



# Annual Report

For the year ended 30 June 2018



---

*Front cover image:  
Volvo Ocean Race  
2018*

---

## Contents

	Page
<u>Introduction</u>	
Statement from the Chairman	6
Statement from the Chief Executive	8
Directors' Report	11
Independent Auditor's Report	12
<u>Highlights for 2017/18</u>	
Build a culture of innovation and entrepreneurship	16
Attracting business and investment	18
Grow and attract skilled talent	21
Growing the visitor economy	22
Building Auckland's brand and identity	25
<u>Financial statements</u>	
Statement of comprehensive revenue and expense	28
Statement of changes in equity	29
Statement of financial position	31
Statement of cash flows	32
<u>Notes to the financial statements</u>	
1 General information	34
2 Summary of significant accounting policies	34
3 Significant judgements and estimates	40
4 Service and other revenue	41
5 Other gains/(losses)	41
6 Personnel costs	41
7 Other expenses	42
8 Income tax expense/(benefit)	42
9 Imputation credit account	43
10 Debtors and other receivables	43
11 Property, plant and equipment	44
12 Intangible assets	46
13 Trade and other payables	48
14 Employee entitlements	48
15 Derivative financial instruments	49
16 Provisions	49
17 Investment in other entities	50
18 Contributed equity	50
19 Reserves and accumulated funds/(losses)	51
20 Reconciliation of net surplus/(deficit) after tax to net cash inflow from operating activities	52
21 Commitments and operating leases	52
22 Contingencies	53
23 Related party transactions	53
24 Remuneration	54
25 Events occurring after the balance date	55
26 Financial risk management	56
27 Capital management	60
28 Variances against financial targets in the Statement of Intent (SOI)	61
<u>Statement of Service Performance</u>	
ATEED Performance Measures – Annual Result	63
Key Performance Indicators for Auckland Tourism, Events and Economic Development Limited	64
New Zealand Food Innovation Auckland Ltd (NZFIA)	71
<u>Directory</u>	72



---

*Great Barrier Island  
Dark Sky Sanctuary*

---

---

## ATEED DELIVERS FOR AUCKLAND



**Build a culture of innovation and entrepreneurship**

---

**400+**

participation at iDEAStarter and DIGMYIDEA Māori Innovation Challenge

---

**104**

innovative businesses in GridAKL, Wynyard Quarter

---

**900+**

businesses through the Regional Business Partner Network programme



**Attract business and investment**

---

**\$256m**

new GDP from foreign direct investment and screen production deals

---

More than

**70** businesses

on the Mayoral delegation to Tripartite Economic Summit - Guangzhou 2017

---

Facilitated establishment or expansion of **4**

target sector multinational companies in Auckland



**Grow and retain skilled talent**

---

**4500**

youth attracted to construction and infrastructure sector via #BuildAKL

---

**69**

active business signatories to the Auckland Youth Employer Pledge

---

**2500+**

entrepreneurs supported



**Grow the visitor economy**

---

**\$76m**

new GDP from major events portfolio investment

---

**\$29m**

of business events bids won

---

**90,000**

solar LED bulbs lighting up the Auckland Harbour Bridge through Vector Lights



**David McConnell**

Chairman

## Statement from the Chairman

Auckland is growing rapidly, supported by nearly \$30 billion of Auckland Council investment across the next decade to meet the region's planned further growth.

Technological disruption is underway that will significantly affect Auckland's major industries and the jobs they create – and as our region's economic growth agency, Auckland Tourism, Events and Economic Development (ATEED) needs to be ready to embrace the tremendous opportunities these changing market dynamics represent.

But parts of Auckland, and groups of Aucklanders, are not sharing in the economic opportunities our region offers. We recognise that Auckland itself must find solutions that ensure future economic growth creates prosperity for all Aucklanders.

As Auckland transforms and priorities evolve, so must ATEED. By the end of this year – our seventh year of operation – we had developed a new strategic blueprint to take us forward in line with the Mayor and Council's clear expectations and stated priorities. It has three broad elements.

First, ATEED will continue to focus towards activities which will have the greatest impact on increasing investment in quality jobs – particularly where Auckland's south and west can benefit.

Second, we will actively support Council's priority urban regeneration areas, and leverage Council's investment in them. We will initially concentrate our efforts on Manukau, looking for opportunities to attract investment, and grow quality business investment and employment in this area, working with the Council group, community leaders, business and government agencies.

Third, we will make the most of large-scale events coming to Auckland, including Asia-Pacific Economic Cooperation (APEC) Leaders' Week and the America's Cup in 2021, which present golden opportunities to showcase Auckland and help to transform our region.

The new strategy will see us undertake fewer, more impactful interventions, and adopt a stronger spatial focus working alongside Pānuku Development Auckland and Auckland Transport.

Many exciting companies based in Auckland are at the vanguard of the region's transformation. We will continue to support businesses that seek to innovate and grow as our key customers, while also partnering industry sectors and key economic institutions to coordinate action to drive greater international flows of products and services, ideas, people and capital, increase the competitiveness of our markets, and aggressively promote a culture of innovation.

This will speed up Auckland's shift towards an economy more founded on advanced industries

and tradeable sectors. We will make more use of economic intelligence, data and market analysis to drive our work, and ensure our work is aligned with the Government and Council.

The new strategy is reflected in our Statement of Intent 2018-2021 which we expect to be approved by Council's Governing Body early in the new financial year, marking a significant milestone in ATEED's evolution.

Our visionary approach was also captured in *Destination AKL 2025*. Released in May 2018, this new strategy for the region's visitor economy encourages its sustainable growth by focusing on destination management alongside destination marketing. Its development was guided by an Industry Leaders Group, exemplifying our focus on partnering with industry to create a new, better way of doing things, for the benefit of Auckland.

During the year, we also supported the development of a revised Council-wide approach to monitoring and delivering Māori outcomes. Council's Executive Leadership Team is considering a proposal to develop a single high-level 10-year work programme to deliver Māori outcomes that will integrate the various different Council-wide Māori frameworks, strategies and plans. If adopted, this programme will bring clarity to our obligations and the range of stakeholders we will work with on economic development outcomes.

Globally important events such as New Zealand's hosting of APEC in 2021 present an opportunity to showcase Auckland and help to transform our region – bringing enduring benefits to all Aucklanders and helping make Auckland the place where talent wants to live, entrepreneurs and businesses want to invest, and innovation and skills drive economic growth.

In November, I was delighted to welcome two new highly experienced and skilled directors to the ATEED Board. Glenys Coughlan and Evan Davies were appointed to replace outgoing long-serving directors Norm Thompson and Franceska Banga. I would like to pay tribute to both Norm – who ably supported me as deputy chairman – and Franceska for their passionate contribution to Auckland's success, and their outstanding input into ATEED's governance.

Another new era was marked with the appointment just before year end of three industry representatives to the six-member ATEED Board Destination Committee, which has the responsibility of overseeing our activities funded through the Accommodation Provider Targeted Rate collected by Council since the start of this financial year. The committee starts its important mandate from 1 July.

In August 2017, we were delighted to welcome Nick Hill as our new Chief Executive, replacing Brett O'Riley – who made a considerable contribution to Auckland and New Zealand during his more than five years in the role.

After taking the reins in 2012, Brett was instrumental in bringing together the important functions of tourism, events and economic development into the world-class, progressive agency ATEED is today. The smooth transition to Nick's tenure culminated in the timely revision of ATEED's strategy and purpose.

The next year will be a period of transition for ATEED. We will continue to re-prioritise our resources. We will also focus on quantifying the impact our interventions have and develop new capabilities to deliver on our purpose to create excellent economic, environmental, social and cultural outcomes for all of Auckland.

I am proud to present our 2017/18 annual report, and thank the ATEED team for its tremendous contribution to Council's vision to transform our region.



**David McConnell**

ATEED Chairman

## Statement from the Chief Executive



**Nick Hill**

Chief Executive

During the year, we undertook a crucial task for any business that challenges itself to keep improving and achieving new objectives. Alongside the development of our new three-year strategy, we redefined our purpose which had been in place since ATEED was established in 2010.

Both Auckland and ATEED have changed significantly since then. Our role as the region's economic growth agency has evolved, and Council's priorities have shifted to tackle challenges such as a long-term deficit in infrastructure investment, and environmental degradation.

Our purpose needs to reflect our place in helping Council tackle those challenges and capture the aims of inclusivity and shared prosperity. The new purpose is: quality jobs for all Aucklanders.

We also re-aligned our organisation to ensure our business is structured in the most efficient way to deliver on Council's priorities and support the growth of quality jobs across the region.

In the latter stages of its development, our refreshed purpose was shared with central and local government officials, mana whenua, elected members including the Mayor, and executives from across the Council group.

The feedback was helpful in shaping the final strategy, and the process helped key stakeholders understand the importance of ATEED's role. The discussions fuelled interest in stronger collaboration from Council Controlled Organisations (CCO's) and others. Government officials confirmed the strategy is closely aligned with the Government's priorities.

To help boost our region's productivity, we will focus on two main areas; a portfolio of tightly targeted economic development activities, and supporting sustainable growth of the visitor economy.

During the year we achieved some great outcomes through our work to support business attraction and growth, investment, innovation and skills.

In June, a major international production, which will have about 1000 people on site at its peak, moved into the two new state-of-the-art sound stages at Kumeu Film Studios, which were funded by the studios' private owner as a result of ATEED's long-term agreement to lease the site, and our commitment to screen attraction in partnership with the New Zealand Film Commission.

The completion of the two new stages triggered the second lease phase, with ATEED now responsible for the entire site. The new buildings are the largest purpose-built sound stages in Auckland, and a significant new infrastructure asset for our region alongside the studios' world-class dive tanks, ocean tank and green screen. They will help to further boost what is now a \$1B a year screen production industry across our region.



Alongside the development at Kumeu, ATEED took over the studio management of the Council owned Auckland Film Studios (AFS) in Henderson. The agreement meant AFS's large sound stage is retained as a screen asset for Auckland for at least five years. AFS was in demand right through the year and is expected to be fully booked through to the end of 2018.

Council's thriving GridAKL innovation precinct at Wynyard Quarter continued to expand with two new buildings added; the refurbished Mason Brothers building, and Madden Street. ATEED regained operation of the John Lysaght building from BizDojo Auckland in December. The Lysaght Building is home to entrepreneurs and start-ups which are vital to our region's technology and innovation ecosystem. We manage the tenants, café, event space and staff, while The Generator manages the two buildings which came on stream this year and are now at capacity.

Just after year end, Ninety Four Feet – an Australasian property development, investment and construction company – and the Government announced a new estimated \$250m hotel project for Auckland. Due for completion in 2021, the 41-storey, 225-room upscale hotel in the central city will mark the New Zealand debut of international hotel operator, Intercontinental Hotels Group's boutique Hotel Indigo brand.

Through our partnership in New Zealand Trade and Enterprise (NZTE) Project Palace – designed to help solve the country's shortage of hotels in key tourism regions – our investment attraction team played a big part in securing this major foreign direct investment for Auckland. We provided more than a year of close support to Ninety Four Feet to help it navigate the Auckland commercial property market and gain the assurance it needed to proceed with its investment in Hotel Indigo Auckland.

The *Destination AKL 2025* strategy – released in May at a highly successful event involving Kelvin Davis, Minister of Tourism, and Auckland Mayor Phil Goff – captures our role in leading the sustainable growth of the visitor economy, which is a critical lever for economic development. This work includes our focus on destination marketing and management, major events, business events (meetings and conventions), and international student attraction and retention.

The strategy's focus on destination management marks an exciting new direction for our visitor economy. While Auckland has been successfully marketed as a destination for some time, *Destination AKL 2025* will ensure future growth in visitor numbers is sustainably managed and of benefit to Auckland, rather than simply attracting greater numbers of visitors.

One of our first steps towards meeting the sustainability focus of *Destination AKL 2025* was to sign the New Zealand Tourism Sustainability Commitment, an industry initiative driven by Tourism Industry Aotearoa. The commitment is designed to support the industry and help New Zealand to lead the world in sustainable tourism.

*Destination AKL 2025's* strength lies in the ground-breaking collaboration and partnership which is at its heart. The Industry Leaders Group's highly successful and unique level of involvement in guidance and commitment to help implement it, provided another key legacy - a blueprint for future cooperation between Council agencies and Auckland's key growth sectors which we are proud of.

Our stronger emphasis on businesses as our key customers saw us start a 'Voice of the Customer' programme to source feedback that will help us design and refine our services to businesses and provide a customer rating of our services to sit within our key performance indicator framework.

The programme will help us demonstrate the effectiveness of our investment attraction and global partnerships activity, specifically the benefit that new business and investment provides to all Aucklanders, including those in less prosperous communities.

Our strategic focus on fewer core programmes that can deliver more direct impact saw us divest our Young Enterprise Scheme, and Westpac Auckland Business Awards programmes to our long-term partner, the Auckland Chamber of Commerce.

In April, we sold the Auckland Airport, SKYCITY and Princes Wharf i-SITES to AIS Tourism Ltd. As part of the sales agreement, 16 i-SITE consultants and centre managers employed by ATEED were offered the opportunity to retain their existing positions under AIS, and 12 did.

We will maintain a close ongoing relationship with the i-SITES that AIS now owns, as we do with i-SITES operated by the regional tourism clusters. The deal created exciting potential for Auckland's promotion, given the global reach of the AIS consortia and its tourism businesses. The sale to AIS also meant the sites can be operated on a more commercially viable basis and allows us to focus on our core strategic role in implementing the new *Destination AKL 2025* strategy.

We were pleased to begin a process to distribute the \$0.8m surplus achieved by World Masters Games 2017 Ltd, the ATEED subsidiary created to deliver the games. New Zealand Masters Games was awarded \$50,000, and in April sporting organisations from the 28 sports involved in the games were invited to apply for funding from the Legacy Programme. Half of the remainder will be distributed via direct grants to the participating sports, and half through a contestable fund with applications closing on 31 July.

ATEED strives to be a world-class agency, and this year we were proud to receive further international recognition of our work. We received two 'Excellence in Economic Development' awards at the International Economic Development Council's annual conference: a gold award for the Auckland Innovation Dashboard, and a bronze award for the 'Smart Move' talented migrant campaign. The awards recognise the world's best economic development programmes and partnerships, marketing materials and leaders.

This year, we began to focus on the unprecedented opportunities for our region that will be provided by Auckland's hosting of the APEC Leaders' Week, and the next America's Cup – both in 2021. Along with key partners, we started to map the road to 2021. We are leading discussions about Auckland's potential legacy from APEC21 activity and chairing the APEC21 Auckland Executive Steering Group.

