

REGIONAL FACILITIES AUCKLAND

annual report

FOR THE YEAR ENDED 30 JUNE 2020

TE PŪRONGO Ā-TAU
30 PIPIRI 2020



STATEMENT OF COMPLIANCE AND RESPONSIBILITY

He kōrero mō ngā mahi tikanga, kawenga hoki

The trustee is responsible for the preparation of the Regional Facilities Auckland (RFA) financial statements and statement of service performance, and for the judgements made in them.

The trustee of RFA has the responsibility of establishing and maintaining a system of internal controls designed to provide reasonable assurance as to the integrity and reliability of financial and service reporting.

In the trustee's opinion, these financial statements and statement of service performance fairly reflect the financial position, operations and service performance of RFA for the year ended 30 June 2020.

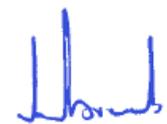
SIGNED 23 September 2020



Mark Franklin

Chair, Regional Facilities Auckland Limited on behalf of Regional Facilities Auckland

SIGNED 23 September 2020



Chris Brooks

Chief Executive Officer, Regional Facilities Auckland

Contents of annual report

Ngā mea o roto pūrongo ā-tau

OVERVIEW	6
Tirohangā whānui	6
OUR SUCCESSES AND ACHIEVEMENTS	6
Ā tātou momoho me ngā tutukitanga	6
OUR ASSETS	10
Ā tātou rawa	10
OUR FINANCES	10
Ā tātou pūtea	10
FUTURE OUTLOOK	11
Tirohanga whakamua	11
Financial Statements	12
Pūrongo tahua pūtea.....	12
Statement of Comprehensive Revenue and Expenses for the year ended 30 June 2020.....	12
Pūrongo o ngā Whakapaunga me ngā Whiwhinga Pūtea mō te tau mutu a te 30 o Pipiri 2020	12
Statement of Financial Position as at 30 June 2020.....	13
He Kōrero mō Tahua Pūtea i te 30 o Pipiri 2020.....	13
Statement of Changes in Equity as at 30 June 2020	14
He Kōrero mō te Panoni Rawa Pūtea i te 30 o Pipiri 2020.....	14
Statement of Cash Flows for the year ended 30 June 2020.....	14
He Kōrero mō te Kapewhiti Pūtea i te 30 o Pipiri 2020.....	14
Basis of Reporting	15
Te Takenga Pūrongo	15
Reporting entity.....	15
Basis of preparation.....	15
Other accounting policies and judgements.....	16
Implementation of new and amended standards.....	17
Impact of COVID-19 on RFA.....	18
Revenue and Expense Results for the Year	19
Ngā Whiwhinga me ngā Whakapaunga Pūtea o te Tau.....	19
Note 1 – Revenue.....	19
Pitopito kōrero 1 – Ngā whiwhinga moni.....	19
Note 2 – Employee benefits.....	21

Pitopito kōrero 2 – Hua ki ngā kaimahi	21
Note 3 – Other expenses	21
Pitopito kōrero 3 – Ētahi atu whakapaunga	21
Note 4 – Explanations for major variances from RFA’s budget	22
Pitopito kōrero 4 – Whakamārama mō ngā rerekētanga o te tahua pūtea a RFA	22
Working Capital	23
Haupū Pūtea Mahi	23
Note 5 – Cash and cash equivalents.....	23
Pitopito kōrero 5 – Ngā moni me ngā pūtea taurite	23
Note 6 – Trade and other receivables.....	24
Pitopito kōrero 6 – Whakamahi me ērā atu whiwhinga.....	24
Note 7 – Inventories	25
Pitopito kōrero 7 – Rārangi taputapu.....	25
Note 8 – Payables	25
Pitopito kōrero 8 – Ngā utunga.....	25
Note 9 – Employee entitlements	26
Pitopito kōrero 9 – Ngā tikanga kaimahi.....	26
Note 10 – Provisions	27
Pitopito kōrero 10 – Whakaaturanga.....	27
Note 11 – Reconciliation of net surplus / (deficit) to net cash flow from operating activities	28
Pitopito kōrero 11 – Whakamārama o te toenga whakamau / (takarepa) me te toenga kapewhiti pūtea i ngā mahi whakahaere.....	28
Long-term Assets	29
Ngā Rawa Motuhake.....	29
Note 12 – Property, plant and equipment	29
Pitopito kōrero 12 – Ngā rawa, whare umanga, taputapu hoki	29
Note 13 – Artwork collections.....	36
Pitopito kōrero 13 – Ngā kohinga toi	36
Note 14 – Historical and cultural collections	38
Pitopito kōrero 14 – Ngā kohinga tuku iho, ahurea hoki.....	38
Note 15 – Intangible assets.....	39
Pitopito kōrero 15 – Ngā rawa kiko kore.....	39
Borrowings, Risk and Capital Management.....	41
Ngā minonga, Whakatūpato me ngā Whakahaere Haupū Rawa.....	41
Note 16 – Other financial assets	41

Pitopito kōrero 16 - Ētahi atu taputapu ā-pūtea.....	41
Note 17 – Borrowings and other financial liabilities	42
Pitopito kōrero 17 – Ngā minonga me ērā atu take ā-pūtea.....	42
Note 18 – Financial instruments	43
Pitopito kōrero 18 – Taputapu ā-pūtea.....	43
Note 19 – Equity and reserves	45
Pitopito kōrero 19 – Ngā ōritenga me ngā mea rāhuitia.....	45
Note 20 – Capital management	46
Pitopito kōrero 20 – Ngā whakahaere ā-pūtea	46
Other Disclosures	48
Wāhanga 6: Ētahi atu whakaaturanga	48
Note 21 – Capital commitments and operating leases	48
Pitopito kōrero 21 – Ngā taputapu matua me ngā rihi whakahaere.....	48
Note 22 – Contingencies.....	49
Pitopito kōrero 22 – Tikanga tūpono	49
Note 23 – Related parties	50
Pitopito kōrero 23 – Ngā whakawhanaungatanga	50
Note 24 – Severance payments	52
Pitopito kōrero 24 – Ngā utu tapahitanga.....	52
Note 25 – Events after balance date.....	52
Pitopito kōrero 25 – Ngā mahi ā muri o te rā ōritenga	52
Statement of Service Performance	53
Kōrero mō ngā Ratonga Āwhina	53
Section A: Contribution to the Auckland Plan	54
Wāhanga A: Takoha ki te Mahere o Tāmaki Makaurau	54
Section B: Key Deliverables	60
Wāhanga B: Ngā Whāinga Matua	60
Section C: Non-financial Performance Measures.....	66
Wāhanga C: Ngā Ine Mahi Kāhore e Utua.....	66
Independent Auditor's Report.....	69

OVERVIEW

Tirohangā whānui

Regional Facilities Auckland (RFA) is a council-controlled organisation (CCO) and a wholly owned subsidiary of Auckland Council (the shareholder). RFA works in partnership with the council and our key stakeholders to enrich the lives of people in Auckland by engaging them in the arts, the natural environment, sports and a wide range of events through our programmes and in our iconic venues.

Through our programmes and events, we contribute to growing Auckland's economy and enhance our city's reputation as a conferencing, live performance and arts destination.

Our passionate and creative teams encompass Auckland Art Gallery Toi o Tāmaki, Auckland Conventions, Auckland Live, Auckland Stadiums, Auckland Zoo and New Zealand Maritime Museum.

OUR SUCCESSES AND ACHIEVEMENTS

Ā tātou momoho me ngā tutukitanga

This unprecedented year began with a jam-packed calendar of vibrant shows, events, exhibitions and concerts, and ended with the global COVID-19 pandemic in the final quarter.

In total, more than 2.8 million people experienced RFA's innovative and creative programmes. We presented free and subsidised experiences for over 1.5 million participants, and more than 170,000 children took part in learning programmes. Around 11,000 people participated in exciting outreach programmes, and RFA's inspiring volunteers spent almost 49,000 hours on enrichment activities for Aucklanders and visitors.

Highlights of the first three quarters included thrilling audiences with incredible stadium concerts such as U2, Six60 and Queen and Adam Lambert; welcoming theatre blockbusters like *War Horse* and *The Book of Mormon*; introducing the Zoo's precious primates to their world-class new high canopy habitat; and celebrating the Māori heritage of Tāmaki Makaurau with *ihi*, a public artwork on a never-before-seen scale in the newly refurbished Aotea Centre foyer. The poignant *Tākiri: An Unfurling* exhibition at the Maritime Museum explored early Māori and European encounters, while Auckland Art Gallery launched an exciting virtual gallery experience to engage art lovers all over the world.

RFA's final quarter was marked by venue closures, social distancing and the impacts of border closures on touring shows and events, and visitor numbers. Significant impacts included the cancellation or postponement of most public events and activities. Rising to the challenge, RFA's business divisions focused on digital engagement with their audiences and visitors. We pursued new and innovative ways to enrich the lives of Aucklanders, through virtual stages and exhibitions, live streaming of Zoo animals in action, online education programmes and collaboration forums with like-minded, creative people.

RFA's venues started reopening to the public from 27 May, with protocols around visitor numbers and social distancing applied under the strict criteria appropriate to each alert level. Staff implemented rigorous health, safety and monitoring measures to ensure the safety of RFA teams, visitors and Zoo animals throughout the lockdown and subsequent phased openings of venues.

Auckland Art Gallery Toi o Tāmaki: A focus on engagement and creativity

- Auckland Art Gallery's popular and lively Art After Hours in July was inspired by the exhibition *Frances Hodgkins: European Journeys*. The Gallery transformed into a European courtyard and the

packed schedule included a popular talk, drawing classes, dance performances and demonstrations, along with live music, food and drink.

- In August, the Gallery hosted the Pat Hanly Creativity Awards, recognising 36 exceptional Year 13 art students from 28 Auckland secondary schools.
- At the end of November, the Gallery launched four new artist projects: new commissions by New Zealand artists Sorawit Songsataya and John Reynolds, and an interactive exhibition by Sara Hughes; plus a new installation in the North Atrium by Scottish artist Nathan Coley.
- During the COVID-19 lockdown in the fourth quarter, the Gallery created an innovative, virtual walk-through of *Enchanted Worlds: Hokusai, Hiroshige and the Art of Edo Japan*. It made the exceptional beauty and richness of this exhibition accessible to a global audience, despite the Gallery's doors being closed.

Auckland Live and Auckland Conventions: A vibrant, inclusive performing arts and events environment

- Auckland Live continued its focus on inclusive events, presenting New Zealand Sign Language Interpreted and Audio Described performances for *School of Rock*, and *Les Misérables*. "Relaxed performances", designed for audience members who would benefit from a more relaxed sensory experience, included *Matariki for Tamariki*, *Room on the Broom* and *Roald Dahl's Revolting Rhymes*.
- Free events for Aucklanders included Auckland's Live Sounds of Summer, which took over Aotea Square in the third quarter, highlighting Auckland as a UNESCO City of Music. Auckland Live's Digital Stage also continued its regular programming of curated digital experiences from the worlds of arts and entertainment, with independent interactive events as well as highly successful presenting partnerships with the New Zealand International Film Festival, the Doc Edge Festival, and Show Me Shorts. These resulted in free screenings of much-loved and highly popular international and local film festival movies.
- The Auckland Arts Festival and blockbuster musical *The Book of Mormon* were both cut short due to COVID-19 restrictions. Auckland Live adapted its online platforms to ensure it supported the industry, and that arts and culture remained accessible to all. Live Online, housed on the Auckland Live webpage, featured a wide range of curated content including music gigs, ballet and dance, a kids' club, comedy, classical music and more from the worlds of arts and culture in New Zealand and around the world.
- Auckland Live partnered with the Performing Arts Network of New Zealand (PANNZ) to facilitate an online weekly hui series. These panel discussions created a forum for the performing arts industry to share feedback and discussions, with weekly live streams featuring performing arts stalwarts from arts companies and organisations, festivals and theatres across New Zealand. Auckland Live also lent support to MusicHelpsLive, a charity administered by the music industry to support New Zealand musicians and other performing arts professionals by offering 24/7 industry and wellbeing support and advice.

Auckland Stadiums: Future-proofed infrastructure and enhanced experiences for sports teams, major events and fans

RFA is working to improve the infrastructure, amenities, health and safety standards and versatility of all three stadiums managed by Auckland Stadiums: Mt Smart, North Harbour and Western Springs. The key focus is to respond to the evolving needs and interests of Aucklanders, including the growth of interest in a wider range of sports and enhanced experiences for fans.

- North Harbour Stadium was successfully reconfigured in time to bring professional baseball to New Zealand, hosting the 2019/2020 season of Auckland Tuatara home games. The \$2.5 million redevelopment earned the Australian Baseball League players' vote as the best ballpark in the league. The development has increased the stadium's versatility, as it now transforms from a baseball park in the summer to a rugby venue in the winter.
- In addition, the upgrade to two artificial turfs and LED floodlights makes North Harbour Stadium available for day and night-time use. With several flexible function rooms and private hospitality facilities, the venue provides an inspiring environment for events.
- Mt Smart Stadium's works programme included structural improvements to strengthen the stands, with further review and engineering sign-off due in the next financial year.
- At Western Springs Stadium, \$2.4 million of enhancements included upgrading Stadium Road, a new entryway and ticket booth, and better street lighting. The opening of a new toilet block and maintenance shed in the next financial year will complete this programme.

Auckland Zoo: A world-class zoo and wildlife conservation facility

Auckland Zoo is undertaking the most ambitious project in its 97-year history as part of the Future Zoo renewals programme, funded through Auckland Council's long-term plan. The programme includes essential service renewals as well as the South East Jungle Track, a world-class new habitat for animals that also incorporates exciting interaction spaces for visitors.

In response to the impacts of ongoing construction, the Zoo reduced the cost of entry in this financial year. At the same time, positive sentiment from visitors and supporters has never been higher. The Zoo's tireless work to save the kākāpō made global headlines, and its focus on sharing the Future Zoo vision has garnered positive feedback from visitors and excitement as they see the new areas take shape.

Milestones included:

- celebrating the much-anticipated completion of the new high canopy primate habitat at the end of June. This unique home for the Zoo's orangutans and siamangs features climbing pathways that enable the primates to behave and move as they do in the wild – ranging up and across the rainforest's high canopy. It also delivers a truly original experience and perspective for visitors to connect with wildlife and develop an even deeper appreciation for the natural world
- opening the Te Puna cafe and function venue to the public in June. Its outlook over the future lake and high canopy aerial pathways will enable visitors to experience the thrill of the orangutans and siamangs swinging by just metres away.

Throughout the COVID-19 lockdown, the Zoo placed great importance on supporting its community, creating a wealth of online activities and resources for families and educational audiences. The daily wildlife and conservation videos, stories and live streams were aimed at promoting resilience and optimism and connecting people in isolation. The Zoo's education team also developed a suite of online activities and resources. These initiatives resulted in a record 240% increase in online engagement.

New Zealand Maritime Museum: Celebrating and exploring Aotearoa's connection between people and the sea

More than 122,000 visitors engaged in the Maritime Museum's galleries, programmes, shop and functions centre, and over 7000 children and students participated in education and learning programmes.

For the Tuia 250 Tāmaki Makaurau commemoration activities, the Museum contributed to the national dialogue about the first onshore contact between Māori and the crew of *HMS Endeavour* by commissioning *Tākiri: An Unfurling*. This contemporary art exhibition, featuring the work of seven Māori and Pacific artists, was inspired by museum taonga. Each artist expressed the ongoing impact of these historic events, and the exhibition remains in the Museum's collection to continue to spark important conversations about our history. A record 9000 people participated in the Museum's Tuia activities over Labour Weekend, including voyaging education programmes and live artist demonstrations.

