Auckland Tourism, Events and Economic Development
An Auckland Council Organisation

Annual Report

For the year ended 30 June 2016

Front cover image: Tāmaki Herenga Waka Festival performance

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Statement from the Chairman

David McConnell

Chairman

There is an inescapable mood of transformation and opportunity in Auckland: the city centre is abuzz with the start of work on the multi-billion dollar City Rail Link, and the immense Waterview Connection is nearing completion – two infrastructure projects which will forever change our region, improve its liveability and reflect the emergence of Auckland as a new world city.

Cities around the world are increasingly the key mechanism for driving international trade and investment – they are engines for growth. As the region's economic growth agency, Auckland Tourism, Events and Economic Development (ATEED) has a clear focus on a trade strategy which recognises the importance of city to city relationships creating opportunities for trade growth.

While we are forging strong business-focused relationships with cities such as Brisbane, Singapore, San Francisco, Qingdao, Ningbo and Busan, it is the Tripartite Economic Alliance between Auckland and our partner cities Guangzhou and Los Angeles which is already providing high octane fuel to our regional economy.

The hugely successful Tripartite Economic Summit Auckland 2016, delivered by ATEED on behalf of Auckland Council, provided an unprecedented opportunity to forge long-term trade relationships with those two economic powerhouses. Together with an impressive line-up of events in the inaugural Techweek AKL 2016, Auckland was able to showcase our region's world-class capability to an audience of influential international investors and entrepreneurs. Across the city, there is an innovative vibe fuelled by hubs of high-tech companies and research organisations.

In January, Auckland's growing reputation as a city on the move received further recognition when it was named for the first time in the respected JLL Top 20 City Momentum Index compiled by global commercial real estate firm Jones Lang LaSalle.

JLL's 2016 report *The Rise of the Innovation-Oriented City* analysed 120 major established and emerging business hubs across the globe. The fact that Auckland now features among cities worldwide, which have the most dynamic urban economies and are adapting most rapidly to the imperatives of technological and infrastructural transformation, is hugely exciting – and it is no accident.

ATEED has played a key role in driving economic transformation since 2010. We work with a diverse range of partners to deliver world-class growth programmes which reflect Auckland Council's aspiration for this to be the world's most liveable city.

ATEED's underlying culture is to be ready to respond to global opportunities, and to think boldly. Every day, the organisation tries to identify game-changing interventions to achieve our vision of delivering new smart investment and new high-value jobs for Auckland. We seek catalysts which will inspire our region's globally competitive advanced industries.

In the latter part of the year, the ATEED Board approved the tightening of ATEED's strategic framework from six to five pillars. As reflected in our *Statement of Intent 2016-2019*, the natural synergies of our previously separate priorities to 'grow a skilled workforce', and 'enable education and talent', are now recognised in a combined strategic imperative: 'grow and attract skilled talent'.

The other crucial four pillars are: 'build a culture of innovation and entrepreneurship'; 'attract business and investment'; 'grow the visitor economy'; and 'build Auckland's brand and identity'. All five priorities are delivered using a fully integrated approach, with each business unit working together to collectively maximise opportunities and achieve improved outcomes for the region.

ATEED's evolution continues. Our initial operating focus was to grow the visitor economy as a way to underwrite the amenity of the city and improve its liveability. Having achieved excellent progress in that area after two years, we prioritised developing Auckland's culture of innovation and entrepreneurship – a crucial driver of economic growth – and we have made great strides.

Delivering on council's goal for Auckland to become a major innovation hub of the Asia-Pacific enables us to raise Auckland's international profile, improve international connectivity through trade, and attract new business and fresh talent. These outcomes drive Auckland's brand and identity, which in turn attracts new investment, entrepreneurs, businesses, talent, high-value visitors and major events.

As part of council's wider priorities, ATEED this year increased its focus on programmes which help to reduce social inequality. We can make a significant contribution by accelerating the prospects of Auckland's young people.

This will come from delivering initiatives which encourage youth entrepreneurship and create employment pathways, raise living standards for all Aucklanders in an innovation-based export-focused economy, and enhance Māori business, tourism and major events and therefore significantly lift Māori social and economic well-being.

This year, the ATEED Board was thrilled when one of New Zealand's most respected statesmen and educationalists, Sir Pita Sharples, accepted a role as board strategic advisor with a priority to help us respond to the unique needs of Tāmaki Makaurau's mana whenua and mataawaka, particularly Māori youth. His work to date confirms he is the ideal person to challenge ATEED on its evolving Māori responsiveness, and help identify opportunities to grow the Māori economy into a real force.

The board was also strengthened through the appointment of Professor Stuart McCutcheon, Vice-Chancellor of Auckland University who also chairs Auckland UniServices Ltd, the institution's research commercialisation company which is a crucial part of Auckland's innovation ecosystem.

A strong focus for ATEED in the upcoming year will be to grow alternate revenue streams to reduce the need for rates funding, while continuing to deliver strong value for money to our shareholders.

We are committed to delivering significant interventions and programmes that will leave a lasting legacy for Auckland and New Zealand, and on achieving world-leading outcomes for all Aucklanders.

I thank the ATEED team for its outstanding dedication and contribution to council's transformational vision for our region.

David McConnell

ATEED Chairman

Statement from the Chief Executive

Brett O'Riley

Chief Executive

ATEED recognises that its work to create outstanding economic growth outcomes on behalf of Auckland Council can only be achieved by collaborating effectively with other parts of the council group, and forging increasingly close partnerships with central government and the private sector at both a strategic and operational level

During the 2015/16 reporting year, we focused on fully leveraging our relationships with partners to ensure maximum value for money from our activities – for all Aucklanders. This included working closely with Council, the Independent Māori Statutory Board, and other CCOs through various management forums and projects, as we collectively address Auckland's growth opportunities and challenges outlined in the Auckland Plan. And collaboration will be even more of a priority next year.

Nowhere was our principle of kotahitanga, or one shared purpose, exemplified better than in the success of Tripartite Economic Summit Auckland 2016. ATEED was proud to deliver the summit on behalf of council with the support of a number of key corporate sponsors, and other partners including trade officials and central government agencies.In many ways, the summit's significant international component – the 700 attendees included delegates from the US, China, Australia and Malaysia – marked a coming of age of Auckland as a globally connected city with advanced industries which are an emerging force in the international marketplace.

The fact that Prime Minister John Key, three New Zealand Government ministers, and senior Chinese trade official Madam Li Xiaolin attended and spoke, showed the level of credibility achieved by the summit, and Auckland's growing reputation as an Asia-Pacific business hub. It was a major catalyst for new export opportunities for Auckland companies, and we also anticipate significant future inbound investment by entrepreneurs and companies which were part of the visiting business delegations and were excited about Auckland's proposition.

ATEED's ability to make the most of that investment proposition will be reinforced by the implementation of a refreshed foreign direct investment strategy which was approved by the ATEED Board towards the end of the reporting year. This will be delivered by a re-aligned Business Attraction and Investment unit which has been given additional resources recognising the priority focus of this work, including stimulating new investment in priority areas for Auckland including infrastructure, housing and innovation.

Our Aroha Auckland aftercare programme, which engages with 85 of the top multi-national businesses and international investors with a base in Auckland, is achieving great results and has been recognised by the Government as a best-practise model. We have been asked to help government agencies roll out a similar model nationally through the Investment Attraction Taskforce.

Our investment strategy incorporates and complements the work carried out by our Business, Innovation and Skills unit this year to identify industry opportunities and gaps that need to be addressed to advance Auckland’s economy. Our assessment of Auckland’s capability in advanced industries, based on a model developed by the Brookings Institution, identified key sectors such as high-value food, advanced materials, ICT and digital, and screen and creative, where we have significant growth potential – in addition to the strong performance from tourism and international education. Our analysis, working with NZIER, also identified the investment and workforce requirements if those industries are to achieve their potential and drive export earnings, and job creation. Auckland is performing well in the innovation area with its technology companies experiencing strong growth and gaining international recognition.

Our work to grow Auckland’s culture of innovation was spearheaded by the ongoing development of the vibrant GridAKL hub at Wynyard Quarter. GridAKL, and its cohort of exciting young ICT and digital companies, is a major asset for our region and was highlighted in the JLL Top 20 Cities on the Move report. Other innovation precincts and facilities are developing across the region, spurred on by investors and entrepreneurs.

In the north of Auckland these innovation initiatives and potential has been encapsulated by an area growth strategy entitled ‘Grow North’ that was completed by Massey University supported by ATEED, BNZ and other partners. Elsewhere, as a direct result of the Tripartite Economic Summit Auckland 2016, and Techweek AKL 2016, ATEED made significant progress on the development of an augmented and virtual reality lab at the GridAKL/Uptown innovation hub in Newton. GridAKL/Uptown has been developed in partnership with buildings’ owner Auckland Transport, and also houses other innovation programmes: Lightning Lab in partnership with The Icehouse, and Industry Connect.

Programmes are underway to ensure more skilled workers are delivered by New Zealand’s education and training pipeline. ATEED is also focused on talent attraction through a targeted migrant initiative in partnership with Immigration New Zealand, Auckland Chamber of Commerce and key employers. This initiative supports the attraction of migrant and expat talent into skills gaps in Auckland for key sectors through a range of channels, including targeted marketing campaigns and interventions to address sector barriers.

The construction sector is one area under significant workforce pressure. This is likely to continue for several years based on the pipeline of new infrastructure, commercial and residential property development. The success in the last year of the two JobFests – which attracted thousands of young job seekers – highlighted the excellent work being done by ATEED and its council Youth Connections programme partners to connect Auckland’s talented youth with employers, and ultimately get them into the workforce.

The visitor economy continues to boom as the Auckland Visitor Plan, launched by ATEED in 2011, and other related strategies, continue to deliver great results. Partners Auckland International Airport, industry operators and Tourism NZ, have contributed to record visitor numbers. ATEED has continued its focus on the Australia market, and on high value travelers through its China GEMS and US luxury travel partners approach.ATEED is responding to this growth with a focus on destination development, including new infrastructure, attractions, hotels and community facilities to support higher visitor volumes.

Another significant body of work which will affect ATEED’s future direction was also undertaken during the year – working with stakeholders to refresh the *Auckland Major Events Strategy*. The results of that work will be released in 2016/17.

The original strategy was successfully implemented through the development of a portfolio approach to event investment on behalf of council. Auckland has certainly quickly made its mark on the global sporting events stage, winning a host of awards and accolades including ‘Best Medium Sports City’ in 2014 and again in 2016.
We recognise the need to ensure future investment is aligned with our core integrated approach to growing Auckland’s key industries, and to amplify Auckland's unique Māori identity and creative communities.

Our subsidiary, World Masters Games 2017 Ltd, continues to make great progress towards Auckland hosting this huge global event and its forecast 25,000 participants – an immense opportunity for the region.

ATEED implemented a new programme which recognises the importance of improved engagement and collaboration with the region’s elected local boards to ensure our work programmes connect, and have a positive regional community impact. This included integrating Council’s Local Economic Development team into ATEED.We developed and delivered Local Board Engagement and Action Plans for a pilot group of local boards (Franklin, Kaipātiki, Orākei, Waiheke, Waitākere Ranges and Waitematā) in the first part of the year, featuring agreed priorities and engagement processes.

The pilot outcomes were evaluated and due to its success, the initiative expanded in the latter part of the year to include six further boards (Rodney, Hibiscus and Bays, Upper Harbour, Maungakiekie-Tāmaki, Māngere-Otāhuhu and Manurewa) selected on their cross boundary economic and collaborative potential. The remaining nine local boards will be included in the programme during 2016/17.

