

Auckland Tourism, Events and Economic Development

Quarter 4 Performance Report

For the period ending 30 June 2020

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

ATEED Q4 summary

Highlights, issues and risks as at the end of Q4

Highlights:

This quarter was dominated by **recovery planning** for the new financial year that aligns with government funding priorities relevant to the Auckland.

ATEED's business response continues to focus on delivery of the **Regional Business Partner Network** programme to SMEs, with over 3000 Auckland businesses registered with the network this quarter alone and 90% of vouchers issued to SMEs with 1-19 FTEs.

The Destination AKL Recovery Plan was shared with industry on 4 June. Initiated by ATEED and guided by the principles of kotahitanga, kaitiakitanga and manaakitanga as well as the strong foundations of the Destination AKL 2025 strategy, the Plan supports Auckland's re-emergence as a more resilient and sustainable domestic and international destination. It can be viewed [here](#).

The Governing Body recently reviewed and finalized the shareholder comments on **ATEED's draft Statement of Intent (SOI)**, which was completely revised over the quarter in light of Covid-19.

The results from the **CCO Review and Council's Emergency Budget** will be available by the end of July and will influence ATEED senior level decision-making in the next financial year.

Financials (\$m)	YTD actual	YTD budget	Actual vs Budget
Capital delivery	0.0	0.2	-0.2
Direct revenue	28.0	21.7	6.3
Direct expenditure	68.9	72.1	3.2
Net direct	40.9	50.4	9.5

Financial Commentary

- **Capital delivery:** No reportable activity.
- **Direct revenue:** Increased revenue due to commencement of new leases.
- **Direct expenditure:** Reduced expenditure with ATEED taking a fixed cost approach due to COVID-19.

Key performance indicators (Refer to page 7 for complete list and detailed commentary)	2018/19 Result	FY 20 Quarter 4			Commentary
		Actual	Target	Status	
KPI1: Contribution to regional GDP from ATEED interventions	\$103m	\$214m	>\$103m	Met	Over 2019/20 the estimated contribution to Auckland regional GDP resulting from ATEED interventions was \$214m. This is a significant increase on the benchmark measure from 2018/19 of \$103m. The largest contribution to this overall result came from the attraction of screen/film activity to Auckland (77% of result) including the major role that ATEED played in securing a contract for the first season of the Amazon Lord of the Rings series to be filmed in Auckland.
KPI 2: Number of businesses that have been through an ATEED programme or benefited from an ATEED intervention	3,303	4315	3,000	Met	This year's result is significantly above the target of 3,000 businesses and is a 31% increase compared to last year. The primary reason for the significant increase this year was ATEED's response to the COVID-19 crisis.
KPI3: Number of new jobs created, safeguarded or retained in Auckland as a result of an ATEED intervention	1,280	2,524	>1,280	Met	This is a significant increase on the benchmark measure from 2018/19 of 1280. The largest contribution of the major role that ATEED played in securing a contract for the first season of the Amazon Lord of the Rings series to be filmed in Auckland.
KPI4: Number of visitor nights resulting from an ATEED intervention	202,959	244,249	370,000	Not Met	The primary reason for not achieving the target was the impact of the COVID-19 epidemic, which resulted in 10 major events and 21 business events that were due to occur over the second half of 2019/20 to be cancelled or postponed.
KPI5: Customer satisfaction of customers, partners and stakeholders who have interacted with ATEED	77%	66%	≥77%	Not Met	Over 2019/20, a lower score from last year due to the COVID-19 epidemic meant that fewer long-term customers, partners, and stakeholders were contacted and/or chose to participate in the survey this year.