Just before lockdown, construction began on a new entryway designed to open up the Museum to waterfront visitors, along with a new cafe and gift shop to enhance their experience.

When COVID-19 temporarily closed its doors, the Museum offered new and enriching online activities for the young and young at heart, plus the ability to explore the *Tākiri: An Unfurling* exhibition online.

Treading lightly: Measuring our footprint, sustainable events, and conservation

RFA was granted Toitū carbonreduce certification in December 2019, with Auckland Zoo receiving its third consecutive carbonzero certification. This year RFA also joined the New Zealand Green Building Council and is working towards improving energy and water efficiency, operational performance and resilience.

Sustainability initiatives include:

- educating our visitors on conservation and sustainability issues at the Zoo and Maritime Museum
- minimising waste generated at Auckland Live and Auckland Stadiums' events
- minimising water consumption at Auckland Zoo
- influencing our supply chain through our procurement processes
- seeking opportunities to minimise the environmental impact of our projects.

Examples of these initiatives include using mobile (paperless) ticketing as the preferred ticketing delivery for events, introducing e-receipts at cafes and bars, and measuring the amount of waste going to landfill. We are also offering patrons and visitors more sustainable alternatives to plastic water bottles and single-use paper cups, including water fountains, drinks in aluminium cans and reusable cup schemes.

To help restore the mauri (life force) of Te Waitematā (the Waitematā Harbour), a partnership between Mana Whenua, the Maritime Museum and the Downtown Programme was established to trial the use of mussels (kutai) to improve water quality, increase biodiversity in the inner reaches of Te Waitematā and support the growth of native species of kutai, kelp and fish. The Maritime Museum was also awarded a Qualmark Gold Sustainable Tourism Business Award.

Celebrating our cultural heritage, arts and conservation through education programmes

Te Toki Voyaging Trust and its waka hourua made their home in the New Zealand Maritime Museum marina for a collaborative learning experience: The Aramoana Ocean Roads Waka programme. Through experiencing traditional waka navigation, waka craft and a waka hourua voyage, tamariki learn about the inspiring voyages of the first people to Aotearoa and their incredible understanding of the natural world.

At Auckland Live, a range of contemporary theatre projects included dedicated school performances and supporting materials, reaching students at over 25 schools. During the lockdown, Auckland Live worked with WAITĪ Productions and Night song Productions to provide schools with performance recordings and education resources suitable for NCEA study.

Auckland Zoo welcomed 28,197 young people for educational visits, with 17,765 students attending full education sessions and 703 students enjoying Mātauranga Māori sessions. Over 1300 students also participated in the Warehouse School Zoofari programme (cut short due to COVID-19). The Zoo's teaching resources proved invaluable during lockdown, with more than 13,000 downloads of materials for educators and parents to use for home schooling.

Auckland Art Gallery conducted te reo Māori tours for schools in the fourth term for the exhibitions *Radical Beginnings* and *Living Portraits: Mata Raurangi*. With the help of a guide, they engaged with the stories, thoughts and histories of the artworks in te reo Māori. The Gallery also piloted a teacher professional development session in January with 25 educators, with an overwhelmingly positive response.

OUR ASSETS

Ā tātou rawa

We have the privilege of being the kaitiaki (guardian) of some of New Zealand's most loved landmarks – valued by Aucklanders and visitors to the city. As trusted stewards of more than \$1.4 billion worth of Auckland's cultural and sporting assets, we continued our programme of significant capital projects to enhance the visitor experience, including:

- significant capital expenditure projects at Western Springs Stadium and Mt Smart Stadium
- Auckland Zoo's South East Asia precinct
- the development of the New Zealand Maritime Museum entrance and retail shop
- progressing work continued on refurbishing the Aotea Centre.

OUR FINANCES

Ā tātou pūtea

The COVID-19 pandemic and the ensuing economic consequences dominated the final quarter of the 2020 financial year for RFA when a number of promoted events and concerts did not proceed due to suspension of both domestic and international travel and venues were closed. While RFA experienced a significant operational shortfall in revenue during the last quarter of the financial year as a result of the pandemic RFA took a range of measures to mitigate this impact. These included applying for, and receiving, the Government Wage Subsidy, reducing director fees and salaries for certain key executives and implementing cost control measures including a recruitment freeze, reassigning staff between business units to reduce the use of casuals and halting unscheduled repairs and maintenance

Additional work has been undertaken to reflect the impact on RFA's financial accounts as at 30 June 2020 as a result of COVID 19, including valuations of land, buildings and significant artwork and a more conservative approach in the provisioning of doubtful debts.

The capital works programme has been a significant focus for RFA during the year. This was a busy capital programme achieving 91% (\$75.8m) of the capital works planned with major renewal works continuing on the Aotea Centre and Auckland Zoo's South East Asia precinct. The internal works at the Aotea Centre were completed and Auckland Zoo opened the Te Puna café for trading on 10 June and the Orangutan and Siamang habitats welcomed their first public visitors on 1 July. As a result of delays on certain capital projects due to the mandatory lockdown in the last quarter, the unutilised 2019/20 capital budget for certain projects has been deferred to the 2020/21 financial year.

RFA finished the year with a total other comprehensive income of \$107.3m primarily due to gains on property and art revaluations of \$85.1m.

FUTURE OUTLOOK

Tirohanga whakamua

The global COVID-19 pandemic has severely impacted RFA's revenue forecast and operations for the next financial year. Around 50% of RFA's revenues are generated from its ability to host international visitors and drawcard artists, exhibitions and events. With ongoing uncertainty around borders reopening, RFA's operating budgets and capital spend will be significantly reduced from pre COVID-19 levels. Given the substantial reduction in expected external revenue, Auckland Council has approved operational funding of \$56.96m and capital funding of \$50.08m in the next financial year.

Current capital projects that are nearing completion are on schedule to continue at a slower pace. However, all non-essential projects will be further deferred.

RFA is implementing a raft of measures to reduce costs over the next year, while continuing to provide enriching arts, cultural, heritage, wildlife, and sporting programmes, events and activities.

The Review of Auckland Council's Council-Controlled Organisations Report of the Independent Panel dated July 2020 was issued to the public on 11 August 2020. A recommendation of the panel to the Auckland Council Governing Body was that the Council-Controlled Organisations, Regional Facilities Auckland Limited (RFAL) as the trustee of RFA and Auckland Tourism, Events and Economic Development Limited (ATEED), be merged and a steering group be appointed to implement the change. The Auckland Council Governing Body met on 27 August 2020 and approved this recommendation to be effective 1 December 2020.

Financial Statements

Pūrongo tahua pūtea

Statement of Comprehensive Revenue and Expenses for the year ended 30 June 2020

Pūrongo o ngā Whakapaunga me ngā Whiwhinga Pūtea mō te tau mutu a te 30 o Pipiri 2020

	Note	Actual 2020 \$000s	Budget 2020 \$000s	Actual 2019 \$000s
Revenue				
Commercial revenue	1	45,299	58,351	50,828
Finance income	1	848	452	883
Total revenue from exchange transactions	1	46,147	58,803	51,711
Philanthropic revenue		3,952	2,389	3,002
Other revenue		-	-	94
Government Wage Subsidy		6,100	-	-
Auckland Council funding	1	118,523	119,143	129,126
Total revenue from non-exchange transactions	1	128,575	121,532	132,222
Total revenue	1	174,722	180,335	183,933
Expenditure				
Employee benefits	2	58,589	54,472	50,145
Depreciation expense		34,429	32,978	31,373
Amortisation expense		917	-	802
Impairment of property, plant and equipment		1,547	-	1,855
Finance expenditure		554	-	306
Other expenses		56,495	50,149	45,732
Total expenditure		152,531	137,599	130,212
Surplus from continuing operations before tax		22,191	42,736	53,721
Surplus after tax attributable to:				
Regional Facilities Auckland		22,191	42,736	53,721
Other comprehensive income				
Gain on property and art revaluations		85,068	-	1,438
Total other comprehensive income		85,068	-	1,438
Total comprehensive income after tax		107,259	42,736	55,159

Explanations of significant variations from budget are detailed in Note 4.
The accompanying notes form part of these financial statements.

Statement of Financial Position as at 30 June 2020

He Kōrero mō Tahua Pūtea i te 30 o Pipiri 2020

	<i>Note</i>	Actual 2020 \$000s	Actual 2019 \$000s
Assets			
Current assets			
Cash and cash equivalents	5	25,812	60,110
Receivables	6	27,382	34,124
Prepayments		324	1,190
GST receivable		302	722
Other financial assets	16	123	222
Inventories	7	877	857
Total current assets		54,820	97,223
Non-current assets			
Property, plant and equipment	12	1,245,550	1,146,391
Artwork collections	13	310,680	288,792
Heritage and cultural assets	14	3,438	4,685
Intangible assets	15	1267	1,732
Other financial assets	16	1,082	1,420
Total non-current assets		1,562,017	1,443,020
Total assets		1,616,837	1,540,243
Liabilities			
Current liabilities			
Payables	8	81,230	112,839
Borrowings and other financial liabilities	17	1,707	1,707
Employee entitlements	9	7,143	5,877
Provisions	10	807	1,038
Total current liabilities		90,887	121,461
Non-current liabilities			
Borrowings and other financial liabilities	17	7,164	7,434
Total non-current liabilities		7,164	7,434
Total liabilities		98,051	128,895
NET ASSETS		1,518,786	1,411,349
Equity and reserves			
Contributed capital	19	1,053,532	1,053,532
Accumulated surplus / (deficit)	19	52,267	30,087
Restricted equity	19	1,979	1,788
Asset revaluation reserves	19	411,008	325,940
Total equity		1,518,786	1,411,349

The accompanying notes form part of these financial statements.

Statement of Changes in Equity as at 30 June 2020

He Kōrero mō te Panoni Rawa Pūtea i te 30 o Pipiri 2020

	<i>Note</i>	Actual 2020 \$000s	Actual 2019 \$000s
Balance 1 July		1,411,348	1,355,488
Total comprehensive revenue and expenses for the year		107,259	55,159
Owner transactions			
Movement in restricted equity		180	51
Recognition of asset previously disposed through equity		-	650
Balance at 30 June		1,518,787	1,411,348

The accompanying notes form part of these financial statements.

Statement of Cash Flows for the year ended 30 June 2020

He Kōrero mō te Kapewhiti Pūtea i te 30 o Pipiri 2020

	<i>Note</i>	Actual 2020 \$000s	Actual 2019 \$000s
Cash flows from operating activities			
Receipts from Auckland Council funding		118,523	129,126
Receipts from commercial revenue		30,661	39,572
Receipts from third parties held in relation to future events		19,533	51,662
Net GST received / (paid)		418	(105)
Finance income	1	(848)	883
Payments to suppliers and employees		(128,299)	(93,360)
Interest paid		(554)	(306)
Net cash inflow / (outflow) from operating activities		39,434	127,472
Cash flows from investing activities			
Loan repayments received		193	109
Purchase of property, plant and equipment		(73,459)	(83,556)
Purchase of intangible assets		(660)	(1,629)
Net cash inflow / (outflow) from investing activities		(73,926)	(85,076)
Cash flows from financing activities			
Distributions to / (from) restricted reserves		193	83
Net cash inflow / (outflow) from financing activities		193	83
Net increase / (decrease) in cash and cash equivalents		(34,299)	42,479
Cash and cash equivalents at beginning of the year		60,110	17,631
Cash and cash equivalents at end of the year	5	25,811	60,110

The accompanying notes form part of these financial statements.

Basis of Reporting

Te Takenga Pūrongo

Reporting entity

Regional Facilities Auckland (RFA) is a charitable trust incorporated in New Zealand under the Charitable Trusts Act 1957 and domiciled in New Zealand. RFA was established by deed as a trust with a single corporate trustee, being Regional Facilities Auckland Limited (RFAL), and started operations on 1 November 2010.

The objectives detailed in the deed of trust are available online at:

<http://www.legislation.govt.nz/regulation/public/2010/0253/11.0/DLM3174949.html>

RFAL is a council-controlled organisation (CCO) as defined by Section 6 of the Local Government Act 2002 and is wholly owned by Auckland Council. RFA is a public sector public benefit entity (PBE) as defined under the External Reporting Board (XRB) Standard A1.

The financial statements of RFA are for the year ended 30 June 2020. Comparative information is provided for the period from 1 July 2018 to 30 June 2019. The financial statements were authorised for issue by RFA's Board on 23 September 2020.

Key	Explanation
	Accounting policies
	Significant judgements and estimates
	Local government disclosures

Basis of preparation

Statement of compliance – The financial statements of RFA have been prepared in accordance with the Local Government Act 2002. These financial statements comply with International Public Sector Accounting Standards (IPSAS) and other applicable financial reporting standards as appropriate for public benefit entities designated Tier 1.

The financial statements are presented in New Zealand dollars and all values rounded to the nearest thousand dollars (\$000). The functional currency of RFA is New Zealand dollars (NZD).



Accounting policies

Accounting policies are applied in the preparation of these financial statements and are noted in the blue text box alongside the appropriate note. These policies have been consistently applied to the opening statement of financial position and reporting period to 30 June 2020, unless otherwise stated.

Measurement base – These financial statements have been prepared on a historical-cost basis, modified by the revaluation of land and buildings and art collections.

Going concern – The financial statements have been prepared on a going-concern basis.

Budget figures – Those figures approved in the Statement of Intent for 2019-2022, which is published on RFA's website at:

www.rfa.nz/rfa-statement-of-intent

The budget figures were prepared in accordance with NZ GAAP, using accounting policies consistent with those adopted by RFA in preparing these financial statements.

Other accounting policies and judgements



Goods and services tax (GST)

All items in the financial statements are stated exclusive of goods and services tax (GST), except for trade and other receivables and payables, which are presented on a GST-inclusive basis. GST not recoverable as input tax is recognised as part of the related asset or expense.

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

The net GST paid to, or received from, the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows. Commitments and contingencies are disclosed exclusive of GST.

Income tax

RFA is registered as a charity under the Charities Act 2005 and is not liable for income tax.



Accounting judgements, estimates and assumptions

In preparing these financial statements, RFA has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions 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 and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed within the applicable notes.

Significant judgements relate to:

Assessing the recognition of grants revenue received (Note 1)

Determining the appropriate asset classes and useful lives of property, plant and equipment; estimating the depreciated replacement costs and the residual value of certain assets (Note 12)

Determining the discount rate for community loans (Note 16)

Accounting for the operating lease with regard to Spark Arena (Note 21)

Implementation of new and amended standards

Impairment of Revalued Assets (Amendments to PBE IPSAS 21 Impairment of Non-Cash-Generating Assets and PBE IPSAS 26 Impairment of Cash-Generating Assets)

The amendments change the scope of PBE IPSAS 21 and PBE IPSAS 26 to include assets measured at revalued amounts under the revaluation model in PBE IPSAS 17 Property, Plant and Equipment and PBE IPSAS 31 Intangible Assets (“revalued assets”). As a result of the amendments, revalued assets are subject to the same impairment assessment requirements as assets that are measured using the cost model. Consequential amendments were also made to PBE IPSAS 17 and PBE IPSAS 31.

Other than extending the scope of the RFA’s accounting policy on impairment to include revalued assets, there have been no other changes to RFA’s financial statements as a result of these amendments. The adoption of these amendments resulted in an immaterial impact on the financial statements.

