



Auckland
Tourism, Events and
Economic Development 
An Auckland Council Organisation

Annual Report

For the year ended 30 June 2017



*Front cover image:
Kumeu Film Studio*

Contents

	Page
<u>Introduction</u>	
Statement from the Chairman	4
Statement from the Chief Executive	5
Directors' Report	7
Independent Auditor's Report	11
<u>Highlights for 2016/17</u>	
Build a culture of innovation and entrepreneurship	15
Attracting business and investment	17
Grow and attract skilled talent	19
Growing the visitor economy	21
Building Auckland's brand and identity	24
<u>Financial statements</u>	
Statements of comprehensive revenue and expenses	27
Statements of changes in equity	28
Statements of financial position	30
Statement of cash flows	31
<u>Notes to the financial statements</u>	
1 General information	33
2 Summary of significant accounting policies	34
3 Significant judgements and estimates	41
4 Service and other revenue	42
5 Other gains/(losses)	42
6 Personnel costs	42
7 Other expenses	43
8 Income tax expense/(benefit)	43
9 Imputation credit account	43
10 Cash and cash equivalents	44
11 Debtors and other receivables	44
12 Inventories	44
13 Property, plant and equipment	45
14 Intangible assets	48
15 Other financial assets	49
16 Payables and accruals	49
17 Employee entitlements	49
18 Derivative financial instruments	50
19 Provisions	50
20 Investment in other entities	50
21 Contributed equity	51
22 Reserves and accumulated funds/(losses)	51
23 Reconciliation of net surplus/(deficit) after tax to net cash inflow from operating activities	52
24 Commitments and operating leases	52
25 Contingencies - assets & liabilities	53
26 Related party transactions	53
27 Remuneration	53
28 Events occurring after the balance date	54
29 Financial risk management	54
30 Capital management	61
31 Variances against financial targets in the Statement of Intent (SOI)	61
<u>Statement of Service Performance</u>	
ATEED Performance Measures – Annual Result	64
Key Performance Indicators for Auckland Tourism, Events and Economic Development Limited	64
World Masters Games 2017 Limited	73
New Zealand Food Innovation Auckland Ltd (NZFIA)	74
<u>Directory</u>	75

ATEED DELIVERS FOR AUCKLAND



Build a culture of innovation and entrepreneurship

100+

participation at IDEAS Starter and DigMyIdea Maori Innovation Challenge

70

innovative businesses in GridAKL, Wynyard Quarter



Attract business and investment

\$341m

new GDP from foreign direct investment and screen production deals

Launched the
27ha

Kumeu Film Studios



Grow and retain skilled talent

3,500+

youth attracted to #BuildAKL and JobFests

1,300+

students engaged in Lion Foundation Young Enterprise Scheme



Grow the visitor economy

\$76m

new GDP from major events portfolio investment

Contributed to
2.6m

international visitor arrivals

[See ATEED's Statement of Service Performance on p64 for ATEED's achievements against 24 key performance indicators]

Statement from the Chairman



David McConnell

Chairman

This is an unprecedented time of growth in Auckland – one which is providing myriad opportunities for Auckland Tourism, Events and Economic Development (ATEED) to work with partners to drive direct investment into our region, to attract global talent, grow employment pathways into our globally competitive industries, and unlock the potential of our Māori economy.

ATEED is determined to embrace challenges and change. In a world where cities are increasingly the drivers of trade and investment, it's important to understand what we need to do today to achieve our mandate as the region's economic growth agency – but even more important to understand what we will need to be in five years and beyond.

The past year has seen the board and senior leadership team focus on ensuring that ATEED has the right capability to allow us to evolve as required, and to keep delivering great outcomes and value for Auckland.

Ultimately, ATEED's role is to be a catalyst; to intervene in, and support, crucial industries and sectors for Auckland – particularly where the market is not optimising the region's performance. We recognise the need to be crystal clear about how we will enter and exit those interventions.

Our five strategic pillars represent our focus in driving Auckland's needs and the economy and reflect Council's expectations. The pillars are: 'build a culture of innovation and entrepreneurship'; 'attract business and investment'; 'grow and attract skilled talent'; 'grow the visitor economy'; and 'build Auckland's brand and identity'.

GridAKL, the city's innovation precinct at Wynyard Quarter is thriving and this year's opening of two key ATEED-led initiatives – the globally connected AR/VR Garage in Eden Terrace which already has about 20 innovative Auckland tenant companies, and the superb Kumeu Film Studios screen production facility – further demonstrated our ability to work with industry and government partners to stimulate investment into Auckland and create an environment in which innovation can thrive.

Over the past few years, ATEED has publically stated our intention to further reduce our dependence on general rates to fund the work we do. We are already starting to see our strategies pay off – the 16 per cent of revenue from other sources we generated in 2013/14 has risen to about 26 per cent this financial year.

To keep growing that proportion of external funding, we are exploring new ways to significantly grow alternative revenue streams. We recognise that effective partnership with the public and private sector is key to this imperative – as is the need for our business model to reflect the complexity and expectations that new stakeholder groups bring.

Mayor Goff's targeted rate to fund Auckland's development of the visitor economy – which was announced and approved by Council's Governing Body in the 2016/17 year – will be a crucial component of external funding for ATEED's future activities, and take the percentage of revenue from other sources to 45 per cent.

It is important that we continue to market Auckland as a destination and support what is now a \$7.6 billion annual visitor economy. The work we do with partners today is aimed at ensuring we have a pipeline of high-value visitors years down the track – a crucial element of Auckland’s ongoing drive for investment, jobs and overall prosperity.

We will work closely with the hotel industry and Council to implement effective governance structures to assist with the targeted rate process, and to deliver continued strong results for Auckland through priority tourism development activities.

Since our inception, we have established solid relationships with many government agencies and ministries with a focus on tactical, project-based work. This year, we instigated a programme to increase our effective engagement with central government agencies at a more strategic level.

We mapped where our Statement of Intent connects with the aims of the Government’s business growth agenda, resulting in three interdependent focus areas which would most benefit from a partnership approach: business attraction; talent; and trade.

These areas became the core focus of a series of positive meetings held in Wellington this year with government agencies. We signed a Memorandum of Understanding with key international partner New Zealand Trade & Enterprise – an example of a more strategic senior relationship with government agencies which will lead to better economic outcomes for both Auckland and New Zealand.

In November, I was delighted to welcome Mike Taitoko – one of New Zealand’s most dynamic tech entrepreneurs and leading strategists on Māori economic development – to the ATEED Board.

Mike’s outstanding skills, experience and great connections are helping to boost our delivery of a major priority for Auckland – to grow the Māori economy.

Mike has combined with special board advisor Sir Pita Sharples to form a powerful, highly respected, force towards this crucial aspect of our region’s economic transformation. The level of ATEED’s resourcing of Māori-focused initiatives – particularly in tourism, skills and small business support – is unique among the council-controlled organisations and shows our serious approach to supporting Māori economic growth in Tāmaki Makaurau.

Mike replaced Richard Jeffery, who stepped aside after being an ATEED director since our first year of operation. I would like to acknowledge Richard’s significant contribution to the board since 2010.

In February, our Chief Executive Brett O’Riley announced his intention to step aside in September 2017 after more than five years at ATEED’s helm – a move he had signalled to the board last year.

Just prior to the year end, I was pleased to announce Nick Hill as ATEED’s new Chief Executive. Nick has an impressive record of senior management across private and public sector organisations.

I thank Brett for his passion for Auckland, and outstanding work leading ATEED’s transformation into a world-leading economic growth agency which combines the important functions of tourism, events and economic development. Nick will bring his own skills and drive into the role as we continue to demonstrate our ability as an organisation to respond to global opportunities.

I am proud to present our 2016/17 annual report, and thank the ATEED team for its outstanding contribution to Council’s transformational vision for our region.



David McConnell

ATEED Chairman

Statement from the Chief Executive

The principle of 'kotahitanga' – or one shared purpose – is at the heart of ATEED's entire work programme.



Collaboration with the wider Auckland Council group, and our private and public sector partners has been fundamental to another year of delivering great outcomes for Auckland – such as more than 550,000 visitor nights generated by major events, and \$340 million worth of new GDP from investment and screen attraction deals achieved by our staff.

A great example of how partnership can amplify economic outcomes was the opening of Kumeu Film Studios, which was the result of a landmark agreement between ATEED (on behalf of Council), the New Zealand Film Commission (on behalf of the Government), and international film studios Warner Brothers and Gravity Pictures.

The partnership was largely a result of the Government's New Zealand Screen Production Grant scheme, which has been crucial for supporting our production sector, and our Screen Auckland attraction specialist showcasing the potential of the Kumeu site to Warner Bros/Gravity Pictures.

The studios qualified for the extra 5 per cent grant 'uplift' by agreeing to leave behind the state of the art dive and outdoor water tanks, and green screen they invested heavily in at Kumeu for production of their feature film *MEG*.

Upon completion of its new sound stage in 2018, Kumeu Film Studios will double Auckland's screen studio infrastructure, and provide a major transformational shift for the industry in Auckland by increasing the region's capacity for large scale screen productions.

The studio precinct concept is something ATEED has worked on for several years, incorporating the knowledge gained from the successful GridAKL precinct development which has shown how building economic infrastructure supports a growing city.

The studios are also a significant asset for marketing Auckland and New Zealand internationally as a screen production destination, and the partnership ensures that Auckland's screen sector has access to the powerful marketing support of Warner Bros and Gravity Pictures, which are two of the most influential producers in Hollywood and China respectively.

Those connections are extremely valuable for Auckland's thriving screen industry, which in 2016 earned more than \$970 million in production revenue – including \$431 million from overseas. Our close collaboration with the NZFC ensures maximum benefit for both Auckland and New Zealand.

Another great example of our partnership with government agencies is the talent attraction space, where we are now taking steps towards greater levels of data sharing, supporting evidence-based planning through a shared platform with the Tertiary Education Commission. Statistics New Zealand and the Ministry of Education are also keen to support this initiative, bringing in agencies in manageable stages.

We are increasingly focused on opportunities to grow Auckland's 'advanced industries' – as defined by the world-leading Brookings Institution – which have a high use of technology, research and development, and reliance on science, technology, engineering and mathematics. These industries range from manufacturing, to energy, and software design.

Brett O'Riley

Chief Executive

The operating model for the AR/VR Garage facility being delivered by ATEED is unlike any other similar facility around the world: a collaboration between industry, major corporates including multi-nationals, tertiary and research institutions, and local and central government agencies – all connected to key international players.

The Garage enables companies to have a global advantage from day one – they can scale up much faster, connect with the big international industry players, and showcase their work to major international tech investors, Google Maps, Pearson Education (UK), and Melbourne Grammar.

Attracting foreign direct investment is crucial for our region's economic growth. An excellent way to do that is to showcase Auckland's proposition and opportunities to investors – with a focus on priority sectors for Auckland as well as investment needed in supporting infrastructure, housing and innovation.

An example of Auckland's growing reputation as a city on the move was the arrival of world-leading electric car company Tesla, which aligned well with Council's commitment to a sustainable energy based transportation plan. ATEED helped Tesla's arrival in a number of ways. We worked with a commercial realtor to develop a list of prospective properties from which Tesla's K Road showroom and maintenance site was selected.

We collaborated with Ports of Auckland to facilitate the clearance and release of the first delivery of vehicles into Auckland in support of Tesla's launch event, also on a unique 'private road' experience for customers on port property for the launch event. Tesla acknowledged that the New Zealand market EV launch was one of their most successful ever into any market.

I am proud to be the national economic development agency (EDA) representative on the Government's Investment Attraction Taskforce which is a partnership between central government agencies and EDAs. It was modelled on our successful partnership with Immigration NZ, our Aroha Auckland programme, and our partnership with NZTE and MFAT on initiatives including the Tripartite Economic Alliance.

The global events Auckland hosts, such as World Masters Games 2017 and the DHL New Zealand Lions Series 2017, provide immense opportunities to showcase Auckland's work, investment and study opportunities, and connect visiting business people with local entrepreneurs and experts.

During WMG2017, ATEED held a popular *Auckland – A Smart Move* seminar, tours of the city's business and innovation highlights, and a Whāriki Māori Business Networking and Experience function.

Council's goal – outlined in the *Auckland Plan* – is for our region to be 'an internationally connected city that is export driven'. This year, we formed a new International Partnerships and Trade unit to implement strategies to maximise ATEED's international economic activity and our investor migrant partnerships.

The team works closely with Council's Global Partnerships and Strategy (GPS) team to drive Auckland's international connectivity. We work with ASB and Asia New Zealand Foundation to add business leverage activity to major events, BNZ as a key partner on the Tripartite Economic Alliance workstream heading towards Guangzhou summit in November 2017. ATEED, GPS and BNZ have started planning a programme leading up to the 2017 Summit to be held in Guangzhou next October.

We worked with the Mayor's office to facilitate a visit to Auckland in March 2017 by legendary global entrepreneur Sir Richard Branson including a tour of Rocket Lab, a visit to Waiheke and Rotoroa islands, and a media conference with the Mayor. The itinerary showcased Auckland's innovative industries, culture and environmental diversity, and investment opportunities.

The inescapable buzz associated with nearly 22,000 visitors to Auckland during WMG2017 also highlighted the challenges facing our region if we want to fully realise the economic potential of Auckland's multi-billion dollar visitor economy.

Our hotels reach capacity in peak periods, and our port cannot efficiently accommodate the mega cruise ships that want to visit Auckland. We need more hotels built, and are working with the Government to attract foreign investment into the sector. We are also working with the wider Council group on a solution to enable big cruise ships to dock in Auckland.

The cruise ship season delivers more than \$200 million to the regional economy, making it a crucial component of the annual visitor economy. A short-term mooring dolphin off the end of Queens Wharf has been endorsed by Council's Planning Committee as the next phase of cruise infrastructure needed to ensure Auckland's ongoing cruise growth. Progress is subject to further technical analysis and a resource consent, with delivery anticipated for the 2018/19 cruise season.

The need for further cruise infrastructure will be considered as part of the Central Wharves Framework being prepared by Pānuku Development Auckland, part of the Waterfront Plan refresh.

As an organisation, ATEED is aware of the need to be outcome-focused, and this year we made significant progress in our project to transform our operating model using systems which will allow us to demonstrate the value we deliver for Auckland.