Strategic focus area – Economic Development

Key commentary	Strategic context
<p>For the 12 months to 30 June 2020, total net direct expenditure of \$19.0m was spent on Economic Development against a budget of \$20.8m (including associated operational support costs and excluding depreciation and divestment). Highlights:</p> <ul style="list-style-type: none"> • After a successful pilot programme, 10 case studies on companies in the XLabs programme are being created to launch in the new financial year to promote circularity design principles. • The first and second draft of the Creative Industries Strategy 2030 is set to be completed in early July and will contribute as a recovery plan for the near future as well as its role as a ten-year strategy. • 747 completed digital online assessments in its first two months to help businesses identify digital needs. 	<p>ATEED’s economic development activities include business support, business and investment attraction, local economic development, trade and industry development, skills employment and talent, and innovation and entrepreneurship. The economic growth of the wider economy reinforces Auckland as a destination by creating supply chain opportunities, international links, talent and student attraction, and by making the city attractive to international business events.</p>

Key programme	Description	Outlook
Skills and workforce	Working with employers and the Government to better understand key skill challenges and workforce development needs and enable business to attract the right talent. Partner to develop pathways for students into the city’s high-value industries.	The Young Enterprise Scheme (YES) student group business pitches occurred in the last 2 weeks of June via an online portal, with student numbers exceeding the 2020 target at 1523. Initial work has begun on recovery planning for the workforce, particularly in key sectors and will look at accessing central government funding for skills and workforce initiatives, particularly for Pacific Peoples and in key sectors such as construction.
Investment attraction and international partnerships	Attracting high-value business and investment to the city to maximise economic opportunities associated with infrastructure investment for long-term impacts at a local and regional level.	US Ambassador Scott Brown visited Whoa Studios in Henderson and met the ATEED screen attraction team. The team has continued to liaise with key agencies, including AusTrade, Enterprise Singapore and the Chinese Chamber of Commerce. ATEED has committed to sponsor the China Business Summit on 20th July.
Screen Auckland	Screen infrastructure, attraction, facilitation and strategy	There were 69 film permits ¹ issued during the quarter (522 YTD); 127 enquiries were captured (995 YTD). International enquiries and local productions are re-starting post-lockdown, reflected in the low, but climbing enquires. The Creative Tech Hub’s funding has been approved and the project has been officially launched.
Local economic development	Providing guidance to support local initiatives and focusing future investment on enhancing economic outcomes for south and west Auckland.	A new initiative based on making Auckland the flexi-working capital of the world, FlexiCity, is in initial stages of scoping. The 2020 version of Auckland Prosperity Index (last published in 2018) is in draft. It is set to release in August.
Innovation	Supporting innovation. Leveraging ATEED’s role to grow Auckland’s innovation ecosystem, including the ongoing development of GridAKL.	At the end of Q4, GridAKL housed 129 resident businesses (-11), 912 individuals; and YTD 503 events have been hosted, with 13,079 attendees, including 108 workshops held at Hatchbox (YTD). GridAKL buildings are running at 70% capacity due to businesses working remotely.
Business growth	An enhanced focus on existing small businesses, raising their capability, encouraging business networking, connecting them to talent and facilitating access to export markets.	As of June end 4,078 YTD engaged clients through the programme, more than tripling 2019 figures. The year has seen \$5.15M of NZTE capability and Covid-19 vouchers. In April ATEED’s RBPN services showed high client satisfaction with NPS of +80 (target of +50 and national NPS of +68). Covid-19 response funding has been channeled through this system, and the team has pivoted to deliver online support, with a shortened process to match clients with advisors.

¹ For filming in public spaces

Strategic focus area – Destination

Key commentary

For the 12 months to 30 June 2020, total net direct expenditure of \$22.0m was spent on Destination against a budget of \$28.6m (including associated operational support costs and excluding depreciation and divestment). Highlights:

Following a meeting of **Auckland Council’s Emergency Committee**, Auckland Council waived the quarterly **Accommodation Providers’ Targeted Rate** payment for this quarter. This was recommended by the ATEED Board to the Mayor.

ATEED Management has submitted an investment proposal to apply for funding as part of the Government’s \$20.2 million Strategic Tourism Assets Protection Programme, which will contribute to the delivery of some of the urgent actions outlined in the Destination AKL Recovery Plan. Large RTOs, such as ATEED, with funding over \$3 million, are eligible to receive up to \$1 million.