The America's Cup hosting will create a superb legacy for the region, including significant waterfront transformation, and ATEED will deliver the event elements of the hosting. The momentum building across Auckland is palpable, and ATEED's new strategy, structure and priorities mean we will be central to seizing the economic opportunities that momentum creates.



**Nick Hill**  
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 2018.

The Annual Report was authorised for issue by the board of ATEED on 31 August 2018. Neither Auckland Council nor ATEED Board has the power to amend the financial statements once adopted.



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

**David McConnell**

---

Chairman



A handwritten signature in black ink, appearing to read 'Stuart McCutcheon'.

**Stuart McCutcheon**

---

Director

## Independent Auditor's Report

### To the readers of Auckland Tourism, Events & Economic Development Limited's group financial statements and performance information for the year ended 30 June 2018

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

#### Opinion

We have audited:

- the financial statements of the Company and Group on pages 27 to 61, that comprise the statement of financial position as at 30 June 2018, 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 62 to 70.

In our opinion:

- the financial statements of the Company and Group on pages 27 to 61:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2018; and
    - its financial performance and cash flows for the year then ended; and
  - comply with generally accepted accounting practice in New Zealand in accordance with the Public Benefit Entity Standards; and
- the performance information of the Company and Group on pages 62 to 70 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 2018.

Our audit was completed on 31 August 2018. This is the date at which our opinion is expressed.

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

#### Basis for our opinion

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Our responsibilities arise from the Public Audit Act 2001.

#### **Other information**

The Board of Directors is responsible for the other information. The other information comprises the information included on pages 3 to 11, 15 to 26 and 71 to 72, but does not include the financial statements and the performance information, and our auditor's report thereon. Our opinion on the financial statements and the performance information does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

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

#### **Independence**

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

Other than the audit, 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

---

2017 / 2018

---

# Build a culture of innovation and entrepreneurship

The ongoing expansion of the GridAKL innovation precinct at Wynyard Quarter continues to enhance Auckland's reputation as an Asia-Pacific innovation hub.

The new five-storey Madden Street building opened in October, just after the refurbished Mason Brothers premises. Together, the precinct buildings hosted numerous innovation ecosystem events, encouraging collaboration, and showcasing GridAKL to a range of influential international speakers and businesses.



At the end of the financial year, GridAKL housed 104 businesses across three buildings – including the two which came on stream in 2017/18. About 70 per cent of the businesses are considered to be 'innovation-led'.

In 2017/18, we continued to deliver a successful Regional Business Partner Network programme across Auckland on behalf of the Government. We helped Auckland businesses successfully apply for \$2.3m in Callaghan Innovation research and development grants to 87 companies, and \$1.7m of NZTE capability vouchers.

The Kitchen Project, located in the Central One building on Henderson Valley Road, opened for business in March and is part of a six-month joint initiative with Pānuku Development Auckland and Healthy Families NZ.

Based on the highly successful La Cocina project in San Francisco, it captures many of the priorities for ATEED. Five start-up food and beverage companies were selected for the first incubator programme which offers participants access to affordable kitchen space for product development and a mentoring programme. These businesses will become financially sustainable and bring healthier and diverse food choices to communities in Auckland's west.

It assists those communities to thrive through their food and beverage offering and enables small start-ups to get the assistance

they wouldn't have access to otherwise to develop a sustainable food proposition, but it is ultimately about more than food and beverage – it's about passion, about connecting people with their culture, their history and their community so they can make a living out of their passion. Plans are in place for further Auckland kitchens following evaluation of the Henderson pilot.

Along with our partners, we delivered another highly successful Sport Performance Innovation Forum during Techweek'18. Designed to grow the emerging sport performance sector in Auckland, the 133-delegate forum showcased the latest cutting-edge businesses and research from around New Zealand and beyond and featured keynote speakers including Simon van Velthooven from Emirates Team New Zealand, world-leading British artificial intelligence sport performance researcher Professor Nic James, and Indira Neg, Director, Business Development, Olympic Program Office for Intel in San Francisco.

*About 70 per cent of the businesses at GridAKL are considered to be 'innovation-led'.*



The forum was just one of more than 80 events in Auckland during Techweek'18 in May, led off spectacularly by Prime Minister Jacinda Ardern officially opening the events as a hologram.

Vector Lights on Auckland Harbour Bridge glowed in the Techweek'18 official colours for several days, showcasing Auckland's innovative capabilities to the world.

With almost half of New Zealand's tech firms and labour force located in Auckland, we have a vital role to play in the ongoing development of the national tech story.

Entries closed for the DIGMYIDEA Māori Innovation Challenge 2018 on 27 May, with the number of entries more than doubling to 203 this year. Ten finalists were chosen and mentored through June with the two winners selected at DIGIwānanga in the first weekend in July.

Planning has started for a programme of support for all entrants and Māori with tech business aspirations, in line with our role to help grow the Māori economy and opportunities for Māori youth.

# Attracting business and investment

The success of Auckland's Mayoral business delegation to the Tripartite Economic Summit – Guangzhou 2017, highlighted the key role ATEED can play in driving the growth of our region's export economy, attracting inbound investment, and ultimately job growth in key Auckland sectors.

Alongside Council's Global Partnerships team, we helped ensure Auckland's presence at the third annual Tripartite Summit, held in November, translated into real outcomes. Nearly 100 people from more than 70 businesses made it the largest overseas delegation Auckland has undertaken.

Participating businesses represented the education, urban design and planning, tourism, food and beverage, biomedicine and health, digital and creative, and innovation sectors.

The delegation's strength was partly due to the comprehensive pre-summit workshop programme we developed to convince potential delegates of the summit's benefits and equip them for tackling the Chinese market.

Two councillors accompanied the Mayor on the delegation, along with the Chair of the Independent Māori Statutory Board. Ngāti Whātua Orākei (operating in the tourism and education sectors) sent two representatives.

We were responsible for the Auckland Showcase event which included an outstanding fashion show by Māori designers – which led to great exposure and collaboration opportunities for the group – and Auckland food and beverage. We played a key role in facilitating contacts between delegates and potential suppliers or customers from both Guangzhou and Los Angeles. The Ministry of Foreign Affairs and Trade, and NZTE assisted with this work.

Delegates said being part of the delegation gave them leads they would never have been able to obtain themselves. ATEED is aware of deals worth tens of millions of dollars to Auckland companies which are likely to be confirmed in the next year that directly resulted from the summit.

The Tripartite Economic Alliance was renewed for another three years at the summit, with the agreement that stand alone summits would not be held in future, but the existing events within the alliance cities would be leveraged to continue to strengthen the relationship.

In May, Auckland's commitment to the Tripartite programme saw a targeted delegation of 14 people, including eight Auckland businesses, travel to the United States for the Select LA Investment Summit. The visit, led by Deputy Mayor Bill Cashmore, included exclusive opportunities for networking, workshops, business matching, site visits to Warner Bros. and the Los Angeles Cleantech Incubator.

The delegation has already had its first notable success, with a US\$20m investment agreement announced between Auckland-based HMI Technologies/Ohmio – which went as part of the delegation – and Heshan Industrial City Management Committee in China.

HMI directly attributes the deal, which took effect on 1 July, to an introduction made at a Tripartite delegation networking event facilitated by ATEED. It allows an Ohmio plant to be established in Heshan for making autonomous vehicles, and an artificial intelligence transport research centre.



*The Tripartite summit Auckland Showcase event included an outstanding fashion show by Māori designers*

The total GDP contribution of deals completed in Auckland this financial year as a result of ATEED involvement was \$256m. The value of investment deals as a result of our involvement was \$344m – including more than \$130m from screen projects.

As noted on page 9, we worked with NZTE to facilitate the arrival in Auckland of global InterContinental Hotels Group, through its Hotel Indigo development with Australian company Ninety Four Feet. This is a great example of the value we can add by providing international investors and entrepreneurs with local expertise, support with Council processes, and market intelligence.

Through our support of the sector via a lease of the privately owned Kumeu Film Studios (KFS) and commitment to marketing Auckland internationally as a screen destination, we gave the owner confidence to invest millions in the development of the two largest state-of-the-art sound stages built in Auckland which opened for business in June 2018.

The infrastructure will support the continued growth of this key part of our region's creative sector, and therefore jobs – mainly in the region's west.

A New Zealand Film Commission and Warner Bros. screen attraction event in Los Angeles in February was held as part of the screen grant agreement which also established KFS for the filming of Warner Bros. movie *The Meg*. Many West Coast studios attended the event where the KFS new facilities were showcased, along with a show reel from Warner Bros. filming there for *The Meg*, and endorsements of Auckland's capability by the movie's director and producer.

ATEED efficiently manages both KFS and Council-owned Auckland Film Studios (AFS), but we are exploring alternative options and working with key stakeholders to find a solution that will deliver an excellent long-term outcome for the industry and Auckland. This will enable us to focus on our core screen attraction and facilitation roles.

Both studios continue to experience strong demand. KFS has a pipeline of firm bookings up until the end of 2019, and AFS is expected to be fully occupied until May 2019.

In November, a Memorandum of Understanding (MoU) was signed by Screen Auckland and other regional film offices and the New Zealand Film Commission. The MoU provides tools for positive collaboration, with the goal of ensuring a cohesive and client focused service for international screen sector clients, as well as efficiencies for all joint activity.

The manager of our Screen Auckland team, chair of the Regional Film Office New Zealand, was invited to participate in the Ministerial Film Industry Working Group to provide a regional voice on a review of the Film Production Work Amendment Act 2010, commonly referred to as the 'Hobbit law'. The review is a critical piece of work that will affect growth of the Auckland screen industry and businesses, and Auckland's ability to attract productions. The group's recommendations were expected to go to the minister early in the next financial year.

The Augmented Reality/Virtual Reality (AR/VR) Garage founded and operated by ATEED, continued its strong performance as a state-of-the-art facility where start-ups are able to work with major corporates, tertiary institutions, and local and central government agencies, and where local and international research & development projects are accelerated, and ideas shared.

Agreements were signed with New Zealand VR/AR Association Inc. and Technicolour (USA), establishing them as partner organisations to assist Garage companies to access resources around New Zealand and offshore. The partnerships created a number of opportunities, including the ability to showcase Auckland's capability more effectively to international partners, delegations and visiting investors.



---

*The value of investment deals as a result of our involvement was \$344m.*

---

The AR/VR Garage now has more than 20 companies associated with it. This year, companies including Animation College, Young and Shand, Invoke, and WeTech joined the Garage. Four companies from the Garage joined the Tripartite Economic Summit delegation to Guangzhou in November. The University of Auckland moved some architectural VR students to the Garage, bringing the total number of tenant companies to 10, and the total number of individuals working in the space to 25.

A case study was developed with Ngāti Whātua Ōrākei to capture their AR/VR Garage experience, documenting how the Garage enabled the iwi to create a new vision for commercial content development and storytelling.

This year, the Auckland Make the Smart Move project included a LinkedIn campaign designed to help business and industry partners recruit skilled migrants for Auckland-based roles. As part of the overall campaign, we worked with tech and construction industry partners and Immigration New Zealand to tell the Auckland story and connect interested people with Auckland employment opportunities. Jobs with companies including Fiserv, Invenco, KPMG, Teknique, and Xero were profiled alongside immigration and lifestyle information, and jobs from five construction/infrastructure industry employers were promoted.

Our collaboration with Immigration New Zealand will continue, with the Auckland Regional Partnership Agreement re-signed in May, with an expanded focus on attracting and retaining skilled migrants.

Our approach to attracting foreign direct investment received international recognition in the Foreign Direct Investment (FDI) Asia-Pacific Cities of the Future 2017/18 rankings. Auckland achieved 4th in the rankings compiled by the influential commentator FDI Intelligence, a division of the Financial Times.

## Grow and attract skilled talent

Our efforts to grow talent and help young people understand pathways into employment within key Auckland growth industries was highlighted by a special event featuring Kiwi screen star Cliff Curtis at Studio West in June.

As a Kea Global Partner, and Kea World Class New Zealand Awards sponsor, ATEED created the inspirational opportunity for more than 70 creative arts and performance rangatahi (youth) from West Auckland schools to engage with and learn from Curtis, who was recognised in the 2018 awards for his commitment to indigenous story telling.

He was joined at the event by multi award-winning film and TV production and costume designer Tracey Collins, film maker Tearepa Kahi, and actor Jared Rawiri. Each explained how they got into the screen sector and gave advice to the students about how to seize the opportunities that exist in Auckland and New Zealand's creative industries.

In March, the Minister of Employment visited the CBD Jobs and Skills Hub, which ATEED is supporting. By year end, the hub had supported 222 people into employment within the construction sector. Of those employed, 38 per cent were Māori. About 1000 training outcomes were also facilitated.

The majority of placements were from the Work and Income benefit register, with only about 20 per cent returning to a benefit. The hub continues to serve the Commercial Bay, New Zealand International Convention Centre, and Wynyard Quarter sites.

At the end of the year, 69 companies remain committed to Auckland's Youth Employer Pledge initiative, which we delivered as part of the Tindall Foundation-funded Auckland Council Youth Connections programme, which also includes the JobFest initiative.

We supported two JobFests during the year – one in October in West Auckland, and the other in May at Greenlane. Nearly 900 young people attended the October event, which had a specific focus on NEET (not in employment, education or training) youth – which 65 per cent of the attendees were. Seventy employers exhibited, and they undertook 420 in-person interviews in total either on the day or following JobFest. They resulted in 280 job offers and 140 people being employed. About 30 of the 200 attendees who were in receipt of a Work and Income benefit prior to the event were no longer on a benefit six weeks later.

Full data for the May JobFest - which was delivered in partnership with Careers Expo - was not available at year end, but about 2500 youth attended, including more than 600 NEET youth.

This year, we started to develop a new tourism skills campaign with industry which aims to address the current and forecast skills shortage in Auckland's tourism industry and attract more youth into tourism careers. ATEED and Tourism Industry Aotearoa engaged in a joint research project on youth perceptions towards tourism careers, as the first part of the project.

The digital BuildAKL campaign results showed that an estimated 1500 young Aucklanders gained employment. A further 3000 went into direct study/training pathways as a result of the campaign which ran for most of 2017.

A total of 1299 students from 55 schools completed the 2017 Young Enterprise Scheme programme. Two Auckland teams won national awards, continuing Auckland's great record in the national awards.