PBE IPSAS 39 Employee Benefits

PBE IPSAS 39 replaces the previous standard on employee benefits, PBE IPSAS 25 Employee Benefits. PBE IPSAS 39 is based on IPSAS 39, which was issued by the IPSASB to update its standards for the amendments to IAS 19 by the IASB during the 2011-2015 period.

The new standard:

- amends the short-term employee benefit definition to be those employee benefits that are expected to be settled wholly before 12 months after the end of the reporting period in which the employees render the related service
- removes the option to defer the recognition of certain actuarial gains and losses arising from defined benefit plans (the “corridor approach”);
- eliminates some of the presentation options for actuarial gains and losses arising from defined benefit plans
- introduces the net interest approach, which is to be used when determining the defined benefit cost for defined benefit plans
- structures the disclosures for defined benefit plans according to explicit disclosure objectives for defined benefit plans.

As RFA does not have material defined benefit plans, the new standard has not impacted the financial statements.

Impact of COVID-19 on RFA

In March 2020 the COVID-19 outbreak was declared a pandemic following growing rates of infection. This dominated the final quarter of the year for RFA, directly in terms of future revenues and disruption to its operations, and the resulting effect indirectly on the economy.

Use of estimates and judgements

The effects of COVID-19 have required a number of judgments and estimates to be made in the preparation of these financial statements. Judgement was used in determining which information obtained subsequent to period end provided evidence of conditions that existed as at the end of the reporting period.

In particular, asset carrying values have been assessed at balance date. Particular consideration has been given to the provision for doubtful debts, the valuation of land and buildings and the valuation of artworks. Specific commentary on these is covered in the relevant note. These assumptions are based on RFA's best estimate of the most likely expectations at balance date.

There have been no revisions to the nature and amount of estimates reported in prior periods.

At the time of issuing these financial statements RFA has not identified any material risk to its ability to continue as a going concern.

RFA continues to monitor the impact of COVID-19 on the organization.

Revenue and Expense Results for the Year

Ngā Whiwhinga me ngā Whakapaunga Pūtea o te Tau

Note 1 – Revenue		Actual 2020 \$000s	Restated 2019 \$000s
Pitopito kōrero 1 – Ngā whiwhinga moni	<i>Note</i>		
Commercial revenue from exchange transactions			
Entrance and admission fees		9,580	9,462
Venue hire		9,617	12,356
Food and beverages		5,281	6,637
Membership fees		1,601	1,408
Sale of goods		2,680	3,219
Rental revenue from property leases		6,586	5,812
Other commercial revenue		9,915	11,905
Gain on disposal of plant and equipment		39	28
Total commercial revenue		45,299	50,828
Finance income			
Interest revenue		844	882
Realised foreign exchange gains		4	1
Total finance income		848	883
Total revenue from exchange transactions		46,147	51,711
Revenue from non-exchange transactions			
Donations and bequests		96	57
Sponsorships		657	527
Grants		7,069	1,074
Gifted artwork		2,230	1,345
Total philanthropic revenue		10,052	3,002
Gain / (loss) on fair value of community loans		-	94
Total other revenue		-	94
Auckland Council funding			
Operating funding		42,652	36,565
Capital funding		75,871	92,561
Total Auckland Council funding		118,523	129,126
Total revenue from non-exchange transactions		128,575	132,222
Total revenue		174,722	183,933



Revenue

Revenue is measured at the fair value of consideration received or receivable, net of discounts and GST, when the amount of revenue can be reliably measured. Specific accounting policies for significant revenue items are explained below.

Auckland Council funding – RFA receives operating and capital funding from Auckland Council. Operational funding is recognised as revenue upon entitlement based on the eligibility of expenditure in accordance with the 2019-2022 Statement of Intent between RFA and Auckland Council. Capital funding is a reimbursement for approved capital works as outlined in RFA’s asset management plan and recognised as a related party receivable at the time the capital expense is incurred by RFA.

Entrance and admission fees – These are recognised on an accrual basis in the period that the corresponding event occurs, on completion of that event.

Donations and bequests – Donations and bequests are recognised when physically received or when it is probable that a reliably measurable amount will be receivable.

Gifted artwork – Where a physical asset is gifted to RFA or acquired by RFA for nil consideration or at a subsidised cost, the asset is recognised at fair value and the difference between the considerations provided, and the fair value of the asset is recognised as revenue. The fair value of the donated assets is determined as follows:

- For new assets, fair value is usually determined by reference to retail price of the same or similar asset at time of receipt of asset.
- For used assets, fair value is usually determined by reference to market information for assets of a similar type, condition and age.

Sale of goods – Revenue from the sale of goods is recognised when the risks and rewards of the ownership of the goods pass to the purchaser.

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

Rental revenue from property leases – Lease receipts under operating leases and subleases are recognised as revenue on a straight-line basis over the lease term.



Grants received

RFA must exercise judgement when recognising grant revenue to determine if conditions of the grant contract have been satisfied. This judgement will be based on the facts and circumstances evident for each grant contract.

Grants

Grants include funding from external third parties. While these grants indicate they are to fund particular projects, the terms of the funding do not preclude the recognition of these funds on receipt of the grant. Other grants and subsidies are recognised as revenue when received.

Grants include:

- various grants to Auckland Art Gallery of \$0.7 million (2019: \$0.8 million)
- various grants to the New Zealand Maritime Museum of \$0.3 million (2019: \$0.1million).

Note 2 – Employee benefits	Actual 2020 \$000s	Actual 2019 \$000s
Pitopito kōrero 2 – Hua ki ngā kaimahi		
Salaries and wages	54,054	48,374
Employer contributions to KiwiSaver	1,329	1,161
Other	10	10
Increase / (decrease) in employee holiday pay provision	3,196	600
Total employee benefits	58,589	50,145

Note 3 – Other expenses	Actual 2020 \$000s	Actual 2019 \$000s
Pitopito kōrero 3 – Ētahi atu whakapaunga		
Other expenses include:		
Fees paid to principal auditor:		
– Audit fees for financial statement audit	263	243
– Fees for review engagement	26	26
Assurance services	121	163
Loss on disposal	7,537	2,682
	7,947	3,114

Note 4 – Explanations for major variances from RFA’s budget

Pitopito kōrero 4 – Whakamārama mō ngā rerekētanga o te tahua pūtea a RFA

Actual
2020
\$000s

Budgeted surplus from continuing operations before tax	42,736
<i>Revenue explanations</i>	
Commercial revenue not achieved	(13,051)
Additional operating funding received from Auckland Council	2,004
Capital funding not received from Auckland Council due to deferment of capital programme	(2,624)
Government Wage Subsidy received	6,100
Additional interest received	396
Other revenue not achieved	(375)
Additional donations and bequests received	2,545
Sponsorship budget not achieved	(607)
Total operating revenue explanations	(5,612)
<i>Expenditure explanations</i>	
Higher depreciation due to capital projects completed	(1,449)
Additional amortisation not budgeted	(917)
Unbudgeted remedial payments to staff in terms of Holiday Act	(2,480)
Higher staff costs*	(1,638)
Additional grants awarded not budgeted for	(1,683)
Additional interest paid	(554)
Lower direct costs arising from savings against budget	3,604
Unbudgeted disposal of assets arising from redevelopment	(8,269)
Unbudgeted impairment of property	(1,547)
Total operating expenditure explanations	(14,931)
Actual surplus from continuing operations before tax	22,191

*Additional staff costs were covered by the Government Wage Subsidy received

Working Capital

Haupū Pūtea Mahi

Note 5 – Cash and cash equivalents	Actual 2020 \$000s	Actual 2019 \$000s
Pitopito kōrero 5 – Ngā moni me ngā pūtea taurite		
Cash at bank and on hand	103	183
Operating bank account	1,458	541
Ticketing bank account	23,498	58,640
Arts development fund	752	746
Total cash and cash equivalents	25,811	60,110

Cash

Cash comprises bank accounts plus till floats, petty cash floats and a small foreign currency float.

Operating bank account

The operating bank account is part of the Auckland Council set-off arrangement, where settlement of mutual balances arising on inter-group transactions between Auckland Council and RFA is set off for debt and interest purposes.

Ticketing bank account

RFA operates the ticketing bank account for the deposit of box office ticket sales received from the ticket service provider. Funds are held in this bank account until settlement occurs for performance of shows. These funds are held in trust on behalf of event promoters until settled and do not form part of Auckland Council set-off arrangements.

Arts Development Fund

This represents funds held within an Arts Development Fund, which are treated and disclosed separately. An Arts Development Trust Deed governs the use of this fund.



Restricted cash balances

In accordance with the Local Government Act 2002, RFA operates a restricted bank account. This bank account is used for the deposit of ticketing box office funds and is accordingly considered to be restricted funds.

Note 6 – Trade and other receivables		Actual 2020 \$000s	Actual 2019 \$000s
Pitopito kōrero 6 – Whakamahi me ērā atu whiwhinga	<i>Note</i>		
Total trade and other receivables comprise:			
Receivables from exchange transactions			
Receivables from sale and supply of goods and services		3,890	3,380
Provision for impairment of trade receivables		(494)	(356)
Trade receivables net		3,396	3,024
Sundry debtors		1,399	991
Accrued income		14	2,765
Total receivables from exchange transactions		4,809	6,780
Receivables from non-exchange transactions			
Related-party receivables	23	22,573	27,344
Total receivables from non-exchange transactions		22,573	27,344
Total trade and other receivables		27,382	34,124



Trade and other receivables

Receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for expected credit loss arising from non-payment.

There is no concentration of credit risk with respect to trade receivables as there is a large number of customers. Related-party receivables are predominantly with entities within the Auckland Council (ultimate parent) group structure. RFA does not hold any collateral or other credit enhancements over these balances as security.

Provision for impairment



Provision for impairment of trade receivables

RFA has determined a provision for impairment of receivables based on an expected credit loss model. RFA has applied the simplified approach to providing for expected credit losses, which requires the recognition of a lifetime expected loss provision for trade receivables. The calculation of the allowance provision incorporates forward-looking information, such as forecasted economic conditions.

Impact of COVID-19 on the provision for doubtful debts

A significant number of RFA's trade receivables are tenants in the hospitality industry or are event-related clients in the entertainment industry. Given the higher financial risk associated with these industries as a result of their reduced operations during lockdown, RFA has applied a more conservative approach in its provisioning of doubtful trade receivables at 30 June 2020.

Note 7 – Inventories	Actual 2020 \$000s	Actual 2019 \$000s
Pitopito kōrero 7 – Rārangi taputapu		
Commercial inventory		
Items held for resale	877	857
Total inventory	877	857

The write-down of commercial inventory to net realisable value amounted to \$ 24,000 (2019: \$68,000). There have been no reversals of write-downs.



Inventory

Inventory held for use in the production of goods and services on a commercial basis is valued at the lower of cost and net realisable value. The cost of purchased inventory is determined using the first in, first out (FIFO) method.

The amount of any write-down to net realisable value of inventory is recognised in the surplus or deficit in the period of the write-down.

Note 8 – Payables		Actual 2020 \$000s	Restated 2019 \$000s
Pitopito kōrero 8 – Ngā utunga			
	<i>Note</i>		
Total payables comprise:			
Payables under exchange transactions			
Creditors		9,098	4,889
Revenue received in advance		6,495	8,283
Accrued expenses		12,194	13,286
Amounts due to third parties in relation to future events		19,533	51,676
Total payables under exchange transactions		47,320	78,134
Payables under non-exchange transactions			
Amounts due to related parties	23	33,910	34,706
Total payables under exchange transactions		33,910	34,706
Total payables		81,230	112,839



Payables

Creditors and accrued expenses are recorded at their face value.

Revenue in advance is recognised in the statement of comprehensive revenue and expenses in the period the income is earned.

Note 9 – Employee entitlements	Actual 2020 \$000s	Actual 2019 \$000s
Pitopito kōrero 9 – Ngā tikanga kaimahi		
Current portion		
Accrued salaries and wages	2,240	1,866
Annual leave	4,830	3,938
Long-service leave	73	73
Total current portion	7,143	5,877
Total employee benefits	7,143	5,877



Employee entitlements

Short-term employee benefits, including annual leave, are recognised as an expense over the period in which they accrue. Benefits that are due to be settled within 12 months after the end of the period in which the employee renders the related service are accrued based on entitlements at current rates of pay.

Note 10 – Provisions	Actual 2020 \$000s	Actual 2019 \$000s
Pitopito kōrero 10 – Whakaaturanga		
Current portion		
Grant commitment	478	508
Other	329	530
Total current portion	807	1,038
Total provisions	807	1,038

Movements for each class of provision

	Actual 2020 \$000s		
	Grant commitment	Other	Total
Previous year opening balance	508	530	1,038
Additional provisions made	66	-	66
Amounts used / unused amounts released	(96)	(201)	(297)
Closing balance	478	329	807

	Actual 2019 \$000s		
	Grant commitment	Other	Total
Previous year opening balance	504	530	1,034
Additional provisions made	97	-	97
Amounts used / unused amounts released	(93)	-	(93)
Closing balance	508	530	1,038



Provisions

Provisions are recognised when the group has a present obligation as a result of a past event, it is probable that there will be a future outflow of resources, and the amount of the provision can be reliably measured.

Provisions are not recognised for future operating losses and are measured at the present value of the expenditures expected to be required to settle the obligation.

Restructuring – A provision for restructuring is recognised when an approved, detailed, formal plan for the restructuring has either been announced to those affected, or for which implementation has already started.

Note 11 – Reconciliation of net surplus / (deficit) to net cash flow from operating activities		
Pitopito kōrero 11 – Whakamārama o te toenga whakamau / (takarepa) me te toenga kapewhiti pūtea i ngā mahi whakahaere	Actual 2020 \$000s	Actual 2019 \$000s
Net surplus / (deficit) after tax	22,191	53,721
<i>Add / (less) non-cash items</i>		
Depreciation	34,427	31,373
Amortisation	917	802
Bad debts	239	-
Non-cash lease revenue	(269)	(269)
Non-cash operational funds	-	(1,074)
Decrease in allowance for impairment of trade receivables	377	104
Net (gains) / losses on other financial assets	145	(94)
Gain on business acquisition	-	-
Other non-cash adjustments	750	(3,480)
Gifted artworks	(2,320)	(1,345)
Total non-cash items	34,266	26,017
<i>Add / (less) items classified as investing or financing activities</i>		
(Gain) / loss on disposal of property, plant and equipment	7,537	2,682
Total items classified as investing or financing activities	7,537	2,682
<i>Add / (less) movements in statement of financial position items</i>		
(Increase) / decrease in other receivables	(915)	1,337
(Increase) / decrease in accrued income	2,751	(1,182)
(Increase) / decrease in prepayments	862	(212)
(Increase) / decrease in GST receivable	419	(105)
(Increase) / decrease in inventories	(19)	(14)
Increase / (decrease) in other payables	(27,934)	44,190
Increase / (decrease) in revenue in advance	(1,788)	3,082
Increase / (decrease) in accrued expenses	(2,019)	(5,198)
Increase / (decrease) in provisions	(231)	444
Increase / (decrease) in employee benefits	1,266	464
Increase / (decrease) in capital expenditure accrual	(927)	6,819
Increase / (decrease) in net related-party balances	3,975	(4,574)
Net movement in working capital items	(24,560)	45,052
Net cash flow from operating activities	39,434	127,472

Long-term Assets

Ngā Rawa Motuhake

Note 12 – Property, plant and equipment

Pitopito kōrero 12 – Ngā rawa, whare umanga, taputapu hoki

Cost or valuation	Actual 2020						Closing balance 30 June 2020 \$000s
	Opening balance 1 July 2019 \$000s	Additions * \$000s	Disposal / Impairment \$000s	Revaluation \$000s	Recognition of asset through equity \$000s	Reclassification between asset classes \$000s	
Land	181,020	-	-	4,808	-	-	185,828
Buildings	913,627	50,811	(8,054)	10,921	-	-	967,305
Plant and equipment	30,947	13,915	(147)	-	-	-	44,714
Office equipment, furniture and fittings	15,476	1,271	(66)	-	-	-	16,681
Computer equipment	2,396	900	(2)	-	-	-	3,294
Motor vehicles	819	239	-	-	-	-	1,058
Roading and civil structures	2,962	-	-	-	-	-	2,962
Work in progress	54,891	6,244	-	-	-	-	61,135
Total cost	1,202,137	73,380	(8,269)	15,729	-	-	1,282,977

* Additions comprise construction costs incurred to existing buildings.