The Auckland Investment Office, which ATEED incubated, expanded as the council’s team responsible for attracting major inbound investment into transformative projects for the region. ATEED works alongside the AIO and the wider council group on a number of projects, including Skypath and the proposed Screen Innovation and Production Precinct.

During the year, ATEED also placed a high priority on continuing to implement best-practice systems required under the Health and Safety At Work Act, particularly working with our events and tourism operator partners to raise industry standards.

A major achievement during the year was the formal approval and adoption of ATEED’s Māori Responsiveness Plan which signals our refreshed commitment to meeting the needs of Auckland’s Māori people and economy – a significant priority for council.

In 2016/17, we will increase our formal engagement with mana whenua and mataawaka, and our delivery of the responsiveness plan alongside mana whenua and other partners. ATEED leads the Te Whai Rawa economic development workstream of council's Te Toa Takitini initiative, which is designed to deliver a transformational shift for Māori in Auckland.

Programmes instigated by ATEED and its partners are helping drive that shift. The DigMyIdea Māori Innovation Challenge unearthed exciting young entrepreneurial talent. Our support of Te Whare Hukahuka's scheme 'Ka Eke Poutama' helps to fast-track young Auckland Māori leaders into governance roles. And support of specialist Māori tourism clusters is designed to fuel the Māori economy. In 2017/18, we will further progress investment and trade opportunities with Māori businesses, particularly in relation to China.

This year, we instigated a project to review ATEED's business model. We are proud of what we have already delivered for the region on behalf of Council, and we think it is timely to conduct out a robust examination of our business model to ensure we can step performance up to the next level – to achieve even better focused economic growth outcomes for Aucklanders.

We believe that stronger partnerships with the private and public sector, combined with a more highly integrated business model, can deliver stronger measurable outcomes.

In 2015/16, ATEED 'achieved' or 'substantially achieved' 18 of its 24 key performance indicators, and the tables beginning on p70 of this report show some excellent results. We will focus in the coming year on improving the areas where targets were not achieved, and looking at new targets which reflect the growth opportunities we are identifying with Council and our partners.

We believe Auckland can be the world's most liveable city. We believe this status can be characterised by an innovation-led high-income Auckland economy – an economy that is high growth through being globally connected, is locally inclusive across our diverse communities, and attracts significant investment to fulfill its potential.

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 2016.

David McConnell
Chairman

Norm Thompson
Deputy Chair

Independent Auditor's Report

To the readers of Auckland Tourism, Events and Economic Development Limited and group's financial statements and performance information for the year ended 30 June 2016

The Auditor-General is the auditor of Auckland Tourism, Events and Economic Development Limited (the company) and its New Zealand domiciled subsidiary, World Masters Games 2017 Ltd (collectively "the 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, consisting of Auckland Tourism, Events and Economic Development Limited and its subsidiary, on her behalf.

Opinion on the financial statements and the performance information

We have audited:

- the financial statements of the company and group on pages 30 to 67, that comprise the statement of financial position as at 30 June 2016, 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 69 to 74.

In our opinion:

- the financial statements of the company and group:
    - present fairly, in all material respects:
        - its financial position as at 30 June 2016; 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 Public Benefit Entity Standards; and
- the performance information of the company and group 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 2016.

Our audit was completed on 26 August 2016. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities, and explain our independence.

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements and the performance information are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements and the performance information. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements and in the performance information. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and the performance information, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the company and group's financial statements and performance information 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.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Board of Directors;
- the appropriateness of the reported performance information within the company and group's framework for reporting performance;
- the adequacy of the disclosures in the financial statements and in the performance information; and
- the overall presentation of the financial statements and the performance information.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and the performance information. Also, we did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

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

Responsibilities of the Board of Directors

The Board of Directors is responsible for the preparation and fair presentation of financial statements for the company and group that comply with generally accepted accounting practice in New Zealand and Public Benefit Entity Standards. The Board of Directors is also responsible for preparation of the performance information for the company and group.

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

The Board of Directors is responsible for such internal control as it determines is necessary to enable the preparation of financial statements and the performance information that are free from material misstatement, whether due to fraud or error. The Board of Directors is also responsible for the publication of the financial statements and the performance information, whether in printed or electronic form.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and the performance information and reporting that opinion to you based on our audit. Our responsibility arises from the Public Audit Act 2001.

Independence

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting 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 2015 to Auckland Council, which is compatible with those independence requirements.

Other than the audit and the review engagement, we have no relationship with or interests in the company and group.

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

Highlights

2015 / 2016

Growing a culture of innovation and entrepreneurship

Auckland's journey towards being a major innovation hub of the Asia-Pacific region made major strides during the year with more significant milestones for GridAKL – Auckland Council's innovation precinct at Wynyard Quarter – and the inaugural Techweek AKL 2016, which shone a spotlight on the region's thriving innovation ecosystem.

Virtual and augmented reality showcases, and start-up competitions were highlights among the more than 55 great innovation-focused events held in Auckland during May's Techweek AKL. The series of events – held in the same week as Tripartite Economic Summit Auckland 2016 and the NZ Hi-Tech Awards – was curated by ATEED in partnership with the Hi-Tech Trust and the NZ Technology Industry Association, and with support from universities, private businesses, start-up communities and other industry associations.

"Innovation clusters continued to grow across Auckland during the year."

Innovation clusters continued to emerge across Auckland during the year, highlighting the way one significant intervention – Council's ATEED-led investment and facilitation of GridAKL – can help to drive a regional culture of innovation and entrepreneurship. ATEED's GridAKL expansion programme is designed to build on that momentum, by expanding the GridAKL community and working with emerging hub partners to develop their value propositions. During the year, significant progress was made working with partners at GridAKL/Uptown, Devonport Wharf, Motat, Massey University and Smales Farm.

In late 2015, GridAKL moved to the refurbished character Lysaght Building, which is leased from Pānuku Development Auckland, and features smart technology provided by GridAKL foundation partner Huawei. By year end it housed nearly 60 businesses, including GridAKL partner BizDojo's incubation operations and the Auckland operation of InnoHub, the Guangzhou-based incubator which signed an agreement with ATEED (on behalf of Auckland) during the year.

GridAKL/Uptown is the Auckland home of New Zealand's leading digital start-up accelerator, The Lightning Lab managed by The Icehouse, which renewed its agreement with ATEED during the year.

Design and early construction work is underway for the Wynyard Quarter precinct's first new building which ATEED will take the head lease on, and is expected to open in 2017. Interest in the new building from prospective tenants is high. Preliminary planning is taking place for the second new building to be completed in 2019.

The inaugural DigMyIdea Māori Innovation Challenge took place this year in partnership with Te Puni Kokiri's Ngā Pū Waea National Māori Broadband Working Group, and supported by Poutama Trust and Callaghan Innovation.

The competition was designed to encourage Aotearoa's top emerging entrepreneurs to come up with a digital business idea with the potential to go global and grow economic outcomes for Māori. More than 130 people entered DigMyIdea, submitting almost 100 ideas. The top five entries in two categories – 19 years and over ('mauri tū') and 15-18 years ('mauri oho') – took part in a 'Digiwananga' workshop at Manukau Institute of Technology, with industry mentorship and a judging panel selecting the winners.

The FoodBowl – Te Ipu Kai state-of-the-art food and beverage production and test facility near Auckland Airport (a joint venture with Callaghan Innovation) continued to fuel growth in Auckland's world-class food and beverage sector. Nearly 100 companies held a total of nearly 380 trials or production runs during the year. Nearly 250 people attended workshops at the facility, and it delivered several record months of revenue earned.

A prominent example of the FoodBowl's value was Manuka Health, one of the country's most promising high-value food producers. The company booked the freeze drier facility for the entire second half of the financial year, continuing work at the FoodBowl since late 2014 to develop an ingredient, which has enabled Manuka Health to commercialise its product CycloPower.

The company has also done research and development trials at The FoodBowl to further extend its range of this successfully exported product.

The FoodBowl also hosted a specialist delegation from China to help Auckland businesses understand how to break into that huge market, and held up to five workshops a month in collaboration with various partners. In another boost to Auckland's food and beverage sector, ATEED involved 26 emerging businesses in its 'Auckland on the Menu' pop-up space at The Food Show Auckland; and ATEED facilitated the presence of four companies on Auckland's stand at the influential Fine Food Australia trade show in September 2015.

ATEED hosted Auckland's first Sports Technology Forum in March, in partnership with Callaghan Innovation and High Performance Sport New Zealand. This forum is a precursor to a significant focus on growing the sports technology sector opportunity, in partnership with the AUT Millennium Centre and other key partners.

ATEED's delivery of the Government's Regional Business Partner Network programme saw its research and development specialists help Auckland companies successfully apply for $1.5 million in Callaghan Innovation grants. During the year, ATEED was re-appointed as the Government's delivery partner across Auckland until mid-2019.

Attracting business and investment

The hugely successful Tripartite Economic Alliance Auckland 2016 attracted about 700 delegates, including more than 150 in Mayor-led delegations from Auckland's sister cities and alliance members Los Angeles and Guangzhou.

The May summit was delivered by ATEED and was the culmination of a year's planning and engagement with industry organisations and officials in all three tripartite cities. It followed on from the inaugural summit in Los Angeles in June 2015.

Designed with the theme 'Making Connections', the summit focused on five sectors where Auckland has world-leading companies and expertise, significant opportunity for growth, and is globally competitive: advanced materials (such as composites); high-value foods; new media (entertainment/digital); smart data; and urban design.

"This year, ATEED's screen attraction specialist played a key role in bringing new productions to the region worth $47million"

The summit featured an outstanding line-up of speakers and expert panellists, and a unique business matching programme to enable companies to progress deals and partnerships, and was supported by a number of major corporate partners. ATEED has a programme in place to help Auckland companies convert the business opportunities created by the summit into actual deals and partnerships, and maintain momentum towards the third summit in Guangzhou 2017.

ATEED's Business Attraction and Investment (BA&I) unit facilitated the establishment or expansion in Auckland of nine multi-national or domestic companies, and secured investment deals worth an estimated $328.5 million.

The Aroha Auckland programme – which promotes regular engagement with 85 of the top multi-national companies and investors present in Auckland – made major strides during the year. The programme now includes 81 companies being actively managed, and helping to meet their needs. This has huge potential for growing jobs and investment into the region.

During the year, BA&I hosted a number of international business and investment delegations from key target markets. Singapore is one of the world's busiest travel and commercial hubs and its investors and high net worth individuals are an increasingly important target for ATEED. In a two-day programme in early 2016, ATEED introduced visiting representatives of a Singapore-based investment company to key managers of seven growing and globalising Auckland companies to understand the possible future investment opportunities they offer.

The Screen Auckland team within BA&I, which operates the region's film office on behalf of Auckland Council, issued a record 567 permits for filming on open public spaces across the region. Those shoots were worth an estimated $165 million to the region's economy. This year, ATEED's screen attraction specialist played a key role in bringing new productions to the region worth $47million.

During the year, Auckland hosted numerous productions including the second season of hit Australian TV series *800 Words* – a co-production with Auckland's South Pacific Pictures, the country's largest production company – and the second season of Executive Producer Rob Tapert and Starz Entertainment's cult TV show *Ash vs Evil Dead*. Auckland-based animation company HuHu Studios is working on the 3D movie *Beast of Burden*, a co-production with China Film Animation.

The BBC filmed a new season of *Wanted Down Under* around Auckland, with British families considering immigrating being shown what a new life in Auckland could be like.

Greater cooperation between the screen industries of Auckland and South Korean sister city Busan was forged through the signing of a Memorandum of Understanding (MOU) between ATEED and Busan's leading film organisations – underpinned by a co-production agreement between the New Zealand and South Korean governments. Busan is one of the key film centres in Asia and accounts for 40 per cent of production activity in South Korea.

