grants and subsidies | | 12.8 | 19.5 | 11.1 | 8.4 | 15.7 |
| Other direct revenue | | 35.8 | 21.8 | 25.0 | (3.2) | 28.8 |
| Direct expenditure | C | 172.8 | 120.1 | 137.6 | 17.5 | 182.0 |
| Employee benefits | | 74.3 | 55.7 | 60.1 | 4.4 | 74.6 |
| Grants, contributions & sponsorship | | 8.6 | 5.9 | 10.8 | 4.9 | 13.1 |
| Other direct expenditure | | 89.9 | 58.5 | 66.7 | 8.2 | 94.3 |
| Other key operating lines | | | | | | |
| AC operating funding | | 83.6 | 69.9 | 84.8 | 14.1 | 114.0 |
| AC capital funding | D | 75.9 | 29.3 | 38.6 | 9.3 | 50.3 |
| Holiday Act remediation payments | | 2.0 | - | - | - | - |
| Capital Grants paid to RFA Partners | D | 1.7 | 0.7 | - | (0.7) | - |
| Living wage payment | | - | 0.4 | - | (0.4) | - |
| Depreciation | | 38.3 | 28.4 | 28.2 | (0.2) | 38.8 |
| Donated Artworks | | - | 1.7 | - | (1.7) | - |
| Net interest revenue | | 0.6 | 0.2 | 0.1 | 0.1 | 0.2 |

Financial Commentary

A: The \$22.5m favourable variance reflects the receipt of unbudgeted central government grants and delayed programmes expenditure some of which is now expected to be incurred in Q4 and FY22.

B: Direct revenue favourable variance is due primarily to receiving unbudgeted central government grants however this has been partially offset by cancelled events and venues closures due to lockdowns.

C: Direct expenditure favourable variance due primarily to a tight control over expenditure in response to COVID-19. This has included reprioritisation and rephasing of programmes to focus on recovery activities across the Auckland Unlimited workstreams. Some programme expenditure deferrals are timing related and are expected to be incurred in Q4, however further expected merger related costs will need to be deferred to FY22.

D: Capital funded grants are below budget due to COVID-19 delays, with costs to be incurred in Q4 and some deferrals to FY22.

Outlook:

COVID-19 and APTR related risk to revenues and Gross Margin over the upcoming April to June period still have the potential to adversely impact on Auckland Unlimited performance, as demonstrated by the recent lockdowns. Unbudgeted merger costs have not yet been quantified. Opportunities to carry funding forward into FY22 are being investigated.

Auckland Unlimited Q3 performance measures

Out of a total of 22 KPIs, 14 KPIs have been met, 5 KPIs results are not available this quarter or have not yet been set, 3 KPIs have not been met.

| LTP Key performance indicators | 2020/21 Q2 -Result | FY 20 Quarter 3 | | | Comments |
|---|------------------------------|-----------------|--------------------|-------------------------------|---|
| | | Q3 Actual | Annual Target | Achieved? | |
| Provide experiences and opportunities for all | | | | | |
| The number of people who experience Regional Facilities Auckland's arts, environment and sports venues and events** | 858,151 | 1,249,170 | 1,800,000 | Not met (COVID 19 impacts) | The COVID-19 lockdown resulted in all Auckland Unlimited venues closed from 13 August during Alert Level 3 which has impacted visitors. |
| The net promoter score for Auckland Unlimited's audiences and participants** | 55 | 55 | 20 | Met | |
| Percentage of Auckland residents surveyed who consider that Auckland Unlimited programmes, events and exhibition enrich their lives** | Not measured This quarter | 75% | 70% | Met | |
| Number of people experiencing Auckland Unlimited's free or subsidised programmes, events and exhibitions | 496,739 | 1,016,060 | Baseline to be set | Met | |
| Number of people who experience Auckland Unlimited's outreach programmes** | 495 | 1013 | Baseline to be set | Met | |
| Auckland Unlimited website and social media following (number of visits/followers)** | 2,459,618 | 3,127,827 | Baseline to be set | Met | Actual result includes visitors to the various websites under the Auckland Unlimited brands. |
| Number of programmes contributing to the visibility and presence of Māori in Auckland, Tāmaki Makaurau** | 43 | 88 | 14 | Met | |
| Number of school children who attend Auckland Unlimited's schools programmes** | 40,353 | 69,140 | Baseline to be set | Met | |
| Value of capital improvements to Auckland Unlimited venues** | \$17.5m | \$30.2m | \$38.5m | Not met | Capital project work will be completed to budget later in the financial year. |
| Number of staff hours on conservation activities at Auckland Art Gallery, Auckland Zoo and NZMM** | 7,745 | 10,831 | Baseline to be set | Met | |
| Percentage of operating costs funded through non-rates revenues** | 51% | 50% | 42% | Met | |