A focus on efficiency and value for money saw us continue to evaluate and implement changes within the i-SITE network we operate in the face of a major trend towards internet-based booking, including closing the significant loss-making Waiheke facility and replacing it with a 'greeter' service. We were proud that the airport i-SITE won the award for the highest customer satisfaction rate in the country.

Health and safety is paramount at ATEED, and best-practise H&S protocols and policies are being increasingly embedded across our day to day operations. We are proud to have had no lost-time injury work claims to ACC from an ATEED employee in the past year. This is a significant accomplishment, given the range of festivals, events, familiarisations, and projects undertaken in that time.

ATEED continues to embed H&S into day-to-day practises, including the new business case process to ensure it is incorporated and considered in project design, budget and planning.

This year, we 'achieved' 20 of our 24 key performance indicators, and the tables beginning on p64 of this report show some excellent results.

We continue to strive towards being the world's leading economic development agency and deliver on Council's expectations



Brett O'Riley

Chief Executive

Directors' report

The Board of Directors have pleasure in presenting the annual report of Auckland Tourism, Events and Economic Development Limited, incorporating the financial statements, statement of service performance and the auditors' report, for the year ended 30 June 2017.

The Annual Report was authorised for issue by the board of ATEED on 25 August 2017. Neither Auckland Council nor ATEED Board has the power to amend the financial statements once adopted.



A handwritten signature in black ink, appearing to read 'D. McConnell'.

A handwritten signature in black ink, appearing to read 'Norm Thompson'.

David McConnell
Chairman

Norm Thompson
Deputy Chair

Independent Auditor's Report

To the readers of Auckland Tourism, Events & Economic Development Limited's Group financial statements and performance information for the year ended 30 June 2017

The Auditor-General is the auditor of Auckland Tourism, Events & Economic Development Limited (the Company) and Group. The Auditor-General has appointed me, Leon Pieterse, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and the performance information of the Company and Group, on his behalf.

Opinion

We have audited:

- the financial statements of the Company and Group on pages 27 to 62, that comprise the statement of financial position as at 30 June 2017, the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the Company and Group on pages 64 to 74.

In our opinion:

- the financial statements of the Company and Group on pages 27 to 62:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2017; and
 - its financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand in accordance with the Public Benefit Entity Standards.
- the performance information of the Company and Group on pages 64 to 74 presents fairly, in all material respects, the Company and Group's actual performance compared against the performance targets and other measures by which performance was judged in relation to the Company and Group's objectives for the year ended 30 June 2017.

Our audit was completed on 25 August 2017. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities relating to the financial statements and the performance information, we comment on other information, and we explain our independence.

Basis for opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors for the financial statements and the performance information

The Board of Directors is responsible on behalf of the Company and Group for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand. The Board of Directors is also responsible for preparing the performance information for the Company and Group.

The Board of Directors is responsible for such internal control as it determines is necessary to enable it to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, the Board of Directors is responsible on behalf of the Company and Group for assessing the Company and Group's ability to continue as a going concern. The Board of Directors is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Board of Directors intends to liquidate the Company and Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors' responsibilities arise from the Local Government Act 2002.

Responsibilities of the auditor for the audit of the financial statements and the performance information

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of these financial statements and the performance information.

For the budget information reported in the financial statements and the performance information, our procedures were limited to checking that the information agreed to the Company and Group's statement of intent.

We did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company and Group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- We evaluate the appropriateness of the reported performance information within the Company and Group's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to

draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and Group to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the financial statements and the performance information of the entities or business activities within the Company and Group to express an opinion on the consolidated financial statements and the consolidated performance information. We are responsible solely for the direction, supervision and performance of the Company and Group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify in our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included on pages 4 to 25, but does not include the financial statements and the performance information, and our auditor's report thereon.

Our opinion on the financial statements and the performance information does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements and the performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the performance information or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report the fact. We have nothing to report in this regard.

Independence

We are independent of the Company and Group in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): Code of Ethics for Assurance Practitioners, issued by New Zealand Auditing and Assurance Standards Board.

In addition to the audit, we have carried out a review engagement in respect of the Company and Group's six monthly reporting as at 31 December 2016 to Auckland Council, which is compatible with those independence requirements.

Other than the audit, we have no relationship with, or interests in, the Company and Group.



Leon Pieterse
Audit New Zealand, Auckland, New Zealand
On behalf of the Auditor-General



Highlights

2016 / 2017

Build a culture of innovation and entrepreneurship

Auckland's reputation as an Asia-Pacific innovation hub continues to grow, centred around the ongoing expansion of GridAKL, the region's innovation precinct at Wynyard Quarter.

By the end of the financial year, GridAKL's main Lysaght building housed 70 businesses, with about 170 staff. About 80 per cent of the businesses at GridAKL are considered 'innovation-led', which is above the target of 70 per cent.

GridAKL hosted numerous innovation ecosystem events during the year, providing opportunities to showcase the region's innovation capability to international speakers, investors and entrepreneurs, and drive collaboration among people attending events. This year, residents were also offered drop-in mentoring sessions.

Two other buildings are due to open in the precinct in September 2017. These are the five-level 12 Madden St, which already has some key tenants secured; and the Mason Brothers building. Leading co-working space specialists Generator was announced as the operator for the two new buildings.

Around GridAKL, the strength of the Wynyard Quarter innovation precinct grew with IBM, Datacom and Workday all opening new facilities aligned to the precinct.

The IDEAstarter competition received nearly 200 entries, with many being of a superb calibre. The competition is supported by the Tindall Foundation as part of its work to grow youth employment, and is designed to enable a culture of innovation and entrepreneurship. It works alongside other ATEED-led initiatives to nurture talent and help young people into career pathways. The winners announced at year end were the Polynesian Art Workshop (15-18 years category) – a social enterprise which aims to sustain Pacific cultures through the performing arts, dance and visual arts for 5-14 year olds; and Aspire – (19-24 years category) – a web-based digital community which supports high school students by providing an online portal to help with NCEA.

DIGMYIDEA, the national Māori innovation challenge, received more than 90 entries. The competition provides a new generation of young Māori entrepreneurs with a place to develop and showcase digital ideas that have the potential to go global. All finalists' ideas are grounded in Māori tikanga, with digital capabilities that help to showcase Māori culture and business ideas that will benefit the wider community.

DIGMYIDEA is designed and delivered by ATEED with support from: He kai kei aku ringa, the Crown-Māori economic growth partnership; Callaghan Innovation; Te Wānanga o Aotearoa; NZTE; and Poutama Trust.

The winners were announced during Techweek: Adele Sauer and her team of three from Hamilton won the Māuri tū: open category (for ages 26 and over) with a Māori sign language app called SeeCom. Nicole Calderwood, also from Hamilton – who entered as an individual – won the Māuri oho: youth category (ages 15-25) with Scholar+, a web-based platform that helps tertiary students find and apply for scholarships.

The success of last year's Techweek event curated by ATEED saw it become a nationwide event for the 2017 edition held in May, delivered by NZTech with support from ATEED. Auckland was the venue for about 100 Techweek events – with a number held at GridAKL and the AR/VR Garage.



'DIGMYIDEA... provides a new generation of young Māori entrepreneurs with a place to develop and showcase digital ideas.'

ATEED led an Auckland collective at the Developer Week Conference and Festival 2017 in San Francisco in February. Auckland was promoted as 'tech's best kept secret' to attract skilled software professionals to live and work in Auckland and help fill skills gaps in one of our region's growth industries. Immigration New Zealand provided visa support and advice.

Interest in Auckland as an emerging tech hub was strong, with 1500 software developers attending the Hiring Mixer. Partner feedback on the event was positive, and Auckland businesses followed up with prospective candidates.

Food and beverage is a critical multi-billion dollar sector for Auckland's economy, and ATEED has worked on building this major tradeable export industry in partnership with the Government through The FoodBowl –Te Ipu Kai test manufacturing facility near Auckland Airport.

ATEED is in discussion with the wider council group about establishing a food and beverage incubator kitchen in South Auckland with a special focus on fueling Māori enterprise. It would allow Māori start-up food and beverage businesses to use commercial kitchens, develop business acumen, and access market development opportunities.

We partnered the New Zealand Institute of Economic Research to deliver the inaugural Auckland Economic Symposium in March. About 120 leaders from across government and industry gathered to discuss issues such as economic infrastructure, and how to increase Auckland's productivity and prosperity. The focus of ATEED's business and enterprise initiatives is to connect businesses to resources that help them grow and innovate.

The number of actively managed businesses through ATEED's delivery of the Regional Business Partner Network programme across Auckland reached 1100 by year end. The team helped small to medium enterprises receive more than \$1.8 million in New Zealand Trade & Enterprise capability vouchers; and helped companies successfully apply for \$3 million in Callaghan Innovation research and development grants.

ATEED facilitated numerous Starting Off Right workshops and free clinics for small business operators. These were among the more than 5000 connections ATEED facilitated during the year between companies and experts/programmes.

While some ATEED programmes are designed for people who are already in business, delivery of the Lion Foundation Young Enterprise Scheme in schools across Auckland is aimed at fuelling the next generation of entrepreneurs.

In the 2016 school year, more than 1000 students formed 200 companies. They maintained Auckland's record of excellence in the national YES competition with seven awards. In 2017, about 1300 students from 56 schools are taking part.

A number of Auckland YES students were chosen to participate in one of two Entrepreneurs In Action weekends across the country, where they competed in the Massey University Innovators, and New Zealand Trade & Enterprise challenges. Matt Billington of Henderson High School, Rachel Ji of Epsom Girls' Grammar School, and Thomas Goodin of Westlake Boys were among the 12 winning students selected to go on a trip to Silicon Valley in the US in 2017.

The next stage in the entrepreneur development pathway is the Tertiary Student Entrepreneurship Programme, in which ATEED partners the region's tertiary providers. Ten student entrepreneurial initiatives were supported through the contestable fund this year.

Attracting business and investment

The total GDP contribution of deals completed this financial year as a result of ATEED involvement was \$341 million. The value of investment deals as a result of ATEED involvement within the financial year was \$488 million – including six screen projects.

ATEED facilitated the arrival of world-leading global company Tesla to Auckland, among the six multi-national companies attracted to the region during the financial year.

Other foreign direct investment deals achieved with ATEED's help included the Warner Bros/Gravity Pictures production MEG, which injected tens of millions into the regional economy, and Nanjing Dadi's apartment complex at Albany – New Zealand's largest residential development.

This year, ATEED partnered a range of private and public sector organisations to develop infrastructure which adds hugely to Auckland's investment proposition and will be the catalyst for significant future investment.

Augmented and virtual reality (AR/VR) is one of the world's fastest growing and most important technologies, a major disruptor of traditional business models with potential uses in many major industries. ATEED is supporting the growth of Auckland's world-class capability with the AR/VR Garage which opened in September 2016, establishing Auckland as an international AR/VR hub for game developers, screen and film producers, animators, educators and digital storytellers.

By the year end, the Garage had 20 resident companies, including a number of start-ups. ATEED assists them with their plans to grow, develop new markets, establish offshore partners and establish a brand presence.

The Garage companies are hiring young Aucklanders and producing content for international companies such as Virtuoso, Paramount, Fox Studios and Warner Brothers.

Multiple tertiary institutions are also now working in the Garage alongside industry, with the University of Auckland and AUT students working on a number of separate projects, including earthquake informatics, fire safety, education and children's health.

The support of ATEED's Garage corporate partners including Microsoft New Zealand, Datacom, Jasmx and Hewlett-Packard, enables companies in the Garage to access shared resources and technologies that they would not otherwise be able to afford.

A key outcome of the strategic partnership with Microsoft is the company introducing its new Microsoft HoloLens and Windows Holographic technology to New Zealand's AR/VR community through the Garage.

Auckland's screen production industry is booming. ATEED's Screen Auckland team again set an annual record, issuing 620 Council permits to film in public open spaces for productions worth an estimated \$417 million to the region's economy.

The 27ha Kumeu Film Studios opened on privately owned land in February, 2017 and within a short time bookings had covered ATEED's operating lease costs for year one, with strong demand into 2018 from producers in China, the US and around New Zealand.



'ATEED's Screen Auckland team ... issued 620 Council permits to film in public open spaces for productions worth an estimated \$417 million.'

The Netflix-distributed television series *Monkey* finished filming at the studios just before the year end, and there is interest from a major US studio to use the water tanks in the new financial year while work is underway on the new sound stages.

The site's owner has committed to funding two new 2500m² sound stages which will open in 2018 and add to the world-class assets (water tanks, giant green screen, and forest backlot) already on site.

ATEED began to implement a refreshed foreign direct investment strategy this year. An example of this in effect was ATEED's support for the Government's Project Palace, which identified a serious long-term shortage of visitor accommodation in New Zealand.

ATEED's role is to support the attraction of new hotel investments by identifying viable land options for new hotels in Auckland to present to international investors. Investors from China, Japan and Australia have been shown more than 10 potential Auckland hotel sites.

In June, a significant Australian investor committed to a major hotel build in the central city – the first ATEED-generated outcome from the project. The deal remained confidential at year end.

ATEED successfully delivered the inaugural ASB Lantern Forum during the 2017 Auckland Lantern Festival. It was designed to promote bilateral investment opportunities and connect Chinese delegates, migrants and business people with Auckland businesses and political leaders.

The forum was followed by business networking activities that attracted more than 200 attendees, including local and international speakers. The forum addressed important topics such as how to convert China's growth potential into real economic opportunities for Auckland, as well as the issues that the investment and businesses from China are facing – with a focus on migrant investors.

Grow and attract skilled talent

Across Auckland there are 32,000 construction job vacancies, as well as considerable demand in hospitality and tourism.

ATEED's strategy is to tackle the shortage of skilled workers in several key Auckland industries from two directions: through helping to upskill youth and providing pathways to employment; and by proactively attracting talented migrants.

This year, 12 further companies committed to Auckland's Youth Employer Pledge initiative, which we deliver as part of the Tindall Foundation-funded Auckland Council Youth Connections programme which also includes the hugely successful JobFests initiative. By year end, 66 companies were part of the pledge campaign – well above the 50-company target.

Thousands of young people attended this financial year's two JobFests – New Zealand's largest youth employment events. The first was held at The Cloud in Auckland's CBD where 80 employers from industries including hospitality, retail, tourism, ICT and construction and infrastructure offered more than 800 full and part time positions.