During the year, ATEED worked with the screen industry and other stakeholders to find a solution to a major issue for Auckland – the lack of world-class studio infrastructure. Auckland missed out on about $200 million of international productions during the year because of the region's limited facilities.

While the first proposal during the year – for council land at Hobsonville Point to be used for a privately built screen and production innovation precinct – did not come to fruition, it resulted in positive momentum which has been sustained. By year end, ATEED was part of a wider council group discussion with developers and key local industry players about other possible sites and operating models. It is planned this will deliver a long-term industry infrastructure solution in 2016/17.

Growing a skilled workforce

ATEED partnered in a number of council Youth Connections programmes which are supported by The Tindall Foundation and are successfully tackling Auckland’s significant youth unemployment issues.

This included a key role in the success of the Youth Employer Pledge project which makes the employment process much easier for both employers and young people. By year end, ATEED had secured the signed commitment of more than 50 companies to the pledge, including a number of major Auckland construction and hospitality companies which are now fully engaged in the employment of young talented Aucklanders.

Building on the successful launch of JobFests in 2014/15, there were two highly successful JobFest events during the 2015/16 year, delivered in partnership with the Ministry of Social Development, and Careers New Zealand.

The first, at Albany in August, attracted about 1900 young Aucklanders keen to find work from the 65 attending employers. A post-event survey indicated about 150 found jobs as a result of JobFest. The second, at The Cloud in May, attracted another 2000 young jobseekers and 75 leading Auckland employers with vacancies. The number of successful job seekers at the May event was still being evaluated at year end.

During the year, ATEED worked with industry to develop a construction and infrastructure recruitment campaign to raise awareness of opportunities in the sector, where there are significant shortages due to the major building projects underway in Auckland. This will be launched in the first half of 2016/17.

ATEED’s delivery of the Lion Foundation Young Enterprise Scheme in the 2015 school year saw more than 1400 students from 52 Auckland schools compete in another successful programme, with Auckland teams placing first and third overall at the nationals, and gaining five excellence awards.

Six winners of the second annual IDEAStarter, an ATEED-supported competition for entrepreneurial Aucklanders aged 15-24 which had a highly successful pilot in 2014/15, were announced in May 2016. The popular challenge received nearly 140 entries. Business mentors work with the winners – which included an app to help young people share their feelings through colours, a pocket water meter, and an idea to attract more school girls into science, technology, engineering and maths – to gauge if the ideas can be commercialised.

Through its delivery of the Regional Business Partner Network, ATEED actively managed 1042 businesses, and facilitated more than $1.6 million in NZTE Capability Development Vouchers to improve the management skills of small to medium enterprises.

Enabling education and talent

ATEED's portfolio of initiatives to attract talented students and business migrants to Auckland involves collaboration with a number of central government agencies, and is integrated with the rest of ATEED's work.

The ground-breaking Auckland Regional Partnership Agreement with Immigration New Zealand helped drive initiatives to attract talented migrants for Auckland's key growth sectors this year, with a particular focus on the skilled workers needed to help to grow Auckland's ICT sector.

ATEED's project to develop a value proposition for skilled migrants was completed by the end of February, and was tested with businesses and skilled migrants. It will form the basis of future digital content and sector recruitment campaigns for Auckland's advanced industries.

In partnership with the Auckland Chamber of Commerce, ATEED hosted stands at Working International's Perth job expo focused on construction, engineering and infrastructure roles – two sectors in Auckland with significant skills shortages as an unprecedented wave of new building activity continues.

ATEED's International Education unit organised the International Education Conference in Auckland, which attracted more than 150 education providers to discuss ways to develop the region's value proposition for international students.

The International Education team delivered three important six-month projects in partnership with Education New Zealand during the year. The first, which also involved Immigration New Zealand, was focused on enhancing the international student experience in Auckland and targeting students who are looking to find employment after graduating from tertiary institutions.

The second focussed on initiatives to tell the Auckland international education story. ATEED will develop promotional videos featuring international students who have studied in Auckland and completed a pathway into employment in New Zealand.

Increasing the capability of Auckland's international education sector was the focus of the final project. ATEED helps the industry to develop new products to attract more international students into Auckland, including an opportunity to offer a Māori tourism product for the USA Study Abroad market that combines education, tourism and cultural elements.

ATEED facilitates Study Auckland, which has a base of more than 150 education provider members, and led a number of capability workshops for members in collaboration with Immigration New Zealand, Education New Zealand, New Zealand Qualifications Authority, and the Ministry of Education.

Growing the visitor economy

Auckland's portfolio of 36 major events injected $43.7 million into the regional economy and generated more than 283,000 visitor nights.

A booming visitor sector was highlighted by a record-breaking summer for international arrivals, and January's record 715,000 guest nights (up 3.8 per cent on 2015) with the biggest growth occurring from international markets, according to the Ministry of Business, Innovation and Employment's Commercial Accommodation Monitor.

ATEED's strategic approach is to focus its marketing and partnership-based initiatives on high-value visitors, and on Auckland's key international markets – Australia (the largest), China (second and the US (third) – using robust visitor data provided by Statistics New Zealand and Tourism New Zealand.

In Australia, ATEED continued to work closely with Flight Centre and other partners including Tourism NZ to grow visitation by the target 6 per cent. There has been a particular focus on marketing Auckland as a short break destination. It was pleasing to see Auckland ranked as third most preferred Easter destination for Australians this year.

In China, ATEED expanded the GEM high-value visitor programme (golf, equine, marine) to GEMS. This was with the addition of the screen sector, recognising the huge potential growth in activity between China and New Zealand, stimulated by the co-production arrangements within the Free Trade Agreement, and the profile that Auckland can gain through this activity. As part of GEMS, ATEED worked closely with partners including Rider Horse Group, China Cup, Royal Hong Kong Yacht Club, Mission Hills Resorts, Nicklaus Club, NZ Film Commission, AIAL, China Southern Airlines, to stimulated trade, investment and tourism for Auckland.

In the US, ATEED continued to develop its partnerships with Virtuoso, American Express and Travel Leaders to attract high-value visitors, in partnership with a range of operators and Tourism NZ. Waiheke Island and Matakana continue to be ‘jewels in Auckland's crown’, as rated by visitors and a host of international travel publications and web-sites.

In the year to 30 June, ATEED’s programmes contributed to the number of visitors to Auckland from the US growing by nearly 10 per cent; Chinese visitor arrivals in Auckland rising 23 per cent; and from Australia growing by more than 5 per cent. The 2015/16 growth in the number of visitors from Japan (up 21 per cent year on year), and Korea (up 23 per cent year on year) reflect potential future opportunities which will be explored.

ATEED successfully delivered the inaugural Tāmaki Herenga Waka Festival in close collaboration with Tāmaki Makaurau mana whenua on Auckland Anniversary Weekend 2016.

Tāmaki Makaurau has a rich Māori identity, linked with 19 different mana whenua and mataawaka, and the festival was a chance for Aucklanders and visitors to learn more about our unique Māori heritage and contemporary culture.

The free, family-friendly festival took place on Queens Wharf and in waka on the Waitemata Harbour, and festival-goers were enthusiastic about its relaxed, positive atmosphere.

A beam of light shone upwards from the summit of Rangitoto each night of the festival. The large-scale outdoor light activation, Te Haeata o Rangitoto, was a joint pilot project led by Ngā Mana Whenua o Tāmaki Makaurau (the Tāmaki Collective) and supported by ATEED.

The Tāmaki Herenga Waka Festival sits proudly alongside Auckland’s other annual cultural anchor events – the Lantern, Pasifika, and Diwali festivals.

On behalf of Auckland Council, ATEED invested in a portfolio of recurring annual sporting, arts and cultural events – such as the Downer NRL Auckland Nines, New Zealand Fashion Week, and Auckland Pride Parade – and one-off highlights including the Pop-up Globe theatre, *Cats*, *Phantom of the Opera*, and Ed Sheeran.

Planning by ATEED’s subsidiary company World Masters Games 2017 proceeded well, with milestones including the successful launch in February of the global athlete registration process (for full details, see p75).

The Auckland Convention Bureau (ACB) team was focused on delivering the Auckland Business Events Plan in conjunction with industry. Of critical importance is attracting events which will help to reduce seasonality in Auckland’s visitor market, and support growth and investment in key industry sectors.

ACB's International Bid team won 11 international conferences during the year – these will make an estimated $17.1 million contribution to Auckland's regional economy when they take place. The team supported 29 international bids during the year and, and 22 had moved through to submission by year end.

There has been strong interest in the New Zealand International Convention Centre with ACB working on a number of promising bids, many in conjunction with Tourism NZ. NZICC is due to be completed in 2019 and will ensure Auckland is able to compete with rivals in the Asia-Pacific for larger scale major conferences.

ATEED's Māori Tourism Development Programme saw ATEED supporting the Auckland Rima Tourism Cluster's efforts to engage the Australian market, and clusters of Maori tourism operators near both Auckland Airport and Woodhill.

The regional i-SITE network managed by ATEED experienced a strong financial turnaround, achieving its target to reduce the network's operating loss by more than half a million dollars – to $300,000. Rationalisation of the network included moving the Waiheke Island office to the arrivals wharf at Matiatia. We were able to reduce wage costs through tighter roster management and the implementation of a summer volunteer programme, in addition to a strong team focus on cost control.

The i-SITE booking service for Auckland tourism operators remained steady at the Auckland International Airport and Princess Wharf sites, but declined at the other four sites due in part to increased competition from other retail outlets, and also to an increase in online bookings.

The 2015/16 cruise ship season – which began in October and runs until the end of September 2016 – was another strong one, with 34 ships scheduled to make 105 calls into Auckland, bringing almost 250,000 passengers and nearly 90,000 crew. The ships' visits were projected to inject an estimated $252 million into Auckland's economy and support more than 4,000 jobs.

The Cruise Action Plan for Auckland is focused on ensuring Auckland, which is New Zealand's cruise hub, is recognised as the best cruise destination in Oceania. During the year ATEED advocated for its industry partners to ensure cruise infrastructure – particularly berths for longer ships – was a key consideration for the council strategy group working on the Port Future Study.

ATEED continued to support local tourism clusters in Auckland's Franklin and Rodney regions, and on Great Barrier and Waiheke islands.

Building Auckland’s brand and identity

By year end, the Global Auckland Project to develop a new global story and identity for Auckland, had made excellent progress. The project’s first three stages – discovery, strategy and creative – were completed during the year and have delivered the basis of an Auckland story which ATEED believes has the potential to form a powerful and unique global identity for the region.

More than 50,000 people were engaged in the development of the story, including testing with international audiences in the US, China and Australia.

ATEED now needs to ensure the story is an authentic reflection of Auckland – that it resonates with 1.5 million Aucklanders, and each of its global target audiences which include: investors, multi-national businesses, entrepreneurs, high-value visitors, international students, major event organisers, and talented migrants.

In the 2016/17 year, various groups will be involved in the further refinement and detailed validation. By the end of 2016, ATEED expects to be able to finalise the Auckland story. ATEED and the wider Auckland Council group will then begin to work with Aucklanders and commercial partners to tell that story internationally.

The project is the cornerstone of ATEED’s work to define Auckland’s global business and investment brand, and amplify the city's aspirations to be the world's most liveable city, in a way that reflects our history as Tāmaki Makaurau and our future as one of the most diverse and successful cities in the world.

Several key marketing campaigns during the year helped to further shape Auckland as a vibrant city of events and world-class visitor experiences.

ATEED launched a number of campaigns to build the *‘AKL: The Show Never Stops’* domestic tourism proposition, including ‘*Stellar Spring Line-up’*, and *‘Beyond your Backyard’* which featured actress Robyn Malcolm encouraging Aucklanders to explore the region during summer. The campaign’s seven short videos covered some of the lesser known things to do around Auckland: Huia and Whatipu; Awhitu Peninsula; Matakana Coast; Great Barrier Island; Pohutukawa Coast; Hauraki Gulf & Islands; and NorthWest Country (Kumeu).

