

# Auckland Tourism, Events and Economic Development

## Quarter 2 Performance Report

**For the period ending 31 December 2019**

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

# ATEED Q2 summary

## Highlights, issues and risks as at the end of Q2

### Highlights:

1. A **new partnership between the Ministry of Social Development and ATEED** will capitalise on the social and economic development opportunities that will come from screen sector growth in the Auckland region. The partnership will grow the screen sector workforce, in partnership with an industry advisory group.
2. **Go with Tourism** officially launched in Queenstown in October and in Northland in December, reaching more than 300 businesses for the first time. Northland is the 3<sup>rd</sup> region that is now live, another significant milestone on GWT's path to becoming a nationwide programme.
3. **36<sup>th</sup> America's Cup (AC36)** is moving to a focus on event delivery and leverage and legacy, with ATEED becoming central to the implementation, and the AC36 programme office and budget moving to ATEED.
4. The **Digital Strategy Reset** is being socialised with staff, ALT, and board members. Recommendations included further investment to raise ATEED's digital maturity, establishment of a product and content development process, a digital governance group and a contestable fund for digital development.
5. **The Auckland Playbook** version one is available for use by Auckland residents and businesses. Resident / business workshops to rollout the playbook are being scheduled for March.

### Issues/risks:

1. There were no significant health and safety issues during the quarter.
2. The World Surfing League, managing the 'reputational risks' and the 'On Water Spectator' areas for AC36, and the Cruise Infrastructure Dolphin Mooring are the most significant risks for this quarter.

Financials (\$m)	YTD actual	YTD budget	Actual vs Budget
Capital delivery	0.0	0.1	-0.1
Direct revenue	14.3	10.4	3.9
Direct expenditure	35.1	33.3	-1.8
Net direct	20.8	22.9	2.1

### Financial Commentary

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

Key performance indicators (Refer to page 8 for complete list and detailed commentary)	Previous Quarter	FY 20 Quarter 2			Commentary
		Actual	Target	Status	
KPI1: Contribution to regional GDP from ATEED interventions	No result	\$351.85m	Grow	Met	Results are provisional and based on major event, business event, screen attraction, investment attraction and GridAKL activity over June-Dec 2019.
KPI2: Number of businesses that have been through an ATEED programme or benefited from an ATEED intervention	823	1876	3,000	Met	62% of the target achieved at end of Q2. On track to meet year-end target.
KPI3: Number of new jobs created, safeguarded or retained in Auckland as a result of an ATEED intervention	No result	3,961	Grow	Met	Results are provisional and based on major event, business event, screen attraction, investment attraction and GridAKL activity over June-Dec 2019.
KPI4: Number of visitor nights resulting from an ATEED intervention	3,959	158,994	370,000	Met	Major Event results are on track to reach targets by end of FY 19/20. To date 21 of 42 events have been evaluated. Result does not include Business Event impacts to date.
KPI5: Customer satisfaction of customers, partners and stakeholders who have interacted with ATEED	No result	No Result	Maintain or grow	N/A	Annual results to be available in Q4 report

# Strategic focus area – Economic Development

## Key commentary

For the three months ended 31 December 2019, the total net direct expenditure of \$8m was spent on Economic Development against a budget of \$10.6m (including associated operational support costs). Key highlights include:

- ATEED's *Pathway to Productivity Insights* paper was published during the quarter, which explores Auckland's productivity and growth opportunities.
- The **GridAKL programme** received an independent economic impact assessment, demonstrating evidence of the ongoing value being delivered. In addition, the strategic blueprint for GridAKL has been refreshed to cover the 2020-23 period.
- The first 19 companies were confirmed for New Zealand's inaugural **circular economy lab, XLabs** in December. Founded by Auckland company Circularity and in partnership with ATEED, the participating companies will bring a business sustainability problem they want to solve.
- **The Power of Inclusion Summit**, presented by New Zealand Film Commission and The Walt Disney Studios, and supported by ATEED, took place on 3-4 October. The event explored themes of representation, inclusion and belonging in the screen landscape. Speakers included Prime Minister Jacinda Ardern, award-winning director Niki Caro, Heperi Mita, and Geena Davis.
- **Creative Industries Strategy 2030** – 7 hui and more than 40 interviews took place as ATEED works with industry to develop a shared strategy. The focus is on screen, music and inclusivity.