*More than 70 rangatahi from West Auckland schools were inspired by Cliff Curtis, a 2018 Kea World Class New Zealand award winner for commitment to indigenous story telling.*

## Growing the visitor economy

Our Auckland Convention Bureau (ACB) team helped Auckland win a number of major business events during the year – many of them important medical conferences. In total, the events are expected to bring a Gross Domestic Product (GDP) impact of \$29.1m when the delegates come to Auckland.

The development of the New Zealand International Convention Centre (NZICC), due to be open in 2020, is helping ACB and the organisations it works with to bid for larger events than before. In addition to their GDP contribution from visiting delegates, the events will help to showcase Auckland's world-class talent and industries and connect them with crucial international networks.



ACB achieved the last of the priority actions in the Auckland Business Events Plan, establishing the International Business Events Advisory Group of 10 world-leading experts and senior leaders in the business events sector. They represent key customer groups and provide a unique international perspective through their knowledge of Auckland's key market regions of Australia, Asia-Pacific, Europe and North America. Already, one of the advisors has provided a lead into a major incentive opportunity within the United States finance sector.

The final stages of the DHL New Zealand Lions Series 2017 were concluded in the reporting period, with the third test at Eden Park and thousands of keen Lions supporters turning the downtown area into a sea of red.

The regional GDP impact (\$67.9m) and visitor nights (232,213) for Auckland both exceeded their targets. An estimated 808 full time equivalent positions in our region were required to support the tour.

*The 19 day Volvo Ocean Race stopover generated 23,470 domestic and international visitor nights and \$7.2m of GDP for the Auckland economy.*

More than 16,000 people were estimated to have walked the Fan Trail developed by ATEED and more than 21,000 people visited the Queens Wharf Auckland Fanzone. The fan activations won a gold award for 'Best Game Day Experience' at the prestigious Sports Business Awards announced in June 2018.

The Volvo Ocean Race Auckland Stopover Race Village opened in February and the race fleet arrived from Hong Kong in March, creating a huge buzz in the Viaduct Harbour area. Content was filmed by the Tourism team to use in future marketing campaigns to showcase Auckland as 'the home of sailing'.

The 19 day stopover generated 23,470 domestic and international visitor nights and \$7.2m of GDP for the Auckland economy. We invested \$5.5m, on behalf of Council, to host stopovers during the 12th and 13th Volvo Ocean Races in 2014/15 and 2017/18. The total GDP return to Auckland's regional economy across the 2014/15 and 2017/18 stopovers was \$14.5m.

As part of the race's Hong Kong Stopover, ATEED hosted a Very Important Person event promoting Auckland in Hong Kong in January in association with the New Zealand Chamber of Commerce, New Zealand Consulate-General, Royal Hong Kong Yacht Club, and Hong Kong Airlines. The event attracted 150 guests, including a number of high net worth individuals and business people that ATEED has now formed a relationship with. Kiwi sailors Peter Burling and Blair Tuke headlined the event and it was a very successful promotion of Auckland before the leg to Auckland.

Delivery of the popular Pasifika Festival returned to ATEED after being out sourced for three years. Along with Pasifika, the Diwali, Lantern and Tāmaki Herenga Waka cultural festivals we deliver on behalf of Council continued to go from strength to strength – with several incorporating new business events which leveraged their specific audiences.

The MCKAYSON New Zealand Women's Open was held at Ardmore in September, with a \$1m investment by ATEED on behalf of Council, alongside New Zealand Major Events (a division of Ministry of Business, Innovation and Employment). The first Ladies Professional Golf Association (LPGA) tour event held in New Zealand was played at the new Windross Farm Golf Course, and the exposure provided a great opportunity for our Tourism team to develop concepts to showcase Auckland to an international golfing audience, particularly in our key markets of China, the US and Australia, and secondary markets including Korea, Japan, Singapore, the Philippines, Indonesia and Thailand.

Twenty Chinese female golfers were selected to come to Auckland ahead of the tournament, as part of a 'The search for the next number one' competition run in Beijing, Dongguan and Seoul in June 2017. The project with our partners the Institute of Golf, and Tourism New Zealand aimed to showcase the country's recently developed courses including Windross Farm.

We also facilitated a networking function attracting more than 50 local Chinese businesses to build up interest and encourage connections around the LPGA event, and supported an invitational celebrity golf event involving Kiwi National Basketball Association star Steven Adams at Windross Farm before the tournament. Auckland content captured during Steven's visit was distributed through his vast social media channels (200,000 Instagram followers, Oklahoma City Thunder Facebook 4 million followers). The event was covered by the International Management Group Golfing World Show with a reach of 126 million households worldwide.

Following a comprehensive review process, the National Rugby League (NRL) cancelled the 2018 NRL Auckland Nines event. In the first four years, the event exceeded its five year GDP target of \$28.3m, with \$28.8m of new money being injected into the Auckland economy. An event designed to partially replace the Nines took place in April – the NRL Double Header at Mt Smart Stadium, which attracted about 27,000 people. It was Vodafone Warriors' biggest crowd for a regular season NRL match since 1995, and the first time the ground has been sold out for a non-finals match since 2007. The event generated nearly \$1m of new money for the Auckland regional economy.

The cruise ship season which ran until the end of September 2017 was another strong one for Auckland, with more than 100 ship visits bringing more than 240,000 passengers and large numbers of crew. The ships' visits injected an estimated \$197m into Auckland's economy and supported more than 3000 jobs.

ATEED's participation in Virtuoso Travel Week, held in Las Vegas in August, saw the successful announcement of the new Auckland ambassador, Rachael Hunter, and a showcase of the AR/VR Garage. ATEED was named 'Most Innovative Tourism Board' at the annual Virtuoso Alliance Partner Awards.

A range of programmes to drive premium visitation were delivered. We partnered with Australia's highest-rated breakfast news show, Channel 7's Sunrise, to broadcast live weather crosses from Matakana over two days in early February. The broadcasts reached approximately 2.4 million people, with an airtime value of \$0.5m from a \$35,000 investment.

In March, two short-break campaigns we produced went live in the Australian market with Webjet and Expedia. Our partner Auckland Airport funded the A\$0.2m cost.

Our Study Auckland team, works with partners to grow our region's \$2.2B a year international education economy, instigated a unique experiential leadership programme delivered by Ngāti Whātua Ōrākei which aims at giving international students a deeper understanding of the region's Māori culture.



Called the Rukuhia Youth Leadership Programme, the first round in March at Ōrākei Marae included eight institutions and 15 students, and provided an introduction to Te Reo Māori, values-based leadership, and Māori business and innovation. Five further pilot programmes (with larger groups) followed, attended by about 130 students. Overall, 41 nationalities from 21 tertiary institutions took part in the experience. This was a partnership with the Ministry of Education and Education New Zealand.

Ngāti Whātua Ōrākei facilitators ensured participants enjoyed a unique Māori experience and along with an emphasis on sustainability and the natural environment, explained the Ngāti Whātua Ōrākei tribal story. The programme was funded by the Ministry of Education's International Student Wellbeing Fund.

---

*The Rukuhia Youth Leadership Programme provided an introduction to Te Reo Māori, values-based leadership, and Māori business and innovation.*

---

Study Auckland ran a Facebook and Instagram competition in February and March, encouraging international students to explore Auckland and share their experiences. The campaign reached more than 10,600 people and generated about 2000 reactions (likes or comments) or shares.

Auckland Rugby delivered Study Auckland's third 'Rugby Have a Go Day' in March. More than 100 students from 35 countries and 21 institutions participated in the event, adding value to their experience of Auckland as a destination.



# Building Auckland's brand and identity

Promoting Auckland nationally and globally as a place to work, invest, study and visit is a significant priority for ATEED.

This year, the launch of the Vector Lights on Auckland Harbour Bridge added another world-class experience for Aucklanders and visitors – one which helps define our region as innovative and vibrant, by day and night.

On behalf of Council, we invested \$0.2m per annum for ten years in the Vector Lights, which involves Auckland Harbour Bridge being lit up by 90,000 solar-powered LED lights.

The lights are part of a ten year energy efficient partnership between Vector and Council, demonstrating the region's commitment to sustainability. We were part of a marketing and communications group which planned the lights' launch on 27 January to coincide with Auckland Anniversary weekend. The extravaganza when the lights were switched on included 100 spotlights, and a 6 minute audio-visual experience which ran every half-hour until midnight. We were proud to be part of a Council team which won a prestigious Public Relations Institute of New Zealand award for the expert marketing communications and public relations plan executed around Vector Lights.

Vector Lights also showcases Auckland as a region of commemoration and celebration. The displays ran during the Tāmaki Herenga Waka Festival (January), Auckland Lantern Festival (March) and Pasifika Festival (March), Techweek'18 (April), and on Anzac Day (April).

During the development of the new *Destination AKL 2025* strategy, the need for a comprehensive Auckland 'story' was identified as critical to delivering a cohesive and distinctive regional brand that can support all destination activity and provide a clear articulation of what makes Auckland unique that tourism businesses and the wider Council group can use. The process of developing that regional brand had begun by year end and will be a key focus for us in the new financial year.

The Tourism team's three month spring campaign went live on 1 September 2017. The multi-channel campaign fronted by rugby legend and proud Aucklander Sir John Kirwan, revealed the best of Auckland's regions. Six videos highlighting the wider region as well as a 30-second television commercial, encouraged Aucklanders to 'Love your weekend'.

The campaign targeted Aucklanders to grow awareness, local knowledge, and pride, and provide them with great ideas for when their friends and relatives visit Auckland for a holiday. About 30 per cent of domestic visitors and more than 43 per cent of Australians come here to visit friends and family, so Aucklanders can significantly influence what a large slice of the visitor market chooses to do, how much they spend while here, and the stories they tell back home.



*Vector Lights showcases Auckland as a region of commemoration and celebration.*

Campaign evaluation showed the target audience's perceptions of our region are favourable overall, and that local residents regard Auckland as being a place that offers lots to see and do, and they are proud of their region. The campaign motivated 27 per cent of the audience to visit other parts of our region – a significantly positive result in marketing terms.

The sixth annual upper North Island driving campaign went live in Australia in July 2017, targeting Sydney, Brisbane and Melbourne-based holiday makers. The campaign, delivered in partnership with Tourism New Zealand and regional tourism bodies, had a combined spend of approximately \$1.1m, including \$0.2m of ATEED investment.

We also undertook three other campaigns in the second half of the reporting year in the Australian market with The Urban List, TripAdvisor and Expedia. For these, we partnered with well-known brands to promote Auckland as a short-break holiday destination. The campaigns attracted a significant number of website views each month, but the final results of the activity were not available at year end.

A project to produce 360° images to showcase Auckland's regions and highlight key attractions and experiences within each region took place during the year. These images are housed on [www.aucklandnz.com](http://www.aucklandnz.com), and available as content using VR Goggle technology, and for use at trade shows and conferences.

Prestigious international awards help to promote Auckland's reputation as a global city, and this year the region racked up several accolades. They included 'Best Medium City' at the SportBusiness Ultimate Sports City Awards for the third consecutive time.

The awards, which happen every two years, were announced at the 2018 Sport Accord World Sport and Business Summit in Bangkok.

It came on the back of one of the biggest periods in Auckland's major events history including World Masters Games 2017, the DHL New Zealand Lions Series 2017, Rugby League World Cup 2017 and Volvo Ocean Race stopover, in addition to Auckland's diverse portfolio of cultural, sporting and lifestyle events.

World Masters Games (WMG) 2017 – delivered by our specially incorporated subsidiary – won a silver award in the 'Best Mass Participation Event' category at the annual Sports Business Awards held in London. The event involved more than 28,000 athletes aged 25 to 101 from around the globe, created a huge buzz in Auckland, and exceeded all its key performance indicators.



# Financial statements

**Statement of comprehensive revenue and expense**

For the year ended 30 June 2018

	Notes	PARENT		GROUP	
		2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<b>REVENUE</b>					
Service and other revenue	4	<b>71,815</b>	71,952	<b>71,815</b>	84,600
Interest Revenue		<b>76</b>	14	<b>76</b>	14
<b>Total revenue</b>		<b>71,891</b>	71,966	<b>71,891</b>	84,614
<b>EXPENDITURE</b>					
Personnel costs	6	<b>(21,486)</b>	(21,358)	<b>(21,486)</b>	(25,664)
Depreciation and amortisation	11,12	<b>(2,633)</b>	(782)	<b>(2,633)</b>	(813)
Finance Costs		<b>(51)</b>	(58)	<b>(51)</b>	(175)
Other expenses	7	<b>(41,786)</b>	(42,364)	<b>(41,786)</b>	(50,418)
<b>Total expenditure</b>		<b>(65,956)</b>	(64,562)	<b>(65,956)</b>	(77,070)
Share of joint venture's surplus/(loss)	5	-	-	<b>(77)</b>	19
<b>Surplus before tax</b>		<b>5,935</b>	7,404	<b>5,858</b>	7,563
Income tax expense	8	-	-	-	-
Profit from continuing operations		<b>5,935</b>	7,404	<b>5,858</b>	7,563
<b>Surplus after tax</b>		<b>5,935</b>	7,404	<b>5,858</b>	7,563
<b>OTHER COMPREHENSIVE REVENUE</b>					
Cash flow hedge	19	<b>142</b>	90	<b>142</b>	90
<b>Total comprehensive revenue for the year</b>		<b>6,077</b>	7,494	<b>6,000</b>	7,653
<b>PROFIT IS ATTRIBUTABLE TO:</b>					
Equity holders of Auckland Tourism, Events and Economic Development Limited		<b>5,935</b>	7,404	<b>5,858</b>	7,563
<b>TOTAL COMPREHENSIVE REVENUE FOR THE YEAR IS ATTRIBUTABLE TO:</b>					
Equity holders of Auckland Tourism, Events and Economic Development Limited		<b>6,077</b>	7,494	<b>6,000</b>	7,653

The notes to the financial statements form part of, and should be read in conjunction with, these financial statements. Explanations of major variances against budget are provided in Note 28.