Results from the campaign included: 325,526 total video views which prompted action from 61 per cent of those who saw them, and 34 per cent of consumers who were aware of the campaign taking a short trip within the Auckland region as a result. The campaign created a $14.2 million (12.3 per cent) increase in spend by Aucklanders in Auckland during spring.

ATEED, in partnership with Regional Facilities Auckland, launched an autumn domestic marketing campaign – *'Arts are Alive: Auckland's Autumn of the Arts'* – which encouraged New Zealanders to visit in the March to June shoulder season.

Across the Tasman, ATEED's *'09 Seconds in Auckland'* campaign in November starred rugby league personality Benji Marshall showcasing Auckland as a unique and exciting world class short-break holiday destination for Australians. The *'Aussie, Aussie, Aussie'* joint marketing project with Auckland Airport leveraged ATEED's partnership with Tourism New Zealand, and partnership with Flight Centre Australia.

Visits to www.aucklandnz.com, the region's website, exceeded the 3 million target for the year by nearly 500,000.

ATEED'S MAJOR ACCOLADES

2016 SportBusiness Ultimate Sports Cities Awards

- Winner 'Best Medium Sports City'
- 4th 'Best Sports City'
- Winner 'Best Major Events Strategy
- Winner 'Best Event Security'

2016 International Economic Development Council's Excellence in Economic Development Awards

- Silver Award: 'Best Multimedia/Video Promotion – population >500,000 (Ian Taylor produced investor presentation)

2015/16 fDi Asia-Pacific Cities of the Future rankings

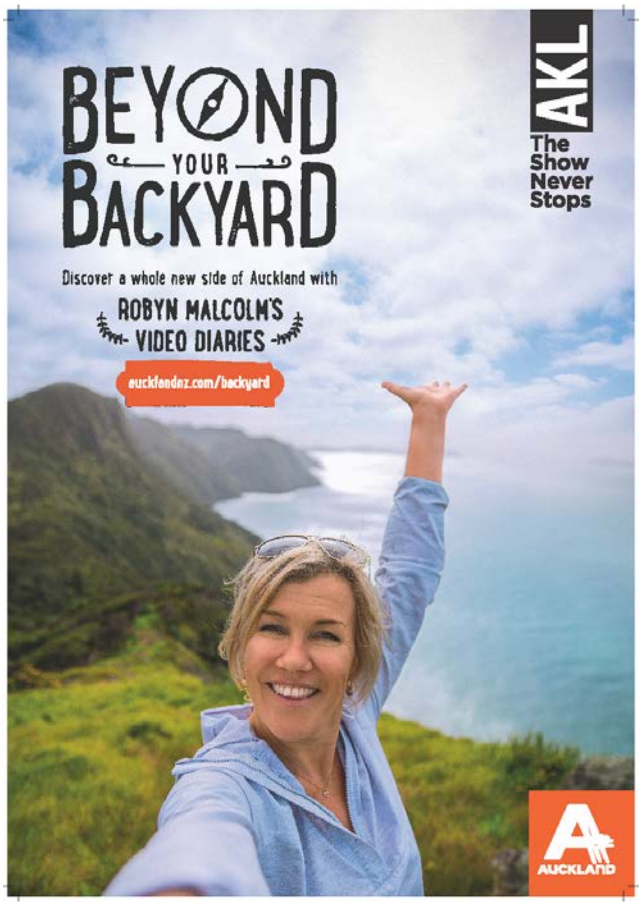
- 5th Foreign Direct Investment Strategy

2016 New Zealand Sport and Recreation Awards

- Winner 'Innovation Excellence', for Ultimate Waterman event

Corporate LiveWire's 2016 Innovation & Excellence Awards

- 'Most Innovative Economic Growth Strategy – New Zealand'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Financial statements

Statement of comprehensive revenue and expense
For the year ended 30 June 2016

	Notes	PARENT 2016 $'000	PARENT 2015 $'000	GROUP 2016 $'000	GROUP 2015 $'000
INCOME					
Service and other revenue	4	**57,410**	57,364	**62,736**	60,190
Finance income (interest)		**37**	66	**37**	66
Other gains	5	**-**	-	**21**	55
Total income		**57,447**	57,430	**62,794**	60,311
EXPENDITURE					
Personnel costs	6	**(20,272)**	(18,780)	**(22,815)**	(20,352)
Depreciation and amortisation	13,14	**(591)**	(540)	**(702)**	(561)
Finance expenses (bank charges)		**(71)**	(70)	**(107)**	(11)
Other expenses	7	**(34,126)**	(38,047)	**(36,762)**	(39,714)
Total expenditure		**(55,060)**	(57,437)	**(60,386)**	(60,638)
(Deficit)/surplus before tax		**2,387**	(7)	**2,408**	(327)
Income tax expense	8	**-**	-	**-**	-
Profit from continuing operations		**2,387**	(7)	**2,408**	(327)
(Deficit)/surplus after tax		**2,387**	(7)	**2,408**	(327)
OTHER COMPREHENSIVE INCOME					
Cash flow hedge	22	**(59)**	67	**(59)**	67
Total comprehensive income for the year		**2,328**	60	**2,349**	(260)
PROFIT IS ATTRIBUTABLE TO:					
Equity holders of Auckland Tourism, Events and Economic Development Limited		**2,387**	(7)	**2,408**	(327)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR IS ATTRIBUTABLE TO:					
Equity holders of Auckland Tourism, Events and Economic Development Limited		**2,328**	60	**2,349**	(260)

Statement of changes in equity
For the year ended 30 June 2016

		ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY			
PARENT	Notes	Contributed equity $'000	Hedging reserve $'000	Accumulated funds $'000	Total equity $'000
Balance as at 1 July 2014		4,377	(240)	(1,300)	2,837
COMPREHENSIVE INCOME					
Profit or loss for the year		-	-	(7)	(7)
OTHER COMPREHENSIVE INCOME					
Cash flow hedge	22	-	67	-	67
Total comprehensive income		-	67	(7)	60
					-
Transactions with owners		-	-	-	-
Balance as at 30 June 2015		4,377	(173)	(1,307)	2,897
Balance as at 1 July 2015		4,377	(173)	(1,307)	2,897
COMPREHENSIVE INCOME					
Profit or loss for the year		-	-	2,387	2,387
OTHER COMPREHENSIVE INCOME					
Cash flow hedge	22	-	(59)	-	(59)
Total comprehensive income		-	(59)	2,387	2,328
Other equity movements	21	-	-	-	-
Balance as at 30 June 2016		4,377	(232)	1,080	5,225

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

GROUP	Notes	ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY Contributed equity $'000	Hedging reserve $'000	Accumulated funds $'000	Total equity $'000
Balance as at 1 July 2014		4,376	(240)	1,755	5,891
COMPREHENSIVE INCOME					
Profit or loss for the year		-	-	(327)	(327)
OTHER COMPREHENSIVE INCOME					
Cash flow hedge	22	-	67	-	67
Total comprehensive income		-	67	(327)	(260)
Other equity movements	21	-	-	-	-
Balance as at 30 June 2015		4,376	(173)	1,428	5,631
Balance as at 1 July 2015		4,376	(173)	1,428	5,631
COMPREHENSIVE INCOME					
Profit or loss for the year		-	-	2,408	2,408
OTHER COMPREHENSIVE INCOME					
Cash flow hedge	22	-	(59)	-	(59)
Total comprehensive income		-	(59)	2,408	2,349
Other equity movements	21	-	-	-	-
Balance as at 30 June 2016		4,376	(232)	3,836	7,980

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

Statement of financial position
As at 30 June 2016

	Notes	PARENT 2016 $'000	PARENT 2015 $'000	GROUP 2016 $'000	GROUP 2015 $'000
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	10	**2,023**	2,206	**2,023**	2,206
Debtors and other receivables	11	**12,809**	8,424	**14,111**	9,514
Other financial assets	15	**-**	-	**-**	-
Inventories	12	**80**	55	**80**	55
		14,912	10,685	**16,214**	11,775
Total current assets		**14,912**	10,685	**16,214**	11,775
NON-CURRENT ASSETS					
Property, plant and equipment	13	**5,068**	2,094	**5,098**	2,239
Intangible assets	14	**56**	79	**56**	79
Debtors and other receivables	11	**601**	1,044	**601**	1,118
Other financial assets	15	**40**	40	**40**	40
Investment in other entities	20	**4**	4	**2,067**	2,046
Derivative financial instruments	18	**-**	-	**-**	-
Total non-current assets		**5,769**	3,261	**7,862**	5,522
Total assets		**20,681**	13,946	**24,076**	17,297
LIABILITIES					
CURRENT LIABILITIES					
Payables and accruals	16	**12,590**	8,785	**13,184**	9,382
Employee entitlements	17	**1,567**	1,417	**1,613**	1,437
Derivative financial instruments	18	**232**	59	**232**	59
Provisions	19	**885**	353	**885**	353
Total current liabilities		**15,274**	10,614	**15,914**	11,231
NON-CURRENT LIABILITIES					
Derivative financial instruments	18	**-**	114	**-**	114
Creditors and other payables	16	**182**	318	**182**	318
Employee entitlements	17	**3**	3	**3**	3
Total non-current liabilities		**185**	435	**185**	435
Total liabilities		**15,459**	11,049	**16,099**	11,666
Net assets		**5,225**	2,897	**7,980**	5,631
EQUITY					
Contributed equity	21	**4,377**	4,377	**4,376**	4,376
Reserves	22	**(232)**	(173)	**(232)**	(173)
Accumulated funds	22	**1,080**	(1,307)	**3,836**	1,428
Total equity		**5,225**	2,897	**7,980**	5,631

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 2016

	Notes	PARENT 2016 $'000	PARENT 2015 $'000	GROUP 2016 $'000	GROUP 2015 $'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Interest received		**37**	66	**36**	66
Receipts from other revenue		**49,380**	56,712	**55,736**	59,216
Payments to suppliers and employees		**(46,944)**	(55,249)	**(52,581)**	(57,632)
Income tax paid		**-**	-	**-**	-
Goods and services tax net refunded		**209**	(152)	**209**	(152)
Other cash flows from operating activities		**2**	2	**2**	2
Net cash from operating activities	23	**2,684**	1,379	**3,402**	1,500
CASH FLOWS FROM INVESTING ACTIVITIES					
Disposals/(purchases) of property, plant and equipment	13	**(3,607)**	(654)	**(3,602)**	(778)
Other cash flows from investing activities		**740**	17	**17**	20
Net cash from investing activities		**(2,867)**	(637)	**(3,585)**	(758)
CASH FLOWS FROM FINANCING ACTIVITIES					
Other cash flows from financing activities		**-**	-	**-**	-
Net cash from financing activities		**-**	-	**-**	-
Net increase/(decrease) in cash and cash equivalents		**(183)**	742	**(183)**	742
Cash and cash equivalents at the beginning of the period		**2,206**	1,464	**2,206**	1,464
Cash and cash equivalents transferred to disposal group		**-**	-	**-**	-
Cash and cash equivalents at end of the year	10	**2,023**	2,206	**2,023**	2,206

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

The role of Auckland Tourism, Events and Economic Development Limited (ATEED, Parent or the Company) is to help deliver Auckland Council's vision of creating the world's most liveable city by supporting the growth of a vibrant and competitive economy, with a particular focus on facilitating new money and new high-value jobs for Auckland. The extent to which new opportunities deliver new money into Auckland and also increase the level of jobs within Auckland are two key pre-requisites upon which we prioritise and allocate our resources.