Note 12 (continued)

	Actual 2020						
	Opening balance 1 July 2019 \$000s	Depreciation expense \$000s	Reversal of accumulated depreciation on revaluation \$000s	Depreciation on disposals \$000s	Other adjustment s \$000s	Closing balance 30 June 2020 \$000s	Net book value 30 June 2020 \$000s
Accumulated depreciation							
Land	-	-	-	-	-	-	185,828
Buildings	25,381	27,336	(50,443)	(2,273)	-	-	967,305
Plant and equipment	17,342	4,854	-	(33)	-	22,162	22,552
Office equipment, furniture and fittings	10,586	1,421	-	-	-	12,008	4,673
Computer equipment	1,639	606	-	-	-	2,246	1,048
Motor vehicles	539	126	-	-	-	665	393
Roading and civil structures	260	87	-	-	-	346	2,616
Work in progress	-	-	-	-	-	-	61,135
Total cost	55,747	34,429	(50,443)	(2,305)	-	37,427	1,245,550

Note 12 (continued)

	Actual 2019							
	Opening balance 1 July 2018 \$000s	Additions \$000s	Revaluation n/ (impairment) \$000s	Disposals \$000s	Other adjustments \$000s	Acquired through a business combination \$000s	Reclassification n between asset classes \$000s	Closing balance 30 June 2019 \$000s
Cost or valuation								
Land	180,235	-	-	135	650	-	-	181,020
Buildings	857,898	59,051	(1,633)	(1,690)	-	-	-	913,627
Plant and equipment	26,535	4,421	(14)	-	-	-	5	30,947
Office equipment, furniture and fittings	13,577	1,899	-	-	-	-	-	15,476
Computer equipment	1,680	716	-	-	-	-	-	2,396
Motor vehicles	626	193	-	-	-	-	-	819
Roading and civil structures	2,962	-	-	-	-	-	-	2,962
Work in progress	32,507	23,593	-	(1,209)	-	-	-	54,891
Total cost	1,116,020	89,873	(1,447)	(2,764)	650	-	5	1,202,137

Note 12 (continued)

	Actual 2019						
	Opening balance 1 July 2018 \$000s	Depreciation expense \$000s	Reversal of accumulated depreciation on revaluation \$000s	Depreciation on disposals \$000s	Reclassification between asset classes \$000s	Closing balance 30 June 2019 \$000s	Net book value 30 June 2019 \$000s
Accumulated depreciation							
Land	-	-	-	-	-	-	181,020
Buildings	-	25,552	-	(173)	-	25,381	888,247
Plant and equipment	14,238	3,106	-	(2)	-	17,342	13,605
Office equipment, furniture and fittings	8,473	2,113	-	-	-	10,586	4,890
Computer equipment	1,259	380	-	-	-	1,639	757
Motor vehicles	404	135	-	-	-	539	280
Roading and civil structures	173	87	-	-	-	260	2,702
Work in progress	-	-	-	-	-	-	54,891
Total cost	24,547	31,373	-	(175)	-	55,747	1,146,391



Property, plant and equipment (PPE)

Operational assets – These include land, buildings, plant and machinery, computer equipment, furniture, fittings and equipment, and motor vehicles.

Zoological assets – Zoo animals are valued at a nominal value of \$1, in line with international practice.

Property held to meet service-delivery objectives

Property held to meet service-delivery objectives, rather than to earn rentals or for capital appreciation (i.e. investment property), is recognised as land and buildings under property, plant and equipment.

As a result, properties leased to third parties under operating leases are not classified as investment property.

Initial recognition – PPE are initially shown at cost or fair value where an asset is acquired at no cost or for a nominal cost. Cost includes any costs directly attributable to the acquisition of the items. Note that in the case of the assets acquired by RFA on establishment at 1 November 2010, cost was the carrying value of the assets by the previously owning council and CCO.

Subsequent measurement – PPE are measured at cost or fair value, less accumulated depreciation and impairment losses.

Revaluation – Revaluations of PPE are accounted for on a class-of-asset basis. Land and buildings are revalued with sufficient regularity to ensure their carrying amount does not differ materially from fair value and at least once every three years. All other asset classes are carried at depreciated historical cost.

The carrying values of revalued assets are assessed annually to ensure they do not differ materially from the assets' fair values. If there is a material difference, then the off-cycle asset classes are revalued.

The net revaluation results are credited or debited to other comprehensive income and are accumulated to an asset revaluation reserve in equity for that class of asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive income but is recognised in the surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed, and then recognised in other comprehensive income. Depreciation rates are adjusted on building revaluations.

Additions – The cost of an item of PPE is recognised as an asset if, and only if, it is probable that the future economic benefits or service potential associated with the item will flow to RFA and the cost of the item can be measured reliably.

Work in progress – 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.

Disposals – Gains and losses on disposals are determined by comparing the proceeds on disposal with the carrying amount of the asset. Gains and losses on disposals are reported net in the surplus or deficit. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to retained earnings.

Depreciation – Land is not depreciated. Depreciation is provided on a straight-line basis on all property, plant and equipment other than land, at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:



Asset class	Useful life	Rate
Buildings	3 – 100 years	(1.0% – 33%)
Plant and machinery	1 – 39 years	(2.6% – 100%)
Office equipment	1 – 25 years	(4.0% – 100%)
Computer equipment	3 – 8 years	(12.5% – 33%)
Motor vehicles	4 – 10 years	(10.0% – 25%)
Roads and civil structures	3 – 68 years	(1.4% – 33%)

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial reporting date.

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.



Depreciated replacement cost – Critical assumptions in estimating depreciated replacement cost for the revaluation of certain PPE are the estimated replacement cost of subject assets, estimated optimisation rates of subject assets and estimated remaining useful life of those assets.



Estimating useful lives and residual values of PPE – At each balance date, RFA reviews the useful lives and residual values of its PPE. Assessing the appropriateness of useful life and residual value estimates requires RFA to consider a number of factors such as the physical condition of the asset, expected period of use of the asset by RFA, 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. RFA 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.

There are no restrictions over the title over any item of property, plant and equipment. No items of PPE are secured as security for liability.

Revaluation of land and buildings

Land and buildings were revalued at 30 June 2020 by Beca, independent valuers. RFA revalues land and buildings on a three-year cycle unless the fair value assessment requires revaluation of the entire class of land and buildings. These assets are valued at either market value or depreciated replacement cost. In the event a revaluation is required, it is performed by qualified independent valuers.

Impact of COVID-19 on the valuation of land and buildings

Land and buildings were valued at 30 June 2020 by Beca in accordance with Public Benefit Entity International Public Sector Accounting Standard 17 Property Plant and Equipment (PBE IPSAS 17) and the Property Institute of New Zealand Property and Valuation Standards.

Beca has completed its valuation using the optimised depreciated replacement cost (ODRC) valuation approach. In doing so, Beca considered the impact of COVID-19 on construction costs in complex and specialised construction projects, such as RFA's buildings.

Beca expects these costs to increase due to the lack of materials and specialised labour forces as a result of COVID-19's impact on the construction industry. Beca considers the timeframes and extent of these cost changes will be largely dependent on international responses to the pandemic and associated recovery time for increasing economic activity and trade. On 28 July 2020 Beca confirmed that it had assessed the latest impacts of COVID-19 on its June valuation and concluded there was no change. Beca note that the greater market is being impacted by the uncertainty that the COVID-19 outbreak has caused. As at the date of the valuation 30 June 2020, Beca consider that there was significant market uncertainty and that while their valuation was current at the date of the valuation, the value assessed may change significantly and unexpectedly over a relatively short period of time as a result of these external factors.

Useful lives of Maritime Museum buildings

The New Zealand Maritime Museum buildings are built on leased land. RFA is depreciating the value of these buildings over the remaining lease-term, which expires on 1 March 2027, with no right of renewal.

Fair value

The fair value for each asset class for RFA is represented by the net book value. The fair value of assets not valued during the financial period has been assessed and is not materially different from the net book value.

Impairment

Assets are assessed for indicators of impairment at each financial period. Where an asset's carrying value exceeds its recoverable value (being the greater of fair value less cost to sell or value in use), the asset is written down to its recoverable value, with losses recognised in profit or loss.

Work in progress

Work in progress by asset class is detailed below.

	Actual 2020 \$000s	Actual 2019 \$000s
Buildings	55,144	48,470
Plant and equipment	5,623	6,001
Software	356	336
Other	11	84
	61,134	54,891

Note 13 – Artwork collections

Pitopito kōrero 13 – Ngā kohinga toi

RFA's fine artwork collections are classified according to the national and cultural significance of the items held, where recognition of the mana and substance of Māori, European and other major cultural heritages are reflected. This is mediated by factors including rarity, provenance, historical connotations and social capital. Public artworks are largely those on display at the Aotea Centre. In some cases, these are attached to, or were specifically commissioned for, the Aotea Centre.

Artwork collections	Moderate significance	Considerable significance	Substantial significance	Public artworks	Total
Opening balance 1 July 2018	18,389	63,012	200,889	3,538	285,828
Additions	141	176	163	-	480
Donated / vested	72	390	883	-	1,345
Revaluations	495	643	-	-	1,138
Reclassifications	111	811	(922)	-	-
Balance as at 30 June 2019	19,208	65,033	201,013	3,538	288,792
Additions	51	287	-	-	338
Donated / vested	200	469	294	-	963
Impairment	-	-	(50)	(261)	(311)
Revaluations	79	420	20,399	-	20,898
Reclassifications	(161)	(139)	300	-	-
Balance as at 30 June 2020	19,376	66,070	221,957	3,277	310,680

Revaluation of artwork collections

RFA collections are recorded at cost or revaluation. Valuations of the fine art collection held at the Auckland Art Gallery are programmed annually to ensure each class of collection is valued at least once every three years. Acquisitions to collections between revaluations are recorded at cost or at fair value if donated.

As the fine art collections have an indefinite life and are not of a depreciable nature, depreciation is not applied to the collections.

In 2020 a portion of the artwork collection has been revalued as per RFA's revaluation policy. The valuation of the artwork collection was completed on a three-year cycle as follows.

- Items in the moderate significance collection were individually revalued by Auckland Art Gallery staff during the 2018/2019 financial year.
- Items in the considerable significance collection were individually revalued by Auckland Art Gallery staff during the 2017/2018 financial year. The revaluation methodology was externally verified by Mossgreen-Webb's (Auckland).
- Items in the substantial significance collection were individually revalued by Sotheby's (London) and Coupland Art (Auckland) during the 2019/2020 financial year.

The fair values of artworks are determined by reference to observable prices in an active market and recent transactions on arm's-length terms.

Public artwork has been recognised as fair value on acquisition. The collection largely comprises artwork attached to buildings or commissioned for specific display areas and is not revalued due to the limited market for these pieces.

Fair value

The fair value for each asset class of artwork for RFA is represented by the net book value. The fair value of assets not valued during the financial period has been assessed and is not materially different from the net book value.

Revaluation of the artwork collection of substantial significance as at 30 June 2020 was carried out by Coupland Art Auckland and Sotheby's London (2019: artwork collection of moderate significance as at 30 June 2019 was carried out by Auckland Art Gallery in-house curators).

Total fair value of artworks valued by each valuer for the reporting period ending at 30 June:

Name of valuer	Type of valuer	Date performed	Asset class	\$000s
Auckland Art Gallery	Coupland Art Auckland, Sotheby's London	June 2020	Artworks in substantial significance collection	221,957
Total 30 June 2020				221,957
Auckland Art Gallery	In-house curators	June 2019	Artworks in moderate significance collection	19,208
Total 30 June 2019				19,208

Impact of COVID-19 on the valuation of artworks

The impact of COVID-19 on the June 2020 valuation of artwork in the substantial significance collection was assessed. In July 2020 RFA sought valuation advice to determine if there were any market transactions or other evidence (i.e. information gathered subsequent to valuations being issued) that indicated the artwork valuations as at 30 June 2020 should be reconsidered. This advice indicated that the valuations provided as at 30 June 2020 were materially correct as at that date.

Artworks in the moderate significance collection and the considerable significance collection are not subject to independent valuation in the current year. However, RFA management has reviewed these collections against recent New Zealand online sales and live art auctions at pre-eminent Auckland auction houses post-lockdown and concluded that there is no impairment to these collections.

Note 14 – Historical and cultural collections

Pitopito kōrero 14 – Ngā kohinga tuku iho, ahurea hoki

The New Zealand Maritime Museum collects, manages and displays the heritage and cultural assets of New Zealand’s maritime history. These collections are kept in trust for the nation.

Heritage and cultural assets	Actual 2020 \$000s	Actual 2019 \$000s
Opening balance	4,685	4,668
Additions	333	17
Impairment	(1,580)	-
Closing balance	3,438	4,685



Heritage and cultural assets

Heritage and cultural assets are carried at cost with any new collection items recognised at cost as additions to the collection, or in the case of donated collection items at fair value on acquisition. Due to the nature of the collection no depreciation will be recognised; however, an impairment assessment will be completed each reporting period. An impairment assessment was completed in June 2020 and no impairment was identified.

Note 15 – Intangible assets	Actual 2020 \$000s	Actual 2019 \$000s
Pitopito kōrero 15 – Ngā rawa kiko kore		
Computer software at cost		
Previous year opening balance	4,258	2,629
Additions	660	1,629
Disposals	(208)	-
Closing balance	4,710	4,258
Accumulated amortisation and impairment		
Previous year opening balance	2,526	1,724
Amortisation charge	917	802
Closing balance	3,443	2,526
Carrying amount	1,267	1,732

No intangible assets are pledged as security for liabilities and there are no restrictions over the title of intangible assets.



Intangibles

Intangible assets are initially recorded at cost. The cost of an internally generated intangible asset represents expenditure incurred in the development phase only.

Software acquisition and development

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs directly associated with developing software for internal use are recognised as an intangible asset. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Costs associated with developing and maintaining websites are recognised as an expense when incurred where the website is used solely for promoting RFA's services.

Alternatively, costs associated with developing and maintaining websites are capitalised as an intangible asset where the website is capable of generating revenue through direct orders and sales for RFA.

Staff training costs are recognised in the surplus or deficit when incurred.

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

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ends at the date that the asset is derecognised.

The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. The amortisation charge for each period is recognised in the surplus or deficit.



The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as:

Acquired software 1 – 8 years, 12.5% – 100%

Developed software 1 – 8 years, 12.5% – 100%.