## Statement of changes in equity

For the year ended 30 June 2018

	Notes	ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY			
		Contributed equity	Reserve accounts	Accumulated funds	Total equity
<b>PARENT</b>		\$'000	\$'000	\$'000	\$'000
<b>Balance as at 1 July 2016</b>		4,377	(232)	1,080	5,225
<b>COMPREHENSIVE REVENUE</b>					
Profit or loss for the year		-	-	7,404	7,404
<b>OTHER COMPREHENSIVE REVENUE</b>					
Cash flow hedge	19	-	90	-	90
<b>Total comprehensive revenue</b>		-	90	7,404	7,494
<b>Balance as at 30 June 2017</b>		4,377	(142)	8,484	12,719
<b>Balance as at 1 July 2017</b>		<b>4,377</b>	<b>(142)</b>	<b>8,484</b>	<b>12,719</b>
<b>COMPREHENSIVE REVENUE</b>					
Profit or loss for the year		-	-	5,935	5,935
<b>OTHER COMPREHENSIVE REVENUE</b>					
Cash flow hedge	19	-	142	-	142
<b>Total comprehensive revenue</b>		-	142	5,935	6,077
<b>OTHER EQUITY MOVEMENTS</b>					
Transfer to World Masters Games Reserve <sup>1</sup>	19	-	563	-	563
<b>Balance as at 30 June 2018</b>		<b>4,377</b>	<b>563</b>	<b>14,419</b>	<b>19,359</b>

<sup>1</sup> World Masters Games Profit moved from Accumulated Funds to a reserve account in the current year 2017/18

The notes to the financial statements form part of, and should be read in conjunction with, these financial statements. Explanations of major variances against budget are provided in Note 28.

## Statement of changes in equity (continued)

	Notes	ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY			
		Contributed equity	Reserve accounts	Accumulated funds	Total equity
GROUP		\$'000	\$'000	\$'000	\$'000
<b>Balance as at 1 July 2016</b>		4,376	(232)	3,836	7,980
<b>COMPREHENSIVE REVENUE</b>					
Profit or loss for the year		-	-	7,563	7,563
<b>OTHER COMPREHENSIVE REVENUE</b>					
Cash flow hedge	19	-	90	-	90
<b>Total comprehensive revenue</b>		-	90	7,563	7,653
<b>Balance as at 30 June 2017</b>		4,376	(142)	11,399	15,633
<b>Balance as at 1 July 2017</b>		4,376	(142)	11,399	15,633
<b>COMPREHENSIVE REVENUE</b>					
Profit or loss for the year		-	-	5,858	5,858
<b>OTHER COMPREHENSIVE REVENUE</b>					
Cash flow hedge	19	-	142	-	142
<b>Total comprehensive revenue</b>		-	142	5,858	6,000
<b>OTHER EQUITY MOVEMENTS</b>					
Transfer to World Masters Games Reserve <sup>1</sup>	19	-	563	(831)	(268)
<b>Balance as at 30 June 2018</b>		<b>4,376</b>	<b>563</b>	<b>16,426</b>	<b>21,365</b>

<sup>1</sup> World Masters Games Profit moved from Accumulated Funds to a reserve account in the current year 2017/18

The notes to the financial statements form part of, and should be read in conjunction with, these financial statements. Explanations of major variances against budget are provided in Note 28.

## Statement of financial position

As at 30 June 2018

	Notes	PARENT		GROUP	
		2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and cash equivalents		1,084	3,410	1,084	3,410
Debtors and other receivables	10	10,763	30,805	10,763	31,694
Inventories		-	24	-	24
<b>Total current assets</b>		<b>11,847</b>	<b>34,239</b>	<b>11,847</b>	<b>35,128</b>
<b>NON-CURRENT ASSETS</b>					
Property, plant and equipment	11	18,135	12,882	18,135	12,882
Intangible assets	12	24	33	24	33
Other financial assets		-	40	-	40
Investment in other entities	17	3	4	2,018	2,085
<b>Total non-current assets</b>		<b>18,162</b>	<b>12,959</b>	<b>20,177</b>	<b>15,040</b>
<b>Total assets</b>		<b>30,009</b>	<b>47,197</b>	<b>32,024</b>	<b>50,168</b>
<b>LIABILITIES</b>					
<b>CURRENT LIABILITIES</b>					
Trade and other payables	13	5,505	31,263	5,505	31,320
Employee entitlements	14	1,411	1,691	1,411	1,691
Derivative financial instruments	15	-	142	-	142
Provisions	16	795	1,319	804	1,319
<b>Total current liabilities</b>		<b>7,711</b>	<b>34,415</b>	<b>7,720</b>	<b>34,472</b>
<b>NON-CURRENT LIABILITIES</b>					
Trade and other payables	13	2,936	61	2,936	61
Employee entitlements	14	3	3	3	3
<b>Total non-current liabilities</b>		<b>2,939</b>	<b>64</b>	<b>2,939</b>	<b>64</b>
<b>Total liabilities</b>		<b>10,650</b>	<b>34,479</b>	<b>10,659</b>	<b>34,536</b>
<b>Net assets</b>		<b>19,359</b>	<b>12,719</b>	<b>21,365</b>	<b>15,633</b>
<b>EQUITY</b>					
Contributed equity	18	4,377	4,377	4,376	4,376
Reserves <sup>1</sup>	19	563	(142)	563	(142)
Accumulated funds <sup>1</sup>	19	14,419	8,484	16,426	11,399
<b>Total equity</b>		<b>19,359</b>	<b>12,719</b>	<b>21,365</b>	<b>15,633</b>

<sup>1</sup> World Masters Games Profit moved from Accumulated Funds to a reserve account in the current year 2017/18

The notes to the financial statements form part of, and should be read in conjunction with, these financial statements. Explanations of major variances against budget are provided in Note 28.

**Statement of cash flows**

For the year ended 30 June 2018

	Notes	PARENT		GROUP	
		2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Interest received		76	14	76	53
Receipts from council funding, customers and other services		71,764	71,736	73,576	84,265
Payments to suppliers and employees		(66,576)	(62,390)	(67,557)	(74,682)
Goods and services tax received from / (paid to) IRD		(458)	263	(458)	262
Other cash flows from operating activities		(38)	3	(38)	3
<b>Net cash from operating activities</b>	20	<b>4,768</b>	9,626	<b>5,599</b>	9,901
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Disposals/(purchases) of property, plant and equipment	11	(7,806)	(8,632)	(7,806)	(8,609)
Other cash flows from investing activities		(6)	390	(6)	95
<b>Net cash from investing activities</b>		<b>(7,812)</b>	(8,242)	<b>(7,812)</b>	(8,514)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Other cash flows from financing activities		718	3	(113)	-
<b>Net cash from financing activities</b>		<b>718</b>	3	<b>(113)</b>	-
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(2,326)</b>	1,387	<b>(2,326)</b>	1,387
Cash and cash equivalents at the beginning of the period		3,410	2,023	3,410	2,023
<b>Cash and cash equivalents at end of the year</b>		<b>1,084</b>	3,410	<b>1,084</b>	3,410

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.

The notes to the financial statements form part of, and should be read in conjunction with, these financial statements. Explanations of major variances against budget are provided in Note 28.





# **Notes to the financial statements**

## 1 General information

### Reporting Entity

Auckland Tourism, Events and Economic Development Limited (ATEED) is a Council controlled organisation (CCO) of the Auckland Council and is domiciled in New Zealand. ATEED's principle address is 139 Quay Street, Auckland Central, Auckland 1010.

The Group consists of the parent, ATEED and a 33.3% equity share of its joint venture New Zealand Food Innovation Auckland Limited (NZFIA) which is equity accounted into the group financial statements.

ATEED stopped the trading of its subsidiary World Masters Games 2017 Ltd (WMG) as at 30 June 2017, and made voluntary deregistration of WMG on 27 March 2018. The 2017 comparative numbers in the 2018 Annual Report include WMG.

ATEED has a strong focus on working with a range of public and private sector partners to grow the regional economy as a means of underwriting the prosperity and amenity of the city. This has been achieved by developing Auckland's culture of innovation and entrepreneurship recognising that innovation is a crucial driver of sustained revenue and business growth. Additional areas of focus include raising Auckland's international profile, developing improved international connectivity through trade, and driving the attraction of new business and investment. Today ATEED both leads and supports Auckland Council's interventions in local board economic development, screen attraction, tourism, major events, Auckland Convention Bureau, international students, innovation and entrepreneurship, and business attraction and investment.

As ATEED and Group do not have the primary objective of making a financial return, ATEED and Group are designated as public benefit entities and apply New Zealand Tier 1 Public Benefit Entity Accounting Standards (PBE Accounting Standards).

The financial statements of ATEED and Group are for the year ended 30 June 2018. The financial statements were authorised for issue by the Board of Directors on the date they were signed.

## 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 section 69 of the Local Government Act 2002 and the Companies Act 1993, which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP).

These financial statements have been prepared in accordance with NZ GAAP.

They comply with PBE Accounting Standards.

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

### 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).

### Implementation of amended standards

PBE IFRS 9 Financial Instruments is effective from periods beginning on or after 1 January 2021. PBE IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities and relaxes current requirements for hedge accounting. Auckland Council, and therefore ATEED, intends to early adopt the standard when it becomes effective for for-profit entities from period beginning on 1 July 2018. ATEED has determined that adopting PBE IFRS 9 does not materially impact the financial instruments of ATEED.

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

## 2.2 Consolidation

### Subsidiaries

The comparative numbers in the consolidated financial statements incorporate the assets and liabilities of the only subsidiary ATEED had at 30 June 2017, World Masters Games 2017 Limited. ATEED does not have any subsidiaries as at 30 June 2018.

Subsidiaries are all those entities over which ATEED has 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 ATEED controls another entity.

The subsidiary is fully consolidated from the date of incorporation.

ATEED's financial statements show the investment in subsidiary at cost less impairment. Accounting policies of ATEED's subsidiary are aligned to ensure consistency with the policies adopted by ATEED.

Inter-entity transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated.

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. For jointly controlled operations, ATEED recognises in its financial statements, the assets it controls, expenses it incurs, and the share of revenue that it earns from the joint venture.

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

## 2.3 Foreign currency translation

Foreign currency transactions (including those for which foreign exchange contracts 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 revenue.

## 2.4 Property, plant and equipment

Property, plant and equipment consists of leased assets, plant and machinery, computer equipment, furniture, fittings and equipment and capital work in progress.

### Initial recognition

Property, plant and equipment is shown at cost or valuation, less accumulated depreciation and impairment losses, if any. In the case of the assets acquired by ATEED on establishment at 1 November 2010, cost was the carrying value of the asset by the disestablished Council or disestablished CCO.

### 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 ATEED and Group and the cost of the item can be measured reliably.

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 net in the surplus or deficit in the Statement of Comprehensive Revenue and Expense. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to accumulated funds.

## Depreciation

Depreciation on all property, plant and equipment, apart from land, 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 residual value and remaining useful life of an asset is reviewed, and adjusted if applicable, at each financial period end. The useful lives of major classes of assets have been estimated as follows:

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

## 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.

## Carrying amount

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

## 2.5 Intangible assets

### Computer software

Acquired computer software licences are capitalised based on the costs incurred to acquire and bring to use. Costs are amortised using the straight line method over their estimated useful lives (1 to 8 years).

Costs directly associated with the development of identifiable and unique software products for internal use are recognised as an intangible asset to the extent it is probable such costs are expected to be recoverable.

Computer software development costs recognised as assets are amortised using the straight line method over their estimated useful lives (not exceeding 3 years).

## 2.6 Impairment of non-financial assets

At each balance date ATEED 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, ATEED and Group estimates the recoverable amount of the cash generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash generating units; otherwise, they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation can be identified.

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

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

## 2.7 Investments and other financial assets

### Financial assets

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

Purchases and sales of financial assets are recognised at trade date, this being the date on which ATEED 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 ATEED and Group has transferred substantially all the risks and rewards of ownership.

The Group's financial assets consists of receivables. 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 balance date, which are included in non current assets. After initial recognition receivables are carried at amortised cost using the effective interest rate method less impairment if any. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit in the Statement of Comprehensive Revenue and Expense.

## 2.8 Impairment of financial assets

Financial assets are assessed for evidence of impairment at each balance date. Impairment losses are recognised in the surplus or deficit in the Statement of Comprehensive Revenue and Expense. Impairment is established when there is evidence that ATEED and Group will not be able to collect amounts due according to the terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership or liquidation and default in payments are indicators that the asset is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. For debtors and other receivables, the carrying amount of the asset is reduced through the use of a provision for doubtful debts. When the receivable is uncollectible, it is written off against the allowance account. 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 in the Statement of Comprehensive Revenue and Expense.

## 2.9 Derivative financial instruments

ATEED and Group do not hold or issue derivative financial instruments for trading purposes. ATEED and Group use derivative financial instruments, forward foreign currency contracts, to mitigate risks associated with foreign currency fluctuations. Such derivative financial instruments are initially recognised at fair value on the date which a derivative contract is entered into and are subsequently remeasured to fair value. Any gains or losses arising from changes in the fair value of derivatives are taken directly to surplus or deficit, except for the effective portion of derivatives designated in cash flow hedges.

Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

Derivative assets and derivative liabilities are classified as current when the remaining maturity is 12 months or less, or as non-current when the remaining maturity is more than 12 months.

### *Cash flow hedge*

The effective portion of changes in the fair value of derivatives that are designated and qualified as cash flow hedges are recognised directly in other comprehensive revenue and expenditure. The gain or loss relating to the ineffective portion is recognised immediately in the surplus or deficit. On derecognition, amounts accumulated in cash flow hedge reserve are transferred to surplus or deficit.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in cash flow hedge reserve at the time remains in equity and is recognised when the forecast transaction occurs.

When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in cash flow hedge reserve is recognised immediately in the surplus or deficit.

When a hedge of a forecast subsequently results in the recognition of a non-financial asset or a non-financial liability, the associated gains and losses that were recognised in other comprehensive revenue and expenditure are transferred to the initial cost or carrying amount of the asset or liability.

## 2.10 Cash and cash equivalents

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

## 2.11 Debtors and other receivables

Debtors are amounts due from customers. If collection is expected in one year or less, 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.

When a 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 to 'other revenue' in the surplus or deficit in the Statement of Comprehensive Revenue and Expense.

## 2.12 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.

## 2.13 Current and deferred income tax

Income tax expense in relation to the surplus or deficit for the period comprises current tax and deferred tax.

Deferred tax is recognised on the temporary difference between the carrying amount of assets and liabilities and their taxable value. Deferred tax assets are not recognised unless recovery is considered probable.

As a member of the Auckland Council Consolidated Group, any tax liability of members of the group are offset against losses available from other group member(s), so that no tax is payable by ATEED.

## 2.14 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, 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.

## 2.15 Employee entitlements

### *Short Term Employee entitlements*

Employee benefits that ATEED and Group expects to be settled within 12 months of balance date are measured at 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, and long service entitlements expected to be settled within 12 months.