ATEED regards innovation as the most crucial driver of growth and the area where it can make the greatest contribution to delivering council's economic priorities.

ATEED must work 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).

In delivering on its role, ATEED will contribute to the priorities and growth goals contained in council's *Auckland Plan* and the *Economic Development Strategy* to:

- Grow a business friendly and well-functioning city
- Develop an innovation hub of the Asia-Pacific region
- Become internationally connected and export driven
- Enhance investment in people to grow skills and a local workforce
- Develop a creative, vibrant international city.

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.

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 have been prepared on the going concern basis, and the accounting policies have been applied consistently throughout the period.

Statement of compliance

The financial statements of ATEED 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).

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

The financial statements have been prepared in accordance with Tier 1 PBE accounting standards.

These financial statements comply with PBE Standards.

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 Summary of significant accounting policies (continued)

2.2 Consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Company as at 30 June 2016 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 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.

ATEED is accounting for its interest in its joint venture using the equity method. The Group financial statements recognises the investment retained in NZFIA at fair value.

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:

Class of asset depreciated	Estimated useful life (years)
• 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.

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 Summary of significant accounting policies (continued)

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,
- 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:

    a) Adverse changes in the payment status of borrowers in the portfolio; and

    b) 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 19. Movements in the cash flow hedging reserve in shareholders' equity are shown in note 23(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.

2.10 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 12. 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 includes 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 Summary of significant accounting policies (continued)

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 31.

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 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 the 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.

2.20 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.

2 Summary of significant accounting policies (continued)

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;
- 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.

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:

- 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 values.

4 Service and other revenue

	PARENT		GROUP	
	2016	2015	**2016**	2015
	$'000	$'000	**$'000**	$'000
REVENUE FROM NON-EXCHANGE TRANSACTIONS				
Grants and subsidies	**51,563**	51,998	**54,783**	54,698
Sponsorships and other transfer revenue	**4,760**	4,810	**6,866**	4,936
Total revenue from non-exchange transactions	**56,323**	56,808	**61,649**	59,634
REVENUE FROM EXCHANGE TRANSACTIONS				
Rental income	**1,085**	554	**1,085**	554
Dividends	**2**	2	**2**	2
Total revenue from exchange transactions	**1,087**	556	**1,087**	556
Total service and other revenue	**57,410**	57,364	**62,736**	60,190

5 Other gains

	PARENT		GROUP	
	2016	2015	**2016**	2015
	$'000	$'000	$'000	$'000
Share of profit of associates and joint ventures	**-**	-	**21**	55
Total other gains	**-**	-	**21**	55

6 Personnel costs

	PARENT		GROUP	
	2016	2015	**2016**	2015
	$'000	$'000	$'000	$'000
Salaries and wages	**19,605**	17,922	**22,133**	19,446
Defined contribution plan employer contributions	**505**	439	**519**	441
Redundancy expense	**80**	185	**80**	185
Other staff expenses	**48**	67	**56**	75
Increase/(decrease) in employee entitlements	**34**	167	**27**	205
Total personnel costs	**20,272**	18,780	**22,815**	20,352

7 Other expenses

	PARENT		GROUP	
	2016	2015	**2016**	2015
	$'000	$'000	$'000	$'000
Fees paid to principal auditor	**124**	105	**140**	121
- Audit fees for financial statement audit	**108**	105	**124**	121
- Audit fees for review engagements	**16**	-	**16**	-
Service delivery contracts	**2,102**	1,346	**2,948**	1,518
Impairment of receivables	**60**	4	**60**	4
Marketing expenses	**6,406**	7,347	**7,307**	7,821
Professional services	**3,802**	2,711	**4,084**	2,849
Repairs and maintenance	**55**	48	**61**	48
Utilities and occupancy	**2,689**	2,597	**2,888**	2,704
Other operating expenses	**8,313**	10,508	**9,268**	10,905
Directors' fees and expenses	**340**	331	**499**	490
Grant, contributions and sponsorship	**10,168**	12,743	**9,432**	12,865
Loss on disposal of assets	**65**	238	**65**	261
Impairment of assets	**-**	62	**-**	62
Interest expense	**-**	-	**(22)**	59
Net foreign exchange loss	**2**	7	**32**	7
Total other expenditure	**34,126**	38,047	**36,762**	39,714

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	
	2016	2015	**2016**	2015
	$'000	$'000	$'000	$'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	**2,387**	(7)	**2,408**	(327)
Less net surplus/(deficit) from non-taxable activities	**-**	-	**(21)**	320
Surplus (deficit) before tax	**2,387**	(7)	**2,387**	(7)
Prima facie income tax at 28%	**668**	(2)	**668**	(2)
Prior period adjustment	**-**	-	**-**	-
Taxation effect of permanent differences	**85**	99	**85**	99
Loss transferred to/(from) group companies	**(717)**	(165)	**(717)**	(165)
Effect of deferred tax not recognised - current year	**(35)**	69	**(35)**	69
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	
	2016	2015	**2016**	2015
	$'000	$'000	$'000	$'000
Imputation credits available for subsequent reporting periods based on a rate of 28%	**105,000**	121,230	**105,000**	121,230

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	
	2016	2015	**2016**	2015
	$'000	$'000	$'000	$'000
Cash at bank and in hand	**2,023**	2,206	**2,023**	2,206
Total cash and cash equivalents	**2,023**	2,206	**2,023**	2,206

11 Debtors and other receivables

	PARENT		GROUP
	2016	2015	**2016**
	$'000	$'000	$'000
CURRENT ASSETS			
Trade receivables	**701**	1,046	**1,216**
Sundry receivables	**146**	418	**844**
Related party receivables	**11,117**	5,918	**11,117**
Goods and services tax	**215**	424	**215**
Prepayments	**630**	618	**719**
	12,809	8,424	**14,111**
Current receivables from non exchange transactions	**12,809**	8,424	**14,111**
NON-CURRENT ASSETS			
Prepayments	**601**	1,044	**601**
	601	1,044	**601**
Total debtors and other receivables	**13,410**	9,468	**14,712**
Non-current receivables from non exchange transactions	**13,410**	9,468	**14,712**

11 Debtors and other receivables (continued)

Impairment

At year end, all overdue receivables are assessed for impairment and appropriate provisions applied.

The status of receivables as at 30 June 2016 are detailed below:

Past due but not impaired

As at 30 June 2016, Parent trade receivables of $528,000 and Group trade receivables of $945,000 were past due but not impaired (2015: Parent $773,000 and Group $773,000). These relate to a number of independent customers for whom there is no recent history of default.

The aging analysis of trade receivables is as follows:

	PARENT		GROUP	
	2016	2015	**2016**	2015
	$'000	$'000	$'000	$'000
Current	**173**	275	**271**	333
Past due 1-60 days	**134**	773	**551**	773
Past due 61-90 days	**94**	-	**94**	-
Past due 90+ days	**300**	(2)	**300**	(2)
Balance at 30 June 2016	**701**	1,046	**1,216**	1,104

12 Inventories

	PARENT		GROUP	
	2016	2015	**2016**	2015
	$'000	$'000	$'000	$'000
Finished goods	**80**	55	**80**	55
Total inventories	**80**	55	**80**	55

13 Property, plant and equipment

PARENT	1 JULY 2015 Cost $'000	Accumulated depreciation $'000	Carrying amount $'000	CURRENT YEAR MOVEMENTS Current year additions $'000	Current year disposals $'000	Transfers $'000	Current year depreciation $'000	30 JUNE 2016 Cost $'000	Accumulated depreciation $'000	Carrying amount $'000
OPERATIONAL ASSETS										
At cost										
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
	3,505	**(1,411)**	**2,094**	**3,615**	**(74)**	**-**	**(567)**	**6,896**	**(1,828)**	**5,068**

PARENT	1 JULY 2014 Cost $'000	Accumulated depreciation $'000	Carrying amount $'000	PRIOR YEAR MOVEMENTS Prior year additions $'000	Prior year disposals $'000	Transfers $'000	Prior year depreciation $'000	30 JUNE 2015 Cost $'000	Accumulated depreciation $'000	Carrying amount $'000
OPERATIONAL ASSETS										
At cost										
Leased Asset	-	-	-	-	-	-	-	-	-	-
Plant and machinery	272	(95)	177	-	(9)	-	(39)	235	(106)	129
Computer equipment	456	(266)	190	75	-	13	(88)	485	(294)	191
Furniture, fittings and equipment	2,225	(834)	1,391	-	(236)	622	(389)	2,336	(1,011)	1,325
Motor vehicles	8	(8)	-	-	-	-	-	-	-	-
Capital work in progress	505	-	505	579	-	(635)	-	449	-	449
Total operational assets	**3,466**	**(1,203)**	**2,263**	**654**	**(245)**	**-**	**(516)**	**3,505**	**(1,411)**	**2,094**

13 Property, plant and equipment (continued)

Capital expenditure funded by Auckland Council this reporting period $2,975,000 (2015: 429,000).

	1 JULY 2015			CURRENT YEAR MOVEMENTS					30 JUNE 2016		
	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											
At cost											
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
	3,667	**(1,428)**	**2,239**	**3,611**	**(74)**	**-**	**-**	**(678)**	**7,054**	**(1,956)**	**5,098**

	1 JULY 2014			PRIOR YEAR MOVEMENTS					30 JUNE 2015		
	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											
At cost											
Leased Asset	-	-	-	-	-	-	-	-	-	-	-
Plant and machinery	272	(95)	177	-	(9)	-	-	(39)	235	(106)	129
Computer equipment	482	(269)	213	75	(3)	13	-	(96)	505	(303)	202
Furniture, fittings and equipment	2,278	(844)	1,434	-	(256)	622	(62)	(401)	2,354	(1,019)	1,335
Motor vehicles	8	(8)	-	-	-	-	-	-	-	-	-
Capital work in progress	505	-	505	703	-	(635)	-	-	573	-	573
Total operational assets	**3,545**	**(1,216)**	**2,329**	**778**	**(268)**	**-**	**(62)**	**(536)**	**3,667**	**(1,428)**	**2,239**

14. Intangible assets

	1 JULY 2015			CURRENT YEAR MOVEMENTS				30 JUNE 2016		
	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	117	(38)	79	-	-	-	(23)	115	(59)	56

	1 JULY 2014			PRIOR YEAR MOVEMENTS				30 JUNE 2015		
	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	126	(20)	106	-	(2)	-	(25)	117	(38)	79

14 Intangible assets (continued)

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

GROUP	Cost $'000	Accumulated amortisation & impairment charges $'000	Carrying amount $'000	Prior year additions $'000	Prior year disposals $'000	Transfers $'000	Prior year amortisation $'000	Cost $'000	Accumulated amortisation & impairment charges $'000	Carrying amount $'000
	1 JULY 2014			PRIOR YEAR MOVEMENTS				30 JUNE 2015		
AT COST										
Computer software	126	(20)	106	-	(2)	-	(25)	117	(38)	79

Amortisation of $23,000 (2015: $25,000) (Parent) and $23,000 (2015: $25,000) (Group) is included in depreciation and amortisation expense in the statements of comprehensive income.