This was followed up by a second event in South Auckland which had a particular focus on young Māori and Pacific job seekers and featured 1250 jobs across 75 businesses. An estimated 1500 young people attended.

The BuildAKL campaign introduced at September's JobFest has been a great success. This partnership with major companies including Fletcher Building, Downer, Hawkins, and Watercare is in part funded by Auckland Airport, and encourages youth into construction and infrastructure employment and careers.

The target for the 12-month social media-based campaign (until Sept 2017) is to attract 4000 young people under 25 years either into employment or education and training pathways. By year end, the campaign had more than 3000 Facebook followers; more than 650 job seekers entered the #BuildAKL competition to win one of 10 four-week job placements with ATEED's construction industry partners.

Ten winners started paid work placements with seven employers in mid-January. Their experiences attracted 2500 followers. The final months of the campaign will focus on connecting the target audiences (people aged under 25 years – particularly women, Māori and Pacific peoples) to careers and entry-level jobs.

To boost skills in the tourism industry, ATEED is collaborating with the Ministry of Social Development, ServiceIQ, Tourism Export Council, Ministry of Business, Innovation and Employment, and Tourism Industry Aotearoa on the concept of a tourism industry skills attraction campaign for Auckland using the successful #BuildAKL programme as a template.

In February this year, The CBD Jobs and Skills Hub was officially opened in Wynyard Quarter – a partnership between ATEED, Panuku Development Auckland, government agencies (Tertiary Education Commission, Ministry of Business Innovation and Employment, and the Ministry of Social Development) and industry.

The hub provides job brokering services and skills training services based on industry demand. The initial focus is the construction sector – a key driver of Auckland's economic growth, but where employers find it hard to recruit people with the right skills.

By year end, work brokers had placed 51 individuals into work with employers delivering construction and infrastructure projects in Auckland's city centre. The hub is working with employers to identify upskilling opportunities before and during employment.



'By year end, the campaign had more than 3000 Facebook followers; more than 650 job seekers entered the #BuildAKL competition'

More than 80 per cent of the successful candidates so far have been able to come off the Work and Income register. About a third were Māori, and more than 10 per cent of Pacific peoples ethnicity. A further 40 people have completed training programmes.

The regional partnership ATEED signed with Immigration NZ in 2014 continues to make significant progress towards remedying the skills shortage for high growth potential Auckland companies. The partnership enables Auckland businesses to attract and retain migrants who have the skills and inward investment that Auckland needs to enhance its economy.

ATEED promoted Auckland as a place to live and work using its A Smart Move campaign during WMG2017 and the DHL New Zealand Lions Series 2017.

In October, ATEED helped the investor migrant division of Immigration NZ organise and connect with potential investors for four attraction events in the US including the All Blacks test in Chicago (ATEED did not attend). ATEED identified barriers to Chinese investors integrating into New Zealand and reported those to Immigration NZ.

During the year, ATEED instigated an aftercare programme to leverage and integrate 180 Auckland-based investor migrants admitted under the Government's new Global Impact Visas programme into the region. The programme takes into account the latest Immigration NZ research into investor migrants.

ATEED's Study Auckland works to grow pathways for the region's more than 60,000 international students into Auckland-based employment post study. This included the development of four tertiary graduate video stories (subtitled in seven languages) to which showcase pathways to employment in Auckland. This work is in partnership with Education NZ, Immigration NZ, Auckland Chamber of Commerce, and specialist ICT employment service provider Industry Connect.

ATEED is a member of the Auckland Agency Group, which includes the Ministry of Education, Education NZ, MBIE, New Zealand Police, Ministry of Health, and the Human Rights Commission. The group aims to improve the wellbeing of international students based in Auckland. As part of that work this year, a Safety in the City video was produced which covers advice on personal safety, employee rights, and sexual and mental health.

Study Auckland partnered Education NZ to launch a new international student experience programme to ensure that international students make the most out of their time in Auckland, and to help high-value sectors attract the best and brightest international talent into companies.

The ATEED Auckland International Education Conference was attended by more than 160 international education industry stakeholders. The theme of the conference was building Auckland's reputation as a destination for international students.

Growing the visitor economy

With more than 28,000 registered athletes, supporters and officials from 100 countries, World Masters Games 2017 – held in Auckland in April – was the biggest multiple sports event that New Zealand has ever hosted.

At its conclusion, Auckland's games was dubbed the best ever by the President of the International Masters Games Association, Kai Holm – a significant accolade for the city and ATEED, which invested in and delivered the games on behalf of Council through a specially created subsidiary company, World Masters Games 2017 Ltd (WMG2017).

The WMG2017 team, with outstanding governance led by Chairman Sir John Wells, and the organisational leadership of Chief Executive Jennah Wootten, delivered an outstanding results for the region: a GDP injection of \$34.3 million and more than 241,000 visitor nights – both well above the targets set.

Participants took part in 28 sports at 48 venues across the region, from Woodhill Forest and Torbay in the north and west, to rural south Auckland and neighbouring Waikato (rowing and track cycling).

ATEED also focused on seizing the business opportunities created by having nearly 17,000 international visitors in the region, delivering the first comprehensive business showcasing and networking programme in games history. This helped Auckland businesses to connect with potential investors, partners and distributors.

Council invested \$11.8 million in WMG2017, but the success of the games was greatly aided by the support of partners. The Government made a financial commitment of \$11 million, and corporate sponsors contributed \$4.6 million as well as significant activation and leverage programmes.

The DHL New Zealand Lions Series 2017 involved three games in Auckland – a Blues match, and the first test in June, and the third test just after year end. ATEED again partnered government agencies to deliver a programme to connect Auckland businesses with potential investors and partners who are following the Lions as supporters.

ATEED filmed video destination content featuring All Black great Sir John Kirwan as an Auckland ambassador for distribution through Lions series consumer channels, and to assist in supporting social media activation with highlights for use in the live broadcasts to increase Auckland's profile.

Earlier in the year, ATEED partnered NZ Rugby on an offshore brand campaign video launched in March aimed at international audiences. Within five days of the launch, the video received 120,000 views on social media. This campaign featured on Air New Zealand's inflight rugby channel from June.

On behalf of council, ATEED invested in a portfolio of nearly 30 major cultural and sporting events, and supported a number of sporting franchises. Together, they injected an estimated \$76 million into the regional economy and generated more than 557,400 visitor nights.

They included the hugely successful second Tāmaki Herenga Waka Festival, New Zealand Fashion Week, *Priscilla Queen of the Desert – the Musical*, and ITM Auckland Supersprint.

ATEED's strategic approach is to focus its marketing and partnership-based activities on high-value visitors from Australia, China and the United States, and the success of that approach is contributing to a booming visitor sector – highlighted by another record-breaking summer with 1.2 million arrivals during the peak December-March period, and a record spend of \$3.1 billion.



'The ships' visits were projected to inject an estimated \$204m into Auckland's economy and support nearly 3270 jobs.'

Visitation from the US during summer was up 28 per cent – a key contributor to the 7.1 per cent overall growth compared to the previous summer, which itself had grown 12.4 per cent from the summer of 2014/15. The US growth indicates the value of ATEED's medium to long-term strategy to raise Auckland's profile in the US market there through partnerships with high-end operators such as Virtuoso and American Express.

ATEED's tourism programmes are based on partnering with the commercial sector. They contributed to a record breaking 2.6 million international visitor arrivals to Auckland in the year to June 2017, an annual increase of 11.1 per cent (with the US market growth particularly strong, up 31.6 per cent, and Australia up 6.4 per cent). Tourists spent \$7.8 billion in Auckland in the year to June 2017, up 4.3 per cent on the previous year.

February saw the busiest-ever week for cruise ship arrivals, highlighted by the first time four cruise ships had docked in Auckland on the same day.

The 2016/17 cruise ship season – which began in October and runs until the end of September 2017 – was another strong one, with 104 ship visits into Auckland projected to bring almost 210,000 passengers and large numbers of crew. The ships' visits were projected to inject an estimated \$204 million into Auckland's economy and support nearly 3270 jobs.

Global competition to host high-value business events and conventions is fierce, but ATEED's Auckland Convention Bureau team continued to deliver for Auckland. The development of the New Zealand International Convention Centre (NZICC), which is due to open in 2019, has elevated Auckland to where ACB can now compete with rival cities in the Asia-Pacific for large-scale conventions in sectors where Auckland has world-leading capability.

During the year, it submitted or supported nearly 30 major international business event bids for Auckland. The value of business event bids won in the financial year was more than \$32 million.

Major bid wins confirmed in the financial year included: the Teochew International Federation Convention 2019 which is expected to attract 3000 delegates, create 14280 visitor nights and deliver \$5.5 million into Auckland's economy; the World Veterinary Congress 2020, with 3000 delegates, 16,900 visitor nights, and an estimated economic value \$6.2 million; and the Congress of the International Association of Logopedics and Phoniatrics 2022: 1000 delegates, 6900 visitor nights, estimated economic value \$2.4 million.

ATEED helped to secure a \$50,000 grant to raise the profile of Tāmaki Makaurau and Te Tai Tokerau (Northland) Māori tourism experiences in China, the US and South America. The team worked with global award-winning tourism operator TIME Unlimited and other operators to secure one of two \$50,000 Auckland Airport Four Seasons Five Senses Grants which will be used to grow market awareness and business opportunities, and strengthen the working relationship between the parties involved by creating travel itineraries that promote experiences which link to Māori themes, events and stories.

ATEED's programme to connect with Chinese high-net-worth investors through the golf, equine, marine and screen (GEMS) sectors continued to build significant relationships with key influencers including partners such as Mission Hills China, New Zealand Bloodstock, China Cup Regatta, and the Wanda Group.

ATEED again sponsored activity at the annual New Zealand Bloodstock Karaka Millions in January and worked closely with New Zealand Bloodstock to welcome and host international buyers, premiere sale vendors and top New Zealand buyers. International buyers accounted for 64 per cent of the \$82 million spent at the sales.

A project with The Institute of Golf in Albany was aimed at attracting and providing investment opportunities for investors from Asia and the US. The collaboration included filming eight videos for LeTV, one of the most popular sport media channels in China. They show Auckland as a premiere 'must do' golf destination for high-end Chinese golf enthusiasts.

ATEED also worked with various stakeholders to secure a new partnership agreement between Emirates Team New Zealand and the China Cup International Regatta, which will provide great opportunities to showcase the region as a premium destination and marine industry leader.

Developing the capability and assets of regional tourism clusters is a key ATEED focus and one great outcome this year was Great Barrier Island becoming the first island in the world to be designated an International Dark Sky Sanctuary – in a bid to protect its night skies for present and future generations. Designations are based on scientifically measured darkness of sky as well as stringent outdoor lighting standards and innovative community outreach.

The application for the international sanctuary status was lodged by the Great Barrier Local Board with support from ATEED, Department of Conservation, iwi, the Auckland Astronomical Society, and Auckland Central MP, Hon. Nikki Kaye.

Building Auckland's brand and identity

During the year, ATEED launched a new version of Aucklandnz.com – which receives more than three million unique visits annually.

The website is a platform for Auckland to tell its stories and showcase its successes. It is operated by ATEED as the region's global shop front promoting Auckland as a place to invest, grow or start a business, produce screen projects, study, migrate, or visit (including attending major sporting, cultural and business events).

The revamped website provides better value for money and is now on a significantly more stable and efficient web platform which will enable ATEED to generate future revenue, and allow better data collection. It also features geo-targeted functionality which allows tailored content such as event information depending on visitors' physical location; an improved site-wide search function; and optimisation for use with mobile devices (nearly half the people who visited aucklandnz.com in the past year did so from a mobile device, and this proportion is rising).

The website makes it much easier for visitors, businesses, investors and Aucklanders to find the information they are after and improves ATEED's ability to deliver Auckland Council's economic growth objectives. As it evolves, there will be the capability for partners to tell their stories.

ATEED finished the Global Auckland Project – an important body of research to understand and define an authentic narrative about the region which can be used to market Auckland in an increasingly competitive global marketplace.

The project aligned with ATEED's mandate outlined Council's guiding strategic documents the *Auckland Plan*, and the *Economic Development Strategy*. The extensive research, theme development and validation unearthed Auckland's story reflecting unprecedented input from tens of thousands of people who shared their view on Auckland with ATEED.

Auckland's global reputation as a city on the move was boosted by a trio of economic development projects led by ATEED receiving prestigious international accolades from the International Economic Development Council at its annual awards held in Ohio in September 2016. The Excellence in Economic Development Awards recognise the world's best economic development programmes and partnerships, marketing materials and leaders. ATEED was honoured for two hugely successful business and innovation events Techweek AKL 2016 and the Tripartite Economic Summit – Auckland 2016, and the *Beyond Your Backyard* domestic tourism campaign featuring Robyn Malcolm.

During the year, ATEED worked with Google on a project to capture Auckland landmarks and attractions with not only historical significance, but also those with tourism benefits. Google captured Rangitoto and Tiritiri Matangi Islands, and the Hillary Trail.

Several key marketing campaigns positioned Auckland as a vibrant city of events and world-class visitor experiences.

A joint Facebook marketing campaign for Auckland began in February, in collaboration with Tourism New Zealand and Auckland International Airport. The target audience was leisure travellers in Australia. Using the *100% Pure* brand, the campaign used the tag line 'Auckland. One City. Two Worlds.' It showcased Auckland's urban and natural landscape, and aimed to show Australians the exciting experiences they can have in Auckland on a 3-5 day getaway.

The campaign was the first time that ATEED ran a major Auckland-specific digital activation with Tourism NZ in Australia. Results will be measured by visits to ATEED's website, referrals to operators, and bookings via trade partners such as Flight Centre.

The spring 2016 domestic marketing campaign, *More to Explore*, again featured Robyn Malcolm in video diaries showcasing regional gems. It was recognised by 61 per cent of the market (overall across both Auckland, and out of Auckland), which was a very strong result.

ATEED maximised Sky TV and Fox Sports Australia destination coverage received as part of its partnership with the 2017 Downer NRL Auckland Nines by developing a series of two-minute clips featuring NRL players which showcased Piha Beach, Hunua Ranges, Waiheke Island and Rangitoto Island. The clips were also promoted via ATEED's *Visit Auckland* Facebook channel and recorded more than 230,000 engagements (likes, shares and comments), a reach of more than 750,000, and almost one million impressions.