Go with Tourism has received **over 2,200** requests for assistance from employees and businesses alike, since pivoting to **‘Supporting the Tourism Workforce’** during lockdown. To further assist jobseekers into employment, the Job Connector is now open to all industries, not just tourism. This will enable displaced employees to find work whilst the industry prepares for their return.

In late June, football’s world governing body FIFA announced New Zealand and Australia as joint hosts for the **FIFA Women’s World Cup 2023** - the first time it will be held in the Southern Hemisphere.

Strategic context

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

Key programme	Description	Outlook
Tourism	ATEED’s Tourism team has two key areas of focus: leading and partnering in destination marketing and advocating or co-ordinating in destination management.	ATEED, with NZME launched a multi-media content series based on the spring Nau Mai Auckland Series. Ambassadors promoted their favourite new places in Auckland, to encourage Aucklanders to experience their own region. The Auckland Domestic Visitor Insights Report was created to inform the Auckland tourism industry about the changing domestic visitor market to assist with improved product development and destination marketing. A stunning video of Tāmaki Makaurau, ‘Papatūānuku is breathing’ has resonated with New Zealanders and the global community, with over half a million views across different platforms. It generated the most engagements on ATEED’s Visit Auckland Facebook page ever.
Business Events	Sales and marketing activity to grow the value and volume of business events in Auckland, and position Auckland as a premium business events destination.	ACB’s business events opportunities supported this FY has resulted in 73 wins, with a total tourism spend of \$19.8m generating 52,321 delegate days and 53,492 visitor nights. ACB are currently discussing 71 “Active Potential” with an estimated combined tourism spend of \$146m. A total of 327 opportunities have been supported YTD, with a tourism spend value of \$151.8m with 452,780 delegate days and 388,010 visitor nights.
Major Events	ATEED intervenes in the events landscape through strategic influencing, investment in major events, production, activation, leverage and marketing.	The Sal’s NBL games will take place at Trusts Arena in Henderson from 23 June to 1 August. The signed agreement sees ESPN3 show all 56 games across the US for the first time. Auckland is set to host the postponed Men’s Softball World Cup in 2022. Due to the COVID-19 pandemic, the 2020 Corona Piha Pro Challenger Series event in Auckland has been cancelled. To date, event cancellations and postponements due to COVID-19 have resulted in the loss of an estimated 74,179 visitor nights and over \$10million in GDP. Diwali and the second year of Elemental are confirmed to join other exciting events for the region in the coming months.
International student attraction and retention	Growing Auckland’s reputation as an innovative international education hub through ensuring students access high-value tourism services and experiences.	The team secured \$20,000 funding from the Ministry of Education’s International Student Wellbeing fund for a visual storytelling project around diversity and inclusion. Tertiary art students will be invited to submit expressions of interest and propose ideas for a mural in Auckland which will celebrate Auckland’s diversity. ATEED is working closely with local and central government to understand how a new smart border can be developed to get international students through the border safely. A national framework will outline the international student restart process so education institutions can comply with government’s requirements. Auckland Destination promotional videos were created with content that speaks to Auckland’s tertiary, PTE and language school sector. Two online sessions of the Inside Winning Teams programme with the New Zealand Rugby Players’ Association were delivered and three live career ready workshops from the Global Talent programme were presented online for both Kiwi and International students.

Other Statement of Intent focus areas

Auckland 2021 - The Auckland 2021 team at ATEED have pivoted towards economic recovery for the year that is still set to bring substantial economic contributions to Tāmaki Makaurau. At this stage it is not possible to determine the extent to which Covid-19 will affect the America's Cup event, however there is likely to have impact. As to be expected, a range of different scenarios for hosting the event are being explored between the event deliverer, America's Cup Events Ltd (ACE), MBIE and the Auckland Council group.

Unfortunately, the realities of hosting international events of the scale of APEC in the current climate presents immense challenges. Cabinet has made the decision for APEC 2021 to be delivered using virtual digital platforms, rather than the planned face-to-face format. The global disruption caused by the COVID-19 pandemic, including resultant border restrictions and travel difficulties, has been the major factor in the Government's decision.