15 Other financial assets

	PARENT		GROUP	
	2016	2015	**2016**	2015
	$'000	$'000	$'000	$'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	
	2016	2015	**2016**	2015
	$'000	$'000	$'000	$'000
CURRENT				
Creditors	**1,349**	2,447	**1,369**	2,582
Accrued expenses	**4,898**	4,715	**5,717**	5,165
Related party payables	**4,202**	851	**3,907**	851
Revenue in advance	**267**	254	**292**	254
Sundry payables	**842**	389	**867**	401
Lease inducement payment	**1,032**	129	**1,032**	129
	12,590	8,785	**13,184**	9,382
NON CURRENT				
Lease inducement payment	**182**	318	**182**	318
	182	318	**182**	318
Total trade and other payables	**12,772**	9,103	**13,366**	9,700
Exchange trade and other payables	**12,772**	9,103	**13,366**	9,700

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	
	2016	2015	**2016**	2015
	$'000	$'000	$'000	$'000
CURRENT				
Annual leave	**898**	931	**944**	951
Accrued salaries and wages	**669**	486	**669**	486
Total current	**1,567**	1,417	**1,613**	1,437
NON CURRENT				
Long service leave	**3**	3	**3**	3
Total non-current	**3**	3	**3**	3
Total employee benefit liabilities	**1,570**	1,420	**1,616**	1,440

18 Derivative financial instruments

	PARENT		GROUP	
	2016	2015	**2016**	2015
	$'000	$'000	$'000	$'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	**232**	59	**232**	59
	232	59	**232**	59
NON-CURRENT LIABILITIES				
Forward foreign exchange contracts cash flow hedges	**-**	114	**-**	114
	-	114	**-**	114
Total derivative financial instrument liabilities	**232**	173	**232**	173
Total net derivative financial instruments assets/ (liabilities)	**(232)**	(173)	**(232)**	(173)

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	
	2016	2015	**2016**	2015
	$'000	$'000	$'000	$'000
Staff cost provision	**885**	353	**885**	353

20 Investment in other entities

20.1 Investment in subsidiaries

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

All subsidiaries are incorporated in New Zealand.

	2016	2015
	%	**%**
NAME OF ENTITY		
World Masters Games 2017 Limited	**100**	100

	PARENT		GROUP	
	2016	2015	**2016**	2015
	$'000	**$'000**	**$'000**	**$'000**
World Masters Games 2017 Limited	**1**	1	**-**	-
Total investments in subsidiaries	**1**	1	**-**	-

20.2 Investment in jointly controlled entities

	PARENT		GROUP	
	2016	2015	**2016**	2015
	$'000	**$'000**	**$'000**	**$'000**
New Zealand Food Innovation Auckland Limited	**3**	3	**2,067**	2,046
Total investments in jointly controlled entities	**3**	3	**2,067**	2,046

	Total assets	**Total liabilities**	**Gross Revenue**	**Net Profit after tax**	**Percentage of interest held**
	$'000	$'000	$'000	$'000	
As at 30 June 2016					
New Zealand Food Innovation Auckland Limited	8,808	2,544	3,788	26	33.30%
As at 30 June 2015					
New Zealand Food Innovation Auckland Limited	8,677	2,474	3,808	143	33.30%

21 Contributed equity

	PARENT		GROUP	
	2016	2015	**2016**	2015
CONSOLIDATED AND PARENT	$'000	$'000	$'000	$'000
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	
	2016	2015	**2016**	2015
	Shares	Shares	**Shares**	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	
	2016	2015	**2016**	2015
	$'000	$'000	$'000	$'000
(A) HEDGING RESERVE - CASH FLOW HEDGES				
Balance beginning of year	**(173)**	(240)	**(173)**	(240)
Fair value gains/(losses) in year	**(59)**	67	**(59)**	67
Balance at 30 June	**(232)**	(173)	**(232)**	(173)

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	
	2016	2015	**2016**	2015
	$'000	$'000	$'000	$'000
(B) ACCUMULATED FUNDS/(LOSSES)				
Balance at beginning of the year	**(1,307)**	(1,300)	**1,428**	1,755
Surplus/(deficit) for the year	**2,387**	(7)	**2,408**	(327)
Accumulated funds/(losses) 30 June	**1,080**	(1,307)	**3,836**	1,428

Surplus for the current year includes $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	
	2016	2015	**2016**	2015
	$'000	$'000	$'000	$'000
Surplus/(deficit) after tax	**2,387**	(7)	**2,408**	(327)
ADD/(LESS) NON-CASH ITEMS:				
Depreciation and amortisation expense	**591**	539	**702**	561
Impairment of assets	**-**	64	**-**	62
Loss on disposal of assets	**65**	238	**65**	270
Share of surplus in joint venture	**-**	-	**(21)**	(55)
Net foreign exchange loss	**59**	(7)	**59**	(7)
Lease inducement costs	**(136)**	(129)	**(136)**	-
ADD/(LESS) MOVEMENTS IN WORKING CAPITAL:				
Debtors and other receivables	**(3,942)**	(1,627)	**(4,080)**	(1,731)
Inventories	**(25)**	18	**(25)**	18
Creditors and other payables	**3,003**	1,731	**3,722**	2,163
Provisions	**532**	313	**532**	313
Employee benefits	**150**	246	**176**	233
Net cash inflow (outflow) from operating activities	**2,684**	1,379	**3,402**	1,500

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	
	2016	2015	**2016**	2015
	$'000	$'000	**$'000**	$'000
MINIMUM OPERATING LEASE PAYMENTS PAYABLE:				
Less than one year	**2,187**	2,542	**2,280**	2,681
Between one and five years	**5,024**	7,011	**5,024**	7,073
More than five years	**6,517**	6,468	**6,517**	6,468
Total non-cancellable operating leases at lessee	**13,728**	16,021	**13,821**	16,222

The total minimum future sublease payments expected to be received under non cancellable subleases at balance date is $3,238,440 (2015: $663,000).

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 2016 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
	2016	**2016**
	$'000	**$'000**
Less than one year	**13,184**	**21,648**
Between one and five years	**2,931**	**3,700**
Total non-cancellable contracts	**16,115**	**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 WMG 2017 Ltd.

25 Contingencies - assets & liabilities

As at 30 June 2016, ATEED has entered into contracts to host, deliver or sponsor a number of events: The World Masters Games (2017), NRL Auckland Nines, the Volvo Ocean Race stopover and the V8 Supercars. 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	
	2016	2015	**2016**	2015
	$'000	$'000	**$'000**	$'000
KEY MANAGEMENT REMUNERATION				
Directors	**336**	315	**497**	474
Senior management salaries and other short term benefits	**1,429**	1,096	**2,460**	1,890
Total key management remuneration	**1,765**	1,411	**2,957**	2,364

27 Remuneration (continued)

	PARENT		GROUP	
	2016	2015	**2016**	2015
	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	**14**	1	**15**	1
$110,000 - $119,999	**14**	25	**14**	26
$120,000 - $129,999	**5**	6	**10**	8
$130,000 - $139,999	**7**	5	**7**	5
$140,000 - $149,999	**4**	2	**5**	2
$150,000 - $159,999	**1**	5	**1**	5
$160,000 - $169,999	**3**		**3**	1
$170,000 - $179,999		1		2
$180,000 - $189,999	**3**	3	**5**	3
$190,000 - $199,999	**3**	1	**3**	1
$200,000 - $209,999	**3**	1	**3**	1
$210,000 - $219,999	**1**		**1**	1
$220,000 - $229,999	**1**	2	**2**	2
$230,000 - $239,999				
$240,000 - $249,999				
$270,000 - $279,999	**2**		**2**	
$350,000 - $359,999				
$370,000 - $379,999		1		1
$380,000 - $389,999	**1**		**1**	

	PARENT		GROUP	
	2016	2015	**2016**	2015
	$'000	$'000	**$'000**	$'000
DIRECTORS' REMUNERATION BY DIRECTOR				
David McConnell	**82**	81	**82**	81
Franceska Banga	**47**	47	**47**	47
Norm Thompson	**51**	51	**51**	51
Richard Jeffery	**41**	41	**41**	41
Vivien Bridgwater	**-**	15	**-**	15
Helen Robinson	**41**	41	**41**	41
Danny Chan	**41**	41	**41**	41
Stuart McCutcheon	**35**	-	**35**	-
John Wells			**60**	60
Diana Puketapu			**20**	20
Kevin Ross			**20**	20
Martin Snedden			**20**	20
Dianne McAteer			**20**	20
Barry Maister			**-**	19
Graham Child			**20**	-
Total directors remuneration	**336**	315	496	474

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.

		CARRYING AMOUNT		FAIR VALUE	
		2016	2015	**2016**	2015
PARENT	**Notes**	**$'000**	$'000	**$'000**	$'000
FINANCIAL ASSETS					
Derivative financial assets	19	**-**	-	**-**	-
Debtors and other receivables	12	**11,964**	7,382	**11,964**	7,382
Cash and cash equivalents	11	**2,023**	2,206	**2,023**	2,206
Other financial assets	16	**40**	40	**40**	40
Total financial assets		**14,027**	9,628	**14,027**	9,628
FINANCIAL LIABILITIES					
Derivative financial liabilities	19	**(232)**	(173)	**(232)**	(173)
Creditors and other payables	17	**(11,291)**	(8,402)	**(11,291)**	(8,402)
Total financial liabilities		**(11,523)**	(8,575)	**(11,523)**	(8,575)
Net financial assets/(liabilities)		**2,504**	1,053	**2,504**	1,053

GROUP					
FINANCIAL ASSETS					
Derivative financial assets	19	**-**	-	**-**	-
Debtors and other receivables	12	**13,177**	8,387	**13,177**	8,387
Cash and cash equivalents	11	**2,023**	2,206	**2,023**	2,206
Other financial assets	16	**40**	40	**40**	40
Total financial assets		**15,240**	10,633	**15,240**	10,633
FINANCIAL LIABILITIES					
Derivative financial liabilities	19	**(232)**	(173)	**(232)**	(173)
Creditors and other payables	17	**(11,860)**	(8,999)	**(11,860)**	(8,999)
Total financial liabilities		**(12,092)**	(9,172)	**(12,092)**	(9,172)
Net financial assets (liabilities)		**3,148**	1,461	**3,148**	1,461

29 Financial risk management (continued)

(a) Market risk

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 (2016: 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% (2015:5%) movement in foreign exchange rates, the Company and Group is exposed to either a foreign exchange loss of $165,000 or loss of $295,000 in other comprehensive income (2015: $65,000 loss or $274,000 loss in other comprehensive income). The Company and Group considers this potential movement reflects reasonably possible changes in foreign exchange rates.

Interest rate risk

The Company and Group have no borrowings and are therefore not exposed to interest rate risk.

(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 debtor 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.

Maximum exposure to credit risk

ATEED's maximum credit exposure for each class of financial instrument is as follows:

	PARENT		GROUP	
	2016	2015	**2016**	2015
	$'000	$'000	**$'000**	$'000
Cash and cash equivalents	**2,023**	2,206	**2,023**	2,206
Debtors and other receivables	**11,964**	7,382	**13,177**	8,387
Other financial assets	**40**	40	**40**	40
Total	**14,027**	9,628	**15,240**	10,633

29 Financial risk management (continued)

Credit quality of financial assets

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:

	PARENT		GROUP	
	2016	2015	**2016**	2015
	$'000	$'000	**$'000**	$'000
CASH AT BANK AND SHORT-TERM BANK DEPOSITS				
"AA-" Standard and Poor's rating	**2,023**	2,206	**2,023**	2,206
Total cash at bank and short-term bank deposits	**2,023**	2,206	**2,023**	2,206
COUNTER PARTIES WITHOUT CREDIT RATINGS				
Existing counterparty with no defaults in the past	**12,004**	7,422	**13,217**	8,427
Total counter parties without credit ratings	**12,004**	7,422	**13,217**	8,427

PARENT - 30 JUNE 2016	**On demand $'000**	**Less than 1 year $'000**	**Between 1 and 2 years $'000**	**Between 2 and 5 years $'000**	**Over 5 years $'000**	**Total contractual cash flows $'000**	**Carrying amount liabilities $'000**
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)**

GROUP - 30 JUNE 2016	**On demand $'000**	**Less than 1 year $'000**	**Between 1 and 2 years $'000**	**Between 2 and 5 years $'000**	**Over 5 years $'000**	**Total contractual cash flows $'000**	**Carrying amount liabilities $'000**
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)**

PARENT - 30 JUNE 2015	On demand $'000	Less than 1 year $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Total contractual cash flows $'000	Carrying amount liabilities $'000
NON-DERIVATIVES							
Creditors and other payables	(8,402)	-	-	-	-	(8,402)	(8,402)
Total	(8,402)	-	-	-	-	(8,402)	(8,402)
DERIVATIVES							
Forward foreign exchange contracts	-	-	-	-	-	-	(173)
- (inflow)	-	(786)	(802)	(818)	-	(2,406)	-
- outflow	-	720	744	769	-	2,233	-
Total	-	(66)	(58)	(49)	-	(173)	(173)

GROUP - 30 JUNE 2015	On demand $'000	Less than 1 year $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Total contractual cash flows $'000	Carrying amount liabilities $'000
NON-DERIVATES							
Creditors and other payables	(8,999)	-	-	-	-	(8,999)	(8,999)
Total	(8,999)	-	-	-	-	(8,999)	(8,999)
DERIVATIVES							
Forward foreign exchange contracts	-	-	-	-	-	-	(173)
- (inflow)	-	(786)	(802)	(818)	-	(2,406)	-
- outflow	-	720	744	769	-	2,233	-
Total	-	(66)	(58)	(49)	-	(173)	(173)

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).