**Issues/risks:** Auckland perceived as not film-friendly due to film permitting issues, and H&S at the studios (including managing asbestos) remains at medium risk level.

## Strategic context

ATEED's economic development activities include business support, business and investment attraction, local economic development, sector development, skills employment and talent, film attraction and facilitation, 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.

Programmes	Status	Description	Outlook
Skills and workforce	On track	Partners with employers and the government to understand and address their current and future skills and workforce needs. Partner with Government and training providers to develop pathways for students into the city's high-value industries.	The Auckland Smart Move Q1-Q2 campaign resulted in 2,126 tech and construction job applications from high-skilled offshore migrants. Since inception, The City Centre Jobs and Skills Hub has led 432 people into employment and had 2,076 training outcomes as at November. Forty schools and construction employers attended the BuildAKL school engagement programme launch during Q2.
Investment attraction / 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.	The second Migrant Investors & Entrepreneurs Association event was held in December, with a third planned for February. The Q2 delegation to Fukuoka with GeoAR Games has led to a potential pilot. A digital network upgrade was initiated at three film studios during the quarter, improving Auckland's post-production/VFX sector.
Screen Auckland	On track	Screen infrastructure, attraction, facilitation and strategy	There were 180 film permits <sup>1</sup> issued during the quarter (300 YTD); 274 enquiries were captured, (675 YTD) including 23 low-impact conditions. The four ATEED-managed studios across the Auckland region are all fully utilised. ATEED made a submission in November to the national Screen Sector 2030 strategy, outlining the issues and opportunities for Auckland.
Local economic development	On track	Providing guidance to support local initiatives and focusing future investment on enhancing economic outcomes for south and west Auckland, working with Pānuku, Auckland Transport, Auckland Council (TSI, The West Way) and local boards.	YTD figures for Starting Off Right workshops are 127 registrants (62 during Q2). Activity has been proposed in response to the recommendations of the Employment Land Research report, including development of employment land profiles and monitoring implementation of the Unitary Plan.
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.	AUT X Challenge and Flux 2019 were delivered with targets exceeded. At the end of Q2, GridAKL housed 147 resident businesses, 940 individuals; and YTD 241 events have been hosted, with 6289 attendees, including 56 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.	More than 470 YTD engaged clients through the Regional Business Partner (RBP) Network Programme. The year has seen \$874,493 of NZTE capability vouchers and \$2.6m of Callaghan Innovation R&D grants issued (170% of target). ATEED's RBP services show high client satisfaction with NPS of +64 (target of +50 and national NPS of +68).

<sup>1</sup> For filming in public spaces

# Strategic focus area – Destination

## Key commentary

For the three months ended 31 December 2019, the total net direct expenditure of \$12.8m was spent on Destination against a budget of \$12.3m (including associated operational support costs). Key highlights include:

- **Go with Tourism (GWT)** launched in its second and third regions – Queenstown in October and in Northland in December, now reaching more than 300 businesses nationally. GWT was a finalist at The Tourism New Zealand Awards and received a commendation for innovation from the Economic Development New Zealand Awards.
- **Destination AKL 2025 – Industry Leaders Group** continues to meet on a regular basis. The November meeting provided an opportunity for the group to discuss the implications of the fire at the New Zealand International Convention Centre. From the meeting, a Working Group was established with the aim to strongly convey that Auckland remains an open and viable business events destination.
- The **Auckland WeChat Mini Program** was officially launched in Guangzhou in November, providing a community-focused digital solution for Auckland’s Chinese-speaking community to share their local knowledge, favourite things to do and experiences around the region with their overseas-based families, friends and other locals in China in a real time, live chat environment.
- **Auckland Diwali Festival** was successfully delivered on 12 – 13 October. Approximately 65,000 people attended, up 9% from an estimated 59,990 in 2018. The festival had more than 40 food stallholders, more than 50 hours’ live entertainment and more than 200 performances.
- The 2022 return of **The Ocean Race** (formerly The Volvo Ocean Race) to Auckland was confirmed on 5 December.
- ATEED led the cross-council implementation of the **New Year’s Eve coverage**, with positive feedback received.