ATEED worked with New Zealand Māori Tourism to facilitate a visit to Rangitoto Island for Kiwi NBA star Steven Adams and an Oklahoma City Thunder delegation. The itinerary involved two Māori tourism operators, Sea Fury Charters and Te Haerenga walkway. A promotional video was created which received 14,000 views on Facebook in the first month.



Financial statements

Statement of comprehensive revenue and expense

For the year ended 30 June 2017

	Notes	PARENT		GROUP	
		2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
INCOME					
Service and other revenue	4	71,952	57,410	84,600	62,736
Interest Revenue		14	37	14	37
Total revenue		71,966	57,447	84,614	62,773
EXPENDITURE					
Personnel costs	6	(21,358)	(20,272)	(25,664)	(22,815)
Depreciation and amortisation	13,14	(782)	(591)	(813)	(702)
Finance costs		(58)	(71)	(175)	(107)
Other expenses	7	(42,364)	(34,126)	(50,418)	(36,762)
Total expenditure		(64,562)	(55,060)	(77,070)	(60,386)
Share of joint venture's surplus		-	-	19	21
Surplus before tax		7,404	2,387	7,563	2,408
Income tax expense	8	-	-	-	-
Profit from continuing operations		7,404	2,387	7,563	2,408
Surplus after tax		7,404	2,387	7,563	2,408
OTHER COMPREHENSIVE REVENUE AND EXPENSE					
Cash flow hedge	22	90	(59)	90	(59)
Total comprehensive revenue and expense for the year		7,494	2,328	7,653	2,349
SURPLUS/(DEFICIT) ATTRIBUTABLE TO					
Equity holders of Auckland Tourism, Events and Economic Development Limited		7,404	2,387	7,563	2,408
TOTAL COMPREHENSIVE INCOME FOR THE YEAR IS ATTRIBUTABLE TO:					
Equity holders of Auckland Tourism, Events and Economic Development Limited		7,494	2,328	7,653	2,349

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

Statement of changes in equity

For the year ended 30 June 2017

		ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY			
		Contributed equity \$'000	Hedging reserve \$'000	Accumulated funds \$'000	Total equity \$'000
PARENT	Notes				
Balance as at 1 July 2015		4,377	(173)	(1,307)	2,897
COMPREHENSIVE REVENUE					
Profit or loss for the year		-	-	2,387	2,387
OTHER COMPREHENSIVE REVENUE					
Cash flow hedge	22	-	(59)	-	(59)
Total comprehensive revenue and expense		-	(59)	2,387	2,328
Balance as at 30 June 2016		4,377	(232)	1,080	5,225
Balance as at 1 July 2016		4,377	(232)	1,080	5,225
COMPREHENSIVE REVENUE					
Profit or loss for the year		-	-	7,404	7,404
OTHER COMPREHENSIVE REVENUE					
Cash flow hedge	22	-	90	-	90
Total comprehensive revenue and expense		-	90	7,404	7,494
Balance as at 30 June 2017		4,377	(142)	8,484	12,719

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

		ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY			
		Contributed equity	Hedging reserve	Accumulated funds	Total equity
GROUP	Notes	\$'000	\$'000	\$'000	\$'000
Balance as at 1 July 2015		4,376	(173)	1,428	5,631
COMPREHENSIVE REVENUE					
Profit or loss for the year		-	-	2,408	2,408
OTHER COMPREHENSIVE REVENUE					
Cash flow hedge	22	-	(59)	-	(59)
Total comprehensive revenue and expense		-	(59)	2,408	2,349
Balance as at 30 June 2016		4,376	(232)	3,836	7,980
Balance as at 1 July 2016		4,376	(232)	3,836	7,980
COMPREHENSIVE REVENUE					
Profit or loss for the year		-	-	7,563	7,563
OTHER COMPREHENSIVE REVENUE					
Cash flow hedge	22	-	90	-	90
Total comprehensive revenue and expense		-	90	7,563	7,653
Balance as at 30 June 2017		4,376	(142)	11,399	15,633

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

Statement of financial position

As at 30 June 2017

	Notes	PARENT		GROUP	
		2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	10	3,410	2,023	3,410	2,023
Debtors and other receivables	11	30,805	12,809	31,694	14,111
Other financial assets	15	-	-	-	-
Inventories	12	24	80	24	80
		34,239	14,912	35,128	16,214
Total current assets		34,239	14,912	35,128	16,214
NON-CURRENT ASSETS					
Property, plant and equipment	13	12,882	5,068	12,882	5,098
Intangible assets	14	33	56	33	56
Debtors and other receivables	11	-	601	-	601
Other financial assets	15	40	40	40	40
Investment in other entities	20	4	4	2,085	2,067
Derivative financial instruments	18	-	-	-	-
Total non-current assets		12,959	5,769	15,040	7,862
Total assets		47,197	20,681	50,168	24,076
LIABILITIES					
CURRENT LIABILITIES					
Trade and other payables	16	31,263	12,590	31,320	13,184
Employee entitlements	17	1,691	1,567	1,691	1,613
Derivative financial instruments	18	142	232	142	232
Provisions	19	1,319	885	1,319	885
Total current liabilities		34,415	15,274	34,472	15,914
NON-CURRENT LIABILITIES					
Derivative financial instruments	18	-	-	-	-
Trade and other payables	16	61	182	61	182
Employee entitlements	17	3	3	3	3
Total non-current liabilities		64	185	64	185
Total liabilities		34,479	15,459	34,536	16,099
Net assets		12,719	5,225	15,633	7,980
EQUITY					
Contributed equity	21	4,377	4,377	4,376	4,376
Reserves	22	(142)	(232)	(142)	(232)
Accumulated funds	22	8,484	1,080	11,399	3,836
Total equity		12,719	5,225	15,633	7,980

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

Statement of cash flows

For the year ended 30 June 2017

	Notes	PARENT		GROUP	
		2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Interest received		14	37	53	36
Receipts from council funding, customers and other services		71,736	49,380	84,265	55,736
Payments to suppliers and employees		(62,390)	(46,944)	(74,682)	(52,581)
Income tax paid		-	-	-	-
Goods and services tax net refunded		263	209	262	209
Other cash flows from operating activities		3	2	3	2
Net cash from operating activities	23	9,626	2,684	9,901	3,402
CASH FLOWS FROM INVESTING ACTIVITIES					
Disposals/(purchases) of property, plant and equipment	13	(8,632)	(3,607)	(8,609)	(3,602)
Other cash flows from investing activities		390	740	95	17
Net cash from investing activities		(8,242)	(2,867)	(8,514)	(3,585)
CASH FLOWS FROM FINANCING ACTIVITIES					
Other cash flows from financing activities		3	-	-	-
Net cash from financing activities		3	-	-	-
Net increase/(decrease) in cash and cash equivalents		1,387	(183)	1,387	(183)
Cash and cash equivalents at the beginning of the period		2,023	2,206	2,023	2,206
Cash and cash equivalents transferred to disposal group		-	-	-	-
Cash and cash equivalents at end of the year	10	3,410	2,023	3,410	2,023

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

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



Notes to the financial statements

1 General information

ATEED's purpose is to leverage Auckland's potential, to help ensure it is more attractive than international competitor cities for visiting, studying, running a business, investing and living. ATEED will facilitate new smart money and high-value jobs for Auckland by supporting the growth of a vibrant and competitive economy and generating customers for Auckland. The extent to which new opportunities deliver new smart money into Auckland and also increase the level of high-value jobs within Auckland are two key prerequisites upon which we prioritise and allocate our resources.

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

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

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

Since inception, ATEED has had a strong focus on growing the visitor economy as a means of underwriting the amenity of the city. Concurrent to the visitor interventions, ATEED has focused on developing Auckland's culture of innovation and entrepreneurship in recognition of the fact that innovation is a crucial driver of sustained income and business growth.

As ATEED's journey has continued, it has built capability in additional areas of focus including raising our international profile, developing a stronger focus on improved international connectivity through trade and driving the attraction of new business and talent into Auckland to fulfil the city's potential.

Today, ATEED both leads and supports Auckland Council's interventions in local board economic development, tourism, major events, Auckland Convention Bureau, international students, innovation and entrepreneurship, and business attraction and investment.

On behalf and in partnership with Auckland Council, ATEED developed and now leads the following economic development plans for Auckland:

- The Visitor Plan
- The Auckland Business Events Plan
- The Major Events Strategy and Major Events protocol
- The Auckland Innovation Plan
- The Foreign Direct Investment Attraction and Facilitation Strategy

While ATEED has a strong focus on delivering regional economic outcomes, all of these activities also deliver local economic outcomes. In addition, we also support local economic development directly by supporting local boards in designing and implementing their local development initiatives and through our business support, business start-up and youth employment activity. These activities require close and ongoing co-operation not only with local boards, but also with business groups and business improvement districts.

ATEED has prioritised five strategic objectives that align to Council's Auckland Plan and Economic Development Strategy (EDS) and articulate ATEED's role in delivering against the outcomes of these plans with a focus on bringing new smart money and high value jobs into Auckland:

- Grow the visitor economy
- Build a culture of innovation and entrepreneurship
- Attract business and investment
- Grow and retain skilled talent
- Promote Auckland's global identity.

Through these objectives, ATEED can connect Auckland-wide strategies (Auckland Plan, EDS) with ATEED's ongoing strategic interventions, growth programmes and projects. The strategic priorities provide the organisation with focus on those areas of our role that will make a difference to Auckland. They are supported by more detailed action plans, investment proposals and delivery partnerships.

2 Summary of significant accounting policies

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

2.1 Basis of preparation

The financial statements, with the exception of the subsidiary's financial statements, World Master's Games 2017 Limited (WMG), have been prepared on the going concern basis, and the accounting policies have been applied consistently throughout the period.

ATEED is undertaking to disestablish WMG within three months of 30 June 2017. The dissolution of WMG within 12 months of balance date, required the financial statements be prepared on a dissolution basis, not the normal going-concern basis. This has no impact on the basis of preparation of ATEED's financial statements.

Statement of compliance

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

These financial statements comply with Public Benefit Entity Accounting Standards.

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

Implementation of amended standards

PBE IFRS 9 Financial Instruments is effective from periods beginning on or after 1 January 2021. PBE IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities and relaxes current requirements for hedge accounting. ATEED is yet to assess the impact of PBE IFRS. Auckland Council, and therefore ATEED, intends to early adopt the standard when it becomes effective for for-profit entities from period beginning on 1 July 2018.

Five new standards, PBE IPSAS 34 Separate Financial Statements, PBE IPSAS 35 Consolidated Financial Statements, PBE IPSAS 36 Investment in Associates and Joint Ventures, PBE IPSAS 37 Joint Arrangements and PBE IPSAS 38 Disclosure of Interests in Other Entities, are effective from periods beginning on or after 1 January 2019 and Auckland Council and its subsidiaries (including ATEED) intends to early adopt the standards effective period beginning 1 July 2017. The new standards will have an impact in assessing control through using additional guidance of the new standards and in determining types of joint arrangements based on two types: joint operations and joint ventures. The adoption of these new standards is not expected to have a material impact on ATEED's financial statements.

All other standards, interpretations and amendments approved but not yet effective in the current year are either not applicable to ATEED or are not expected to have a material impact on the financial statements and, therefore, have not been disclosed.

Measurement base

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

Presentation currency and rounding

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

2.2 Consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Company as at 30 June 2017 and the results of its subsidiary for the year then ended. World Master Games 2017 Limited is the only subsidiary of ATEED. Subsidiaries are all those entities over which the Company and Group have the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company and Group controls another entity.

The subsidiary is fully consolidated from the date of incorporation.

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

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

The results of subsidiaries acquired or disposed of during the year are included in the surplus or deficit from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial

2 Summary of significant accounting policies (continued)

statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

Joint Ventures

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. Joint control is the contractually agreed sharing of control over an economic activity whereby no party to the agreement is able to act unilaterally to control the activity of the entity. For jointly controlled operations, ATEED recognises in its financial statements, the assets it controls, expenses it incurs, and the share of revenue that it earns from the joint venture.

The Group financial statements recognises the investment retained in New Zealand Food Innovation Auckland Limited (NZFIA) using the equity method.

2.3 Foreign currency translation

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

2.4 Property, plant and equipment

Initial recognition

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

Additions

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

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

Disposals

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

Assets or disposal groups held for sale

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

Depreciation

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

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

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

Servicing costs

The costs of day-to-day servicing of property, plant and equipment are recognised in the surplus or deficit as they are incurred.

2 Summary of significant accounting policies (continued)

Capital work in progress

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

2.5 Intangible assets

Computer software

Costs directly associated with the development of identifiable and unique software products are recognised as an asset. Computer software licences are capitalised based on the costs incurred to acquire and bring to use the software. Costs are amortised using the straight line method over their estimated useful lives (3 to 8 years).

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

2.6 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment and whenever there is an indication of impairment. At each balance date the Company and Group reviews the carrying amounts of its other tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Where it is not possible to estimate the recoverable amount of an individual asset, the Company and Group estimates the recoverable amount of the cash generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash generating units; otherwise, they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation can be identified.

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

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

2.7 Investments and other financial assets

Financial assets

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

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

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

Loans and receivables

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

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

2.8 Impairment of financial assets

Assets carried at amortised cost

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

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

- Significant financial difficulty of the issuer or obligor,

2 Summary of significant accounting policies (continued)

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

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

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

Offsetting financial instruments

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

2.9 Derivative financial instruments

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

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

The fair values of various derivative financial instruments used for hedging purposes are disclosed in note 18. Movements in the cash flow hedging reserve in shareholders' equity are shown in note 22(a). The full value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than 12 months, and as a current asset or liability when the remaining hedged item is less than 12 months.

Cash flow hedge

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

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

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

2 Summary of significant accounting policies (continued)

2.10 Inventories

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

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

2.11 Debtors and other receivables

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

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

For information on impairment of trade and other receivables refer to note 11. The amount of debtors assessed as impaired is recognised as a provision against the debtors and as a doubtful debts expense. Furthermore, when a trade receivable for which the provision for impairment has been recognised becomes uncollectible in a subsequent period, it is written off against the provision for impairment of receivables. Subsequent recoveries of amounts previously written off are credited against "other expenditure" in the statements of comprehensive income.