*These KPIs represent Q1 (this year) results

** These KPIs represent final last year results

| LTP Key performance indicators | 2020/21 Q2 -Result | FY 20 Quarter 3 | | | Comments |
|--|-----------------------|-----------------|--|----------------|---|
| | | Q3 Actual | Annual Target | Achieved? | |
| Driving Investment into Tāmaki Makaurau Auckland and support Auckland businesses to innovate and thrive | | | | | |
| Value of central government investment into Auckland facilitated by Auckland Unlimited* ¹ | \$33.3m | \$34.3m | \$20m | Met | Result to date reflects \$16.3m of COVID-19 vouchers through RBP programme, \$17m through the Regional Events Fund and \$1m STAPP funding |
| Attributable value of private sector investment secured over the year* | NA | \$59.2m | \$100m | NA | Based on the attributable value of 7 deals secured to date |
| The contribution to regional GDP from major events and business events attracted or supported (LTP measure)* | \$1.56m | 2.95m | \$66.5m - original target \$25m - Targets Revised in Q1- 2020 ² | NA | Based on major event results available to date. Does not include business event results to date. |
| Number of businesses that have been through an Auckland Unlimited programme or benefited from an Auckland Unlimited intervention* | 5,584 | 6038 | 3,000 | Met | YTD results have already exceeded the yearly target due to the increased demand for RBP due to COVID-19. |
| Customer satisfaction of customers, partners and stakeholders who have interacted with Auckland Unlimited* | 91% | 92% | 85% | Met | Based on 109 Interaction and Relationship surveys completed year to date |
| Tell the Auckland Story | | | | | |
| Number of visitor nights resulting from an Auckland Unlimited intervention (LTP measure)* | 18,395 | 30,380 | 435,000 – original target 125,000 Revised ¹ | NA | Based on major event results available to date. Does not include business event results to date. |
| Uptake of Auckland Play-Book and associated brand assets from aucklandnz.com brand hub* | N/A | N/A | Baseline to be set | NA | Benchmark will be set at the end of FY2020/21 |
| Provide experiences and opportunities for all | | | | | |
| Number of Māori businesses that have been through an Auckland Unlimited programme or benefitted from an Auckland Unlimited intervention* | 460 | 571 | 120 | Met | YTD results have already exceeded the yearly target due to the increased demand for RBP due to COVID -19. |
| Climate change and sustainability | | | | | |
| Auckland Unlimited delivered events (Diwali, Lantern, Pasifika and Tāmaki Herenga Waka Festivals)* • Diversion of landfill waste No. events achieve Carbon Zero* | NA | 82% 0/4 | 70% 1/4 | Met Not Met | Landfill diversion target achieved at Tamaki Herenga Waka Festival. Pasifika results not available at time of reporting. Carbon Zero not achieved due to cancellation of Lantern Festival |
| Carbon emission reductions (year-on-year % change)** | NA | NA | Baseline to be set | NA | |

1 Includes contracted central government grants and funding directly to AUCKLAND UNLIMITED, administered by AUCKLAND UNLIMITED and directly to activity facilitated by AUCKLAND UNLIMITED in the year that it occurs

2 Targets were originally set in 2018 and have been revised down to reflect the impact of COVID-19 on international travel, the subsequent suspension of the APTR and the impact of the delay in the opening of the NZICC. The revised targets are based on the assumption that international borders will not open in full for the duration of FY 2020/21

CCO review implementation

Context

Q3 implementation progress

ATEED – RFA Merger

On December 1 2020, ATEED and RFA formally merged to become Auckland Unlimited. Key achievements over Q3 in subsequent to the merger included:

- Over Q3 and beyond, Auckland Unlimited staff will work with Ernst and Young on the target operating model for Auckland Unlimited.
- The design of Auckland Unlimited future operating model, that will enable the organisation to achieve its goals is being developed.
- Needs analysis and initial research being completed on suitable engagement tool to roll out across whole of Auckland Unlimited to seek wider and consistent view and feedback from our people.
-

Other Actions

- In addition, Auckland Unlimited staff have been inputting into a range of other recommendations, including the development of the CCO Statement of Service Performance, and recommendations relating to local board interactions.

Outlook

ATEED-RFA Merger and Transition Update:

Key merger related milestones include:

- Target operating model work with EY close to completion
- Next steps include consulting with Executive team with the proposed structure and operationalising the changes.
- Further structure changes will be rolled out in FY 21/22