**Issues/risks:** The World Surf League Piha Pro; cruise infrastructure; AC36; and the full implications from NZICC fire delays to be determined.

## 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.

Programme	Status	Description	Outlook
<b>Tourism</b>	<b>On track</b>	ATEED’s Tourism team has two key areas of focus: leading and partnering in destination marketing and advocating or co-ordinating in destination management.	An investment case for increased focus and funding for the Australian market was endorsed by the Destination Committee and subsequently approved by the ATEED Board in January. The November domestic spring campaign ran across multiple platforms with a heavy weighting towards digital. The Australian short break campaign ran from October to November. The campaign generated increases in incremental flight bookings. Tū Mai, Auckland’s revamped Ambassador Programme, is on track to launch in March following pilot courses.
<b>Business Events</b>	<b>On track</b>	Sales and marketing activity to grow the value and volume of business events in Auckland, and position Auckland as a premium business events destination (by Auckland Convention Bureau).	The Auckland International Business Events Advisory Group 2019 Auckland visit was held from 21 to 24 October. The visit focused on workshops specific to the expertise of the international advisors. YTD, ACB’s business events activity has helped Auckland win 59 future events with a total projected tourism spend of \$18.5m (from 44,781 delegate days and 42,176 visitor nights). A total of 222 opportunities have been submitted YTD, with a potential tourism spend value of \$79m with 189,685 delegate days and 202,034 visitor nights.
<b>Major Events</b>	<b>On track</b>	ATEED intervenes in the events landscape through strategic influencing, investment in major events, event production, activation, leverage and marketing.	The first application rounds for <i>Elemental AKL 2020</i> and the National Programme ran all through October; 22 and 12 applications were received for the programmes respectively. The first application round for the AC36 Summer Festival closed in November with eight applications being received.
<b>International student attraction and retention</b>	<b>On track</b>	Growing Auckland’s reputation as an innovative international education hub through Study Auckland interventions, ensuring students access high-value tourism services and experiences.	103 students from 22 nationalities and 7 institutions attended the Get Into Nature – Hauraki Gulf Marine Park Series. This programme was well-received with a 97% satisfaction rate. A spring activation campaign on Instagram was run to get more students off-campus to experience Auckland. The University of Auckland decided to invest \$100,000 in the Global Talent Programme. Study Auckland has a funding agreement with the university to cover development of a digital employability solution for international students.

## Other Statement of Intent focus areas

### Auckland 2021

ATEED and the Auckland region are gearing up to host one of the most significant major events years in the region's history. The 36<sup>th</sup> *America's Cup (AC36)* is moving to a focus on event delivery and leverage and legacy, with ATEED becoming much more central to the implementation, with the AC36 programme office and budget moving from the Council to ATEED.

The Council programme management, ATEED AC36 event delivery, APEC2021 staff and other seconded staff from the Council group plan to relocate to a dedicated office by March 2020, with a view to streamline and focus the delivery efforts for 2021. In support of these changes, Nick Hill is now chair of the Joint Chief Executives Group (JCEG). Steve Armitage has taken over ATEED's seat on JCEG.

As well as these two events, there are a series of other major events which ATEED is investing, and/or delivering over the course of 2021.