Borrowings, Risk and Capital Management

Ngā minonga, Whakatūpato me ngā Whakahaere Haupū Rawa

Note 16 – Other financial assets	Actual 2020 \$000s	Actual 2019 \$000s
Pitopito kōrero 16 - Ētahi atu taputapu ā-pūtea		
Current portion		
Community loans	123	222
Total current portion	123	222
Non-current portion		
Community loans	1,082	1,420
Total non-current loan portion	1,082	1,420
Total other financial assets	1,205	1,642

Fair value

Community loans – The purpose of the loans is to develop community assets used for recreational or educational purposes on council-owned land. Fair value on recognition has been determined using cash flows discounted at a rate of 9.33% (2019: 10.40%), based on the ASB bank's business lending rate at 30 June 2020 of 3.33% (2019: 4.40%), plus the loan recipients' financial risk factor of 6% (2019: 6%).

Community loans	Actual 2020 \$000s	Actual 2019 \$000s
Fair value of the loans at the beginning of the period	1,642	1,658
Loans repaid during the period	(12)	(110)
Loans waived during the period	(280)	-
Fair value gain recognised in current year	(145)	94
Fair value of the loans at the end of the period	1,205	1,642



Community loans

Loans to community organisations made at nil or below-market interest rates are initially recognised at their expected future cash flows, discounted at the current market rate of return for a similar asset or investment. The difference between the face value and present value of expected future cash flows of the loan is recognised in the statement of comprehensive income as a fair value impairment. Community loans are subsequently measured at amortised cost using the effective interest method less impairment, if any.



Discount rate of 9.33% (2019: 10.40%) for community loans.

Community loans adjusted for fair value are \$1,205,000 (2019: \$1,642,000). They have stated interest rates of between 4.5% and 5.0% and mature within 5 to 52 years. The face value of the community loans is \$2,196,000 (2019: \$2,266,000).

Note 17 – Borrowings and other financial liabilities	Actual 2020 \$000s	Actual 2019 \$000s
Pitopito kōrero 17 – Ngā minonga me ērā atu take ā-pūtea		
Current portion		
Unsecured loans	1,438	1,438
Lease revenue in advance	269	269
Total current portion	1,707	1,707
Non-current portion		
Lease revenue in advance	7,164	7,434
Total non-current portion	7,164	7,434
Total borrowings	8,871	9,141



Borrowings

Borrowings are financial liabilities classified as ‘other financial liabilities at amortised cost’.

They are initially recognised at their fair value net of transaction costs incurred. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless RFA has an unconditional right to defer settlement of the liability for at least 12 months after balance date.

Unsecured loans

This balance relates to funding received from Auckland Council in relation to a historical capital expenditure project to be undertaken by RFA. The face value of the advance as at 30 June 2020 is \$1,438,000 (2019: \$1,438,000). The terms of the advance are that it is non-interest bearing and will not be called on in the next 12 months. There are no covenants attached to the advance. The advance is unsecured.

Lease revenue in advance

The contribution by the third-party operator of Spark Arena has been recognised as lease revenue in advance (refer Note 21). Lease revenue from this leasing arrangement is recognised as revenue on a straight-line basis over the period of the lease. The remaining period of the lease is 27 years.

Note 18 – Financial instruments

Pitopito kōrero 18 – Taputapu ā-pūtea

Financial instrument categories

RFA's financial assets comprise cash and cash equivalents, trade and other receivables (including community loans) and have been categorised as loans and receivables.

Financial liabilities are trade and other payables (excluding revenue in advance), borrowing, and finance leases.



Financial instruments

Financial assets comprise loans and receivables that are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are recognised initially at fair value plus transaction costs, and subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the surplus or deficit.

Loans to community organisations made at nil or below-market interest rates are initially recognised at the present value of their expected future cash flows, discounted at the current market rate of return for a similar financial instrument.

Financial liabilities are initially recorded at fair value plus directly attributable transaction costs and are subsequently measured at amortised cost using the effective interest method.

Financial instruments by category

	Actual 2020 \$000s	Actual 2019 \$000s
Financial assets through other comprehensive revenue and expenses		
Loans and receivables		
Cash and cash equivalents (Note 5)	25,812	60,110
Receivables (Note 6)	27,382	34,124
Community loans (Note 16)	1,205	1,642
Total loans and receivables	54,399	95,876
Financial liabilities measured at amortised cost		
Payables (excluding income in advance, GST payable and grants) (Note 8)	40,825	69,850
Amounts due to related parties (Note 23)	33,910	34,706
Borrowings (Note 17)	8,872	9,141
Total borrowings and payables	83,607	113,697

Financial instrument risk

RFA's activities expose it to a variety of financial instrument risks, including market risk, credit risk and liquidity risk. RFA has a series of policies to manage the risks associated with the financial instruments and seeks to minimise the exposure on those instruments. RFA is risk-averse and manages its exposure to key financial risks by applying policies that do not allow it to enter any transactions which are speculative in nature.

Classification and measurement of financial instruments

RFA classifies its financial instruments in the following categories:

- at fair value through surplus or deficit (FVTSD)
- at fair value through other comprehensive revenue and expenditure (FVTOCRE)
- at amortised cost.

Note 19 – Equity and reserves	Actual 2020 \$000s	Actual 2019 \$000s
Pitopito kōrero 19 – Ngā ōritenga me ngā mea rāhuitia		
Contributed capital		
Balance at 1 July	1,053,532	1,053,532
Previously unrecognised assets	-	-
Balance at 30 June	1,053,532	1,053,532
Accumulated surplus / (deficit)		
Balance at 1 July	30,087	(24,267)
Surplus / (deficit) for the year	22,191	53,721
Reinstatement of asset incorrectly disposed	-	650
Transfers to restricted equity	(11)	(17)
Balance at 30 June	52,267	30,087
Restricted equity		
Balance at 1 July	1,788	1,720
Transfers from accumulated surplus	11	17
Contributions received / (distributions made)	180	51
Balance at 30 June	1,979	1,788
Asset revaluation reserves		
Balance at 1 July	325,940	324,502
Revaluations gains / (losses) through comprehensive income	85,068	1,438
Balance at 30 June	411,008	325,940
Total equity	1,518,785	1,411,349

Changes in the carrying value of RFA's equity and reserve balances are shown in the statement of equity. Details on the nature of the specific equity and reserve balances are detailed below.

Contributed capital

Contributed capital represents the amount of net assets initially injected into RFA on its incorporation on 1 November 2010 as a result of the disestablishment of previous Auckland councils and council-controlled entities, and establishment of Auckland Council and its newly created council-controlled entities.

Accumulated surplus / (deficit)

Accumulated surplus / (deficit) represents the surpluses and deficits earned by the entity that have been retained since RFA's incorporation on 1 November 2010, plus the current year's surplus and movement.

Restricted equity

RFA sets aside specific amounts of retained surpluses in relation to its operations at Auckland Zoo. Specifically, restricted equity has been set aside for the Zoo's activities relating to conservation initiatives. As costs are incurred, they are recognised through profit and loss in the period to which they relate, and the corresponding funds are transferred from restricted equity to retained earnings.

Restricted equity also includes trusts and bequest funds administered by Auckland Council for the benefit of Auckland Art Gallery to buy art and for other specified purposes.

Asset revaluation reserve

RFA operates an asset revaluation reserve to hold movements on the revaluation of non-current assets.

Asset revaluation reserves consist of:

Artwork collection classified as moderate significance
Artwork collection classified as considerable significance
Artwork collection classified as substantial significance
Total artwork collections
Land
Buildings
Total asset revaluation reserves

Actual 2020 \$000s	Actual 2019 \$000s
1,725	1,646
5,889	5,671
33,047	13,724
40,661	21,041
73,012	68,204
297,335	236,695
411,008	325,940

The asset revaluation reserve is maintained by class of revalued non-current assets. Movements in the revaluation of items are restricted to the class of non-current assets to which they are allocated, in accordance with PBE IPSAS 17.

On exhaustion of the asset revaluation reserve of a particular class of non-current assets, any further devaluation is taken to profit or loss and is not offset by any remaining revaluation reserves of other classes of non-current assets, in accordance with PBE IPSAS 17.



Equity

Equity represents the shareholder's interest in RFA and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components:

- contributed capital
- accumulated surplus / (deficit)
- restricted equity
- property revaluation reserve

Restricted reserves – a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by the parent.

Restricted reserves are those subject to specific conditions accepted as binding by RFA and which may not be revised by RFA without reference to the courts or a third party.

Transfers from these reserves may be made only for certain specified purposes or when certain specified conditions are met.

Restricted reserves include those restricted by RFA's decision.

Auckland Council may alter restricted reserves without reference to any third party or the courts. RFA's objectives, policies and processes for managing capital are explained in Note 20.

Note 20 – Capital management

Pitopito kōrero 20 – Ngā whakahaere ā-pūtea

The capital structure of RFA consists of net debt (borrowings as detailed in Note 18 offset by cash and cash equivalents) and equity, which comprises:

- contributed equity
- accumulated surplus / (deficit)
- restricted equity
- property revaluation reserve.

Equity is represented by net assets.



The Local Government Act 2002 (the Act) requires RFA to manage its revenues, expenses, assets, liabilities, investments and general financial dealings prudently and in a manner that promotes the current and future interests of the community. RFA's funds are largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments and general financial dealings.

The objective of managing these items is to achieve intergenerational equity, which is a principle promoted in the Act and applied by the parent. Intergenerational equity requires today's ratepayers to meet the costs of using RFA's assets and does not expect them to meet the full cost of long-term assets that will benefit ratepayers in future generations. Additionally, RFA has in place asset management plans for major classes of assets, detailing renewal and maintenance programmes, to ensure that ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.



The Act requires the ultimate parent (Auckland Council) to make adequate and effective provision in its long-term plan (LTP) and annual plan (where applicable) to meet the expenditure needs of those plans. The Act sets out the factors that RFA is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out in the funding and financial policies in the parent's LTP.

RFA has only one lender of debt, which is Auckland Council, and is precluded from borrowing from any party other than Auckland Council through its debt arrangement.

Other Disclosures

Wāhanga 6: Ētahi atu whakaaturanga

Note 21 – Capital commitments and operating leases	Actual 2020 \$000s	Restated 2019 \$000s
Pitopito kōrero 21 – Ngā taputapu matua me ngā rihi whakahaere		
Capital commitments		
Buildings	30,015	28,006
Plant and equipment	1,114	3,260
Intangibles	52	-
Total capital commitments	31,181	31,266

Capital commitments represent capital expenditure contracted at balance date but not yet incurred.

Operating leases as lessees

RFA leases property, plant and equipment in the normal course of its business. The majority of these leases have non-cancellable terms of six months to nine years. The future aggregate minimum lease payments payable under non-cancellable operating leases are as follows.

	Actual 2020 \$000s	Actual 2019 \$000s
Not later than one year	1,266	1,517
Later than one year and not later than five years	3,350	3,742
Later than five years	1,052	1,683
	5,668	6,942

The total minimum future sublease amount expected to be received under non-cancellable subleases at balance date is \$1. This relates to a sublease to Auckland Zoological Park.

Leases can be renewed at RFA's option; rents are set with reference to current market rates for items of equivalent age.

Operating leases as lessors

RFA leases property in the normal course of its business. Most of these leases have non-cancellable terms of six months to nine years. The contribution by the third-party operator of Spark Arena has been recognised as an operating lease, and the remaining period of the lease is 27 years. The future aggregate minimum lease payments payable under non-cancellable operating leases are as follows.

	Actual 2020 \$000s	Actual 2019 \$000s
Not later than one year	6,230	6,388
Later than one year and not later than five years	9,501	14,087
Later than five years	7,815	9,364
	23,546	29,839



Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term. Lease revenue under an operating lease is recognised as income on a straight-line basis over the lease term.

Lease incentives received are recognised in the surplus or deficit over the lease term as an integral part of the total lease expense.

Significant judgement

The development and operations of Spark Arena are governed by a development agreement. This “build, own, operate, transfer” contract specifies that the residual interests at the end of the contract reside with RFA. RFA’s interests in Spark Arena have been recognised as an asset and the asset is independently revalued in line with RFA’s land and building valuation process (refer Note 12). The initial contribution to the building development by the third party has been recognised in the cost of the building asset and as lease revenue in advance, which is recognised on a straight-line basis over the period of the development agreement.

The original contribution by Auckland City Council to build the Spark Arena asset has been recognised as a building asset, and associated contribution by the operator has been recognised as a liability under the current PBE accounting standards and is accounted for on the following basis.

- Recognition of asset: the building has been recognised as an asset with a restriction on title as RFA does not hold the title at balance date. Beca has independently revalued the building in accordance with Auckland Council’s valuation policy for buildings. The building and associated improvements are depreciated over its estimated remaining useful life (currently estimated at between 31 and 78 years).
- Recognition of liability: unearned lease revenue is recognised as finance income over the remainder of the lease period on a straight-line basis.

Note 22 – Contingencies

Pitopito kōrero 22 – Tikanga tūpono

Contingent liabilities 2020

There are no contingent liabilities in 2020 (2019: nil).

Contingent assets 2020

New Zealand Centre for Conservation and Medicine

Certain leases and subleases for land and a building between Auckland Zoo and Auckland Zoological Park Charitable Trust (Inc) started on 6 July 2007 for 34 years and 363 days. The building, owned by the Trust, is used by Auckland Zoo as a national wildlife conservation and support facility providing specialist teaching, research and veterinary services and may revert at the end of the lease to RFA. Due to the current uncertainties as to the nature of the building’s condition or use at the end of the lease, the fair value attributable to RFA’s interest in the property cannot be determined and has not been recognised.

Architectural and building services claim

RFA has issued a claim against a consultant for the Aotea Centre development project relating to project design faults. The final claim amount at 30 June 2020 has not yet been quantified.

2019: The same contingency existed for the New Zealand Centre for Conservation and Medicine.

Note 23 – Related parties

Pitopito kōrero 23 – Ngā whakawhanaungatanga



Related parties include associates, key management personnel and elected representatives of Auckland Council and their close family members and entities controlled by them. Key management personnel are the chief executive and executive leadership team. The elected representatives of the council are the mayor and councillors. Close family members include spouses or domestic partners, children and dependants.

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

Related party transactions required to be disclosed

The ultimate parent of RFA is Auckland Council (100%). Transactions arising from operational and capital funding between RFA and the Auckland Council Group are at arm's length, except for an unsecured loan (2020 is \$1,438,000; 2019: \$1,438,000), refer Note 17. As this loan is interest free, it is not considered at arm's length.

Auckland Council also provides support services to RFA, which include financial and support services. These costs are incurred as part of the council's general overheads and are not allocated or invoiced to RFA. Accordingly, no support service expense is recognised by RFA. These costs are not reflected in the statement of comprehensive revenue and expenses, as they are incurred by the council. RFA has no expectation that it will have to reimburse the council for expenditure relating to the current financial year.

	Actual 2020	Actual 2019
Remuneration		
Number of full-time employees	505	465
Number of all other employees	700	655
Full-time equivalent (FTE) number of all other employees	117	108
Number of employees receiving total annual remuneration of less than \$60,000	817	788

Note: the above numbers reflect full-time employees and casual employees as at 30 June 2020 and 30 June 2019.

The full-time equivalent (FTE) numbers of all other employees are those casual and part-time employees who were contracted at 30 June 2020.

Employee numbers and remuneration bands

Total annual remuneration by band for employees as at 30 June 2020 is detailed below as per the banding stipulated in the Local Government Act 2002.