2.12 Cash and cash equivalents

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

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

2.13 Creditors and other payables

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

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

2.14 Equity

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

- Accumulated funds
- Contributed equity

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

The Company and Group objectives, policies and processes for managing capital are discussed in note 30.

2.15 Borrowings

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

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

2.16 Borrowing costs

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

2.17 Current and deferred income tax

Income tax expense comprises both current tax and deferred tax, and is calculated using tax rates (and tax laws) that have been enacted or substantively enacted by balance date. Income tax expense is charged or credited to the statements of comprehensive

2 Summary of significant accounting policies (continued)

income, except when it relates to items charged or credited directly to equity or other comprehensive income.

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

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

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

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

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

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

2.18 Goods and Services Tax (GST)

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

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

2.19 Revenue recognition

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

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

- Grants received from Auckland Council and government are the primary source of funding to the Company and Group and are restricted for the purposes of the Company and Group meeting its objectives as specified in the Company's Statement of Intent. The Company and Group also receive other government assistance for specific purposes, and these grants usually contain restrictions on their use.

Council, government, and non-government grants and sponsorships are recognised as revenue when they become receivable unless there is an obligation to return the funds if conditions of the grant or sponsorship agreement are not met. If there is such an obligation, the grants are initially recorded as grants received in advance and recognised as revenue when conditions of the contract are satisfied.

- Revenue from rendering of services is recognised by reference to the stage of completion of the transaction at balance date, based on the actual service provided as a percentage of the total services to be provided.
- Revenue from the sale of goods or services is recognised when a product is sold or service is provided to the customer. The recorded revenue is the gross amount of the sale, including credit card fees payable for the transaction. Such fees are included in other expenses.
- Interest income is recognised using the effective interest method.
- Rental income is recognised on a straight line basis over the lease term.
- Commission received on voucher sales is recognised as the net of voucher sale proceeds, less costs payable by ATEED to the supplier of services specified on the voucher.

2 Summary of significant accounting policies (continued)

2.20 Employee entitlements

Short-term employee entitlements

Employee benefits that the Company and Group expects to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, retirement gratuities and long service entitlements expected to be settled within 12 months, and sick leave. The Company and Group recognises a liability for sick leave to the extent that absences in the coming period are expected to be greater than the sick leave entitlements earned in the coming period. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent that the Company and Group anticipates it will be used by staff to cover those future absences.

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

Long term employee entitlements

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

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

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

Superannuation schemes

Defined contribution schemes

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

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

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

2.21 Leases

Lessee

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

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

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

2.22 Provisions

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

- the Company and Group has a present obligation (legal or constructive) as a result of past events;

2 Summary of significant accounting policies (continued)

- it is probable that expenditures will be required to settle the obligation; and
- reliable estimate can be made of the amount of the obligation.

Provisions are not recognised for future operating losses.

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

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

2.23 Major Events Contracts

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

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

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

2.24 Related Parties

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

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

2.24 Grant expenditure

Non discretionary grants are those grants that are awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received.

Discretionary grants are those grants where ATEED has no obligation to award on receipt of the grant application and are recognised as expenditure when approved by ATEED, and the approval has been communicated to the applicant. The grants awarded have no substantive conditions attached.

3 Significant judgements and estimates

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

Grant and sponsorship Income

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

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

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

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

3 Significant judgements and estimates (continued)

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

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

4 Service and other revenue

	PARENT		GROUP	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
REVENUE FROM NON-EXCHANGE TRANSACTIONS				
Grants and subsidies	66,087	51,563	70,542	54,783
Sponsorships and other transfer revenue	4,172	4,760	12,365	6,866
Total revenue from non-exchange transactions	70,259	56,323	82,907	61,649
REVENUE FROM EXCHANGE TRANSACTIONS				
Rental income	1,603	1,085	1,603	1,085
Dividends	90	2	90	2
Total revenue from exchange transactions	1,693	1,087	1,693	1,087
Total service and other revenue	71,952	57,410	84,600	62,736

5 Other gains

	PARENT		GROUP	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Share of profit of associates and joint ventures	-	-	19	21
Total other gains	-	-	19	21

6 Personnel costs

	PARENT		GROUP	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Salaries and wages	20,105	19,605	24,408	22,133
Defined contribution plan employer contributions	505	505	521	519
Redundancy expense	90	80	90	80
Other staff expenses	636	48	666	56
Increase/(decrease) in employee entitlements	22	34	(21)	27
Total personnel expenses	21,358	20,272	25,664	22,815

7 Other expenses

	PARENT		GROUP	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Fees paid to principal auditor	118	124	144	140
- Audit of financial statements	109	108	135	124
- Audit fees for review engagements	8	16	8	16
Service delivery contracts	4,075	2,102	11,441	2,948
Impairment of receivables	195	60	200	60
Marketing expenses ¹	8,044	6,406	9,296	7,307
Professional services	4,756	3,802	5,100	4,084
Repairs and maintenance	102	55	113	61
Utilities and occupancy	2,972	2,689	3,184	2,888
Other operating expenses ²	5,905	8,313	10,390	9,268
Directors' fees and expenses	349	340	503	499
Grant, contributions and sponsorship	15,788	10,168	10,025	9,432
Loss on disposal of assets	61	65	61	65
Impairment of assets	-	-	-	-
Interest expense	-	-	(38)	(22)
Net foreign exchange loss	(1)	2	(1)	32
Total other expenditure	42,364	34,126	50,418	36,762

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

8 Income tax expense

	PARENT		GROUP	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
COMPONENTS OF INCOME TAX EXPENSE				
Current tax expense	-	-	-	-
Deferred tax expense	-	-	-	-
Total income tax expense	-	-	-	-

RELATIONSHIP BETWEEN TAX EXPENSE AND ACCOUNTING PROFIT

Net surplus/(deficit) before tax	7,404	2,387	7,563	2,408
Less net surplus/(deficit) from non-taxable activities	-	-	(159)	(21)
Surplus (deficit) before tax	7,404	2,387	7,404	2,387
Prima facie income tax at 28%	2,073	668	2,073	668
Prior period adjustment	-	-	-	-
Taxation effect of permanent differences	(2,277)	85	(2,277)	85
Loss offset	(50)	-	(50)	-
Loss transferred to/(from) group companies	-	(717)	-	(717)
Effect of deferred tax not recognised - current year	255	(35)	255	(35)
Effect of deferred tax not recognised - prior year	-	-	-	-
Tax credits	(1)	(1)	(1)	(1)
Total income tax (benefit)/expense	-	-	-	-

9 Imputation Credit Account

	PARENT		GROUP	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Imputation credits available for subsequent reporting periods based on a rate of 28%	53,000	105,000	53,000	105,000

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

10 Cash and cash equivalents

	PARENT		GROUP	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Cash at bank and in hand	3,410	2,023	3,410	2,023
Total cash and cash equivalents	3,410	2,023	3,410	2,023

11 Debtors and other receivables

	PARENT		GROUP	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
CURRENT ASSETS				
Trade receivables	1,463	701	2,363	1,216
Sundry receivables	554	146	544	844
Related party receivables	28,290	11,117	28,290	11,117
Goods and services tax	(48)	215	(48)	215
Prepayments	545	630	545	719
	30,805	12,809	31,694	14,111
Current receivables from non exchange transactions	30,805	12,809	31,694	14,111

NON-CURRENT ASSETS

Prepayments	-	601	-	601
	-	601	-	601

Total debtors and other receivables	30,805	13,410	31,694	14,712
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Non-current receivables from non exchange transactions	30,805	13,410	31,694	14,712
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Impairment

At year end, all overdue receivables are assessed for impairment and appropriate provisions applied. The status of receivables as at 30 June 2017 are detailed below:

Past due but not impaired

As at 30 June 2017, Parent trade receivables of \$1,048,000 (2016 \$528,000) and Group trade receivables of \$1,193,000 (2016 \$945,000) were past due. Impairment of receivables has been provided for, against Parent of \$195,000 (2016: \$60,000) and Group of \$200,000 (\$60,000).

The aging analysis of trade receivables is as follows:

	PARENT		GROUP	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Current	416	173	1,170	271
Past due 1-60 days	23	134	135	551
Past due 61-90 days	51	94	75	94
Past due 90+ days	974	300	983	300
Total current trade receivables	1,463	701	2,363	1,216

12 Inventories

	PARENT		GROUP	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Finished goods	24	80	24	80
Total inventories	24	80	24	80

13 Property, plant and equipment

	1 JULY 2016			CURRENT YEAR MOVEMENTS				30 JUNE 2017		
	Cost	Accumulated depreciation	Carrying amount	Current year additions	Current year disposals	Transfers	Current year depreciation	Cost	Accumulated depreciation	Carrying amount
PARENT	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
OPERATIONAL ASSETS										
<u>At cost</u>										
Leased asset	2,049	(73)	1,976	-	(33)	826	(237)	2,839	(307)	2,532
Plant and machinery	235	(131)	104	-	-	4	(20)	239	(151)	88
Computer equipment	528	(409)	119	-	-	296	(155)	815	(556)	259
Furniture, fittings and equipment	2,627	(1,215)	1,412	-	(28)	(12)	(347)	2,568	(1,544)	1,024
Capital work in progress	1,457	-	1,457	8,635	-	(1,113)	-	8,979	-	8,979
Total operational assets	6,896	(1,828)	5,068	8,635	(61)	-	(759)	15,439	(2,557)	12,882
	1 JULY 2015			PRIOR YEAR MOVEMENTS				30 JUNE 2016		
	Cost	Accumulated depreciation	Carrying amount	Prior year additions	Prior year disposals	Transfers	Prior year depreciation	Cost	Accumulated depreciation	Carrying amount
PARENT	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
OPERATIONAL ASSETS										
<u>At cost</u>										
Leased Asset	-	-	-	-	-	2,049	(73)	2,049	(73)	1,976
Plant and machinery	235	(106)	129	-	-	-	(25)	235	(131)	104
Computer equipment	485	(294)	191	-	-	43	(115)	528	(409)	119
Furniture, fittings and equipment	2,336	(1,011)	1,325	-	(74)	515	(354)	2,627	(1,215)	1,412
Capital work in progress	449	-	449	3,615	-	(2,607)	-	1,457	-	1,457
Total operational assets	3,505	(1,411)	2,094	3,615	(74)	-	(567)	6,896	(1,828)	5,068

*Leased assets and capital work in progress relate to the fit out costs for Grid AKL. There are three buildings that ATEED (as head lessees) are sub leasing (Lysaght, 12 Madden Street and Mason Bros)

13 Property, plant and equipment (continued)

Capital expenditure funded by Auckland Council this reporting period \$8,635,000 (2016: \$2,975,000).

	1 JULY 2016		CURRENT YEAR MOVEMENTS						30 JUNE 2017		
	Cost	Accumulated depreciation & impairment charges	Carrying amount	Current year additions	Current year disposals	Transfers	Impairment charges	Current year depreciation	Cost	Accumulated depreciation & impairment charges	Carrying amount
GROUP	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
OPERATIONAL ASSETS											
<i>At cost</i>											
Leased asset	2,049	(73)	1,976	-	(33)	826	-	(237)	2,839	(307)	2,532
Plant and machinery	235	(131)	104	-	-	4	-	(20)	239	(151)	88
Computer equipment	552	(422)	130	-	-	296	-	(167)	839	(580)	259
Furniture, fittings and equipment	2,761	(1,330)	1,431	-	(28)	(12)	-	(366)	2,702	(1,678)	1,024
Capital work in progress	1,457	-	1,457	8,635	-	(1,113)	-	-	8,979	-	8,979
Total operational assets	7,054	(1,956)	5,098	8,635	(61)	-	-	(790)	15,598	(2,716)	12,882
	1 JULY 2015		PRIOR YEAR MOVEMENTS						30 JUNE 2016		
	Cost	Accumulated depreciation & impairment charges	Carrying amount	Prior year additions	Prior year disposals	Transfers	Impairment charges	Prior year depreciation	Cost	Accumulated depreciation & impairment charges	Carrying amount
GROUP	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
OPERATIONAL ASSETS											
<i>At cost</i>											
Leased Asset	-	-	-	-	-	2,049	-	(73)	2,049	(73)	1,976
Plant and machinery	235	(106)	129	-	-	-	-	(25)	235	(131)	104
Computer equipment	505	(303)	202	-	-	47	-	(119)	552	(422)	130
Furniture, fittings and equipment	2,354	(1,019)	1,335	-	(74)	631	-	(461)	2,761	(1,330)	1,431
Capital work in progress	573	-	573	3,611	-	(2,727)	-	-	1,457	-	1,457
Total operational assets	3,667	(1,428)	2,239	3,611	(74)	-	-	(678)	7,054	(1,956)	5,098

14. Intangible assets

	1 JULY 2016			CURRENT YEAR MOVEMENTS				30 JUNE 2017		
	Cost	Accumulated amortisation & impairment charges	Carrying amount	Current year additions	Current year disposals	Transfers	Current year amortisation	Cost	Accumulated amortisation & impairment charges	Carrying amount
PARENT	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
AT COST										
Computer software	115	(59)	56	-	-	-	(23)	115	(82)	33
	1 JULY 2015			PRIOR YEAR MOVEMENTS				30 JUNE 2016		
	Cost	Accumulated amortisation & impairment charges	Carrying amount	Prior year additions	Prior year disposals	Transfers	Prior year amortisation	Cost	Accumulated amortisation & impairment charges	Carrying amount
PARENT	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
AT COST										
Computer software	117	(38)	79	-	-	-	(23)	115	(59)	56

14 Intangible assets (continued)

GROUP	1 JULY 2016			CURRENT YEAR MOVEMENTS				30 JUNE 2017		
	Cost	Accumulated amortisation & impairment charges	Carrying amount	Current year additions	Current year disposals	Transfers	Current year amortisation	Cost	Accumulated amortisation & impairment charges	Carrying amount
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
AT COST										
Computer software	115	(59)	56	-	-	-	(23)	115	(82)	33
GROUP	1 JULY 2015			PRIOR YEAR MOVEMENTS				30 JUNE 2016		
	Cost	Accumulated amortisation & impairment charges	Carrying amount	Prior year additions	Prior year disposals	Transfers	Prior year amortisation	Cost	Accumulated amortisation & impairment charges	Carrying amount
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
AT COST										
Computer software	117	(38)	79	-	-	-	(23)	115	(59)	56

Amortisation of \$23,000 (2016: \$23,000) (Parent) and \$23,000 (2016: \$23,000) (Group) is included in depreciation and amortisation expense in the statements of comprehensive revenue and expenses.