- Royal NZ Yacht Squadron 150 Anniversary – various, throughout the year
- Auckland Art Fair (TBC)
- Tāmaki Herenga Waka Festival (TBC) (Co-branded with AC36)
- Te Matatini (Feb)
- Lantern Festival (Feb)
- ICC Women's Cricket World Cup (Feb/March TBC)
- Pasifika (March)
- World Surf League (March)
- 17th Men's World Softball Championship (June TBC)
- Elemental AKL festival (July)
- Rugby World Cup (Jul-Aug)
- NZ Fashion Week (August)
- Diwali Festival (Oct)
- APEC related events (Food Security/Snr officials Aug/Sep – Women and the Economy (Sep)
- APEC Leaders' Week (Nov)

A strategic campaign has been created with the agency Stanley St: "2021: A year like no other is calling", inspired by tomokanga and karanga. The creative idea is being woven into key ATEED campaign activity starting with the 2020 New Year's Eve broadcast, and Tāmaki Herenga Waka Festival.

### Contribution towards Māori outcomes

- ATEED supported a Product Development Workshop with Ngā Iwi o Tāmaki Makaurau (a collective of iwi focusing on tourism opportunities) providing insights on the visitor industry in Auckland and wrap-around support. The objective was for each iwi to develop a tourism product or add to existing tourism products to develop a strong base of Māori tourism experiences in Tāmaki Makaurau, thereby creating a legacy for each iwi group.
  - ATEED has developed a new Tourism Innovation Partnership fund to streamline funding investments and support the growth of the tourism industry in Tāmaki Makaurau. Within the Māori Tourism Development programme, this funding has been made available to iwi, hapū, marae, Urban Māori Authorities and Māori Tourism collectives to apply for during the 2019/20 financial year (pilot). Ngai Tai ki Tamaki/Te Haerenga have been awarded partnership funding which will be used to develop and promote walking and e-bike tours on Rangitoto and Motutapu.
  - ATEED and other stakeholders including NZTE, Callaghan and TPK began working towards increasing Māori business owner participation and engagement in business support programmes. Workshops and training opportunities to create pathways for Māori businesses will be launched at the end of January, with a different sector focus each month. In November, a workshop for Māori businesses with high growth ambitions was delivered by SPRING using its newly developed D/srupt platform.
  - In-depth engagement with mana whenua for the feasibility study for a Māori Cultural Centre has been undertaken and the report and recommendations are expected to be ready in February. This work will also consider the City Centre Master Plan work so that the recommendations can be viewed within a more complete picture.
  - ATEED has engaged with 51 Māori business owners through the Regional Business Partnership Network programme YTD (on target).
  - A series of two-day animation workshops for rangatahi were delivered in south and west Auckland high schools by Nikora Ngaporo and the Young Animators team. Participating schools included Hoani Waititi Kura Kaupapa, Papakura and Manurewa high schools, and Sir Edmund Hillary College. An optional tour of Department of Post post-production facility was also included as part of the programme.
- Organisational effectiveness (internal)**
- ATEED's updated Māori Responsiveness Plan was presented to the Board in November. The governance and management structure for Māori outcomes is in place, with the Head of Māori Outcomes & Relationships appointed and the Strategy Specialist (Māori Economy) role being recruited.
  - The Auckland 2021 Māori Outcomes Programme is in progress with a team and workstreams being developed during December and January. Regular engagement with the Mana Whenua Kaitiaki Forum on the programme work streams continues.

### **Auckland 2021 continued**

A programme of work with a 2021 delivery focus is underway which aligns to the Mayor's key 2021 priorities: Creativity, Sustainability and Inclusion. The programme utilises existing events and new initiatives to build momentum and excitement in 2021 and communicate a city in celebration in 2021 with a key focus on ATEED's strategic drivers of brand value and economic wellbeing.