	Actual 2020	Actual 2019
< \$60,000	817	778
\$60,000 – \$79,999	202	176
\$80,000 – \$99,999	87	81
\$100,000 – \$119,999	38	33
\$120,000 – \$139,999	15	14
\$140,000 – \$159,999	19	13
\$160,000 – \$179,999	6	6
\$180,000 – \$199,999	3	6
\$200,000 – \$259,999	10	7
\$260,000 – \$479,999	8	6
Total employees	1,205	1,120

Key management personnel

Board of Directors

Andrew Barnes	Chair, retired 9 September 2020
Lisa Bates	Director, retired 1 November 2019
Geoff Clews	Director, retired 1 November 2019
Andrew Collow	Director, retired 9 September 2020
Mark Franklin	Chair, appointed 14 September 2020
Candace Kinser	Director, retired 9 September 2020
Joanna Perry	Director, retired 9 September 2020
Fabian Partigiani	Director
Jennifer Rolfe	Director
Jannah Wootten	Director, appointed 1 November 2019

Executive Leadership Team

Chris Brooks	Chief Executive Officer
Brian Monk	Chief Finance Officer
Paul Brewer	Chief Operating Officer
Kirsten Paisley	Director, Auckland Art Gallery Toi o Tāmaki
Jonathan Wilcken	Director, Strategy
Robbie Macrae	Director, Auckland Live and Auckland Conventions
Paul Nisbet	Director, Venue Development Strategy
Kevin Buley	Director, Auckland Zoo
James Parkinson	Director, Auckland Stadiums
Vincent Lipanovich	Director, New Zealand Maritime Museum Hui Te Ananui A Tangaroa
Janice Smith	Director, People and Culture
Kelly Dickson	Director, Commercial and Growth
Kirsty Dent	Director, People and Culture, resigned 11 August 2019

	Actual 2020 \$000s	Actual 2019 \$000s
Key management personnel compensation		
Board of Directors		
Total remuneration	356	410
Headcount	7	8
Executive Leadership Team		
Total remuneration	3,340	3,053
Full-time equivalent members	12	11
Total key management personnel compensation	3,696	3,463
Total full-time equivalent members	19	19

Due to the difficulty in determining the full-time equivalent for board members, the number of board members is taken as the full-time equivalent.

Note 24 – Severance payments

Pitopito kōrero 24 – Ngā utu tapahitanga

For the year ended 30 June 2020, RFA made eight payments totalling \$153,401 (2019: 11 payments totalling \$455,731).

Note 25 – Events after balance date

Pitopito kōrero 25 – Ngā mahi ā muri o te rā ōritenga

The Review of Auckland Council’s Council-Controlled Organisations Report of the Independent Panel dated July 2020 was issued to the public on 11 August 2020. A recommendation of the panel to the Auckland Council Governing Body was that the Council-Controlled Organisations, Regional Auckland Facilities Limited (RFAL) as the trustee of RFA and Auckland Tourism, Events and Economic Development Limited (ATEED), be merged and a steering group be appointed to implement the change. The Auckland Council Governing Body met on 27 August 2020 and approved this recommendation to be effective 1 December 2020.

Statement of Service Performance

Kōrero mō ngā Ratonga Āwhina

<p>AUCKLAND PLAN</p>	<p>A 30-year plan for the whole of Auckland that is delivered by Auckland Council, central government and external stakeholders.</p>	<p>RFA provides a regional approach to running and developing Auckland's art, culture and heritage, sport and leisure sectors. RFA's contribution to the Auckland Plan is set out in Section A of this report.</p>
<p>LONG-TERM PLAN</p>	<p>A 10-year plan for Auckland Council that is delivered by the council and council-controlled organisations (CCOs).</p>	<p>The long-term plan (LTP) outlines RFA strategic priorities as: a) Advancing the social and cultural wellbeing of Auckland, b) Contributing to the growth of the region's economy, c) Being trusted stewards of our venues. RFA's progress in these areas is set out in Section B of this report.</p>
<p>STATEMENT OF INTENT</p>	<p>RFA's agreement with Auckland Council regarding our implementation of the strategic priorities in the long-term plan.</p>	<p>RFA's three-year work plan details how we will achieve our strategic priorities and key measures. The financial performance for the current year is presented in Section 1 of the Annual Report. The progress on all other measures is set out in Section C of this report.</p>

SIX OPERATIONAL BUSINESS DIVISIONS



OWNERSHIP/MANAGEMENT OF 13 ICONIC AND SPECIALIST VENUES

- Auckland Art Gallery Toi o Tamaki • Auckland Zoo • Western Springs Stadium • Aotea Centre
- Auckland Town Hall • Bruce Mason Centre • The Civic • North Harbour Stadium • Queens Wharf
- Aotea Square • Viaduct Events Centre • Mt Smart Stadium • New Zealand Maritime Museum

In addition to our six business divisions, RFA holds management rights for Auckland Town Hall and Aotea Square, land rights to the Museum of Transport and Technology (MOTAT) and The Trusts Arena, and ownership interests in Spark Arena. We advise Auckland Council on levy setting and governance for MOTAT and Auckland War Memorial Museum. RFA provides community loans to Stardome Observatory and Planetarium and MOTAT. We also provide funding to The Trusts Arena, Vodafone Events Centre and Eventfinda Stadium (formerly North Shore Events Centre).

Section A: Contribution to the Auckland Plan

Wāhanga A: Takoha ki te Mahere o Tāmaki Makaurau

The Auckland Plan is the roadmap to how Auckland is expected to grow and change during the next 30 years as it tackles the following challenges faced by the city:

- the rate of population growth and its implications
- how to share prosperity with all Aucklanders
- reducing environmental degradation.

The Auckland Plan sets the direction for tackling these challenges, outlines the values that will shape how the city works together and identifies key organisations that will play important roles in creating a shared future.

It is a 30-year plan underpinned by six outcomes, 20 directions and 37 focus areas to achieve this vision.



				
Belonging and participation	Māori identity and wellbeing	Homes and places	Environment and cultural heritage	Opportunity and prosperity
All Aucklanders will be part of and contribute to society, access opportunities, and have the chance to develop to their full potential.	A thriving Māori identity is Auckland's point of difference in the world – it advances prosperity for Māori and benefits all Aucklanders.	Aucklanders live in secure, healthy and affordable homes, and have access to a range of inclusive public places.	Aucklanders preserve, protect and care for the natural environment as our shared cultural heritage, for its intrinsic value and for the benefit of present and future generations.	Auckland is prosperous with many opportunities and delivers a better standard of living for everyone.
Direction	Direction	Direction	Direction	Direction
<ul style="list-style-type: none"> • Foster an inclusive Auckland where everyone belongs 	<ul style="list-style-type: none"> • Promote Māori success, innovation and enterprise • Recognise and provide for Te Tiriti o Waitangi outcomes • Showcase Auckland's Māori identity and vibrant Māori culture 	<ul style="list-style-type: none"> • Provide sufficient public places and spaces that are inclusive, accessible and contribute to urban living 	<ul style="list-style-type: none"> • Ensure Auckland's infrastructure is future-proofed • Ensure Auckland's environment and ecosystems are valued and cared for 	<ul style="list-style-type: none"> • Attract and retain skills, talent and investment

Focus areas	Focus areas	Focus areas	Focus areas	Focus areas
<ul style="list-style-type: none"> • Create safe opportunities for people to meet, connect, participate in and enjoy community and civic life • Provide accessible services and social infrastructure that are responsive in meeting people's evolving needs • Recognise, value and celebrate Aucklanders' differences as a strength 	<ul style="list-style-type: none"> • Strengthen rangatahi leadership, education and employment outcomes • Celebrate Māori culture and support te reo Māori to flourish 	<ul style="list-style-type: none"> • Create urban spaces for the future, focusing investment in areas of highest population density and greatest need 	<ul style="list-style-type: none"> • Encourage all Aucklanders to be stewards of the environment and make sustainable choices • Protect Auckland's significant environments and cultural heritage from further loss 	<ul style="list-style-type: none"> • Harness emerging technologies and ensure equitable access to high quality digital data and services • Increase educational achievement, lifelong learning and training, with a focus on those most in need

During the 2019/2020 financial year, RFA played a critical role in delivering Auckland's vision through both primary and secondary contributions. These are outlined in the table below.

Belonging and participation

- RFA offers venues and services that invite all Aucklanders to engage and enjoy arts, leisure, sports and entertainment events and activities.
- RFA provides a wide range of free and subsidised events and exhibitions for the Auckland community, as well as providing our venues for community use. RFA's programming aims to ensure content of interest and relevance to the widest range of Auckland's diverse communities.
- Education and school programmes are offered by Auckland Art Gallery, Auckland Live, Auckland Zoo and New Zealand Maritime Museum, with community events provided by Auckland Live, Auckland Art Gallery and Auckland Stadiums.
- RFA is also growing its outreach programme aimed at engaging the wider Auckland community outside RFA venues.
- Within RFA venues, we recognise the importance of all aspects of accessibility, as reflected in affordability, transport and physical accessibility.
- When major events are staged at RFA venues, our management works with Auckland Transport to ensure efficient transport options are available to patrons, often as part of their ticketing. RFA has also planned for the impact of the City Rail Link on its CBD venues.
- Significant refurbishment of RFA's venues targets improvements to meet aesthetic, amenity and physical accessibility standards, so that all Aucklanders can experience RFA programmes.
- Through RFA websites, information is provided to Aucklanders on venue accessibility including wheelchair access points and hearing aid loop information, and guide dogs are welcome at all venues. Sign language interpretation and audio descriptions are also offered in many performances. RFA is also continuing to expand remote access to our programmes through digital and other media channels.

Key achievements

- RFA played host to the first-ever standalone NRL Women's Premiership fixture at Mt Smart Stadium.
- In a season shortened by COVID-19, RFA delivered 12 weeks of major stage productions, including *War Horse*, *School of Rock*, *Les Misérables* and the worldwide smash hit *The Book of Mormon*.
- Auckland Live delivered an extensive programme of free and subsidised experiences, engaging with 574,601 participants across 103 events and 701 performances.
- RFA continued its commitment to accessibility with New Zealand Sign Language interpretation available for *War Horse*, *School of Rock*, *Les Misérables* and *The Book of Mormon*, while the latter three had audio described performances.
- More than 422,000 people visited Auckland Art Gallery and New Zealand Maritime Museum, with free admission for residents and access to 17,976 works of art in person and online and thought-provoking maritime history.
- New Zealand Maritime Museum opened the exhibition *Tākirī: An Unfurling* to celebrate the 250th anniversary of the first onshore meetings between Māori and the crew of the *HMS Endeavour*.
- Auckland Art Gallery presented 11 new exhibitions, including *Enchanted Worlds: Hokusai, Hiroshige and the Art of Edo Japan*, a rare exhibition of Edo-period painting.
- Over 540,000 people visited Auckland Zoo during the year to experience wildlife conservation science at work.
- Auckland Stadiums held 340 community event days at its three stadiums: Mt Smart Stadium, North Harbour Stadium and Western Springs Stadium.
- RFA's summer stadium concert line-up boosted the Auckland economy with 124,523 visitor nights and a tourism spend of more than \$27 million.

Māori identity and wellbeing

- RFA implemented Mahere Aronga Māori - Māori Responsiveness Plan 2018-2021 (MRP), which aligns with the Auckland Council Group Māori Responsiveness Framework. The MRP provides a shared approach across our six business divisions towards advancing the organisation's success in being more responsive and effective in delivering Māori outcomes. RFA adopted the following strategic statement to steer the development of the MRP:
 - *RFA will showcase Auckland's Māori identity and talent by celebrating Māori culture and supporting Te Reo Māori to flourish.*

Key achievements

- In recognition of RFA's commitment to Te Ao Māori a new part-time role has been established, entitled General Manager Kaupapa Māori. This is an important step in the development of our MRP.
- RFA has reviewed the Auckland Council Te Reo Strategy and adopted an action plan for implementation over the next year. This will be expressed through the MRP.
- RFA, in partnership with the council's People and Performance Group, successfully applied for Te Toa Takitini funding to resource capability and development training for staff and foundational-level training starting in November. This is a positive step towards achieving goals related to being "An empowered organisation". It will also increase the ability of our staff to work effectively with Mana Whenua and Māori communities in the delivery of our business activities.
- The Maritime Museum opened *Tākiri: An Unfurling*, a contemporary art exhibition as part of the Tuia 250 national commemoration, commissioning seven new works by Māori and Pacific artists. It hosted vessels from the Tuia 250 flotilla on Labour Weekend, with more than 9,000 visitors coming through for deck tours and museum activities.
- Auckland Art Gallery continues to progress planning of the *Toi Tū Toi Ora: Contemporary Māori Art* exhibition celebrating 70 years of Māori contemporary art, which will open in December 2020.
- All our business units with direct customer service responsibilities have implemented Te Reo Māori, waiata and tikanga Māori staff training opportunities.
- We make public announcements in both Te Reo Māori and English, and Auckland Stadiums uses bilingual signage when hiring out the facilities. Bilingual signage is used at all major concert events.
- RFA was able to purchase three taonga from the Webber Collection and registered to purchase taonga of New Zealand.
- The Te Whanake group played a key role in the Haka Powhiri ceremony to bless the mauri of the renamed Kiri Te Kanawa Theatre (formerly ASB Theatre). This ceremony was led by Ngāti Whātua Ōrākei. A specifically recorded voice-over in Te Reo Māori was delivered in theatre pre-show to welcome patrons.

Homes and places

- RFA is developing, with a regional perspective, a range of fit-for-purpose event venues that are attractive and readily accessible to the residents and businesses of the region and its visitors.
- RFA's venues are considered public spaces and continue to be inclusive and accessible for all Aucklanders.

Key achievements

- The South East Asia Jungle Trail is the largest renewals project in Auckland Zoo's history, with the first phase opened in July 2020.
- The Aotea Centre interior refurbishment is now complete, with improved mobility access throughout. Final work on the exterior is underway.
- The redevelopment of North Harbour Stadium into a multi-purpose venue has been completed, with the stadium now home to New Zealand's first professional baseball team, the Auckland Tuatara.
- RFA has taken over the running of the Auckland Art Gallery cafe, providing an enhanced customer experience.
- RFA launched *Urban Explorers*, a 'Goosechase app' initiative to attract families back into the city at COVID-19 Alert Level 1 by having participants solve clues at the New Zealand Maritime Museum, Art Gallery and the Aotea Arts Quarter venues.
- Mt Smart Stadium hosted three drive-in movie nights as part of a programme to source alternative revenue streams.

Environmental and cultural heritage

- Auckland Zoo contributes to local and international breeding, conservation and educational programmes to build an understanding of wildlife and conservation.
- RFA's businesses will minimise the use of water, electricity and associated waste across our venues.
- Auckland Art Gallery and New Zealand Maritime Museum dedicate significant resources to preserving Auckland's cultural and art history for future generations.