15 Other financial assets

	PARENT		GROUP	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
NON-CURRENT				
Community loan	40	40	40	40
Total non-current	40	40	40	40
Total other financial assets	40	40	40	40

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

16 Payables and accruals

	PARENT		GROUP	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
CURRENT				
Creditors	2,615	1,349	2,669	1,369
Accrued expenses	6,569	4,898	7,554	5,717
Related party payables	19,693	4,202	18,705	3,907
Revenue in advance	79	267	79	292
Sundry payables	1,343	842	1,349	867
Lease inducement payment	964	1,032	964	1,032
	31,263	12,590	31,320	13,184
NON CURRENT				
Lease inducement payment	61	182	61	182
	61	182	61	182
Total trade and other payables	31,324	12,772	31,381	13,366
Exchange trade and other payables	31,324	12,772	31,381	13,366

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

17 Employee entitlements

	PARENT		GROUP	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
CURRENT				
Annual leave	970	898	970	944
Accrued salaries and wages	721	669	721	669
Total current	1,691	1,567	1,691	1,613
NON CURRENT				
Long service leave	3	3	3	3
Total non-current	3	3	3	3
Total employee benefit liabilities	1,694	1,570	1,694	1,616

18 Derivative financial instruments

	PARENT		GROUP	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
NON-CURRENT ASSETS				
Forward foreign exchange contracts cash flow hedges	-	-	-	-
Total derivative financial instrument assets	-	-	-	-
CURRENT LIABILITIES				
Forward foreign exchange contracts cash flow hedges	142	232	142	232
Total derivative financial instrument liabilities	142	232	142	232
NON-CURRENT LIABILITIES				
Forward foreign exchange contracts cash flow hedges	-	-	-	-
Total derivative financial instrument liabilities	142	232	142	232
Total net derivative financial instruments assets/ (liabilities)	(142)	(232)	(142)	(232)

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

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

These contracts are hedging highly probably forecasted transactions.

19 Provisions

	PARENT		GROUP	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Staff cost provision	1,319	885	1,319	885

20 Investment in other entities

20.1 Investment in subsidiaries

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

All subsidiaries are incorporated in New Zealand.

NAME OF ENTITY	2017	2016
	%	%
World Masters Games 2017 Limited	100	100

	PARENT		GROUP	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
World Masters Games 2017 Limited	1	1	-	-
Total investments in subsidiaries	1	1	-	-

20.2 Investment in jointly controlled entities

	PARENT		GROUP	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
New Zealand Food Innovation Auckland Limited	3	3	2,085	2,067
Total investments in jointly controlled entities	3	3	2,085	2,067

	Total assets \$'000	Total liabilities \$'000	Gross Revenue \$'000	Net Profit after tax \$'000	Percentage of interest held
As at 30 June 2017					
New Zealand Food Innovation Auckland Limited	9,096	2,787	3,938	57	33.30%
As at 30 June 2016					
New Zealand Food Innovation Auckland Limited	8,808	2,544	3,788	26	33.30%

21 Contributed equity

	PARENT		GROUP	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
CONSOLIDATED AND PARENT				
Equity contributed by disestablished councils	3,458	3,458	3,457	3,457
Equity contributed by disestablished CCOs	919	919	919	919
Total	4,377	4,377	4,376	4,376

	PARENT		GROUP	
	2017 Shares	2016 Shares	2017 Shares	2016 Shares
Opening number of ordinary shares issued	1,000	1,000	1,000	1,000
Issues of ordinary shares during the year/period	-	-	-	-
Closing balance of ordinary shares issued	1,000	1,000	1,000	1,000

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

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

22 Reserves and accumulated funds/(losses)

	PARENT		GROUP	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
(A) HEDGING RESERVE - CASH FLOW HEDGES				
Balance beginning of year	(232)	(173)	(232)	(173)
Fair value gains/(losses) in year	90	(59)	90	(59)
Balance at 30 June	(142)	(232)	(142)	(232)

Hedging reserve - cash flow hedges

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

	PARENT		GROUP	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
(B) ACCUMULATED FUNDS/(LOSSES)				
Balance at beginning of the year	1,080	(1,307)	3,836	1,428
Surplus/(deficit) for the year	7,404	2,387	7,563	2,408
Accumulated funds/(losses) 30 June	8,484	1,080	11,399	3,836

Surplus for the current year includes \$8,635,000 (2016: \$2,975,000) received from Auckland Council for capital grants. Future year's depreciation and amortisation expenses will be funded from this reserve.

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

	PARENT		GROUP	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Surplus/(deficit) after tax	7,404	2,387	7,563	2,408
ADD/(LESS) NON-CASH ITEMS:				
Depreciation and amortisation expense	782	591	813	702
Loss on disposal of assets	61	65	34	65
Share of surplus in joint venture	-	-	(19)	(21)
ADD/(LESS) MOVEMENTS IN WORKING CAPITAL:				
Debtors and other receivables	(17,395)	(3,942)	(16,982)	(4,080)
Inventories	56	(25)	56	(25)
Creditors and other payables	18,160	2,926	17,924	3,645
Provisions	434	532	434	532
Employee benefits	124	150	78	176
Net cash inflow (outflow) from operating activities	9,626	2,684	9,901	3,402

24 Commitments and operating leases

Operating leases as lessee

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

	PARENT		GROUP	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
MINIMUM OPERATING LEASE PAYMENTS PAYABLE:				
Less than one year	7,677	2,187	7,677	2,280
Between one and five years	24,911	5,024	24,911	5,024
More than five years	32,768	6,517	32,768	6,517
Total non-cancellable operating leases at lessee	65,357	13,728	65,357	13,821

The total minimum future sublease payments expected to be received under non-cancellable subleases at balance date is \$9,096,256 (2016: \$3,238,440).

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

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

As at 30 June 2017 ATEED had entered into a number of contracts. ATEED recognises a future year financial commitment where there is a clear obligation to pay and there is no indication the event will not occur.

	PARENT		GROUP	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Less than one year	10,779	13,184	10,779	21,648
Between one and five years	486	2,931	486	3,700
Total non-cancellable contracts	11,266	16,115	11,266	25,348

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

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

25 Contingencies - assets & liabilities

As at 30 June 2017, ATEED has entered into contracts to host, deliver or sponsor a number of events. Any revenue and costs related to these events will be accounted for when they are incurred. Any known contractual obligations have been included as commitments (note 24).

26 Related party transactions

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

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

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

27 Remuneration

	PARENT		GROUP	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
KEY MANAGEMENT REMUNERATION				
Directors	347	338	522	498
Senior management salaries and other short term benefits	2,070	1,429	3,610	2,460
Total key management remuneration	2,417	1,767	4,132	2,958
	PARENT		GROUP	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
SENIOR MANAGEMENT TEAM INCLUDING CHIEF EXECUTIVE				
Full-time equivalent members	6	6	13	13
Remuneration	2,070	1,429	3,610	2,460

	PARENT		GROUP	
	2017	2016	2017	2016
	Number of employees	Number of employees	Number of employees	Number of employees
THE NUMBER OF EMPLOYEES THAT RECEIVED OVER \$100,000 P.A. AS AT 30 JUNE IS AS FOLLOWS:				
\$100,000 - \$109,999	13	14	13	15
\$110,000 - \$119,999	14	14	14	14
\$120,000 - \$129,999	12	5	14	10
\$130,000 - \$139,999	7	7	11	7
\$140,000 - \$149,999	5	4	6	5
\$150,000 - \$159,999	1	1	1	1
\$160,000 - \$169,999	1	3	1	3
\$170,000 - \$179,999	1		3	
\$180,000 - \$189,999	2	3	2	5
\$190,000 - \$199,999	1	3	1	3
\$200,000 - \$209,999		3		3
\$210,000 - \$219,999	1	1	2	1
\$220,000 - \$229,999		1		2
\$230,000 - \$239,999	1		2	
\$240,000 - \$249,999				
\$250,000 - \$259,999	1		1	
\$260,000 - \$269,999	1		1	
\$270,000 - \$279,999		2		2
\$280,000 - \$289,999	1		1	
\$310,000 - \$319,999	1		1	
\$380,000 - \$389,999		1		1
\$400,000 - \$409,999	1		1	
\$410,000 - \$419,999	1		1	
\$420,000 - \$429,999			1	

	PARENT		GROUP	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
DIRECTORS' REMUNERATION BY DIRECTOR				
David McConnell	81	82	81	82
Franceska Banga	47	47	47	47
Norm Thompson	51	51	51	51
Richard Jeffery	16	41	16	41
Michael Taitoko	26	-	26	-
Helen Robinson	41	41	41	41
Danny Chan	44	41	44	41
Stuart McCutcheon	41	35	41	35
John Wells			65	60
Diana Puketapu			22	20
Kevin Ross			22	20
Martin Snedden			22	20
Dianne McAteer			22	20
Graham Child			22	20
Total directors remuneration	347	338	522	498

28 Events occurring after the balance date

There were no significant events occurring after the balance date.

29 Financial risk management

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

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

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

29 Financial risk management (continued)

	Notes	CARRYING AMOUNT		FAIR VALUE	
		2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
PARENT					
FINANCIAL ASSETS					
Derivative financial assets	18	-	-	-	-
Debtors and other receivables	11	30,308	11,964	30,308	11,964
Cash and cash equivalents	10	3,410	2,023	3,410	2,023
Other financial assets	15	40	40	40	40
Total financial assets		33,757	14,027	33,757	14,027
FINANCIAL LIABILITIES					
Derivative financial liabilities	18	(142)	(232)	(142)	(232)
Creditors and other payables	16	(30,220)	(11,291)	(30,220)	(11,291)
Total financial liabilities		(30,362)	(11,523)	(30,362)	(11,523)
Net financial assets/(liabilities)		3,396	2,504	3,396	2,504
GROUP					
FINANCIAL ASSETS					
Derivative financial assets	18	-	-	-	-
Debtors and other receivables	11	31,197	13,177	31,197	13,177
Cash and cash equivalents	10	3,410	2,023	3,410	2,023
Other financial assets	15	40	40	40	40
Total financial assets		34,647	15,240	34,647	15,240
FINANCIAL LIABILITIES					
Derivative financial liabilities	18	(142)	(232)	(142)	(232)
Creditors and other payables	16	(30,277)	(11,860)	(30,277)	(11,860)
Total financial liabilities		(30,419)	(12,092)	(30,419)	(12,092)
Net financial assets (liabilities)		4,228	3,148	4,228	3,148

29 Financial risk management (continued)

(a) Market risk

The only risk that ATEED is subject to, is foreign exchange risk.

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

Foreign currency risk arises when the cost of a product or service sourced offshore rises due to a deterioration in the exchange rate between the New Zealand dollar and the relevant foreign currency (2017: Euro, 2016: Euro) between the time a commitment is made to incur the expenditure and the time payment is actually made. The Company and Group is able to mitigate the risk of such an adverse movement in exchange rates by utilising the services of the Auckland Council Treasury group and by entering into forward foreign exchange contracts.

In applying a sensitivity of plus or minus 5% (2016:5%) movement in foreign exchange rates, the Company and Group is exposed to either a foreign exchange loss of \$109,000 or loss of \$172,000 in other comprehensive income (2016: \$165,000 loss or \$295,000 loss in other comprehensive income). The Company and Group considers this potential movement reflects reasonably possible changes in foreign exchange rates.

(b) Credit risk

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

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

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

ATEED's maximum credit exposure for each class of financial instrument is best represented by the carrying amount in the statement of financial position. Ongoing credit evaluation is performed on the financial condition of customers and the ageing of their existing outstanding balances. Cash and deposits are held with BNZ Bank and ASB Bank which are registered banks in New Zealand, and respectively rated Moody's Aa2 and Standard & Poors AA for their long-term credit ratings.

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

Counterparties with credit ratings for cash and cash equivalents for the Parent and Group (AA) 2017 \$3,410 (2016 \$ 2,023). Counterparties without credit ratings for receivables for the Parent and Group respectively 2017 \$30,347; \$31,237 (2016 \$12,004; \$13,217).

(c) Liquidity risk

Liquidity risk represents ATEED's ability to meet its contractual obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. ATEED mostly manages liquidity risk by continuously monitoring forecasted next expenditure and actual cash flow requirements. ATEED's creditors are mainly those reported as trade and other payable, and operating leases.

29 Financial risk management (continued)

Contractual maturity and analysis of financial liabilities

	On demand	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount liabilities
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
PARENT - 30 JUNE 2017							
NON-DERIVATIVES							
Creditors and other payables	(30,220)	-	-	-	-	(30,220)	(30,220)
Total	(30,220)	-	-	-	-	(30,220)	(30,220)

DERIVATIVES							
Forward foreign exchange contracts	-	-	-	-	-	-	(142)
- (inflow)	-	(911)	-	-	-	(911)	-
- outflow	-	769	-	-	-	769	-
Total	-	(142)	-	-	-	(142)	(142)

	On demand	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount liabilities
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
GROUP - 30 JUNE 2017							
NON-DERIVATIVES							
Creditors and other payables	(30,277)	-	-	-	-	(30,277)	(30,277)
Total	(30,277)	-	-	-	-	(30,277)	(30,277)

DERIVATIVES							
Forward foreign exchange contracts	-	-	-	-	-	-	(142)
- (inflow)	-	(911)	-	-	-	(911)	-
- outflow	-	769	-	-	-	769	-
Total	-	(142)	-	-	-	(142)	(142)

	On demand	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount liabilities
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
PARENT - 30 JUNE 2016							
NON-DERIVATIVES							
Creditors and other payables	(11,291)	-	-	-	-	(11,291)	(11,291)
Total	(11,291)	-	-	-	-	(11,291)	(11,291)

DERIVATIVES							
Forward foreign exchange contracts	-	-	-	-	-	-	(232)
- (inflow)	-	(859)	(886)	-	-	(1,745)	-
- outflow	-	744	769	-	-	1,513	-
Total	-	(115)	(117)	-	-	(232)	(232)

	On demand	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount liabilities
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
GROUP - 30 JUNE 2016							
NON-DERIVATIVES							
Creditors and other payables	(11,860)	-	-	-	-	(11,860)	(11,860)
Total	(11,860)	-	-	-	-	(11,860)	(11,860)

DERIVATIVES							
Forward foreign exchange contracts	-	-	-	-	-	-	(232)
- (inflow)	-	(859)	(886)	-	-	(1,745)	-
- outflow	-	744	769	-	-	1,513	-
Total	-	(115)	(117)	-	-	(232)	(232)

29 Financial risk management (continued)

(d) Fair value estimation

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

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

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

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

	Level 1	Level 2	Level 3	Total balance
	\$'000	\$'000	\$'000	\$'000
PARENT - 30 JUNE 2017				
ASSETS				
Forward foreign exchange contracts - cash flows hedges	-	-	-	-
Total Assets	-	-	-	-
LIABILITIES				
Forward foreign exchange contracts - cash flows hedges	-	(142)	-	(142)
Total liabilities	-	(142)	-	(142)
PARENT - 30 JUNE 2016				
ASSETS				
Forward foreign exchange contracts - cash flows hedges	-	-	-	-
Total Assets	-	-	-	-
LIABILITIES				
Forward foreign exchange contracts - cash flows hedges	-	(232)	-	(232)
Total liabilities	-	(232)	-	(232)
GROUP - 30 JUNE 2017				
ASSETS				
Forward foreign exchange contracts - cash flows hedges	-	-	-	-
Total Assets	-	-	-	-
LIABILITIES				
Forward foreign exchange contracts - cash flows hedges	-	(142)	-	(142)
Total liabilities	-	(142)	-	(142)

29 Financial risk management (continued)

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

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

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

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

The following table presents the Group's assets and liabilities that are measured at fair value as at 30 June 2017.