Auckland investment story: Invest AKL-The investment and screen attraction team have supported the attraction of 11 deals/productions into Auckland worth \$447 million with the creation of 1440 new jobs in the year to 30 June. The Invest Auckland project went live on time on 31 March and continues to develop investable, supply and consultancy opportunities in tech, tourism, green economy, building and infrastructure and food and beverage sectors. Due to COVID19 the international marketing launch of the InvestAKL site has been deferred. The international marketing campaign promoting Auckland opportunities offshore will commence from September onwards with the initial focus on NZ Inc partners such as MFAT, NZTE, INZ and KEA. The CCO Working Group continues to meet, alongside regular connections with the NZTE investment team to develop and progress these deals with international investors.

Local Board engagement

The HyperLocal project team held an internal project scoping workshop on 29 June to ascertain ATEED projects at the local level and their impacts. Further workshops are set-up for July with the wider council family. During the Covid-19 lockdown, ATEED kept Local Boards across key business support communications and encouraged them to share the weekly Covid19 business support emails with their communities, including links to webinars and surveys of the impact of the lock down. Local Board members expressed their thanks for ATEED's work supporting local businesses.

ATEED's Monthly Local Board newsletter reported the first and second wave of the direct impacts of Covid 19 on local areas. This was consolidated into a Ward newsletter, the first issue of which was issued in June. The 2019 Local Board Economic overviews were made public in May, and these will be used to guide recovery going forward.

Contribution towards Māori outcomes - During the quarter, the Māori Outcomes – AKL 2021 team scoped and developed activity plans for 2021 opportunities. There is a strong focus on also integrating Māori design principles into 2021 activity. A joint project was undertaken with Pānuku to incorporate Māori design in the Eastern Viaduct area decals. *Māori business* -As at 30 June, nearly 130 Māori businesses were issued vouchers (of the 171 applications received since April). In June, working with nine partners, ATEED launched the Māori Collab webinar series which connects Māori businesses with services and support. Three webinars (of 10) were delivered by the end of Q4.

Climate Change and Sustainability

ATEED's certification for Toitū Diamond Environmental Management System (EMS) will be issued in August after minor corrections to the system are made. An EMS is a planned approach to managing environmental impacts. The system will support ATEED in meeting its environmental obligations, goals and objectives across its operations and its work with Auckland businesses. Next steps will be monitoring effectiveness and compliance through staff awareness, training, and management input. We have submitted ATEED's Task Force on Climate-related Financial Disclosures (TCFD) as part of the Auckland Council Group's TCFD report. This will disclose on ATEED's climate physical and transitional risk and opportunities.

Auckland Council and CCOs have committed to reduce their emissions by 50% by 2030. ATEED is currently compiling an emissions inventory. Data will be gathered for various greenhouse gas emissions sources at the end of FY19/20 and a report compiled in the first quarter of FY20/21. The inventory, including methodology and report will be verified for us to publish the findings in alignment with Auckland Council group. The scope includes Grid AKL, Go with Tourism and film studios. AECOM has been engaged to carry out a climate and economic agility risk assessment for Auckland's economy priority sectors. This work identifies the risk and opportunities due to climate change, physical impacts, and transition to low carbon economy. The climate & economic agility risk assessment draft summary report and final technical report outline have been received and currently being reviewed.

South and West Regeneration -Whanau Prosperity Project - TSI and ATEED have been working together on a project that is focused on how we can ensure that the mega economic shock of Covid-19 does not create further disparity and inequity for South and West Auckland, in partnership with Stakeholder Strategies. The presentation of the Whanau Prosperity Project has been compiled using Auckland, South & West-, Māori and Pasifika-specific data, and included a number of next steps for ATEED and TSI, and direction for enabling prosperity for South and West Auckland.