### **Climate Change and Sustainable development**

An ATEED working group has been formed to work together to develop our sustainability and climate programme under the emerging *climate change and sustainability framework*. This will foster collaboration across Economic Development and Destination work streams and will gain buy-in and build momentum for implementation. The next meeting in February will focus on measures and indicators. The first draft of the climate change and sustainability framework for ATEED has been socialised.

There are two key actions that ATEED is playing a significant role in:

ATEED is facilitating and leading development of a Climate Innovation Ecosystem/Hub.

Council is working on developing a Circular Economy roadmap for council and the CCOs, and then ATEED will collaborate with council to lead the city-wide Circular Economy Roadmap (including business and community dimensions).

ATEED is developing a climate change and sustainability action plan for the Destination division. The action plan aligns with Te Tāruke-ā-Tāwhiri, Destination AKL 2025 strategy and other relevant commitments such as NZ Tourism Sustainability Commitments. This will be based on a robust evidence base in areas of emissions, social and ecological impacts. The action plan will be developed with governance from field experts, a select working group and industry workshops to check and challenge in collaboration with ATEED. The desired output will be a set of 11-12 key actions which both Destination business units and industry can activate.

*XLabs*, the circular economy design programme, received 40 registrations of interest prior to closing on 15 November. 19 businesses have confirmed their participation in the labs to date, including Foodstuffs, Fletcher Building, HEB Construction, Harrison Grierson, Haka Tourism and EV Maritime.

ATEED is working with Toitū Envirocare (formerly Enviromark Solutions) towards achieving Toitū CarbonReduce certification. This certification helps ATEED to accurately measure its greenhouse gas emissions and put in place strategies to manage and reduce impacts. In addition to CarbonReduce, ATEED is working on Diamond level certification from its current Gold level for its Environmental Management System (EMS). ATEED is closing the gaps in its Gold Certification to ensure a step up in the certification process.

### **Local Board engagement**

Two *Business Sustainability Kick Start group workshops* were held on 6 November (Albert-Eden) in Mt Albert YMCA and 7 November (Waitemata) at ATEED. The workshop topics included transport solutions, energy and carbon footprint. The 20 draft Action plans have been completed.

The *first PopUp Business School event* for 2019/20 in Manukau closed on 6 December. The event was successful with about 50 participants. Participant registrations for the Albany and Three Kings events in early 2020 have commenced ahead of the events being actively promoted.

### **South and West Regeneration**

The Tāmaki Regeneration Company (TRC) is commencing the procurement process for the master planning of Neighbourhood 7, which will enable TRC to consider the infrastructure required to attract new businesses into the *Tāmaki Employment Precinct (TEP)*. ATEED and TRC have begun working towards delivery of the business support campaign in March 2020. ATEED is also due to receive a report on the feasibility for an innovation hub in Tāmaki.

Phase two of the Unleash the Potential of South Auckland approach is underway as part of the Manukau Collaborative. Key members of The Southern Initiative (TSI) and ATEED had a workshop session in December to advance working collaboratively alongside the anchor institutions.

ATEED and TSI's 2020 focus is on the following economic development initiatives that build and enhance growth, mana and sustainability; He waka eke noa (procurement), Te Haa o Manukau (co-working and programmes for entrepreneurs), the Manukau Jobs and Skills Hub, creative industries and investment attraction.

GridAKL continues to provide funding and support to Te Haa o Manukau through the community coordinator, business support, advertising, events and programmes, including the Tukua programme for Māori entrepreneurs delivered by Ngahere Communities.

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

The Invest AKL project is now in full swing with first phase delivery on target for early Q4. The Invest AKL CCO Working Group met for the first time on 11 December. A Terms of Reference will be written with a Stakeholder Charter (Governance) to follow in late February.

The digital platform and operation will showcase Auckland investment opportunities of scale through to investable business options.