	Derivatives for hedging	Loans and receivables	Total
PARENT	\$'000	\$'000	\$'000
AT 30 JUNE 2017			
Derivative Financial Asset - Forward foreign exchange contracts	-	-	-
Cash and cash equivalent	-	3,410	3,410
Debtors and other receivables	-	30,308	30,308
Other financial assets	-	40	40
Total	-	33,757	33,757
AT 30 JUNE 2016			
Derivative Financial Asset - Forward foreign exchange contracts	-	-	-
Cash and cash equivalent	-	2,023	2,023
Debtors and other receivables	-	11,964	11,964
Other financial assets	-	40	40
Total	-	14,027	14,027

29 Financial risk management (continued)**(e) Financial instruments by category (continued)**

	Derivatives for hedging \$'000	Loans and receivables \$'000	Total \$'000
GROUP			
AT 30 JUNE 2017			
Derivative Financial Asset - Forward foreign exchange contracts	-	-	-
Cash and cash equivalents	-	3,410	3,410
Debtors and other receivables	-	31,197	31,197
Other financial assets	-	40	40
Total	-	34,647	34,647

AT 30 JUNE 2016			
Derivative Financial Asset - Forward foreign exchange contracts	-	-	-
Cash and cash equivalents	-	2,023	2,023
Debtors and other receivables	-	13,177	13,177
Other financial assets	-	40	40
Total	-	15,240	15,240

Liabilities as per balance sheet

	Derivatives for hedging \$'000	Loans and receivables \$'000	Total \$'000
PARENT			
AT 30 JUNE 2017			
Derivative Financial Liability - Forward foreign exchange contracts	(142)	-	(142)
Trade and other payables	-	(30,220)	(30,220)
Total	(142)	(30,220)	(30,362)

AT 30 JUNE 2016			
Derivative Financial Liability - Forward foreign exchange contracts	(232)	-	(232)
Trade and other payables	-	(11,291)	(11,291)
Total	(232)	(11,291)	(11,523)

	Derivatives for hedging \$'000	Loans and receivables \$'000	Total \$'000
GROUP			
AT 30 JUNE 2017			
Derivative Financial Liability - Forward foreign exchange contracts	(142)	-	(142)
Creditors and other payables	-	(30,277)	(30,277)
Total	(142)	(30,277)	(30,419)

AT 30 JUNE 2016			
Derivative Financial Liability - Forward foreign exchange contracts	(232)	-	(232)
Creditors and other payables	-	(11,860)	(11,860)
Total	(232)	(11,860)	(12,092)

30 Capital management

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

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

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

31 Variances against budget in the Statement of Intent (SOI)

As a Council Controlled Organisation, ATEED agrees its budget each year with the shareholder, Auckland Council, and publishes the budget in the Statement of Intent. The following table shows a high level comparison of actual financial performance to budget.

	Actual 2017 \$'000	Budget 2017 \$'000	Variance 2017 \$'000	Actual 2016 \$'000
Operating budget				
Revenue				
Operating funding from Auckland Council	53,201	56,200	(2,999)	46,856
Fees, user charges and other income	14,030	13,207	823	4,545
Subsidies and grants (opex)	8,768	6,623	2,145	8,395
Total revenue	75,998	76,030	(32)	59,796
Expenditure				
Employee benefits	25,664	27,037	(1,373)	22,815
Depreciation and amortisation	813	1,198	(385)	702
Other operating expenses	50,593	48,994	1,599	36,869
Total expenses	77,070	77,229	(159)	60,386
Net operating income	(1,072)	(1,199)	127	(590)
Capital budget				
Capital funding from Auckland Council	8,635	7,385	1,250	2,975
Subsidies and grants	-	480	(480)	-
Total capital funding	8,635	7,865	770	2,975
Total capital expenditure	8,635	7,865	770	3,611

Operating Funding	Operating funding from Auckland Council was less than SOI due to deferral of some key project expenditure until 2018.
Fees, User charges and other income	Additional rental income received for GridAKL building and the Kumeu Film Studio that was not included in the budget.
Subsidies and Grants	Central government funding received of \$2m for the Lions' Tour to fund the fan zone and fan trail
Employee benefits	Underspend due to vacancies carried during the year and efficiencies created through restructures and changes in reporting lines.
Depreciation and amortisation	Depreciation was under budget as the budget assumed an earlier opening date for Grid AKL build.

Other expenses	Overspend in other operating expenses due to occupancy costs for Kumeu Film Studio not included in the budget, FoodBowl grant paid earlier due to activities delivered earlier and World Master Games (WMG) expenses higher than budget. No impact on whole of program expenses for WMG, due to WMG drawing from the surplus created in financial year 2015.
Capital funding	Additional capital funding was received from Auckland Council due to deferral of expenditure in FY16 for GridAKL. The budget was also increased by an additional \$5.8m for the fit out of two new buildings (Mason Bros and 12 Madden Street) that was not part of the original budget. Unutilised capital funds will be deferred to the next financial year.
Capital expenditure	Capital expenditure increase was due to the additional fit out costs for Grid AKL program.








Statement of service performance

ATEED Performance Measure – Annual Result (FY 2016/17)

Auckland Tourism, Events and Economic Development Ltd (ATEED), has progressed well in our work towards the targets set in our 2016-19 Statement of Intent (SOI). The Key Performance Indicators (KPIs) set out in the SOI have been refined from those used in previous years.



Against the 24 KPIs contained in the 2016-19 SOI, ATEED has made significant progress towards achieving our vision to improve New Zealand's economic prosperity by leading the successful transformation of Auckland's economy. ATEED has adopted the 5-tier assessment which Auckland Council uses to assess KPIs, with the following statuses applied:

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




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




- 20 were 'achieved'
- 0 were 'substantially achieved'
- 1 was 'progressing'
- 2 were 'not achieved'
- 1 had 'no result' (as the measure has been discontinued by NZTE)





Please note that the summary above excludes 2 KPIs for which results are pending at the time of writing this report, but which are forecast to be achieved.





No.	How we will demonstrate success in achieving our aims	We will measure our progress against these targets at these times	2017 Result	2016 Result	Status	Comment
Build a Culture of Innovation and Entrepreneurship						
1.1	Number of businesses taking up tenancy at GridAKL (Wynyard Innovation Precinct) (cumulative) and percentage 'innovation-led' ¹	30 June 2017: 55 & 70% 30 June 2018: 100 & 70% 30 June 2019: 115 & 70%	70 (80%)	56 & 70%		At the end of FY 2016/17 70 businesses had taken up residence in GridAKL, 80% of which are innovation-led. The numbers are supplied by BizDojo who operates the facility. In addition, there are 203 Tech Café members. New buildings are scheduled to open in September 2017, at which time the number or resident businesses will increase at GridAKL.
1.2	Number of individual entrepreneurs supported through an ATEED delivered or funded entrepreneurship programme	30 June 2017: 1,500 30 June 2018: 1,500 30 June 2019: 1,500	1,995	New measure		<p>This was a new measure for ATEED, introduced in 2016/17, and includes a variety of programmes including the Lion Foundation Young Enterprise Scheme and DIGMYIDEA, which are delivered by ATEED. It also includes individuals who have been through Velocity at the University of Auckland and co-starters at AUT, which are co-funded by ATEED.</p> <p>This year's result includes an increase in the number of students that participated in programmes. For instance the number of students participating in the Lion Foundation Young Enterprise Scheme rose from 992 students in 2016 to 1400 in 2017. There was also a general increase of interest and awareness among youth about youth entrepreneurship programmes.</p>
1.3	Percentage of stakeholders satisfied with provision of business advice, start-up, training and mentoring programmes (LTP Measure)	30 June 2017: 85% 30 June 2018: N/A 30 June 2019: N/A	Not measured	91%		<p>This contracted service measure has been discontinued therefore "no result" can be recorded. NZTE that owns the survey that this measure is based on changed its methodology during the year and no longer measure satisfaction.</p> <p>NZTE has adopted a net promoter score methodology (NPS), which measures the willingness of customers to recommend an</p>

¹ Innovation-led is defined as businesses developing new or improved technologies or services


						organisation's products and services to others. ATEED's current NPS stands at +57, where a score of +50 is considered excellent. ATEED has changed to the NPS methodology in the SOI 2017-20, and will reflect the change in the next Long Term Plan (LTP).
1.4	Number of actively managed businesses through Regional Business Partner Programme	30 June 2017: 720 30 June 2018: 750 30 June 2019: 750	1,101	1,042		<p>This is the number of businesses managed through the Regional Business Partner Programme (RBP) excluding business mentors. This figure excludes all other ongoing client relationships which are managed throughout the year.</p> <p>The result is 153% of target and reflects a very high level of activity and demand for the Regional Business Partner (RBP) programme.</p>
1.5	Number of businesses that have been through an ATEED programme or benefitted from an ATEED intervention (LTP measure)	30 June 2017: 1,500 30 June 2018: 3,000 30 June 2019: 3,000	4,178	4,073		<p>The measure includes only businesses that went through an ATEED programme or intervention and doesn't capture the wider downstream benefits of each intervention. It also excludes individuals or entrepreneurs measured separately. Businesses that have been involved in multiple ATEED interventions/programmes are only counted once.</p> <p>Factors behind this year's result include:</p> <ul style="list-style-type: none"> Improvements to processes and accessibility of services as well as greater collaboration between ATEED teams, both of which provided increased capacity to manage and assist businesses. An increase in the number of businesses engaged through ATEED's programmes, including food and beverage, Screen Auckland and Auckland Convention Bureau.
1.6	Number of Māori businesses that have been through an ATEED programme or benefitted from an ATEED intervention (LTP measure)	30 June 2017: 100 30 June 2018: 120 30 June 2019: 120	183	157		Where possible, Māori businesses have been self-defined and include businesses that consider themselves a Māori business due to ownership, philosophy, principles, goals, tikanga, management practices, branding, assets (both tangible and intangible, and

						<p>employees (all categories provided by Stats NZ).</p> <p>Factors behind this year's result include an increase in the capacity and maturity of ATEED's Māori Economic Development (MED) and tourism development programmes.</p> <p>The number of Māori businesses engaged through the MED programme increased from 36 in 2016 to 82 in 2017.</p>
Attract Business and Investment						
2.1	Facilitation of the establishment, or significant expansion of multinational and local companies in target sectors (LTP measure)	30 June 2017: 5 30 June 2018: 5 30 June 2019: 5	6	9		<p>ATEED has facilitated the establishment or significant expansion of six multinationals in Auckland during 2016/17.</p> <p>These companies include:</p> <ul style="list-style-type: none"> • Four in the construction/accommodation sector • One in the screen sector • One in the technology sector (leading automobile and energy company). <p>The attraction of these companies increases Auckland's productivity in these sectors.</p>
2.2	Number of intensively account managed customers in ATEED Aftercare programme (Aroha Auckland)	30 June 2017: 85 30 June 2018: 85 30 June 2019: 85	86	81		<p>There were 86 AROHA clients who had been engaged this during the 2016/17 financial year.</p> <p>A review is underway of this programme to determine how to ensure maximising the value of this initiative and maximum value to clients. ATEED is scoping future potential members of this programme.</p>
2.3	Total GDP contribution of deals effected with ATEED involvement	30 June 2017: 56.7m 30 June 2018: 59.6m 30 June 2019: 62.5m	\$340.7m	\$249.7m		<p>This figure is based on 12 deals achieved by the Business Attraction and Investment team during the 2016/17 financial year, including seven screen transactions.</p> <p>The current methodology uses a standardised attribution model based on a one-year calculation that accurately takes into account all investment into Auckland that 'ATEED' has had involvement with. The method will be reviewed as part of the LTP refresh.</p>

2.4	Value of investment deals effected by ATEED within the financial year	30 June 2017: 278m 30 June 2018: 292m 30 June 2019: 307m	\$487.8m	\$328.5		ATEED has effected 12 investment and screen attraction deals worth \$487.8m during the financial year. This includes \$192.5m of screen transactions.
Grow and Attract Skilled Talent						
3.1	Number of 'live' signatories to the Youth Employment Traction Hub Employers Pledge (LTP measure)	30 June 2017: 50 30 June 2018: 50 30 June 2019: 50	66	54		As at 30 June 2017, 66 Auckland employers had joined the Auckland Youth Employer Pledge. These companies have actively supported 76 ATEED youth employment initiatives, as well as JobFest. These companies represent Auckland industries including hospitality, construction and infrastructure, and the digital/ICT and services industries.
3.2	Growth in value of international student spend to Auckland	30 June 2017: \$1.88b 30 June 2018: \$2.306b 30 June 2019: \$2.387b	\$2.25b	\$2.1b		<p>This is based on information provided by Education New Zealand. This figure is for the year-ending December 2016 and only available as an annual figure.</p> <p>Auckland has maintained its market share, welcoming 63% of all international students to New Zealand in 2016.</p> <p>Factors behind this year's result include:</p> <ul style="list-style-type: none"> • An increase in student numbers and tuition fee revenue. • A change in the way economic impact is valued nationally. <p>(https://enz.govt.nz/assets/Uploads/The-Economic-Impact-of-International-Education-in-New-Zealand-2015-2016.pdf)</p>
Grow the Visitor Economy						
4.1	Spend by visitors in Auckland	30 June 2017: \$6,319m 30 June 2018: \$6,617m 30 June 2019: \$6,943m	\$7,212m	\$5,593m		This result is for year-ending May 2017, and is based on data available from the Monthly Regional Tourism Estimates prepared by the Ministry of Business, Innovation and Employment. The target has been exceeded, which is driven by continued strong growth in