Key achievements

Environmental

- RFA became a Toitū carbonreduce certified organisation, verifying that our operational greenhouse gas emissions for the financial year 2018/2019 have been measured in accordance with ISO 14064-1:2006. Auckland Zoo achieved Toitū carbonzero certification for the fourth consecutive year.
- Reports from the waste services provider for the Aotea Centre and Auckland Zoo refurbishment projects demonstrated waste diversion rates of over 80% across both construction sites.
- The North Harbour Stadium Baseball project saw 800 stadium seats recycled, and a rescoping of the project during the design stage prevented the use of 250 tonnes of concrete and 22 tonnes of reinforcing steel, equivalent to around 40 tonnes of CO₂.
- The U2 concerts at Mt Smart Stadium saw the largest roll-out of Globelet reusable cups – the use of these cups has now been implemented as business-as-usual across all major events at Mt Smart.
- A new waste compound has been constructed at Mt Smart Stadium to enable enhanced management and sorting of waste streams, including a hand-sorting area and wash-down facilities.
- Permission was granted for the emergency release of 822 juvenile wētāpunga onto Motuihe Island at the start of Alert Level 4. The conservation of the endangered species is on the Government's list of essential services and relieving the Zoo's ectotherms team of the significant care of the young wētāpunga was essential to the Zoo's COVID-19 mitigation strategy.
- In February, RFA's inaugural sustainability report *Our Footprint* was published online, sharing information, metrics and case studies about sustainability work being undertaken across our business units and venues.
- During lockdown Auckland Art Gallery was set to 'night mode' and experienced a 26% electricity use reduction in April, compared with the same month last year. Other venues (The Civic, Bruce Mason Centre, Aotea Centre, Mt Smart Stadium, Queens Wharf) used 40-60% less electricity in April, compared with the same time last year.

Cultural

- The new exhibition *A Place to Paint: Colin McCahon in Auckland* opened on 10 August at Auckland Art Gallery, and was officially launched a week later by Prime Minister the Rt Hon Jacinda Ardern.
- The Gallery launched four new artist projects at the end of November: new commissions by New Zealand artists Sorawit Songsataya and John Reynolds, an interactive exhibition by New Zealand artist Sara Hughes and a new installation in the North Atrium by Scottish artist Nathan Coley.
- Auckland Live presented 24 performances of Cubbin Theatre Company's *Up and Away* in The Civic's Wintergarden. The unique show was specifically designed for infants up to one year of age. All shows and extra performances sold out.

Opportunity and prosperity

- Digital advancement is a key initiative for RFA in improving its customer experience.
- Auckland Art Gallery, Auckland Zoo, New Zealand Maritime Museum and Auckland Live offer educational programmes and professional training programmes for young people and young professionals.

Key achievements

- In August, Auckland Art Gallery hosted the Pat Hanly Creativity Awards recognising 36 exceptional Year 13 art students from 28 Auckland secondary schools. The awards, supported by AUT, acknowledge Pat Hanly's contribution to New Zealand contemporary art and his passion for art education and supporting young artists.
- In March, Auckland Live partnered with the Performing Arts Network of New Zealand (PANNZ) to begin facilitating an online weekly hui series, which provides performing arts industry advice, feedback and discussion during this pandemic crisis. Each hui is led by a different panel of performing arts stalwarts from arts companies, organisations, festivals and theatres across New Zealand. It is live streamed every Monday on the PANNZ Facebook event page and YouTube.
- There were high levels of engagement with RFA's digital content during lockdown. Auckland Live's online hub featured extensive performing arts experiences, Auckland Zoo introduced live streaming and online education resources, and the New Zealand Maritime Museum launched its free Mini Māuis kids club.
- Auckland Art Gallery's innovative virtual tour of *Enchanted Worlds: Hokusai, Hiroshige and the Art of Edo Japan* launched mid-May.
- The Maritime Museum delivered the *Tākiri: An Unfurling* exhibition to digital audiences through the podcast series Tākiri Talks, audio video profiles and extra online content.
- During lockdown RFA had an extensive focus on Auckland's tamariki, with the Auckland Live Kids Club, Maritime Museum's Mini Māuis kids club, and the Zoo's Kids Hub and dedicated Learning from Home Resource Hub – all created to stimulate and engage the young and ensure every member of the whānau could stay connected.

Section B: Key Deliverables

Wāhanga B: Ngā Whāinga Matua

PROJECT	DELIVERABLE	STATUS	PROGRESS
<p>ENGAGING OUR COMMUNITY</p> <p><i>RFA will deliver a rich and engaging programme of exhibitions and events for Auckland in the fields of the visual arts, performing arts, sports and cultural and natural heritage.</i></p>	<p>DELIVER ENGAGING, INNOVATIVE AND RELEVANT EXHIBITIONS AND EVENTS FOR AUCKLAND</p> <p>During 2019/2020, RFA will deliver an exciting year of exhibitions and events for Auckland, including:</p> <ul style="list-style-type: none"> • 22 weeks of major productions and concerts across RFA's performing arts venues and stadiums • 43 sports events in RFA stadiums • 1,551 performing arts event days in Auckland Live venues • 28 new exhibitions at RFA's exhibiting venues: Auckland Art Gallery, New Zealand Maritime Museum and Auckland Zoo • Learning programmes for over 70,000 school students through the Art Gallery, Maritime Museum, and Zoo. 	Not met	<p>RFA's exhibition and event programme delivery was significantly disrupted during the third and fourth quarters of the year by restrictions resulting from Government action to control the COVID-19 pandemic.</p> <p>Nevertheless, during 2019/2020 RFA delivered:</p> <ul style="list-style-type: none"> • 13.3 weeks of major productions and concerts across RFA's performing arts venues and stadiums • 31 sports events in RFA stadiums • 1,909 performing arts event days in Auckland Live venues • 12 new exhibitions at RFA's exhibiting venues: Auckland Art Gallery, New Zealand Maritime Museum and Auckland Zoo • Learning programmes for 40,096 school students through the Art Gallery, Maritime Museum, and Zoo.
	<p>MEASURE AND IMPROVE OUR CUSTOMERS' EXPERIENCE OF OUR PROGRAMMES AND VENUES</p> <ul style="list-style-type: none"> • Through its programme for 2019/2020, RFA will attract over three million patrons, visitors and fans from Auckland and beyond. • RFA will continue to measure, and respond to, the level of value the community places on the experiences we offer (our community value score) and the extent to which our visitors and patrons appreciate and advocate for the quality of these experiences (net promoter score). • Our customer experience initiatives will respond to this feedback and be focused on further improving the experience at all touchpoints of the customer journey, increasing visitor appreciation of the experiences that RFA offers. 	Not met	<p>RFA's visitation was impacted by restrictions resulting from Government action to control the COVID-19 pandemic:</p> <p>Nevertheless, during 2019/20 RFA:</p> <ul style="list-style-type: none"> • attracted over 2.79 million patrons, with these numbers reflecting reduced programming during the year due to COVID-19. • conducted three community value and customer satisfaction surveys during 2019/2020, with the fourth planned survey cancelled as a result of disruptions related to COVID-19. For the year, RFA's average community value score was 73% (up on the prior year's score of 70%) and the net promoter score was 45 (up on the prior year's score of 43). • undertook a range of customer experience initiatives, including significant improvements to public spaces in venues, catering facilities, parking areas and the introduction of new experience products.
<p>REACHING OUR COMMUNITY</p> <p><i>RFA continues to work to ensure that we offer enriching experiences that are relevant and accessible to all of Auckland's diverse communities.</i></p>	<p>DELIVER A PROGRAMME OF FREE OR SUBSIDISED EXPERIENCES</p> <p>During 2019/2020, RFA will continue to focus on making the experiences we offer as accessible as possible to all Aucklanders by:</p> <ul style="list-style-type: none"> • delivering 95 free or subsidised performing arts events • providing free or subsidised entry for over 1.4 million visitors to Auckland Zoo, Auckland Art Gallery and the New Zealand Maritime Museum • providing free or subsidised, curriculum-based programmes for 70,000 students at the Zoo, Art Gallery, and Maritime Museum, and in Auckland Live venues. 	Not met	<p>RFA's free and subsidised event programme was significantly disrupted during the third and fourth quarters of the year by restrictions resulting from Government action to control the COVID-19 pandemic.</p> <p>Nevertheless, during 2019/20 RFA:</p> <ul style="list-style-type: none"> • delivered 103 free or subsidised performing arts events • provided free or subsidised entry for 0.96 million visitors to Auckland Zoo, Auckland Art Gallery and the New Zealand Maritime Museum • provided learning programmes for 40,096 school students through the Art Gallery, Maritime Museum, and Zoo.

	<p>DELIVER AND GROW RFA'S OUTREACH EFFORTS</p> <p>RFA will continue and expand efforts to deliver RFA programmes outside our venues and within the wider community by:</p> <ul style="list-style-type: none"> • delivering conservation science training for schools, within Auckland's regional parks • providing outreach programmes and workshops focusing on the visual arts • providing heritage sailing experiences on the Waitematā Harbour. 	Ongoing	<p>Despite disruptions related to COVID-19 in the third and fourth quarters of the year, RFA provided:</p> <ul style="list-style-type: none"> • 4,742 school students with outreach programmes, which includes developing an understanding of conservation science at Auckland Zoo against a target of 2,250 • 1,177 people attended art outreach programmes against a target of 2,250 • heritage sailing experiences for 11,431 participants against a target of 21,258.
	<p>MAKE RFA CONTENT FREELY AVAILABLE THROUGH DIGITAL AND OTHER MEDIA CHANNELS</p> <p>RFA will grow its digital audience by:</p> <ul style="list-style-type: none"> • continuing to grow audience engagement through its web and social media presence • broadcasting free access to RFA content through its innovative digital stage in Aotea Square • seeking additional broadcast channels for RFA content through media partnerships. 	Ongoing	<ul style="list-style-type: none"> • RFA's websites were accessed with more than 2.9 million user sessions and 5.4 million unique page views during 2019/2020 • Auckland Live, the Zoo, Art Gallery and Stadiums engaged with more than 694,000, 558,000, 375,000 and 195,000 users via their websites respectively – some users engage with more than one brand • Our Facebook pages are "Liked" by over 225,000 users, while RFA has over 110,000 followers on Twitter and 80,000 followers on Instagram. • RFA curated a full year's freely available programming on the digital stage in Aotea Square.
<p>PROVIDING FOR FUTURE GENERATIONS</p> <p><i>RFA will work closely with Auckland Council on the future needs of Auckland for arts, sporting, and natural and cultural heritage institutions and venues, including collaboration on proposals for redevelopment of its assets, including consideration of national needs and the potential for national contribution.</i></p>	<p>CULTURAL HERITAGE SECTOR REVIEW</p> <p>RFA will continue to work with Auckland Council and other cultural heritage sector stakeholders (including MOTAT, Stardome Observatory and Planetarium and Auckland War Memorial Museum) in the co-design of a sector strategy to provide greater value for money for ratepayers and better outcomes for stakeholders.</p> <p>Specifically, RFA will show leadership in providing input and advice to the Cultural Heritage Sector Review, ensuring the council is kept informed on the progress of the review as well as working with the council to assist with implementation of any recommendations subsequently adopted.</p>	Ongoing	<p>RFA has continued to play an active role in the council's Cultural Heritage Sector Review. A report to the Governing Body is due in the first quarter of financial year 2020/2021.</p>
	<p>AUCKLAND STADIUMS – VENUE DEVELOPMENT STRATEGY</p> <p>RFA's Venue Development Strategy outlines strategic investment in Auckland's stadium network to ensure it is fit-for-purpose and able to provide the full range of opportunities demanded of a city the size of Auckland.</p> <p>RFA will continue to work with the council to refine and conclude this strategy work and implement it over time.</p>	Ongoing	<p>RFA has continued to work with Auckland Council to assist with further consultation with sporting codes to secure commentary on RFA's proposed stadiums strategy for Auckland. This work has now concluded, pending council reporting of the results to the Governing Body.</p> <p>A planned council workshop to discuss the issues was disrupted by the COVID-19 lockdown.</p>
	<p>SECTOR OPPORTUNITIES</p> <p>Since amalgamation, RFA's focus has largely been on consolidation of its core operations. RFA will continue to offer support and leadership within the sectors it operates to</p>	Ongoing	<p>RFA continues to provide support to the cultural sectors by:</p> <ul style="list-style-type: none"> • providing capital funding for renewal works • resourcing precinct planning for the Western Springs institutions, including MOTAT • working with the Auckland Philharmonic Orchestra and other performing arts partners to plan for a new cultural hub and performance rehearsal space in Aotea Square

	provide better value for ratepayers and to assist in improving the council's investment.	<ul style="list-style-type: none"> contributing to the development of a creative industries strategy for Auckland.
<p><i>RFA will ensure that its capital investment decision-making is underpinned by clear strategy and business cases where appropriate. RFA will share information supporting major capital expenditure decisions with Auckland Council.</i></p> <p><i>For 2019-2022, in addition to the delivery of essential renewals work to ensure RFA venues are fit-for-purpose for hirers and the Auckland community, there are three priority areas for capital investment in RFA assets, as follows:</i></p>	<p>AUCKLAND STADIUMS</p> <p>Auckland Council's Long-Term Plan 2018-2028 (LTP) includes investment into essential renewals at Western Springs, North Harbour and Mt Smart stadiums, with the aim of increasing utilisation and financial sustainability. At the time of writing, the council was considering the future of Eden Park and the council's role in its financial sustainability. RFA has indicated that integrated management of the four large outdoor stadiums will improve financial sustainability of the stadium network. The outcome of this will be considered in the upcoming months.</p>	<p>Ongoing</p> <ul style="list-style-type: none"> Western Springs Stadium: Progress continued on a \$12.8 million multi-year programme of renewal works with \$11.06 million spent to date. Completed works include the upgrade of Stadium Road, new retaining wall structures, entrance gate, ticket booths and street lighting. Mt Smart Stadium has benefitted from a significant programme of minor renewal and infrastructure improvements as well as structural improvements to the stands. \$3.5 million was invested in the North Harbour Stadium main arena to reconfigure it to accommodate international-standard baseball games. <p>RFA has also played an active role in working with the consultant appointed by the council to secure an agreement on integrated stadium management between RFA and the Eden Park Trust. However, this work was suspended by the Eden Park Trust in early 2020, pending the outcome of the council's CCO review.</p>
	<p>AOTEA QUARTER</p> <p>Renewal of the exterior and interior of the Aotea Centre commenced in February 2018 and is due for completion in 2019. This will address the Centre's weathertightness issues, meet compliance requirements and significantly improve the patron experience. This is the most significant upgrade to the Centre since its opening in 1989.</p> <p>The LTP 2018-2028 also includes preliminary funding for the proposed expansion of the Centre, with the addition of new studio, convention and administrative spaces. It will address the requirement for high-quality, centrally located, flexible and multi-purpose spaces designed to meet the needs of top professionals and emerging artists. The rest of the funding required will be sought as part of future Annual Plan or LTP processes after the completion of the detailed planning process.</p>	<p>Ongoing</p> <ul style="list-style-type: none"> Refurbishment of the Aotea Centre's public foyers and convention spaces was completed. The programme for completion of external weathertightness works in the Centre has been confirmed, with works continuing through until April 2021. The draft Aotea Square precinct master plan was incorporated into the council's City Centre Master Plan. Concept and preliminary designs for the proposed Nga Kakano a Rehia (Aotea Studios) development have been completed.
	<p>AUCKLAND ZOO</p> <p>Auckland Zoo infrastructure is ageing and, in a number of areas, falls short of community and international standards. A significant renewals programme spanning over 10 years is currently underway to address these issues across the site in response to increasing international standards of animal care, health and safety and improved visitor experiences.</p> <p>The current capital programme at the Zoo, the largest in its history, involves a significant upgrade of the South East Asia precinct and restaurant area. Construction for this project commenced in February 2018 and is due for completion in 2020.</p>	<p>Ongoing</p> <p>For the year ended 30 June 2020, a total of \$37.3 million was spent on the largest Zoo renewals programme.</p> <ul style="list-style-type: none"> A key component of this is the development of the Zoo's South East Asia precinct. The new primate habitat for orangutans and siamangs opened on 1 July 2020. The Zoo's new Te Puna cafe opened for trading on 10 June 2020. In parallel, a significant programme of general renewals and infrastructure upgrades progressed.