ATEED Q4 financials

Direct operating performance

(\$ million)	Notes	FY 19	FY 20 Quarter 4 YTD			FY 20
		Actual	Actual	Budget	Variance	Budget
Net direct expenditure	A	48.7	40.9	50.4	9.5	50.4
Direct revenue	B	17.9	28.0	21.7	6.3	21.7
Fees & user charges		0.6	0.5	0.6	-0.1	2.8
Operating grants and subsidies		2.2	5.7	2.8	2.9	2.8
Other direct revenue		15.1	21.8	18.3	3.5	18.3
Direct expenditure		66.6	68.9	72.1	3.2	72.1
Employee benefits	C	21.5	23.9	25.0	1.1	25.0
Grants, contributions & sponsorship	D	10.9	7.3	9.2	1.9	9.2
Other direct expenditure	E	34.2	37.7	37.9	0.2	37.9
Other key operating lines						
AC operating funding		48.7	40.9	50.4	-9.5	50.4
AC capital funding		3.1	0.0	0.2	-0.2	0.2
Vested assets		0.0	0.0	0.0	0.0	0.0
Depreciation		3.1	3.0	3.1	0.1	3.1
Divestment of other assets		1.9	0.0	0.0	0.0	0.0
Net interest expense		0.0	0.0	0.0	0.0	0.0

Financial Commentary

A: Net Direct Expenditure variance to Budget for Q4 YTD with ATEED taking a fixed cost approach due to COVID-19.

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

C: Lower Staff Costs relates to timing of recruitment and various unfilled positions being put on hold.

D: Underspend of expenditure due to reprioritisation and rephrasing of activities to focus on recovery activities across ATEED workstreams.

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

ATEED Q4 performance measures

Key performance indicators	2018/19	FY 20 Quarter 4			Commentary
	Result	Actual	Target	Status	
Quarter					
Note: ATEED has a total of 4 LTP measures among 7 SOI measures. In summary out of the 7 KPIs , 4 KPIs have been achieved for the year and 3 were not achieved.					
KPI1: Contribution to regional GDP from ATEED interventions	\$103m	\$214m	>\$103m	Met	Over 2019/20 the estimated contribution to Auckland regional GDP resulting from ATEED interventions was \$214m. This is a significant increase on the benchmark measure from 2018/19 of \$103m. The largest contribution to this overall result came from the attraction of screen/film activity to Auckland (77% of result) including the major role that ATEED played in securing a contract for the first season of the Amazon Lord of the Rings series to be filmed in Auckland.
Contributory measure: The contribution to regional GDP from major events and business events attracted or supported	\$43.9m	\$33.7m	\$52.5m	Not Met	Over 2019/20 the estimated contribution to regional GDP from major and business events attracted or supported by ATEED was \$33.7m, which is 36% below the target of \$52.5m. The primary reason for not achieving the target was the impact of the COVID-19 epidemic, which resulted in 10 major events and 21 business events that had to be cancelled or postponed.
KPI 2: Number of businesses that have been through an ATEED programme or benefited from an ATEED intervention	3,303	4315	3,000	Met	This year's result is significantly above the target of 3,000 businesses and is a 31% increase compared to last year. The primary reason for the significant increase this year was ATEED's response to the COVID-19 crisis.
Contributory measure: Number of Māori businesses that have been through an ATEED programme or benefited from an ATEED intervention	244	333	120	Met	This year's result significantly exceeds the target of 120 businesses and is a 36% increase on last year's result. The primary reasons for the changes from last year's result are the increased business support provided to Maori business.
KPI3: Number of new jobs created, safeguarded, or retained in Auckland as a result of an ATEED intervention	1,280	2,524	>1,280	Met	This is a significant increase on the benchmark measure from 2018/19 of 1280. The largest contribution to this overall result came from the attraction of screen/film activity to Auckland (69% of result) including the major role that ATEED played in
KPI4: Number of visitor nights resulting from an ATEED intervention	202,959	244,249	370,000	Not Met	The primary reason for not achieving the target was the impact of the COVID-19 epidemic, which resulted in 10 major events and 21 business events that were due to occur over the second half of 2019/20 to be cancelled or postponed.
KPI5: Customer satisfaction of customers, partners and stakeholders who have interacted with ATEED	77%	66%	≥77%	Not Met	Over 2019/20, a lower score from last year due to the COVID-19 epidemic meant that fewer long-term customers, partners and stakeholders were contacted and/or chose to participate in the survey this year.