						<p>visitor arrivals.</p> <p>Visitation during 2016/17 was influenced by an increase in air capacity that led to growth in flights from US, China and Middle East and a growth in the shoulder season. Visitation was also driven by major events, e.g. World Masters Games 2017 and the DHL New Zealand Lions Series 2017.</p>
4.2	Number of major international business event bids submitted or supported	<p>30 June 2017: 35</p> <p>30 June 2018: 35</p> <p>30 June 2019: 40</p>	29	22 submitted		<p>The number of bids to be supported or submitted in this financial year was an increased target on the previous year. While the submitted or supported target has not been achieved, Auckland has won events with higher delegate attendee numbers, which has contributed to a higher value to the economy overall.</p>
4.3	Business event bid win/loss ratio (based on results received in financial year)	<p>30 June 2017: 60%</p> <p>30 June 2018: 60%</p> <p>30 June 2019: 60%</p>	70%	63%		<p>Business event win ratio has tracked well compared to target and previous year's result, with a 7% increase in the 2016/17 financial year.</p>
4.4	Value of business event bids won in financial year	<p>30 June 2017: \$19m</p> <p>30 June 2018: \$22m</p> <p>30 June 2019: \$24m</p>	\$32.4m	New measure		<p>This is the first year that this KPI has been measured. With increased capacity for Auckland such as the development of the New Zealand International Convention Centre, Auckland is now in a position to attract larger scale conferences which bring in a greater value to the regional economy due to the increased numbers of delegates attending one event.</p> <p>Please note, this figure relates to international events, and does not include domestic or Australia event bids.</p>
4.5	Percentage of customers satisfied with visitor information centres and services (LTP Measure)	<p>30 June 2017: 85%</p> <p>30 June 2018: 85%</p> <p>30 June 2019: 85%</p>	97.2%	91%		<p>This is based on 1,161 responses to surveys undertaken across the Auckland i-SITE network to the question: 'Overall, how satisfied were you with your experience at the i-SITE today?'</p> <p>Auckland i-SITES have had the highest level of customer satisfaction across the entire i-SITE network for the last two years. In 2016/17 there saw an upward trend in overall satisfaction across the country.</p>



Statement of Service Performance

4.6	Contribution to regional GDP from major events invested in (LTP measure)	30 June 2017: \$86m 30 June 2018: \$49m 30 June 2019: \$55m	\$76m ²	\$42.9m ⁴		<p>The targets set for these measures are those presented in the 2011 Auckland Major Events Strategy (MES). The 2017 target includes significant one-off events such as the World Masters Games 2017 (WMG2017) and the Auckland part of the DHL New Zealand Lions Series 2017 occurring in 2016/17 (to 30 June).</p> <p>WMG2017 generated \$34.2m of GDP in Auckland. The results for DHL Lions will not be available until October 2017 and when included the forecast result is \$89.4m which will exceed target.</p>
4.7	Percentage of Aucklanders who agree events make Auckland a great place to live (engender pride and sense of place)	30 June 2017: 80% 30 June 2018: 80% 30 June 2019: 80%	74%	73%		<p>The annual Council Residents Survey (sample of 4,242 residents) results show that 74% of Aucklanders agree that events make Auckland a great place to live (engender pride and sense of place). This result is similar to last year's 73%, the target of 80% for this KPI has not been achieved. This Council survey asks about people's perceptions on events in a more general view and not only ATEED.</p>
4.8	Visitor nights generated by major events invested in	30 June 2017: 415,000 30 June 2018: 165,000 30 June 2019: 180,000	557,390 ³	275,560 ⁴		<p>Result includes visitor nights generated by one-off events such as the World Masters Games 2017. That generated 241,480 visitor nights for Auckland.</p> <p>The result does not include visitor nights generated by the DHL New Zealand Lions Series 2017 occurring in 2016/17 (to 30 June) as these will be reported by MBIE.</p> <p>Targets for visitor nights generated by major events reflect the targets originally endorsed by Council through the Major Events Strategy. Refreshed targets will be developed over the 2017/18 financial year.</p>
4.9	Percentage of customers satisfied with delivered major events (LTP Measure)	30 June 2017: 85% 30 June 2018: 85% 30 June 2019: 85%	89%	78%		<p>Average satisfaction rating by respondents attending Tāmaki Herenga Waka, Pasifika, Lantern and Diwali festivals.</p>


² This is total current as at 11 August 2017 and excludes pending results for the DHL New Zealand Lions Series 2017, which is subject to MBIE delivery.

³ This is total current as at 11 August 2017 and excludes pending results for the DHL New Zealand Lions Series 2017, which is subject to MBIE delivery.

⁴ Actual result for 2016. ATEED's annual report 2016 noted a forecasted total of 283,679 visitor nights, and \$42.6m GDP.

Build Auckland's Brand and Identity						
5.1	Total visits to www.aucklandnz.com (LTP measure)	30 June 2017: 3.4m 30 June 2018: 3.8m 30 June 2019: 3.9m	3.2m	3.7m		<p>ATEED launched an improved aucklandnz.com website in April 2017. The migration to the new website with its significantly enhanced architecture caused a temporary fall in the number of visits. This is to be expected as search engines require time to rank new content.</p> <p>Prior to the migration, traffic was on track to meet the KPI, consistently tracking at 280,000 to 300,000 visits per month.</p> <p>Traffic reached 3.2 million by the end of the financial year – resulting in a shortfall of 6 % of the 3.4 million target.</p> <p>ATEED measures 'sessions' as this reflects the LTP definition more closely.</p>
Mana Whenua Engagement						
5.2	Percentage Mana Whenua satisfaction with quality of engagement	30 June 2017: Establish baseline 30 June 2018: Maintain/improve 30 June 2019: Maintain/improve	29%	N/A		<p>The Mana Whenua survey is undertaken annually by Auckland Council to provide inputs into the Council's annual report. It was initially intended to use the 30 June 2016 result as a baseline, however the sample achieved by Council was too low to use as a representative and reliable measure. In response, council has modified their survey approach.</p> <p>This year, the survey was conducted at both the governance level and the Kaitiaki level of the Mana Whenua organisations.</p> <p>As a part of the Kaitiaki survey, particular questions were asked in relation to a number of Council departments and Council-Controlled Organisations (CCOs) including amongst others, Auckland Tourism, Events and Economic Development (ATEED). The achieved sample size of n=7 Kaitiaki representatives from the 19 Mana Whenua is still relatively small and this current result should be viewed as indicative only.</p>
Local Economic Development						

Statement of Service Performance

5.3	Percentage of actions in ATEED Local Board Engagement and Action Plans completed.	30 June 2017: 80% 30 June 2018: N/A 30 June 2019: N/A	95%	N/A		<p>ATEED Local Board Engagement and Action Plans were developed over the 2014/15 and 2015/16 financial years for Boards Orākei, Waitemata, Waiheke, Waitakere Ranges, Kaipātiki, Māngere-Ōtāhuhu and Franklin as a pilot project.</p> <p>Through the development of these plans, Local Board priorities were determined and a number of actions, facilitations or advocacy to help the Boards progress their goals were developed.</p> <p>Year one identified 20 priorities with only four incomplete or ongoing (a 92.5% result), and year two had a further 15 identified priorities with two ongoing (97.5% result), making a 95% average during the pilot. The introduction of a new engagement model by ATEED also enabled ATEED to action and track the progress of these agreed priorities.</p> <p>Subsequent to the completion of the pilot, approved local economic development projects are now being delivered by ATEED using local board 'Locally Driven Initiatives' (LDI) funding, and as a result this measure has been amended in the 2017-2020 SOI to reflect this change.</p>
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World Masters Games 2017 Limited

Statement of Service Performance

World Masters Games 2017 Limited (WMG2017) was incorporated on 19 September 2013 and is a wholly owned subsidiary of Auckland Tourism, Events and Economic Development (ATEED). WMG2017 was responsible for the delivery of the World Masters Games in Auckland and the Waikato in April 2017 (the Games). WMG2017 had its own independent, skills and expertise-based board of directors, guided by a Constitution and Terms of Reference (TOR) with ATEED. WMG2017 led all aspects of the Games planning and delivery, except for leverage and legacy activities, which were led by ATEED.

The WMG2017 performance measures were specified in the TOR between ATEED and WMG2017. A subset of the full set of KPIs is reported below, aligning with the ATEED Statement of Intent (SOI) for 2016-2019. This SOI served as the SOI of WMG2017.

Outputs and Outcomes

Objective	Performance measures	Final result	Comment
Ensure the economic benefit from the Games is realised. ³	GDP impact meets or exceeds \$30.8 million. ¹	\$34.3 million	Achieved.
	Auckland visitor nights exceed 224,000. ^{1,2}	241,480 Auckland visitor nights	Achieved.
Deliver an exceptional and memorable Games experience for athletes, New Zealanders and stakeholders. ³	A survey of competitors/participants captures that more than 85 per cent agree that the Games were well organised.	88%	Achieved.
	A survey of public attendees captures that more than 85 per cent agree that the Games were well delivered and enhanced their pride in the city.	91%	Achieved.

1. The sport venue allocation process resulted in two venues being located in the Waikato region, resulting in a reduction in the projected contribution to Auckland GDP of \$5.36m (ATEED SOI 2016-19: GDP \$36.16m) and a reduction in the projected Auckland visitor nights of 26,810 (ATEED SOI 2016-19: Auckland visitor nights exceed 250,810).
2. Auckland visitor nights was disclosed in the annual report for the year ended 30 June 2016 as 244,000. This was a transposition error.
3. The economic impact assessment of the Games was completed independently by the Fresh Information Company. It also designed and administered the surveys completed.

The following table captures the other key objectives of WMG2017 and the related performance measures from the TOR.

Objective	Performance measures	Final result	Comment
Deliver a benchmark Games that strengthens the global masters movement.	IMGA agrees that Auckland successfully met the obligations of the Hosting Agreement.	At the Closing Ceremony on 30 April 2017, Kai Holm, President of the IMGA declared World Masters Games 2017 the 'best Games Ever.	Achieved.
Deliver a balanced budget, achieving revenue targets and demonstrating sound financial management.	A balanced budget.	Break even.	Refer WMG Financial Statements Note 2 Achieved.
	25,000 athletes and 3333 non-playing officials and supporters.	24,905 athletes and 3673 non-playing officials and supporters.	Achieved.
	The direct cost to ATEED does not exceed \$11.75 million and the direct cost to Ministry of Business, Innovation and Employment (MBIE) does not exceed \$11 million.	The direct cost to ATEED was \$11.75 million and the direct cost to MBIE was \$11 million.	Refer WMG Financial Statements Note 3 Achieved.
	ATEED and MBIE are kept informed of the event's progress.	Reporting was maintained as required in the TOR with ATEED, and the New Zealand Major Events Funding Agreement with MBIE.	Achieved.

As the above content illustrates, WMG2017 was a success on each and every measure.

New Zealand Food Innovation Auckland Ltd (NZFIA)

The FoodBowl is an innovation facility located near Auckland International Airport that provides a suite of resources to help food and beverage businesses turn ideas into commercial success. The FoodBowl is operated by the New Zealand Food Innovation network.

Its primary purpose is to encourage food and beverage firms to innovate. It does this by providing a state-of-the-art product and process development facility, encouraging industry networks and expertise, and conducting education programmes with partners.

New Zealand depends on the food and beverage sector to fuel its economy and deliver prosperity. Food and beverage is the country's largest export sector at 46 per cent, while in Auckland it contributed \$3.25b in GDP (2015) and has grown at average 2.3 per cent per annum since 2011. Food and beverage is the region's largest manufacturing employer.

In the year ended June 2017, The FoodBowl engaged with 243 high-value processed food companies on projects, with 60 of these companies going on to use The FoodBowl to undertake trials or production to validate, commercialise and export their products. Client revenue has steadily increased year on year with a Compound Annual Growth Rate (CAGR) of 9.19 per cent.

During the year, The FoodBowl collaborated on innovative projects with partners such as a pilot accelerator programme for exporters. It hosted more than 30 workshops on topics ranging from intellectual property to equipment knowledge, which attracted more than 350 participants. The FoodBowl supported the High Value Nutrition Science Challenge working with Plant & Food Research.

The FoodBowl continues to be a facility admired by other countries which are impressed that Auckland and New Zealand supports innovation in high-value food and beverage through this infrastructure. Delegations from many countries including China, Vietnam and Singapore, visited the facility during the year.

New product development opportunities were promoted to iwi groups, and The FoodBowl continues to work with one iwi group on two high-value products – honey and mussels.

The FoodBowl is one of four facilities in the New Zealand Food Innovation Network. During the year, ATEED worked with Callaghan Innovation, co-owner of The FoodBowl, to look at better optimisation of the entire network, the innovation ecosystem, and Auckland's investment in the sector. Outcomes from this work will be rolled out in the new financial year.

Directory

For the year ended 30 June 2017

Directors

The Directors as at the year ended 30 June 2017 are as follows:

- David Arnot Williamson McConnell
- Norman John Thompson
- Franceska Banga
- Richard Jeffery
- Danny Chan
- Helen Alison Robinson
- Stuart McCutcheon
- Mike Taitoko (appointed 1 November 2016)

Richard Jeffery was a director during the year but retired on 31 October 2016

Shareholders

Auckland Council (100%)
135 Albert Street
Auckland, 1010
New Zealand

Registered Office

Level 8, 139 Quay Street
Auckland, 1010
New Zealand

Auditors

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

Bankers

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

Auckland Savings Bank
12 Jellicoe Street, Wynyard Quarter
Auckland, 1010
New Zealand

Solicitor

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

Registered Company Number

3089625