The following table presents the Group's assets and liabilities that are measured at fair value as at 30 June 2016.

PARENT - 30 JUNE 2016	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total balance $'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)**

PARENT - 30 JUNE 2015	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total balance $'000
ASSETS				
Forward foreign exchange contracts - cash flows hedges	-	-	-	-
Total Assets	**-**	**-**	**-**	**-**
LIABILITIES				
Forward foreign exchange contracts - cash flows hedges	-	(173)	-	(173)
Total liabilities	**-**	**(173)**	**-**	**(173)**

GROUP - 30 JUNE 2016	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total balance $'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)**

29 Financial risk management (continued)

GROUP - 30 JUNE 2015	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total balance $'000
ASSETS				
Forward foreign exchange contracts - cash flows hedges	-	-	-	-
Total Assets	**-**	**-**	**-**	**-**
LIABILITIES				
Forward foreign exchange contracts - cash flows hedges	-	(173)	-	(173)
Total liabilities	**-**	**(173)**	**-**	**(173)**

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

PARENT	Derivatives for hedging $'000	Loans and receivables $'000	Total $'000
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
AT 30 JUNE 2015			
Derivative Financial Asset - Forward foreign exchange contracts	-	-	-
Cash and cash equivalent	-	2,206	2,206
Debtors and other receivables	-	7,382	7,382
Other financial assets	-	40	40
Total	-	9,628	9,628

GROUP	Derivatives for hedging $'000	Loans and receivables $'000	Total $'000
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
AT 30 JUNE 2015			
Derivative Financial Asset - Forward foreign exchange contracts	-	-	-
Cash and cash equivalents	-	2,206	2,206
Debtors and other receivables	-	8,387	8,387
Other financial assets	-	40	40
Total	-	10,633	10,633

29 Financial risk management (continued)

(e) Financial instruments by category (continued)

Liabilities as per balance sheet

PARENT	Derivatives for hedging $'000	Loans and receivables $'000	Total $'000
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)
AT 30 JUNE 2015			
Derivative Financial Liability - Forward foreign exchange contracts	(173)	-	(173)
Trade and other payables	-	(8,402)	(8,402)
Total	(173)	(8,402)	(8,575)

GROUP	Derivatives for hedging $'000	Loans and receivables $'000	Total $'000
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)
AT 30 JUNE 2015			
Derivative Financial Liability - Forward foreign exchange contracts	(173)	-	(173)
Creditors and other payables	-	(8,999)	(8,999)
Total	(173)	(8,999)	(9,172)

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 financial targets in the Statement of Intent (SOI)

	Actual 2016 $'000	Target 2016 $'000	Actual 2015 $'000
Operating budget			
Revenue			
Funding from Auckland Council	**46,856**	50,000	47,952
Total revenue	**59,819**	63,000	59,882
Expenditure			
Employee benefits	**22,815**	24,000	20,352
Depreciation and amortisation	**702**	1,000	561
Other operating expenses	**36,869**	39,000	39,725
Total expenses	**60,386**	64,000	60,638
Net operating income	**(567)**	(1,000)	(756)
Capital budget			
Funding from Auckland Council	**2,975**	2,000	429
Total capital expenditure	**3,611**	2,000	778
Shareholder equity ratio	**33%**	**47%**	**33%**

Net operating income	Operating funding from Auckland Council was less than SOI due to deferral of some key project expenditure until 2017.
Capital funding	Additional capital funding was received from Auckland Council due to deferral of expenditure in FY15 for GridAKL.
Capital expenditure	In addition to the deferral of expenditure from FY15, the Company received a lease incentive to cover additional fit-out costs at GridAKL.
Shareholder equity ratio	Ratio is less than SOI due to increase in total assets driven by increased intercompany receivables due to timing of settlement and change in offset policy.

Statement of service performance

ATEED Performance Measures – Annual Result (FY 2015/16)

Auckland Tourism, Events and Economic Development Ltd (ATEED), has progressed well in our work towards the targets set in our 2015-18 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 2015-18 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 per cent 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:

- 18 were 'achieved'
- 0 were 'substantially achieved'
- 0 was 'progressing'
- 5 were 'not achieved'
- 1 has 'no result'

Key Performance Indicators for Auckland Tourism, Events and Economic Development Limited

For the period ended 30 June 2016

No.	How we will demonstrate success in achieving our aims	We will measure our progress against these targets at these times	2016 Result	2015 Result	Status	Comment
Building 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 2016: 25 / (70%) 30 June 2017: 25 / (70%) 30 June 2018: 55 / (70%)	56 / (70%)	15	✓	At the end of FY 2016 there are 56 businesses that have taken up residence in GridAKL. The increase over last year is primarily due to the move from the Polpero Building premises to the new John Lysaght Building offering increased capacity of co-working space, the introduction of flexible membership arrangements including hot desking and an increase in the number of businesses with less than 5 people. The BizDojo operations have also moved to the John Lysaght Building.
1.2	Total value of Callaghan Innovation R&D grants through Regional Business Partner Programme	30 June 2016: $4m 30 June 2017: $4m 30 June 2018: $4m	$1.506m	$3.59m	✗	This target has not been met due to a reduced government investment in R&D in Auckland and increased scrutiny and administration across the grants process from Callaghan Innovation. Callaghan Innovation will not be measuring the dollar value of R&D investment going forward, but is creating a greater focus and measure for the number of businesses being supported through their innovation journey. Callaghan Innovation and ATEED have jointly agreed that this metric would no longer be used and ATEED has now removed this metric from its SOI.
1.3	Percentage of stakeholders satisfied with provision of business advice, start-up, training and mentoring programmes (**LTP measure**)	30 June 2016: 85% 30 June 2017: 85% 30 June 2018: 85%	91%	94%	✓	Based on 258 surveys undertaken by NZTE to the question: 'Overall, how would you rate your satisfaction with your Regional Business Partner?' The survey result of 91% is the total positive rating for July 2015 to June 2016. This exceeds the target of 85% and reflects the high quality advice provided by the ATEED team. .
1.4	Number of actively managed businesses through Regional Business Partner Programme	30 June 2016: 360 30 June 2017: 360 30 June 2018: 360	1,042	884	✓	This is the number of businesses managed through the Regional Business Partner Programme (excl. business mentors). This figure excludes all other ongoing client relationships which are managed throughout the year. The target has been exceeded due to efficiency improvements and good pipeline management from the team. Original target of 360 was based on a team of four funded staff.

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

Building a Culture of Innovation and Entrepreneurship						
1.5	Number of businesses that have been through an ATEED programme or benefitted from an ATEED intervention (**LTP measure**)	30 June 2016: 1,500 30 June 2017: 1,500 30 June 2018: 1,500	4,073	N/A	✓	This is a new KPI designed to give an overall indication of the number of businesses that are benefitting from programmes/interventions across the whole of ATEED. 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. Businesses that have been involved in multiple ATEED interventions/ programmes are only counted once.
1.6	Number of Maori businesses that have been through an ATEED programme or benefitted from an ATEED intervention (**LTP measure**)	30 June 2016: 100 30 June 2017: 100 30 June 2018: 100	157	N/A	✓	This is a new KPI, specifically focussing on the number of Maori businesses that have been through an ATEED programme/intervention. Where possible, Maori businesses have been self-defined and include businesses that consider themselves a Maori business due to ownership, philosophy/principles/goals/tikanga, management practices, branding, assets (both tangible and intangible) and employees (all categories provided by Stats NZ).
Attracting Business and Investment						
2.1	Facilitation of the establishment, or significant expansion of multinational and local companies in target sectors (**LTP measure**)	30 June 2016: 5 30 June 2017: 5 30 June 2018: 5	9	6	✓	The establishment of six multinationals in Auckland was facilitated during 2015/2016, while three companies have seen significant expansion.
2.2	Number of intensively account managed customers in ATEED Aftercare programme	30 June 2016: 80 30 June 2017: 85 30 June 2018: 85[2]	81	85	✓	Account Management plans and strategies have been completed for 81 companies. Since the inception of the programme 112 companies and 15 high net worth individuals have been engaged. Regular reviews are made to ensure all programme members fit the Aroha Auckland criteria. The current programme consists of 80 companies and 5 high net worth individuals. ATEED is scoping future potential members of this programme.
2.3	Total GDP contribution of deals effected with ATEED involvement	30 June 2016: 54m 30 June 2017: 56.7m 30 June 2018: 59.6m	$249.7m	$201.7m	✓	This figure is based on 11 deals achieved by the Business Attraction and Investment team this year, including 2 screen transactions. It should be noted that the 2014/15 figure reported here differs to that reported last year due to a change in

						calculation methodology. 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.
2.4	Value of investment deals effected by ATEED within the financial year	30 June 2016: $265m 30 June 2017: $278m 30 June 2018: $292m	$328.5	$265m		ATEED has effected $328.5m of investment deals in this financial year. This includes $46m of screen transactions.
Growing a Skilled Workforce						
3.1	Number of 'live' signatories to the Youth Employment Traction Hub Employers Pledge (**LTP measure**)	30 June 2016: 50 30 June 2017: 50 30 June 2018: 50	54	13		As at 30 June 2016, 54 Auckland employers had joined the Auckland Youth Employer Pledge. Collectively, their pledge commitments represent over 400 youth employment and employability opportunities across key Auckland industries including hospitality, construction and infrastructure, and the digital/ICT and services industries.
Enabling Education and Talent						
3.2	Growth in value of international student spend to Auckland	30 June 2016: $1.564b 30 June 2017: $1.888b 30 June 2018: tbc	$2.1b	$1.75b		Based on information provided by Education NZ. This figure is for the year ending December 2015. This represents a 15% increase on 2014 – Auckland has maintained its market share welcoming 62.8% of all international students to NZ in 2015
Growing the Visitor Economy						
4.1	Spend by visitors in Auckland	30 June 2016: $5,412m 30 June 2017: $5,665m 30 June 2018: $5,922m	$5,593m	$5,340m		This result is for the year ending March 2016, and has been modelled based on data available from the new Regional Tourism Estimates (dated March 2014) alongside the Regional Tourism Indicators, prepared by the Ministry of Business, Innovation and Employment. The target has been exceeded. This is being driven by strong growth in international arrivals, particularly from China and USA.
4.2	Number of major international business event bids submitted (and win/loss ratio)[3]	30 June 2016: 35 / (60%) 30 June 2017: 40 30 June 2018: 40	22 submitted 63% conversion rate	N/A		The target related to bids submitted has not been achieved, but the win/loss ratio has been achieved. In addition to the 22 bids submitted, a further seven bids have been supported over the year, but have not reached submission stage