### *Superannuation Schemes*

Obligations for contributions to KiwiSaver are accounted for as defined contribution superannuation schemes and are recognised as an expense in the surplus or deficit in the Statement of Comprehensive Revenue and Expense when they are incurred.

## 2.16 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.

Revenue is measured at the fair value of consideration received or receivable. The specific accounting policies for significant revenue is explained below:

### *Funding from Auckland Council*

Funding is recognised as revenue upon entitlement based on the eligibility of expenditure in accordance with the Statement of Intent between ATEED and Auckland Council.

### *Grants and Sponsorships Received*

Council, government, and non government grants and sponsorships are received as assistance for specific purposes and these grants or sponsorships usually contain restrictions on their use. They 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 or sponsorships are initially recorded as grants or sponsorships received in advance and recognised as revenue when conditions of the contract are satisfied.

### *Rental Revenue*

Rental revenue from operating leases is recognised as revenue on a straight line basis over the lease term.

#### *Commission Revenue*

Commission revenue 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.

#### *Provision of Services*

Provision of services are recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the the basis of the actual service provided as a proportion of the total services to be provided.

#### *Goods or Services Revenue*

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 Revenue*

Interest revenue is recognised on a time proportion basis using the effective interest method.

### **2.17 Leases**

#### *ATEED as Lessee*

ATEED leases 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 surplus or deficit in the Statement of Comprehensive Revenue and Expense on a straight line basis over the period of the lease.

#### *ATEED as Lessor*

ATEED subleases property to third parties under operating leases. Rental revenue (net of any incentives given to lessees) is recognised on a straight line basis over the lease term.

### **2.18 Provisions**

ATEED recognises a provision for future expenditure of uncertain amount or timing when:

- There is 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
- A reliable estimate can be made of the amount of the obligation.

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".

### **2.19 Equity**

Equity is the Auckland Council's interest in ATEED, 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
- Restricted Reserve

Contributed equity represents the transfer of assets on establishment of ATEED. The restricted reserve is subject to specific conditions. Transfers from this reserve may be made only for certain specified purposes or when certain specified conditions are met. ATEED and Group objectives, policies and processes for managing capital are discussed in Note 27.

### 3 Significant judgements and estimates

In preparing these consolidated financial statements ATEED 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 Revenue

Judgement is exercised when recognising revenue 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.

#### Major Events Contracts

ATEED 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 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 to determine 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.

#### Grant expenditure

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

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

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

At each balance date, ATEED reviews the useful lives and residual values of its property, plant, and equipment. Assessing the appropriateness of useful life and residual value estimates requires ATEED to consider a number of factors such as the physical condition of the asset, expected period of use of the asset by ATEED, 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. ATEED minimises the risk of this estimation uncertainty by:

- Physical inspection of assets
- Asset replacement programmes
- Review of second hand market prices for similar assets
- Analysis of prior asset sales.

ATEED has not made significant changes to past assumptions concerning useful lives and residual value.



#### 4 Service and other revenue

	PARENT		GROUP	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<b>REVENUE FROM NON-EXCHANGE TRANSACTIONS</b>				
Grants and subsidies	59,472	66,087	59,472	70,542
Sponsorships and other transfer revenue	5,892	4,172	5,892	12,365
<b>Total revenue from non-exchange transactions</b>	<b>65,364</b>	<b>70,259</b>	<b>65,364</b>	<b>82,907</b>
<b>REVENUE FROM EXCHANGE TRANSACTIONS</b>				
Rental revenue	6,361	1,603	6,361	1,603
Other revenue	90	90	90	90
<b>Total revenue from exchange transactions</b>	<b>6,451</b>	<b>1,693</b>	<b>6,451</b>	<b>1,693</b>
<b>Total service and other revenue</b>	<b>71,815</b>	<b>71,952</b>	<b>71,815</b>	<b>84,600</b>

#### 5 Other gains/(losses)

	PARENT		GROUP	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Share of profit/(loss) of joint ventures	-	-	(77)	19
<b>Total other gains/(loss)</b>	<b>-</b>	<b>-</b>	<b>(77)</b>	<b>19</b>

#### 6 Personnel costs

	PARENT		GROUP	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Salaries and wages	20,576	20,105	20,576	24,408
Defined contribution plan employer contributions	528	505	528	521
Redundancy expense	535	90	535	90
Other staff expenses	38	636	38	666
Increase/(decrease) in employee entitlements	(191)	22	(191)	(21)
<b>Total personnel expenses</b>	<b>21,486</b>	<b>21,358</b>	<b>21,486</b>	<b>25,664</b>

For the year ended 30 June 2018, ATEED made severance payments to employees totalling \$168,000 (2017:\$39,000)

## 7 Other expenses

	PARENT		GROUP	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Fees paid to principal auditor	118	118	118	144
- Audit of financial statements	109	109	109	135
- Audit fees for review engagements	9	8	9	8
Service delivery contracts	2,698	4,075	2,698	11,441
Impairment of receivables	282	195	282	200
Marketing expenses <sup>1</sup>	7,088	8,044	7,088	9,296
Professional services	4,755	4,756	4,755	5,100
Repairs and maintenance	206	102	206	113
Utilities and occupancy	9,660	2,972	9,660	3,184
Other operating expenses <sup>2</sup>	6,420	5,905	6,420	10,390
Directors' fees and expenses	351	349	351	503
Grant, contributions and sponsorship	10,206	15,788	10,206	10,025
(Profit)/Loss on disposal of assets	(71)	61	(71)	61
Interest expense	41	-	41	(38)
Net foreign exchange loss	32	(1)	32	(1)
<b>Total other expenditure</b>	<b>41,786</b>	<b>42,364</b>	<b>41,786</b>	<b>50,418</b>

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/(benefit)

	PARENT		GROUP	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<b>COMPONENTS OF INCOME TAX EXPENSE</b>				
Current tax expense	-	-	-	-
<b>Total income tax expense</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### RELATIONSHIP BETWEEN TAX EXPENSE AND ACCOUNTING PROFIT

Net surplus/(deficit) before tax	5,935	7,404	5,858	7,563
Less net surplus/(deficit) from non-taxable activities	-	-	77	(159)
<b>Surplus (deficit) before tax</b>	<b>5,935</b>	<b>7,404</b>	<b>5,935</b>	<b>7,404</b>
Prima facie income tax at 28%	1,662	2,073	1,662	2,073
Taxation effect of permanent differences	(2,150)	(2,277)	(2,150)	(2,277)
Loss offset	(127)	(50)	(127)	(50)
Effect of deferred tax not recognised - current year	617	255	617	255
Tax credits	(1)	(1)	(1)	(1)
<b>Total income tax (benefit)/expense</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

<sup>1</sup>Details of all marketing expenses are published on our website ([www.aucklandnz.com](http://www.aucklandnz.com)).

<sup>2</sup>Other operating expenses comprise mainly of operating lease expenses, travel costs, venue hire, shared service costs for services delivered by related parties and operational & software maintenance costs. Details of our travel costs are published on our website.

## 9 Imputation Credit Account

Auckland Council has a consolidated income tax Group. Significant entities in the Group are included with the exception of Watercare. The \$55 million (2017: \$53 million) of imputation credits relates to the consolidated financial Group. The total imputation credit available for use by each of the members of the consolidated income tax Group amount is \$24 million (2017: \$23 million).

## 10 Debtors and other receivables

	PARENT		GROUP	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<b>CURRENT RECEIVABLES FROM EXCHANGE TRANSACTIONS</b>				
Trade receivables	2,526	1,463	2,526	2,363
Sundry receivables	1,716	554	1,716	544
Prepayments	15	545	15	545
<b>Total current receivables from exchange transactions</b>	<b>4,257</b>	<b>2,563</b>	<b>4,257</b>	<b>3,452</b>
<b>CURRENT RECEIVABLES FROM NON EXCHANGE TRANSACTIONS</b>				
Related party receivables	6,095	28,290	6,095	28,290
Goods and services tax	411	(48)	411	(48)
<b>Total current receivables from non-exchange transactions</b>	<b>6,506</b>	<b>28,242</b>	<b>6,506</b>	<b>28,242</b>
<b>Total debtors and other receivables</b>	<b>10,763</b>	<b>30,805</b>	<b>10,763</b>	<b>31,694</b>

### Impairment

At year end, all overdue receivables are assessed for impairment and appropriate provisions applied. The status of receivables as at 30 June 2018 are detailed below:

#### Past due but not impaired

As at 30 June 2018, Parent trade receivables of \$2,526,000 (2017: \$1,463,000) and Group trade receivables of \$2,526,000 (2017: \$2,363,000) were due. Impairment of receivables has been provided for, against Parent of \$232,000 (2017: \$27,000) and Group of \$232,000 (2017:\$32,000).

The aging analysis of trade receivables is as follows:

	PARENT		GROUP	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Current	541	416	541	1,170
Past due 1-60 days	884	23	884	135
Past due 61-90 days	397	51	397	75
Past due 90+ days	703	974	703	983
<b>Total current trade receivables</b>	<b>2,526</b>	<b>1,463</b>	<b>2,526</b>	<b>2,363</b>

## 11 Property, plant and equipment

	1 JULY 2017			CURRENT YEAR MOVEMENTS				30 JUNE 2018		
	Cost	Accumulated depreciation	Carrying amount	Current year additions	Current year disposals	Transfers	Current year depreciation	Cost	Accumulated depreciation	Carrying amount
<b>PARENT</b>	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>OPERATIONAL ASSETS</b>										
<u>At cost</u>										
Leased asset	2,839	(307)	2,532	45	(111)	13,534	(1,611)	16,289	(1,900)	14,389
Plant and machinery	239	(151)	88	78		58	(36)	370	(182)	188
Computer equipment	815	(556)	259	-	(5)	1,391	(518)	2,190	(1,064)	1,126
Furniture, fittings and equipment	2,568	(1,544)	1,024	-	(36)	1,233	(439)	3,523	(1,740)	1,783
Capital work in progress	8,979	-	8,979	7,906		(16,236)	-	649	-	649
<b>Total operational assets</b>	<b>15,439</b>	<b>(2,557)</b>	<b>12,882</b>	<b>8,029</b>	<b>(152)</b>	<b>(20)</b>	<b>(2,604)</b>	<b>23,021</b>	<b>(4,886)</b>	<b>18,135</b>
	1 JULY 2016			PRIOR YEAR MOVEMENTS				30 JUNE 2017		
	Cost	Accumulated depreciation	Carrying amount	Prior year additions	Prior year disposals	Transfers	Prior year depreciation	Cost	Accumulated depreciation	Carrying amount
<b>PARENT</b>	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>OPERATIONAL ASSETS</b>										
<u>At cost</u>										
Leased Asset	2,049	(73)	1,976	-	(33)	826	(237)	2,839	(307)	2,532
Plant and machinery	235	(131)	104	-	-	4	(20)	239	(151)	88
Computer equipment	528	(409)	119	-	-	296	(155)	815	(556)	259
Furniture, fittings and equipment	2,627	(1,215)	1,412	-	(28)	(12)	(347)	2,568	(1,544)	1,024
Capital work in progress	1,457	-	1,457	8,635	-	(1,113)	-	8,979	-	8,979
<b>Total operational assets</b>	<b>6,896</b>	<b>(1,828)</b>	<b>5,068</b>	<b>8,635</b>	<b>(61)</b>	<b>-</b>	<b>(759)</b>	<b>15,439</b>	<b>(2,557)</b>	<b>12,882</b>

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

**11 Property, plant and equipment (continued)**

Capital expenditure funded by Auckland Council this reporting period \$7,906,000 (2017: \$8,635,000).

	1 JULY 2017		CURRENT YEAR MOVEMENTS						30 JUNE 2018		
	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
<b>OPERATIONAL ASSETS</b>											
<u>At cost</u>											
Leased asset	2,839	(307)	2,532	45	(111)	13,534	-	(1,611)	16,289	(1,900)	14,389
Plant and machinery	239	(151)	88	78		58	-	(36)	370	(182)	188
Computer equipment	839	(580)	259	-	(5)	1,391	-	(518)	2,190	(1,064)	1,126
Furniture, fittings and equipment	2,702	(1,678)	1,024	-	(36)	1,233	-	(439)	3,523	(1,740)	1,783
Capital work in progress	8,979	-	8,979	7,906		(16,236)	-	-	649	-	649
<b>Total operational assets</b>	<b>15,598</b>	<b>(2,716)</b>	<b>12,882</b>	<b>8,029</b>	<b>(152)</b>	<b>(20)</b>	<b>-</b>	<b>(2,604)</b>	<b>23,021</b>	<b>(4,886)</b>	<b>18,135</b>
	1 JULY 2016		PRIOR YEAR MOVEMENTS						30 JUNE 2017		
	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
<b>OPERATIONAL ASSETS</b>											
<u>At cost</u>											
Leased Asset	2,049	(73)	1,976	-	(33)	826	-	(237)	2,839	(307)	2,532
Plant and machinery	235	(131)	104	-	-	4	-	(20)	239	(151)	88
Computer equipment	552	(422)	130	-	-	296	-	(167)	839	(580)	259
Furniture, fittings and equipment	2,761	(1,330)	1,431	-	(28)	(12)	-	(366)	2,702	(1,678)	1,024
Capital work in progress	1,457	-	1,457	8,635	-	(1,113)	-	-	8,979	-	8,979
<b>Total operational assets</b>	<b>7,054</b>	<b>(1,956)</b>	<b>5,098</b>	<b>8,635</b>	<b>(61)</b>	<b>-</b>	<b>-</b>	<b>(790)</b>	<b>15,598</b>	<b>(2,716)</b>	<b>12,882</b>

**12 Intangible assets**

	1 JULY 2017		CURRENT YEAR MOVEMENTS					30 JUNE 2018		
	Cost	Accumulated amortisation & impairment charges	Carrying amount	Current year additions	Current year disposals	Transfers	Current year amortisation	Cost	Accumulated amortisation & impairment charges	Carrying amount
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>PARENT</b>										
<b>AT COST</b>										
Computer software	115	(82)	33	-	-	20	(29)	136	(112)	24
	1 JULY 2016		PRIOR YEAR MOVEMENTS					30 JUNE 2017		
	Cost	Accumulated amortisation & impairment charges	Carrying amount	Prior year additions	Prior year disposals	Transfers	Prior year amortisation	Cost	Accumulated amortisation & impairment charges	Carrying amount
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>PARENT</b>										
<b>AT COST</b>										
Computer software	115	(59)	56	-	-	-	(23)	115	(82)	33

**12 Intangible assets (continued)**

GROUP	1 JULY 2017			CURRENT YEAR MOVEMENTS				30 JUNE 2018		
	Cost	Accumulated amortisation & impairment charges	Carrying amount	Current year additions	Current year disposals	Transfers	Current year amortisation	Cost	Accumulated amortisation & impairment charges	Carrying amount
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>AT COST</b>										
Computer software	115	(82)	33	-	-	20	(29)	136	(112)	24
GROUP	1 JULY 2016			PRIOR YEAR MOVEMENTS				30 JUNE 2017		
	Cost	Accumulated amortisation & impairment charges	Carrying amount	Prior year additions	Prior year disposals	Transfers	Prior year amortisation	Cost	Accumulated amortisation & impairment charges	Carrying amount
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>AT COST</b>										
Computer software	115	(59)	56	-	-	-	(23)	115	(82)	33

Amortisation of Parent / Group \$29,000 (2017: \$23,000) is included in depreciation and amortisation expense in the statements of comprehensive revenue and expenses.