## ATEED Q2 financials



### Direct operating performance

(\$ million)	Notes	FY 19	FY 20 Quarter 2 YTD			FY 20
		Actual	Actual	Budget	Variance	Budget
<b>Net direct expenditure</b>	<b>A</b>	<b>48.7</b>	<b>20.8</b>	<b>22.9</b>	<b>2.1</b>	<b>50.4</b>
<b>Direct revenue</b>	<b>B</b>	<b>17.9</b>	<b>14.3</b>	<b>10.4</b>	<b>3.9</b>	<b>21.7</b>
Fees & user charges		0.6	0.4	0.4	0.0	2.8
Operating grants and subsidies		2.2	1.8	1.3	0.5	2.8
Other direct revenue		15.1	12.1	8.7	3.4	18.3
<b>Direct expenditure</b>		<b>66.6</b>	<b>35.1</b>	<b>33.3</b>	<b>-1.8</b>	<b>72.1</b>
Employee benefits	<b>C</b>	21.5	11.2	12.5	1.3	25.0
Grants, contributions & sponsorship	<b>D</b>	10.9	5.8	4.7	-1.1	9.2
Other direct expenditure	<b>E</b>	34.2	18.1	16.1	-2.0	37.9
<b>Other key operating lines</b>						
AC operating funding		48.7	20.8	22.9	-2.1	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	1.5	1.6	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 Q2 YTD is due to changes in the timings of some key activities. Timing of these activities has moved into later months.

**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 milestone payments made earlier than expected for various events, 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 Q2 performance measures

Key performance indicators	Previous Quarter	FY 20 Quarter 2		Commentary	
		Actual	Target		
<b>Note: ATEED has a total of 4 LTP measures among 7 SOI measures. For the three months to 31 December 2019, 6 measures are on track to meeting year-end targets and 1 measure has no results to date.</b>					
<b>KPI1: Contribution to regional GDP from ATEED interventions</b>	No Result	\$351.85m	>\$103m	<b>Met</b>	Results are provisional and based on major event, business event, screen attraction, investment attraction and GridAKL activity over June-Dec 2019. Target has been exceeded, with the result being dominated by the securing of the first two series of the Amazon Lord of the Rings television series announced within the period.
Contributory measure: Contribution to regional GDP from major and business events attracted or supported (LP measure)	\$390,226	\$20,435,914	\$52.5m	<b>Met</b>	Major Event results are on track to reach targets by end of FY 19/20. 21 of 42 events have been evaluated. Result does not include Business Event impacts to date.
<b>KPI2: Number of businesses that have been through an ATEED programme or benefited from an ATEED intervention (LTP measure)</b>	823	1,876	3000	<b>Met</b>	62% of the target achieved at end of Q2. On track to meet year-end target. Results include businesses that have been through or benefitted from business support (including the Regional Business Partner Network programme) GridAKL, film permits, major events investment/facilitation, tourism/advocacy and Study Auckland activities.
Contributory measure: Number of Māori businesses that have been through an ATEED programme or benefitted from an ATEED intervention (LTP measure)	72	190	120	<b>Met</b>	158% of the target achieved at end of Q2. Results include Māori businesses that have been through or benefitted from the Whāriki Māori Business Network, RBP programme, tourism and major events interventions.
<b>KPI3: Number of new jobs created, safeguarded or retained in Auckland as a result of an ATEED intervention</b>	No Result	3,961	>1280	<b>Met</b>	Results are provisional and based on major event, business event, screen attraction, investment attraction and GridAKL activity over June-Dec 2019. Target has been exceeded, with the result being dominated by the securing of the first two series of the Amazon Lord of the Rings television series announced within the period.
<b>KPI4: Number of visitor nights resulting from an ATEED intervention (LTP measure)</b>	3,959	158,994	370,000	<b>Met</b>	Major Event results are on track to reach targets by end of FY 19/20. 21 of 42 events have been evaluated. Result does not include Business Event impacts to date.
<b>KPI5: Customer satisfaction of customers, partners and stakeholders who have interacted with ATEED</b>	77%	No result to date	≥77%	<b>N/A</b>	Annual results to be available in Q4 report.