No.	How we will demonstrate success in achieving our aims	We will measure our progress against these targets at these times	2016 Result	2015 Result	Status	Comment
Growing the Visitor Economy						
4.3	Percentage of customers satisfied with visitor information centres and services **(LTP measure)**	30 June 2016: 85% 30 June 2017: 85% 30 June 2018: 85%	91%	93%	✓	Based on 1,048 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?' Results are gained through a combination of on-site and online surveying.
4.4	Contribution to regional GDP from major events invested in **(LTP measure)**	30 June 2016: $49m 30 June 2017: $86m[4] 30 June 2018: $49m	$43.7m[5]	$73.1m	✗	The targets set for these measures are those presented in the 2011 Auckland Major Events Strategy (MES). At the beginning of the year, a deliberate decision was made to maintain these targets despite forecasts showing that they may not be met due to a lower level of major event investment and activity over the year. When measured longitudinally against the targeted outcomes by 2021 articulated in the MES, ATEED has made good progress in the first five years of the 10 year Major Events Strategy (2011/12 to 2015/16) and is approximately 24% ahead of the cumulative target set. The primary reason this target for 15/16 has not been met is the absence of any significant one-off events within the year. In comparison, 2014/15 featured ICC Cricket World Cup, Volvo Ocean Race Auckland Stopover and FIFA U-20 World Cup; while 2016/17 will feature World Masters Games and the British and Irish Lions Tour.
4.5	Percentage of Aucklanders who agree events make Auckland a great place to live (engender pride and sense of place)	30 June 2016: 80% 30 June 2017: 80% 30 June 2018: 80%	73%	79%	✗	Measured via the Auckland Council Annual Residents Omnibus survey of 4,200 Auckland residents. 38% of respondents strongly agreed that events make Auckland a great place to live, while 35% agreed. With the new LTP there was a change in the questionnaire, with a new question relating to events added before this one. This could have influenced how respondents answered. Another factor could be that there have been no significant one off events, (such as ICC Cricket World Cup) this year.
4.6	Visitor nights generated by major events invested in	30 June 2016:170,000 30 June 2017: tbc 30 June 2018: tbc	283,679[3]	390,000	✓	Targets for visitor nights generated by major events reflect the targets originally endorsed by Council through the Major Events Strategy. It has since become apparent that these targets are low and ATEED aims for significantly higher KPIs internally. Refreshed targets will be developed over 2017/18.

[4] Target includes the impact of World Masters Games 2017

[5] Forecasted total incl. measured and pending results. Final results for 8 events are pending at the time of writing (18 August 2016).

4.7	Estimated number of attendees at major events invested in	30 June 2016: 1.57m 30 June 2017: 1.93m[2] 30 June 2018: tbc	1.7m[3]	1.87m		Forecasted total incl. measured and pending results as per comment above at 4.4
4.8	Percentage of customers satisfied with delivered major events **(LTP measure)**	30 June 2016: 85% 30 June 2017: 85% 30 June 2018: 85%	78%	92%		Average satisfaction rating by respondents attending Tamaki Herenga Waka, Pasifika, Lantern and Diwali festivals. The result is below target. This is potentially due to a range of factors including new research supplier, timing of the Diwali event and a new venue for the Lantern Festival.
Building Auckland's Brand and Identity						
5.1	Total visits to www.aucklandnz.com (**LTP measure)**	30 June 2016: 3m 30 June 2017: 3.4m 30 June 2018: 3.8m	3.7m	3.2m		Total visits to aucklandnz.com between 1st July 2015 and 30th June 2016. Traffic to www.aucklandnz.com has again exceeded the target.
Mana Whenua Engagement						
6.1	Percentage Mana Whenua satisfaction with quality of engagement	30 June 2016: Baseline 30 June 2017: =/+ 30 June 2018: =/+	N/A	N/A		It was originally envisioned to measure this new target via the Mana Whenua Kaitiaki Representatives survey conducted annually by Auckland Council. This year was the first time any CCO (incl. ATEED) related questions were included. However it was found that the results are not suitable as a measure for this KPI due to several caveats of the council survey in the ATEED context. Firstly the sample might not include key representatives with whom ATEED has an actual and more extensive engagement/relationship and secondly, that the achieved sample size of n=6 providing ATEED related answers is too small to provide any definitive ratings. ATEED is currently assessing alternative approaches to obtaining robust and relevant information to inform this measure..

World Masters Games 2017 Limited

World Masters Games 2017 Limited (WMG2017) was incorporated on 19 September 2013 and is a 100 per cent owned subsidiary of Auckland Tourism, Events and Economic Development (ATEED). WMG2017 is responsible for the delivery of the World Masters Games in Auckland and the Waikato in April 2017 (the Games). WMG2017 has its own independent expertise-based board of directors, guided by the Constitution and Terms of Reference put in place by ATEED as shareholder.

WMG2017 leads all aspects of the Games planning, with the exception of leverage and legacy activities which are led by ATEED. Core activities of the organisation include:

Contracting and partnering with the sports organisations and venues to be part of the sports programme for the Games
Marketing the Games to ensure athlete registration and volunteer application targets are met
Securing sponsorship and commercial partnerships
Legal aspects including insurances, risk management and compliance
Operational delivery of the Games.

WMG2017 is a multi-year project. The major key performance indicators (KPIs) are based on the outcome of the Games and are specified in the Terms of Reference between ATEED and WMG2017. Achieving those KPIs will be the basis on which the performance of the organisation is judged. For this reason, there are no specific annual KPIs. However, the organisation continues to ensure that regular reporting to ATEED, the Ministry of Business, Innovation and Employment (MBIE), and International Masters Games Association (IMGA) reflects appropriate budgetary and financial management, and risk management, and demonstrates progress with the planning of the Games and achieving milestones.

Outputs and Outcomes

Objectives	Performance measures / indicators
Deliver an exceptional and memorable Games experience for athletes, New Zealanders and stakeholders.	A survey of competitors/participants captures that more than 85 per cent agree that the Games were well organised. 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.
Deliver a balanced budget, achieving revenue targets and demonstrating sound financial management.	A balanced budget. 25,000 athletes and 3,333 non-playing officials and supporters. The direct cost to ATEED does not exceed $11.75 million and the direct cost to MBIE does not exceed $11 million. ATEED and MBIE are kept informed of the event's progress.
Ensure the economic benefit from the Games is realised.	Auckland GDP impact meets or exceeds $30.8 million.[1] Auckland visitor nights exceed 244,000. [1]
Deliver a benchmark Games that strengthens the global masters games movement.	IMGA agrees that Auckland successfully met the obligations of the Hosting Agreement.

1 The sport venue allocation process has resulted in two venues being located in the Waikato region, resulting in a reduction in the projected Auckland visitor nights of 26,697 (ATEED Statement of Intent 2015-18: Auckland visitor night exceed 250,810) and a reduction in the projected contribution to GDP of $4.48m (ATEED SOI 2015-18: GDP $36.16m). There is no impact on the national projections.

Progress made towards achievement of these objectives during the year ending 30 June 2016

Substantial progress has been made in the past financial year, the most notable achievements being:

- The opening of an athlete registration portal in February 2016 and volunteer registration portal in March 2016 and subsequent flow of registrants and interest from across New Zealand and around the world.
- Successful delivery of the '1 Year To Go' milestone celebrations featuring mall and sports ground activations on 30 April 2016. Coinciding with this, an editorial wrap was created for the *New Zealand Herald* sport section and six regional newspapers.
- Social media audiences reached 30,000 in the year. Website unique visits topped 250,000 against a target of 200,000 for the year.
- Games awareness in Auckland doubled to 24 per cent during the year.
- The announcement of Eden Park as the location for the Opening Ceremony at a '500 days to go' celebration and a summary of how the opening ceremony will bring the unique culture of New Zealand to life in a show that will feature traditional Māori ceremony, cutting edge technology, performances, a tribute to the 28 sports of the Games, and the celebratory athletes march.
- The contracting of Volvo, Mediaworks, QMS and Airbnb as Experience Partners; Fuseport, KPMG and Mighway as Product Partners; and Brian Perry Charitable Trust as a Trust Partner.
- The growth of the WMG2017 team to 40 people, as the operational focus moved from testing to delivery.
- Contracting of a further three competition venues to take the total to 48.
- Development and submission of an application to the Government for the Games to be declared a major event under the Major Event Management Act 2007.
- An evaluation visit was undertaken by the IMGA Director of Sport in December 2015, and the IMGA confirmed its satisfaction with the positive progress being made by WMG217. No immediate issues were identified.

New Zealand Food Innovation Auckland Ltd (NZFIA)

The vision of Food Innovation Auckland Ltd, trading as **'The FoodBowl – Te Ipu Kai'** is: "*The FoodBowl will be instrumental in the successful growth of ambitious and innovative New Zealand food and beverage companies that are driven to commercialise and export".*

Located near Auckland's international airport, The FoodBowl is a joint venture between ATEED and Callaghan Innovation, and is a central pillar in Auckland's food innovation ecosystem. Food and beverage manufacturing is the largest manufacturing sector in Auckland (17 per cent of manufacturing enterprises), and is also the largest manufacturing employer in the Auckland region (24 per cent). Food and beverage was the only manufacturing sector in Auckland to increase employment in the decade to 2015. The FoodBowl represents a powerful strategic investment by Auckland Council to support the region's food and beverage sector, which is identified in Auckland Council's *Economic Development Strategy 2012-2022* as a key growth export industry.

The FoodBowl is an integral part of the New Zealand Food Innovation Network, which was set up to support the Government's goal of growing New Zealand's exports to 40 per cent of GDP. Food and beverage exports are almost half of New Zealand's total exports. A strong emphasis on 'adding value to volume' and creating a high-value processed foods export portfolio, through initiatives such as The FoodBowl, is the best way achieve the Government's target.

During the year ended 30 June 2016, The FoodBowl engaged with more than 220 companies on projects, with 90 of these companies further using The FoodBowl to undertake trials or production to validate, commercialise and export their products.

All key performance indicators were exceeded by The FoodBowl, and in client survey, 93 per cent of respondents were satisfied ("agree" or "strongly agree") with their experience at The FoodBowl, with only 4 per cent not satisfied; 70 per cent made connections they believed would be valuable in the future; and 73 per cent believed the FoodBowl was instrumental in accelerating their businesses.

The FoodBowl continues to grow its reputation as a centre for upskilling, from both a technical and business skills perspective, with up to five workshops a month in conjunction with experts in the relevant fields. More than 240 people attended the technical and building business capability workshops at the FoodBowl during the year.

New product development opportunities were promoted to iwi groups, including one of the largest Māori food and beverage clusters in New Zealand – Nuku ki te Puku.

Food and beverage in Auckland is a globally relevant cluster. The FoodBowl aims to maximize this by capitalising on active partnerships with key stakeholders including Callaghan Innovation, ATEED, the Ministry of Primary Industries, NZTE, and New Zealand tertiary institutions to nurture and expand the region's burgeoning food and beverage sector.

Directory

For the year ended 30 June 2016

Directors

The Directors as at the year ended 30 June 2016 are as follows:

- David Arnot Williamson McConnell
- Norman John Thompson
- Franceska Banga
- Richard Jeffery
- Danny Chan
- Helen Alison Robinson
- Stuart McCutcheon (appointed 8 July 2015)

Shareholders	Auckland Council (100%) Civic Building, 1 Greys Avenue, 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
Solicitor	Simpson Grierson, Level 27, 88 Shortland Street, Auckland, 1010 New Zealand
Registered Company Number	3089625