### 13 Trade and other payables

	PARENT		GROUP	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<b>CURRENT TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS</b>				
Creditors	1,573	2,615	1,573	2,669
Accrued expenses	3,352	6,569	3,352	7,554
Sundry payables	2,548	1,343	2,548	1,349
Revenue in advance	666	79	666	79
<b>Total current trade and other payables from exchange transactions</b>	<b>8,139</b>	<b>10,606</b>	<b>8,139</b>	<b>11,651</b>
<b>CURRENT TRADE AND OTHER PAYABLES FROM NON-EXCHANGE TRANSACTIONS</b>				
Related party payables	(2,999)	19,693	(2,999)	18,705
Lease inducement payment	365	964	365	964
<b>Total current trade and other payables from non-exchange transactions</b>	<b>(2,634)</b>	<b>20,657</b>	<b>(2,634)</b>	<b>19,669</b>
<b>Total current trade and other payables</b>	<b>5,505</b>	<b>31,263</b>	<b>5,505</b>	<b>31,320</b>
<b>NON CURRENT TRADE AND OTHER PAYABLES FROM NON-EXCHANGE TRANSACTIONS</b>				
Lease inducement payment	2,936	61	2,936	61
<b>Total non current trade and other payables from non-exchange transactions</b>	<b>2,936</b>	<b>61</b>	<b>2,936</b>	<b>61</b>
<b>Total trade and other payables</b>	<b>8,441</b>	<b>31,324</b>	<b>8,441</b>	<b>31,381</b>

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

### 14 Employee entitlements

	PARENT		GROUP	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<b>CURRENT</b>				
Annual leave	765	970	765	970
Accrued salaries and wages	646	721	646	721
<b>Total current</b>	<b>1,411</b>	<b>1,691</b>	<b>1,411</b>	<b>1,691</b>
<b>NON CURRENT</b>				
Long service leave	3	3	3	3
<b>Total non-current</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>
<b>Total employee benefit liabilities</b>	<b>1,414</b>	<b>1,694</b>	<b>1,414</b>	<b>1,694</b>



## 15 Derivative financial instruments

	PARENT		GROUP	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<b>CURRENT LIABILITIES</b>				
Forward foreign exchange contracts cash flow hedges	-	142	-	142
	-	142	-	142
<b>Total derivative financial instrument liabilities</b>	-	142	-	142
<b>Total net derivative financial instruments assets/ (liabilities)</b>	-	(142)	-	(142)

The 2017 comparative relates to World Masters Games forward foreign exchange contract cash flow hedges.

The derivatives are fair valued using level 2 of the fair value measurement. 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.

## 16 Provisions

<b>PARENT - Current Provisions</b>	<b>Staff Costs</b>	<b>Other</b>	<b>Total</b>
Opening balance 1 July 2017	(776)	(543)	(1,319)
Additional provisions and increases to existing provisions	(254)	(58)	(312)
Reversal of previously recognised provisions	396	440	836
<b>Balance as at 30 June 2018</b>	<b>(634)</b>	<b>(161)</b>	<b>(795)</b>
Opening balance 1 July 2016	(359)	(457)	(816)
Additional provisions and increases to existing provisions	(547)	(242)	(789)
Reversal of previously recognised provisions	130	156	286
<b>Balance 30 June 2017</b>	<b>(776)</b>	<b>(543)</b>	<b>(1,319)</b>

<b>GROUP - Current Provisions</b>	<b>Staff Costs</b>	<b>Other</b>	<b>Total</b>
Opening balance 1 July 2017	(776)	(543)	(1,319)
Additional provisions and increases to existing provisions	(254)	(67)	(321)
Reversal of previously recognised provisions	396	440	836
<b>Balance as at 30 June 2018</b>	<b>(634)</b>	<b>(170)</b>	<b>(804)</b>
Opening balance 1 July 2016	(359)	(457)	(816)
Additional provisions and increases to existing provisions	(547)	(242)	(789)
Reversal of previously recognised provisions	130	156	286
<b>Balance 30 June 2017</b>	<b>(776)</b>	<b>(543)</b>	<b>(1,319)</b>

## 17 Investment in other entities

### 17.1 Investment in subsidiaries

NAME OF ENTITY	2018		2017	
	%		%	
World Masters Games 2017 Limited	-		100	

	PARENT		GROUP	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
World Masters Games 2017 Limited	-	1	-	-
<b>Total investments in subsidiaries</b>	-	1	-	-

ATEED stopped the trading of its subsidiary World Masters Games 2017 Ltd as at 30 June 2017

### 17.2 Investment in joint venture

	PARENT		GROUP	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
New Zealand Food Innovation Auckland Limited				
Balance at beginning of year	3	3	2,085	2,066
Plus / less current year profit / (loss)	-	-	(77)	19
Plus / less prior year profit adjustment	-	-	10	-
<b>Closing investments in jointly controlled entities</b>	<b>3</b>	<b>3</b>	<b>2,018</b>	<b>2,085</b>

	Total assets	Total liabilities	Gross Revenue	Net Profit(Loss) after tax	Percentage of interest held
	\$'000	\$'000	\$'000	\$'000	
As at 30 June 2018					
New Zealand Food Innovation Auckland Limited	8,450	2,388	3,792	(230)	33.30%
As at 30 June 2017					
New Zealand Food Innovation Auckland Limited	9,096	2,787	3,938	57	33.30%

## 18 Contributed equity

CONSOLIDATED AND PARENT	PARENT		GROUP	
	2018	2017	2018	2017
	\$'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
<b>Total</b>	<b>4,377</b>	<b>4,377</b>	<b>4,376</b>	<b>4,376</b>

	PARENT		GROUP	
	2018	2017	2018	2017
	Shares	Shares	Shares	Shares
<b>Opening number of ordinary shares issued</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>
<b>Closing balance of ordinary shares issued</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>

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.

## 19 Reserves and accumulated funds/(losses)

	PARENT		GROUP	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<b>(A) RESERVES</b>				
Cash Flow Hedge Reserve				
Balance beginning of year	(142)	(232)	(142)	(232)
Fair value gains/(losses) in year	142	90	142	90
<b>Closing Cash Flow Hedge Reserve</b>	-	(142)	-	(142)
World Masters Games Reserve				
Transfer from Group and Accumulated Funds	831	-	831	-
Payments to approved sporting bodies	(268)	-	(268)	-
<b>World Masters Games Reserve<sup>1</sup></b>	<b>563</b>	-	<b>563</b>	-
<b>Balance at 30 June</b>	<b>563</b>	<b>(142)</b>	<b>563</b>	<b>(142)</b>

<sup>1</sup> World Masters Games Profit moved from Accumulated Funds to a reserve account in the current year 2017/18

### 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 revenue when the associated hedged transactions affect the surplus/deficit component of the statements of comprehensive revenue as described in Note 2.9.

### World Masters Games Reserve

The surplus achieved by World Masters Games is to be used for promotion of amateur sports, specific to the conditions set by the ATEED Board.

	PARENT		GROUP	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<b>(B) ACCUMULATED FUNDS/(LOSSES)</b>				
Balance at beginning of the year	8,484	1,080	11,399	3,836
Transfer to World Masters Games Reserve <sup>1</sup>	-	-	(831)	-
Surplus/(deficit) for the year	5,935	7,404	5,858	7,563
<b>Accumulated funds/(losses) 30 June</b>	<b>14,419</b>	<b>8,484</b>	<b>16,426</b>	<b>11,399</b>

<sup>1</sup> World Masters Games Profit moved from Accumulated Funds to a reserve account in the current year 2017/18

Future year's depreciation and amortisation expenses will be funded from this reserve.

Surplus for the current year includes \$7,906,000 (2017: \$8,635,000) received from Auckland Council for capital grants.

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

	PARENT		GROUP	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Surplus/(deficit) after tax	5,935	7,404	5,858	7,563
<b>ADD/(LESS) NON-CASH ITEMS:</b>				
Depreciation and amortisation expense	2,633	782	2,633	813
Other (gains) and losses	(182)	61	(182)	34
Share of surplus in joint venture	-	-	77	(19)
<b>ADD/(LESS) MOVEMENTS IN WORKING CAPITAL:</b>				
Debtors and other receivables	20,033	(17,395)	20,933	(16,982)
Inventories	24	56	24	56
Creditors and other payables	(22,865)	18,160	(22,934)	17,924
Provisions	(421)	434	(421)	434
Employee benefits	(389)	124	(389)	78
<b>Net cash inflow (outflow) from operating activities</b>	<b>4,768</b>	<b>9,626</b>	<b>5,599</b>	<b>9,901</b>

## 21 Commitments and operating leases

### 21.1 Operating leases as lessee

ATEED leases 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 14 years. The future aggregate minimum lease payments payable under non-cancellable operating leases are as follows:

	PARENT		GROUP	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<b>MINIMUM OPERATING LEASE PAYMENTS PAYABLE:</b>				
Less than one year	9,424	7,677	9,424	7,677
Between one and five years	33,983	24,911	33,983	24,911
More than five years	42,783	32,768	42,783	32,768
<b>Total non-cancellable operating leases at lessee</b>	<b>86,190</b>	<b>65,357</b>	<b>86,190</b>	<b>65,357</b>

Leases can be renewed at ATEED's discretion, with rents set by reference to current market rates for items of equivalent age and condition. There are no restrictions placed on ATEED by any of the leasing arrangements.

### 21.2 Operating leases as lessor

ATEED subleases property to third parties under operating leases. The leases contain non cancellable periods ranging from 1 month to 12 years. The future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows:

	PARENT		GROUP	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<b>MINIMUM OPERATING LEASE PAYMENTS RECEIVABLE:</b>				
Less than one year	5,815	1,873	5,815	1,873
Between one and five years	22,524	6,259	22,524	6,259
More than five years	21,875	964	21,875	964
<b>Total non-cancellable operating leases as lessor</b>	<b>50,214</b>	<b>9,096</b>	<b>50,214</b>	<b>9,096</b>

## 22 Contingencies

ATEED does not recognise contingent liabilities and contingent assets in the financial statements due to their uncertainty or the fact that they cannot be reliably measured. Disclosures are provided for as follows:

- Contingent liabilities are disclosed unless the possibility that these will crystallise is remote
- Contingent assets are only disclosed when the possibility that these will crystallise is probable

Contingent liabilities and assets are assessed continually to ensure that developments are appropriately reflected in the financial statements.

ATEED does not have any contingent assets nor contingent liabilities at year end. (2017: Nil)

## 23 Related party transactions

The Group contains a joint venture as set out in Note 2.2. Auckland Council is the ultimate parent of the Group as outlined in Note 1. Auckland Council has other CCO's that ATEED has transacted with during the period including Auckland Transport, Watercare, Regional Facilities Auckland and Panuku.

Related parties include a joint venture, key management personnel, the Directors of the Board 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.

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on the terms and condition no more or less favourable than those that it is reasonable to expect ATEED 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.

The interest registers are publicly available in the open board minutes on the ATEED website.

## 24 Remuneration

	PARENT		GROUP	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<b>KEY MANAGEMENT REMUNERATION</b>				
Directors	352	347	352	522
Senior management salaries and other short term benefits	2,291	2,070	2,291	3,610
<b>Total key management remuneration</b>	<b>2,643</b>	<b>2,417</b>	<b>2,643</b>	<b>4,132</b>

	PARENT		GROUP	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<b>SENIOR MANAGEMENT TEAM INCLUDING CHIEF EXECUTIVE</b>				
Full-time equivalent members	6	6	6	13
Remuneration	2,291	2,070	2,291	3,610

	PARENT		GROUP	
	2018 Number of employees	2017 Number of employees	2018 Number of employees	2017 Number of employees
<b>THE NUMBER OF EMPLOYEES THAT RECEIVED OVER \$100,000 P.A. AS AT 30 JUNE IS AS FOLLOWS:</b>				
\$100,000 - \$109,999	10	13	10	13
\$110,000 - \$119,999	18	14	18	14
\$120,000 - \$129,999	11	12	11	14
\$130,000 - \$139,999	6	7	6	11
\$140,000 - \$149,999	4	5	4	6
\$150,000 - \$159,999	2	1	2	1
\$160,000 - \$169,999	4	1	4	1
\$170,000 - \$179,999	-	1	-	3
\$180,000 - \$189,999	3	2	3	2
\$190,000 - \$199,999	1	1	1	1
\$200,000 - \$209,999	1	-	1	-
\$210,000 - \$219,999	1	1	1	2
\$230,000 - \$239,999	-	1	-	2
\$250,000 - \$259,999	-	1	-	1
\$260,000 - \$269,999	-	1	-	1
\$280,000 - \$289,999	-	1	-	1
\$290,000 - \$299,999	1	-	1	-
\$310,000 - \$319,999	1	1	1	1
\$370,000 - \$379,999	1	-	1	-
\$400,000 - \$409,999	-	1	-	1
\$410,000 - \$419,999	2	1	2	1
\$420,000 - \$429,999	-	-	-	1

**24 Remuneration (continued)**

	PARENT		GROUP	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<b>DIRECTORS' REMUNERATION BY DIRECTOR</b>				
David McConnell	82	81	82	81
Franceska Banga	16	47	16	47
Norm Thompson	21	51	21	51
Richard Jeffery	-	16	-	16
Michael Taitoko	44	26	44	26
Helen Robinson	48	41	48	41
Danny Chan	47	44	47	44
Stuart McCutcheon	41	41	41	41
Glenys Coughlan	26	-	26	-
Evan Davies	27	-	27	-
John Wells			-	65
Diana Puketapu			-	22
Kevin Ross			-	22
Martin Snedden			-	22
Dianne McAteer			-	22
Graham Child			-	22
<b>Total directors remuneration</b>	<b>352</b>	<b>347</b>	<b>352</b>	<b>522</b>

**25 Events occurring after the balance date**

There were no significant events occurring after the balance date.

## 26 Financial risk management

ATEED and Group's activities expose it to a variety of financial risks: market risk, liquidity risk and credit risk.

ATEED 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 ATEED and Group.

ATEED 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.

	Notes	CARRYING AMOUNT		FAIR VALUE	
		2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<b>PARENT</b>					
<b>FINANCIAL ASSETS</b>					
Debtors and other receivables	10	10,337	30,308	10,337	30,308
Cash and cash equivalents		1,084	3,410	1,084	3,410
Other financial assets		-	40	-	40
<b>Total financial assets</b>		<b>11,421</b>	<b>33,757</b>	<b>11,421</b>	<b>33,757</b>
<b>FINANCIAL LIABILITIES</b>					
Derivative financial liabilities	15	-	(142)	-	(142)
Creditors and other payables	13	(4,474)	(30,220)	(4,474)	(30,220)
<b>Total financial liabilities</b>		<b>(4,474)</b>	<b>(30,362)</b>	<b>(4,474)</b>	<b>(30,362)</b>
<b>Net financial assets/(liabilities)</b>		<b>6,947</b>	<b>3,396</b>	<b>6,947</b>	<b>3,396</b>
<b>GROUP</b>					
<b>FINANCIAL ASSETS</b>					
Debtors and other receivables	10	10,337	31,197	10,337	31,197
Cash and cash equivalents		1,084	3,410	1,084	3,410
Other financial assets		-	40	-	40
<b>Total financial assets</b>		<b>11,421</b>	<b>34,647</b>	<b>11,421</b>	<b>34,647</b>
<b>FINANCIAL LIABILITIES</b>					
Derivative financial liabilities	15	-	(142)	-	(142)
Creditors and other payables	13	(4,474)	(30,277)	(4,474)	(30,277)
<b>Total financial liabilities</b>		<b>(4,474)</b>	<b>(30,419)</b>	<b>(4,474)</b>	<b>(30,419)</b>
<b>Net financial assets (liabilities)</b>		<b>6,947</b>	<b>4,228</b>	<b>6,947</b>	<b>4,228</b>



## 26 Financial risk management (continued)

### (a) Market risk

ATEED is no longer exposed to foreign exchange risk.

### (b) Credit risk

Credit risk is the risk that a third party will default on its obligation to ATEED and Group causing ATEED 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.

ATEED and Group have limited exposure to credit risk on debtors accounts due. The main debtors at any point in time are Auckland Council and government agencies. These debtors are parties to signed contracts with ATEED 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.

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

ATEED's maximum credit exposure for each class of financial instrument is best represented by the carrying amount in the Statement of Financial Position. Ongoing credit evaluation is performed on the financial condition of customers and the ageing of their existing outstanding balances. Cash and deposits are held with ASB Bank which is a registered bank in New Zealand, and is rated Standard & Poors AA- for their long-term credit rating.

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

Counterparties with credit ratings for cash and cash equivalents for the Parent and Group (AA) 2018 \$1,084 (2017: \$3,410). Counterparties without credit ratings for receivables for the Parent and Group respectively 2018 \$10,337; \$10,337 (2017: \$30,347; \$31,237).

### (c) Liquidity risk

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

## 26 Financial risk management (continued)

### Contractual maturity and analysis of financial liabilities

	On demand	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount liabilities
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>PARENT - 30 JUNE 2018</b>							
<b>NON-DERIVATIVES</b>							
Creditors and other payables	(4,474)	-	-	-	-	(4,474)	(4,474)
<b>Total</b>	<b>(4,474)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(4,474)</b>	<b>(4,474)</b>

	On demand	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount liabilities
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>GROUP - 30 JUNE 2018</b>							
<b>NON-DERIVATIVES</b>							
Creditors and other payables	(4,474)	-	-	-	-	(4,474)	(4,474)
<b>Total</b>	<b>(4,474)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(4,474)</b>	<b>(4,474)</b>

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

	On demand	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount liabilities
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>DERIVATIVES</b>							
Forward foreign exchange contracts	-	-	-	-	-	-	(142)
- (inflow)	-	(911)	-	-	-	(911)	-
- outflow	-	769	-	-	-	769	-
<b>Total</b>	<b>-</b>	<b>(142)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(142)</b>	<b>(142)</b>

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

	On demand	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount liabilities
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>DERIVATIVES</b>							
Forward foreign exchange contracts	-	-	-	-	-	-	(142)
- (inflow)	-	(911)	-	-	-	(911)	-
- outflow	-	769	-	-	-	769	-
<b>Total</b>	<b>-</b>	<b>(142)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(142)</b>	<b>(142)</b>

## 26 Financial risk management (continued)

### (d) Financial instruments by category

#### Assets as per balance sheet

The following table presents the Group's assets and liabilities that are measured at fair value as at 30 June 2018.

	Derivatives for hedging \$'000	Loans and receivables \$'000	Total \$'000
<b>PARENT</b>			
<b>AT 30 JUNE 2018</b>			
Cash and cash equivalent	-	1,084	1,084
Debtors and other receivables	-	10,337	10,337
<b>Total</b>	-	11,421	11,421
<b>AT 30 JUNE 2017</b>			
Cash and cash equivalent	-	3,410	3,410
Debtors and other receivables	-	30,308	30,308
Other financial assets	-	40	40
<b>Total</b>	-	33,757	33,757
<b>GROUP</b>			
<b>AT 30 JUNE 2018</b>			
Cash and cash equivalents	-	1,084	1,084
Debtors and other receivables	-	10,337	10,337
<b>Total</b>	-	11,421	11,421
<b>AT 30 JUNE 2017</b>			
Cash and cash equivalents	-	3,410	3,410
Debtors and other receivables	-	31,197	31,197
Other financial assets	-	40	40
<b>Total</b>	-	34,647	34,647

## 26 Financial risk management (continued)

### (d) Financial instruments by category

#### Liabilities as per balance sheet

	Derivatives for hedging \$'000	Loans and receivables \$'000	Total \$'000
<b>PARENT</b>			
<b>AT 30 JUNE 2018</b>			
Trade and other payables	-	(4,474)	(4,474)
<b>Total</b>	-	(4,474)	(4,474)
<b>AT 30 JUNE 2017</b>			
Derivative Financial Liability - Forward foreign exchange contracts	(142)	-	(142)
Trade and other payables	-	(30,220)	(30,220)
<b>Total</b>	(142)	(30,220)	(30,362)
<b>GROUP</b>			
<b>AT 30 JUNE 2018</b>			
Creditors and other payables	-	(4,474)	(4,474)
<b>Total</b>	-	(4,474)	(4,474)
<b>AT 30 JUNE 2017</b>			
Derivative Financial Liability - Forward foreign exchange contracts	(142)	-	(142)
Creditors and other payables	-	(30,277)	(30,277)
<b>Total</b>	(142)	(30,277)	(30,419)

## 27 Capital management

ATEED's capital is its equity which comprises accumulated funds and reserves. Equity is represented by total assets less total liabilities. The Local Government Act 2002 requires ATEED to manage its revenues, expenses, assets, liabilities and general financial dealings prudently to meet its long term objective of remaining a going concern, and in a way that promotes the current and future interests of the community. Equity is largely managed as a by-product of managing revenues, expenses, assets, liabilities and general financial dealings.

## 28 Variances against budget in the Statement of Intent (SOI)

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

	Actual 2018 \$'000	Budget 2018 \$'000	Variance 2018 \$'000	Actual 2017 \$'000
<b>Operating budget</b>				
<b>Revenue</b>				
Operating funding from Auckland Council	49,065	47,791	1,274	53,201
Fees, user charges and other revenue	12,341	12,794	(453)	14,030
Subsidies and grants (opex)	2,579	2,630	(51)	8,768
<b>Total revenue</b>	<b>63,985</b>	<b>63,216</b>	<b>770</b>	<b>75,998</b>
<b>Expenditure</b>				
Personnel costs	21,486	20,323	1,163	25,664
Other Employee benefits	371	598	(227)	178
Employee benefits	21,857	20,921	936	25,842
Depreciation and amortisation	2,633	1,443	1,190	813
Other operating expenses	41,466	42,295	(829)	50,415
<b>Total expenses</b>	<b>65,956</b>	<b>64,659</b>	<b>1,297</b>	<b>77,070</b>
<b>Net operating revenue</b>	<b>(1,971)</b>	<b>(1,443)</b>	<b>(527)</b>	<b>(1,072)</b>
<b>Capital budget</b>				
Capital funding from Auckland Council	7,906	657	7,248	8,635
<b>Total capital expenditure</b>	<b>7,906</b>	<b>657</b>	<b>7,249</b>	<b>8,635</b>

<b>Operating Funding</b>	Operating funding from Auckland Council was more than the SOI due to transfer of Local Board funding from Auckland Council.
<b>Fees, User charges and other Revenue</b>	Reduced rental revenue received for GridAKL building, offset by iSITE's revenue received, and additional revenue from the Kumeu Film Studios and Auckland Film Studios, and Major Events that was not included in the budget.
<b>Subsidies and Grants</b>	On budget.
<b>Employee benefits</b>	Overspend due to iSITE staffing budgeted for 3 months (actual 11 months), and additional resource for APEC21 and America's Cup.
<b>Depreciation and amortisation</b>	Depreciation was over budget due to GridAKL assets capitalised in 2017/18.
<b>Other expenses</b>	Underspend due to decrease in costs for GridAKL, offset by Local Board costs, an increase in Kumeu Film Studios and Auckland Film Studios, and additional iSITE's operating costs.
<b>Capital funding</b>	Carried forward of budget from 2016/2017 for GridAKL.








# Statement of service performance

## ATEED Performance Measure – Annual Result (FY 2017/18)




Auckland Tourism, Events and Economic Development Ltd (ATEED), has progressed well in our work towards the targets set in our 2017-20 Statement of Intent (SOI).

Against the 28 KPIs contained in the 2017-18 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
	Achieved	Result has met or exceeded target (also includes where baseline has been established)
	Substantially achieved	Result within 2% of target
	Not achieved but progress made	Target not achieved, but improvement over last year
	Not achieved	Target not achieved and no improvement over last year
	No result	Unable to measure






ATEED's performance against the KPIs is set out in the table below, along with commentary regarding the results, measurement methods, and previous year's performance as appropriate. In summary, of the 28 KPIs:





- 21 were achieved (75%)
- 2 were substantially achieved (7%)
- 5 were not achieved (18%).

No.	How we will demonstrate success in achieving our aims	2017/18 Target (30 June 2018)	2017/18 Result	Status	Comment	2016/17 Result
<b>Build a Culture of Innovation and Entrepreneurship</b>						
1.1	Number of businesses taking up tenancy at GridAKL (Wynyard Innovation Precinct) (cumulative) and percentage 'innovation-led' <sup>(1)</sup>	100 (70)%	104 (69%)		<p>At the end of FY 2017/18, 104 businesses had taken up residence in GridAKL, 69% of which are innovation-led. GridAKL comprises of three buildings</p> <ul style="list-style-type: none"> <li>Lysaght Building, (50, 80%)</li> <li>Madden Street and the Mason Brothers Building (54, 58%).</li> </ul> <p>The Madden Street and Mason Brothers buildings opened in October 2017. ATEED took over the management of the Lysaght building from an external property management company halfway through the financial year. Records provided as part of the handover regarding the number of businesses taking up tenancy at Lysaght were not complete. ATEED has taken a conservative approach to reporting the number of businesses and has only reported the results for which clear support exists. This may have resulted in an understatement of the reported results for the year.</p>	70 (80%)
1.2	Number of individual entrepreneurs supported through an ATEED delivered or funded entrepreneurship programme	1,500	2,502		<p>This measure includes a variety of programmes including the DIGMYIDEA and iDEAStarter programmes which are delivered by ATEED. It also includes individuals who have been through Velocity at The University of Auckland and X Challenge (AUT), which are co-funded by ATEED. The measure also includes the Lion Foundation Young Enterprise Scheme that was delivered by ATEED until the end of the 2017 school year. Delivery has since been transferred to the Auckland Chamber of Commerce. The variation from the 2016/17 result is primarily due to the additional support of X Challenge this year.</p>	1,995
1.3	Level of advocacy by stakeholders involved in the provision of business advice, start-up, training & mentoring programmes	+50	+54		<p>ATEED uses the net promoter score methodology to measure the willingness of customers to recommend an organisation's products and services to others. ATEED has followed this methodology since mid-2016/17 when it was adopted by NZTE. Surveying is undertaken for NZTE by AC Nielson. The total sample size for Auckland in 2017/18 was 260. A score of +50 is considered excellent.</p>	New measure






<sup>(1)</sup> Innovation-led is defined as businesses developing new or improved technologies or services






No.	How we will demonstrate success in achieving our aims	2017/18 Target (30 June 2018)	2017/18 Result	Status	Comment	2016/17 Result
1.4	Number of actively managed businesses through Regional Business Partner Programme	750	937		This result represents the number of businesses that have been actively managed through the Regional Business Partner Programme but excludes other ongoing client relationships managed through out the year. The result is slightly down on last year but 30% above target. The key reason for the decrease on the 2016/17 result was the decision to focus funding on new clients and not refunding existing clients	1,101
1.5	Number of businesses that have been through an ATEED programme or benefitted from an ATEED intervention (LTP measure)	3000	3,537		The measure includes only businesses that went through an ATEED programme or intervention and doesn't capture the wider downstream benefits of each intervention. It also excludes individuals or entrepreneurs measured separately. Businesses that have been involved in multiple ATEED interventions / programmes are only counted once. The key reason for the decrease on the 2016/17 result was fewer businesses through the Regional Business Partner Programme and less tourism networking activity.	4,178
1.6	Number of Māori businesses that have been through an ATEED programme or benefitted from an ATEED intervention (LTP measure)	120	188		Where possible, Māori businesses have been self-defined and include businesses that consider themselves a Māori business due to ownership, philosophy, principles, goals, tikanga, management practices, branding, assets (both tangible and intangible), and employees (all categories provided by Stats NZ).	183
<b>Attract Business and Investment</b>						
2.1	Facilitation of the establishment, or significant expansion of multinational and local companies in target sectors (LTP measure)	5	4+2		ATEED has facilitated the establishment or significant expansion of 4 multinationals in target sectors into Auckland during 2017/18. These included companies in the ICT/Digital, screen/creative and automotive sectors. The attraction of these companies increases Auckland's productivity in these sectors. In addition, ATEED also facilitated the establishment of two companies in the retail sector (not one of ATEED's target sectors).	6
2.2	Number of intensively account managed customers in ATEED Aftercare programme (Aroha Auckland)	85	86		86 Aroha Auckland clients were engaged over this financial year – the same number as last year. The scope of this programme will be reviewed over 2018/19 as part of ATEED's strategy review process.	86


No.	How we will demonstrate success in achieving our aims	2017/18 Target (30 June 2018)	2017/18 Result	Status	Comment	2016/17 Result
2.3	Total GDP contribution of deals effected with ATEED involvement	\$59.6m	\$256.3m		<p>This figure is based on deals achieved by the Business Attraction and Investment team during the 2017/18 financial year and is comprised of:</p> <ul style="list-style-type: none"> <li>• Target sectors: \$107.0m</li> <li>• Other sectors: \$1.7m</li> <li>• Screen: \$147.6m.</li> </ul> <p>The current methodology uses a standardised attribution model based on a one-year calculation that accurately takes into account all investment into Auckland that ATEED has had involvement with.</p>	\$340.7m
2.4	Value of investment deals effected by ATEED within the financial year	\$292m	\$343.8m		<p>This figure is based on deals achieved by the Business Attraction and Investment team during the 2017/18 financial year and is comprised of:</p> <ul style="list-style-type: none"> <li>• Target sectors: \$208.0m</li> <li>• Other sectors: \$3.4m</li> <li>• Screen: \$132.4m.</li> </ul>	\$487.8m
<b>Grow and Attract Skilled Talent</b>						
3.1	Number of 'live' signatories to the Youth Employment Traction Hub Employers Pledge (LTP measure)	50	69		As at 30 June 2018, 69 Auckland employers had joined the Auckland Youth Employer Pledge. These companies have actively supported ATEED youth employment initiatives such as JobFest. Pledge partners from the construction and infrastructure sector also supported the #BuildAKL industry youth recruitment campaign. The Youth Employer Pledge companies represent Auckland industries including hospitality, construction and infrastructure, and the digital/ICT and services industries.	66
3.2	Number of young people enabled into employment as a result of ATEED and partner activity (Youth – incl Maori and Pacific youth)	500	525		Result represents confirmed employment outcomes at the time of reporting. ATEED and partner activity covered over 2017/18 are the Youth Connections Programme (including two JobFest events), the CBD Jobs and Skills Hub and the final phase of the #BuildAKL Campaign which ran over 2017.	New measure

No.	How we will demonstrate success in achieving our aims	2017/18 Target (30 June 2018)	2017/18 Result	Status	Comment	2016/17 Result
3.3	Number of expression of interest from skilled migrants in working and living in Auckland resulting from ATEED Marketing activity (Talent) – via LinkedIn	1500	3,465		The result is for the number of Auckland – Make the Smart Move LinkedIn followers. Around half of page visitors are viewing jobs in construction and tech with the remainder viewing Auckland lifestyle and immigration information. The variation from target was due to stronger interest than anticipated for a new initiative.	New measure
3.4	Growth in value of international student spend to Auckland	\$2.306b	\$2.76b		This result is provided by Education New Zealand based on the <i>Economic Impact of International Education in New Zealand 2017</i> Report and Ministry of Education data. Results are based on surveys with approximately 6,000 international students across New Zealand and refers to the 2017 calendar year.	\$2.25b
<b>Grow the Visitor Economy</b>						
4.1	Spend by visitors in Auckland	\$6,617m	\$8,360m		This result is for year-ending June 2018 and is based on data available from the Monthly Regional Tourism Estimates prepared by the Ministry of Business, Innovation and Employment. The target has been exceeded, which is driven by continued strong growth in visitor arrivals.	\$7,212m
4.2	Number of major international business event bids submitted or supported	35	37		This result is above target and a significant increase on last year and includes a number of significant international opportunities that have arisen as a result of the forthcoming completion of the NZICC.	29
4.3	Business event bid win/loss ratio (based on results received in financial year)	60%	62%		This result is slightly down on last year but still above target. The ratio is based on win results received within the financial year, but not necessarily submitted within the year.	70%
4.4	Value of business event bids won in financial year	\$22m	\$29.1m		Value relates to international events only and does not include domestic or Australia event bids. Variation from target is a result of significant international opportunities that have arisen as a result of the forthcoming completion of the NZICC.	\$32.4m

No.	How we will demonstrate success in achieving our aims	2017/18 Target (30 June 2018)	2017/18 Result	Status	Comment	2016/17 Result
4.5	Percentage of customers satisfied with visitor information centres and services ( <b>LTP Measure</b> )	85%	97.3%		ATEED sold the iSITE's in May 2018. The satisfaction result was last recorded in April 2018 and is based on 1,167 responses to self-completion surveys undertaken across the Auckland iSITE network (Airport, Princes Wharf, SKYCITY) to the question: 'Overall, how satisfied were you with your experience at the iSITE today?'	97.2%
4.6	Contribution to regional GDP from major events invested in ( <b>LTP measure</b> )	\$49m	\$75.9m		The targets set for this measure are those presented in the 2011 Auckland Major Events Strategy. Result includes GDP generated by the final DHL New Zealand Lions Series 2017 match played in Auckland on 8 July 2017, as reported by MBIE, but excludes support for the Vodafone Warriors as the season is ongoing at the time of reporting.	\$114.3m <sup>(2)</sup>
4.7	Percentage of Aucklanders who agree events make Auckland a great place to live (engender pride and sense of place)	80%	73%		The annual Council Residents Survey (sample of 4,475 residents) results show that 73% of Aucklanders agree that events make Auckland a great place to live (engender pride and sense of place). This result is similar to last year (74%). This Council survey asks about people's perceptions of events generally rather than those specifically with ATEED involvement.	74%
4.8	Visitor nights generated by major events invested in	165,000	404,800		The targets set for this measure are those presented in the 2011 Auckland Major Events Strategy. Result includes visitor nights generated by the final DHL New Zealand Lions Series 2017 Series match played in Auckland on 8 July 2017, as reported by MBIE, but excludes support for the Vodafone Warriors as the season is ongoing at the time of reporting.	687,290 <sup>(2)</sup>
4.9	Percentage of customers satisfied with delivered major events ( <b>LTP Measure</b> )	85%	83%		Result is based on online surveys of attendees at ATEED's delivered events, undertaken by the Fresh Information Company. Result is the average satisfaction rating across attendees of the Tāmaki Herenga Waka (satisfaction; 90%, sample size: n=544), Pasifika (77%, n=321), Lantern (80%, n=619) and Diwali (86%, n=203) Festivals. This result is attributed to the Pasifika Festival score being low with poor weather being a key factor.	89%

<sup>(2)</sup> Results differ from those presented in 2016/17 Annual Report due to addition of results for the DHL New Zealand Lion Series 2017 which were not available at the time of reporting in 2016/17.

No.	How we will demonstrate success in achieving our aims	2017/18 Target (30 June 2018)	2017/18 Result	Status	Comment	2016/17 Result
<b>Build Auckland's Brand and Identity</b>						
5.1	Total visits to <a href="http://www.aucklandnz.com">www.aucklandnz.com</a> (LTP measure)	3.8m	2.1m		ATEED first reported that this measure was unlikely to be achieved in its Quarter 1 report to Auckland Council, stating that the KPI was aligned to ATEED's former website design that was replaced in April 2017. The new website is designed to target a more defined customer base and as such is not designed to drive a high volume of visits.	3.2m
5.2	Percentage of visitors to <a href="http://www.aucklandnz.com">www.aucklandnz.com</a> located outside of Auckland	50%	45.1%		This measure was heavily influenced by marketing activity targeting Aucklanders throughout the year, which in turn decreased the percentage of visitor sessions outside of Auckland. Budget was also a limiting factor with international traffic having a higher cost to acquire.	New measure
<b>Mana Whenua Engagement</b>						
6.1	Percentage Mana Whenua satisfaction with quality of engagement	Maintain /improve	0%		The Mana Whenua survey is undertaken annually by Auckland Council to provide inputs into the Council's annual report. Contacts were provided, and questions were asked in relation to a number of Council departments and Council Controlled Organisations (CCOs) including ATEED. Only six responses were received for questions relating to ATEED. Of these six responses, none were satisfied with the quality of engagement, two were neutral and four were dissatisfied. Key areas of dissatisfaction were providing insufficient opportunity for Mana Whenua to have their say, providing insufficient information, and not providing feedback in a timely manner. The small sample size means results should be viewed as indicative only.	29%

No.	How we will demonstrate success in achieving our aims	2017/18 Target (30 June 2018)	2017/18 Result	Status	Comment	2016/17 Result
<b>Local Economic Development</b>						
7.1	Percentage of approved local economic development projects delivered by ATEED using local board "Locally Driven Initiatives" (LDI) funding.	70%	80%		The total budget allocated to Local Economic Development was \$840,000 (this accounts for any Local Board decisions and reallocated money to or from the local economic development work programme). Of the allocated budget \$675,293 has been spent equating to 80% of the total allocated budget. It should be noted that the measure for 2016/17 was "percentage of actions in ATEED Local Board Engagement and Action Plans completed", and therefore the result (95%) is not directly comparable with the 2017/18 result.	95%

### **Performance outlook for 2018/19 and future years**

As noted in ATEEDs 2018-21 Statement of Intent, ATEED has undertaken a strategic review of its activity that has led to a significant revision of key performance indicators (KPIs). For this reason targets for 2018/19 and future years have not been included in the table above.

## ***New Zealand Food Innovation Auckland Ltd (NZFIA)***

The FoodBowl – Te Ipu Kai is a one-of-a-kind open access food and beverage innovation centre located near Auckland International Airport that provides state of the art technology, resources and expertise to accelerate the development of Auckland’s food and beverage firms’ ideas to added-value, commercial success.

Its primary purpose is to stimulate and enable innovation in the food and beverage industry. Companies use the technology and expertise at The FoodBowl to undertake new product and process development work, and then validate their new products on local and global markets. The companies take the skills they learn at The FoodBowl and invest in technology to grow and make their businesses more productive. Companies rate their experience at The FoodBowl very highly, with a Net Promoter Score of 65 for the year.

New Zealand depends on the food and beverage sector to fuel its economy and deliver prosperity. Food and beverage is Auckland’s largest manufacturing employer and made up 71 per cent of manufactured goods exported in 2017 at \$26B, an increase on previous years.

In the year ended June 2018, The FoodBowl worked on an average of 30 high-value processed food projects a month. More than 70 companies used the expertise at The FoodBowl multiple times during the year to validate, commercialise and export their products, and 80 per cent of those companies were based in Auckland. The number of food and beverage firms in Auckland is growing with a combined annual growth rate of 3.5 per cent, making The FoodBowl a key strategic investment in Auckland’s food innovation ecosystem.

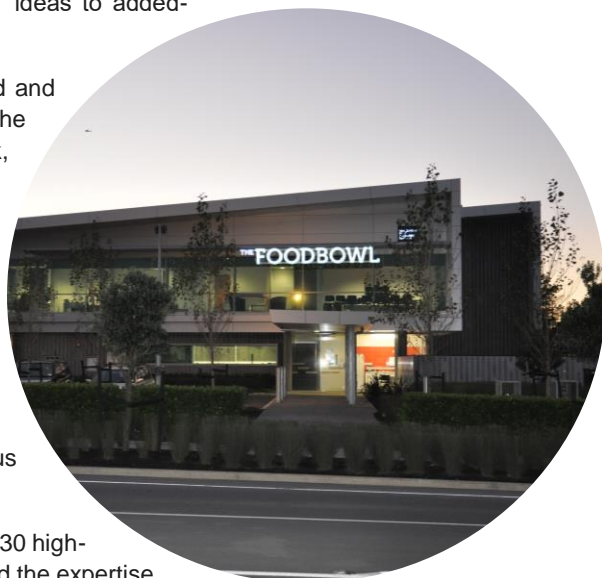
The FoodBowl continues to grow its reputation as a centre for upskilling the industry, from both a technical and business skills perspective, with up to five workshops a month in conjunction with experts in the relevant fields. More than 200 people attended technical and building business capability workshops at The FoodBowl during the year. The FoodBowl also collaborated on innovative projects with partners such as a pilot accelerator programme for exporters, and will assist ATEED’s The Kitchen Project in the coming months. The FoodBowl also continues to support the High Value Nutrition Science Challenge, working in conjunction with Plant and Food Research, and awards events such as the New Zealand Food Awards, and the Ice Cream Awards.

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

New product development opportunities were promoted to iwi groups, and The FoodBowl continues to work with one iwi group on a high-value seafood product.

The FoodBowl is one of four facilities in the New Zealand Food Innovation Network. During the year, ATEED worked with Callaghan Innovation, co-owner of The FoodBowl, to integrate The FoodBowl into their activities to optimise the innovation ecosystem, and Auckland’s investment in the sector. Outcomes from this work will be implemented in the new financial year.

Food and beverage in Auckland has all the factors needed for a globally relevant cluster including: a third of the country’s industry, and the headquarters of half of New Zealand’s largest food and beverage companies, and multinationals are based in Auckland with a large concentration of jobs. Both Auckland and Massey universities have strong food programmes, and Crown Research institutes such as Plant and Food Research – in combination with The FoodBowl, and upstream and downstream suppliers – provide all the ingredients required for Auckland to maximise the opportunity in food and beverage.



# Directory

For the year ended 30 June 2018

The Directors as at the year ended 30 June 2018 are as follows:

- David Arnot Williamson McConnell
- Danny Chan
- Helen Alison Robinson
- Stuart McCutcheon
- Michael John Taitoko
- Evan Welch Davies (appointed 1 November 2017)
- Glenys Jean Coughlan (appointed 1 November 2017)

Norman John Thompson and Franceska Banga were directors during the year but retired on 31 October 2017

<b>Shareholders</b>	Auckland Council (100%) 135 Albert Street Auckland, 1010 New Zealand
<b>Registered Office</b>	Level 8, 139 Quay Street Auckland, 1010 New Zealand
<b>Auditors</b>	Audit New Zealand Level 6, 280 Queen Street Auckland 1140 New Zealand
<b>Bankers</b>	ASB Bank Limited 12 Jellicoe Street, Wynyard Quarter Auckland, 1010 New Zealand
<b>Solicitor</b>	Simpson Grierson, Level 27, 88 Shortland Street, Auckland, 1010 New Zealand
<b>Registered Company Number</b>	3089625