<p><i>RFA will continue to work to ensure that the visual arts, wildlife and our maritime environment and history remain available for our future generations.</i></p>	<p>CONSERVATION OF CULTURAL AND NATURAL HERITAGE</p> <p>Through providing wildlife management expertise, RFA will continue to contribute to ensuring our natural heritage is preserved for the future.</p> <p>Through the work of the New Zealand Maritime Museum, RFA will help promote awareness and care for Auckland’s unique maritime environment.</p> <p>RFA will continue to work with Auckland Council to ensure appropriate facilities for the long-term storage of the nationally significant collection of artworks that RFA has responsibility for.</p>	<p>Ongoing</p>	<p>RFA participates on the Project Control Group for the development of new art storage facilities for Auckland Art Gallery. Design is complete and construction contracts agreed.</p> <p>The Maritime Museum has partnered with Mana Whenua and the Downtown Programme to trial the use of mussels (kutai) to improve water quality, increase biodiversity in the inner reaches of Te Waitematā and support the growth of native species of kutai, kelp and fish.</p> <p>As part of the Museum’s Keep the Oceans Clean programme, the education team shows school groups the abundant life around the marina and will be adding the kutai trials to their programme of the issues faced around water quality, environmental destruction and biodiversity in Auckland’s waterways.</p>
<p>SUSTAINING OUR ORGANISATION</p> <p><i>RFA continues to seek further business efficiencies and value for money.</i></p>	<p>DETERMINE A MORE APPROPRIATE FUNDING MODEL</p> <p>RFA will continue to work with the CCO Governance and External Partnerships Unit and the Financial Strategy and Planning team to explore more appropriate funding models for RFA Board and Auckland Council consideration.</p>	<p>On hold</p>	<p>RFA had planned to engage with councillors at the budget workshop in April 2020. However, managing our response to COVID-19 has taken priority for the time being, so this engagement will be revisited in the financial year 2020/2021 (FY21).</p>
	<p>GROW OUR REVENUE</p> <p>RFA’s external commercial revenue continues to be cyclical and subject to a high degree of market volatility. RFA will continue to identify, develop and implement opportunities to increase external revenue to minimise the cost to ratepayers of delivering activities that enhance New Zealand’s cultural capital.</p> <p>These include:</p> <ul style="list-style-type: none"> • RFA business divisions collaborating to investigate additional revenue streams and opportunities • exploring other revenue opportunities through closer collaboration across the sectors we operate in, partnering with private sector businesses, and leveraging council group initiatives • enriching events programming and driving revenue growth through pursuing investment opportunities • working with various sectors and our business partners to develop philanthropic and sponsorship activities • creating value in enhanced customer experiences • developing greater market intelligence and insight to build new audiences • carrying out essential renewals to meet increasing customer expectations • undertaking strategic capital investment in existing facilities • growing the depth and breadth of our revenue base • investigating further opportunities to leverage council shared services • contributing to the council’s section 17A value for money reviews and working with the council on the recommendations arising from the reviews. 	<p>Ongoing</p>	<p>In the context of an interrupted year due to COVID-19 and related challenges in generating revenues, positive developments included the new agreement with GO Media for digital billboards to be located at RFA’s stadium locations, providing a relatively consistent level of additional revenue to support the activities of RFA from FY21. This partnership is now looking at other appropriate opportunities across RFA.</p> <p>RFA has centralised the approach to grant-seeking and has increased the revenue achieved through grants. Most recently, we successfully applied for the Government Wage Subsidy, of which \$5.9 million was recognised in FY20, and the Lottery Environment and Heritage Fund for \$300,000 for a collection digitisation programme at New Zealand Maritime Museum.</p> <p>RFA is progressing a number of digital customer strategy projects, which will open up opportunities for deeper customer engagement, driving repeat visitation and creating new revenue streams across the RFA group.</p> <p>RFA is exploring areas of collaboration with the council family in a number of areas including sustainability programmes and events and tourism marketing coordination.</p>

<p><i>RFA will grow our business, our people and our culture.</i></p>	<p>INVEST IN OUR PEOPLE</p> <p>Our people are our champions, our heart, and our unique point of difference. We will continue to engage and empower our employees to realise our shared ambition for Auckland.</p> <p>In doing so, RFA will focus on three key areas:</p> <ol style="list-style-type: none"> 1) People Experience – giving our people memorable experiences that support and build on their passion 2) Operational Enablement – building leadership abilities, providing enabling resources and strengthening collaboration across RFA and Auckland Council 3) Organisational Agility – building the RFA of the future by encouraging greater employee participation in shaping the workplace, leveraging technology to help with our people’s development, and delivering leadership and management development. 	<p>Ongoing</p>	<p>RFA engages with employees to gain feedback through unions, the internal CCO review forum and formal feedback channels.</p> <p>RFA invigorated its focus on leadership, launching the LEAD, the Art of Leadership and Powerful Partnering programmes to develop the leadership and business partnering capabilities within RFA.</p> <p>RFA launched the Te Ao Māori programme to deepen RFA’s connection to our shared culture and heritage.</p>
	<p>ENSURE A SAFE ENVIRONMENT</p> <p>Health, safety and security will remain a key priority across all RFA venues and operations.</p> <p>During 2019/2020, RFA will:</p> <ul style="list-style-type: none"> • implement CCTV upgrades/installation across its venues • accelerate initiatives to meet 'Managed' status security level for Protective Security Requirements • implement audit tool Safe365 to assess, monitor and improve the organisation’s health, safety and wellbeing performance • align its Health, Safety and Wellbeing Charter with Auckland Council’s Safety and Wellbeing Charter. 	<p>Ongoing</p>	<p>The upgrade of the CCTV capability in RFA has been planned as a multi-year project. Procurement of the convergency layer is underway, with work beginning to procure camera and video management system upgrades across all RFA locations.</p> <p>RFA is working to a shared service approach to security that, as a minimum, meets the New Zealand Government Protective Security Requirements (PSR) ‘Managed’ level of maturity. Progress has been made with the centralising of all security management and manpower across RFA into one central team. Work is progressing well on ensuring RFA and all its business units comply with the 20 mandatory requirements of PSR before entering into the required audit process.</p> <p>Safe365 has been implemented across RFA, with the first internal audits for all business units reported to the Board prior to the COVID-19 alert levels being implemented. Follow-up internal audits are being carried out in the first quarter of FY21.</p> <p>RFA has aligned its Health, Safety and Wellbeing Charter with the council’s Safety and Wellbeing Charter. The Group Heads of Health and Safety meet regularly to facilitate progressing this alignment. Wellbeing initiatives are managed by RFA’s People and Culture in collaboration with the council’s People and Performance, aligned to the council charter.</p>
	<p>COLLABORATION ACROSS THE COUNCIL GROUP</p> <p>RFA will continue to collaborate with Auckland Council, as one of the largest users of the shared services provided by the council. RFA seeks to optimise efficiency and value, and remove unnecessary duplication and different approaches to core systems and business processes. This will help to pursue shared back-office delivery where appropriate and better align our respective investment in information and communications technology. RFA will also continue to retain services in-house which are both operational and strategically important.</p> <p>RFA will continue to work with numerous partners within the broader council family. RFA, ATEED and Auckland Council work together to develop and deliver significant events for the</p>	<p>Ongoing</p>	<p>RFA continues to use the council finance and IT functions to minimise unnecessary cost. During lockdown RFA complied with all requirements of council IT and was one of the pioneers of Microsoft Teams, having coincidentally started using it in October 2019. Additionally, RFA has worked with the council finance team to gain additional support for Zoo processing tasks.</p> <p>RFA and Auckland Transport collaborated to ensure public transport was available at all major concerts including U2 and Elton John. Arrangements were made for additional concerts which did not proceed.</p> <p>RFA actively engages and communicates with local boards, providing the RFA quarterly performance reporting, stakeholder newsletters and media releases to all the boards. Our Manager Local Board Engagement regularly attends local board meetings.</p>

region and where possible reduce ratepayer funded events and venues competing with each other. RFA will continue to work with Auckland Transport on transportation opportunities for major events to add value to the visitor experience and reduce congestion on Auckland's roads.

RFA's Local Board Engagement Plan 2017 is updated in accordance with the Statement of Intent. The plan is referenced to the Auckland Council Governance Manual for Substantive CCOs 2015. A range of communication and consultation strategies is the responsibility of the designated engagement manager.

The role of local boards in the provision of community-based and accessible activities is acknowledged, and input from the boards is actively sought. Engagement with the advisory panels of Auckland Council is also included.

Section C: Non-financial Performance Measures

Wāhanga C: Ngā Ine Mahi Kāhore e Utua

This section presents RFA's success and progress during the 2019/2020 financial year against performance measures contained in the Statement of Intent 2019-2022 (SOI).

In reading this section, note the following key:

- Target met
- Substantially met (within 2% of the target)
- Not met

Overview of key performance results



Impact of COVID-19 on Non-financial performance measures

RFA's final quarter was marked by venue closures, social distancing, previously unprecedented alert level restrictions and the impacts of border closures on touring shows and events, and visitor numbers. Significant impacts included the cancellation or postponement of most public events and activities. Accordingly, the impact of these closures and alert level restrictions adversely affected RFA's visitation numbers. During the lockdown period, RFA pursued new and innovative ways to engage with Aucklanders, through virtual stages and exhibitions, live streaming of Zoo animals in action, online education programmes and collaboration forums. RFA's reopened its venues to the public from 27 May, however, with protocols around visitor numbers and social distancing applied under the strict criteria appropriate to each alert level visitation numbers remained low.

SERVICE LEVEL STATEMENT	MEASURE	2018/19 ACTUAL	2019/20 TARGET	2019/20 ACTUAL	ACHIEVEMENT																																
RFA engages people in the arts, environment, sports and events in Auckland	The number of people who experience Regional Facilities Auckland's arts, environment and sport venues and events	3.4m	3.7m	2.8m	■																																
	This includes the following specific targets:																																				
	Total number of visitors to Auckland Zoo	718,027	730,000	540,651	■																																
	Total number of visitors to Auckland Art Gallery	401,883	515,000	298,673	■																																
	Total number of visitors to the New Zealand Maritime Museum	157,091	170,000	123,609	■																																
<p>Comments on visitor numbers</p> <ul style="list-style-type: none"> The 2019/20 actual number of people who experience Regional Facilities Auckland's arts, culture, environment and sport venues and events of 2.8m is made up of ticketed attendees of 1.8m and non-ticketed attendees of 0.98m. The non-ticketed attendance numbers related mainly to free community events that have been held at various facilities in the Auckland region e.g. Mt Smart Stadium and Aotea Square. These facilities range in size and nature which impacts on the type and scope of each community event. The attendance of these events was estimated by Regional Facility Auckland staff based on their professional expertise. <p>The details of the ticketed and non-ticketed numbers are:</p> <table border="1"> <thead> <tr> <th></th> <th>Ticketed</th> <th>Non-ticketed</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Auckland Zoo</td> <td>540,651</td> <td></td> <td>540,651</td> </tr> <tr> <td>Auckland Art Gallery</td> <td>298,673</td> <td></td> <td>298,673</td> </tr> <tr> <td>NZ Maritime Museum</td> <td>123,609</td> <td></td> <td>123,609</td> </tr> <tr> <td>Auckland Live</td> <td>486,248</td> <td>744,433</td> <td>1,230,681</td> </tr> <tr> <td>Auckland Convention</td> <td></td> <td>118,459</td> <td>118,459</td> </tr> <tr> <td>Auckland Stadium</td> <td>361,283</td> <td>117,243</td> <td>478,526</td> </tr> <tr> <td><i>Total number of people</i></td> <td>1,810,464</td> <td>980,135</td> <td>2,790,599</td> </tr> </tbody> </table>							Ticketed	Non-ticketed	Total	Auckland Zoo	540,651		540,651	Auckland Art Gallery	298,673		298,673	NZ Maritime Museum	123,609		123,609	Auckland Live	486,248	744,433	1,230,681	Auckland Convention		118,459	118,459	Auckland Stadium	361,283	117,243	478,526	<i>Total number of people</i>	1,810,464	980,135	2,790,599
	Ticketed	Non-ticketed	Total																																		
Auckland Zoo	540,651		540,651																																		
Auckland Art Gallery	298,673		298,673																																		
NZ Maritime Museum	123,609		123,609																																		
Auckland Live	486,248	744,433	1,230,681																																		
Auckland Convention		118,459	118,459																																		
Auckland Stadium	361,283	117,243	478,526																																		
<i>Total number of people</i>	1,810,464	980,135	2,790,599																																		
<p>The net promoter score for Regional Facilities Auckland's audiences and participants</p> <p>43 19 45 ■</p> <p>Comments on net promoter score</p> <ul style="list-style-type: none"> It is an index ranging from -100 to 100 that measures the willingness of customers to recommend a product or service to others. RFA did not collect NPS data in the fourth quarter due to closure of RFA facilities and the postponement and cancellation of performances as a consequence of the government led COVID-19 response 																																					
RFA delivers arts, environment, sports and events experiences efficiently	Percentage of operating costs funded through non-rates revenues	57%	60%	52%	■																																
<p>Comment on percentage of operating costs funded through non-rates revenues</p> <ul style="list-style-type: none"> The target was not met this financial year with COVID-19 management measures reducing the capability of RFA to generate revenue. 																																					

SERVICE LEVEL STATEMENT	MEASURE	2018/19 ACTUAL	2019/20 TARGET	2019/20 ACTUAL	ACHIEVEMENT
Through RFA's arts, environment, sports and events experience, Auckland's environmental and cultural heritage is embraced by Aucklanders	Percentage of Auckland residents surveyed who value RFA venues and events	70%	70%	73%	
	<p>Comment on percentage of Auckland residents surveyed who value RFA venues and events</p> <ul style="list-style-type: none"> The visitor satisfaction results referred to above are based on 120 responses per venue, per quarter with a margin of error of +/- 4.5%. 				
	Number of programmes contributing to the visibility and presence of Māori in Auckland, Tāmaki Makaurau	68	16	44	

Independent Auditor's Report

To the readers of Regional Facilities Auckland's financial statements and performance information for the year ended 30 June 2020

The Auditor-General is the auditor of Regional Facilities Auckland (the Trust). The Auditor-General has appointed me, David Walker, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and performance information of the Trust on his behalf.

We have audited:

- the financial statements of the Trust on pages 12 to 52, that comprise the statement of financial position as at 30 June 2020, the statement of comprehensive revenue and expenses, 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 Trust on pages 53 to 68.

Opinion

Qualified opinion on the performance information – insufficient evidence available to independently confirm the accuracy of estimated attendance numbers for non-ticketed events

In our opinion, except for the possible effects of the matter described in the *Basis for our qualified opinion* section of our report, the performance information of the Trust on pages 53 to 68 presents fairly, in all material respects, the Trust's actual performance compared against the performance targets and other measures by which performance was judged in relation to the Trust's objectives for the year ended 30 June 2020.

Unmodified opinion on the financial statements

In our opinion, the financial statements of the Trust on pages 12 to 52:

- present fairly, in all material respects:
 - its financial position as at 30 June 2020; and
 - its financial performance and cash flows for the year then ended; and
- comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards.

Our audit was completed on 23 September 2020. This is the date at which our opinion is expressed.

The basis for our opinion is explained below, and we draw attention to the impact of Covid-19 on the Trust. In addition, we outline the responsibilities of the Trustees 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 qualified opinion

The Trust's performance information includes a performance measure on the number of people who experience the Trust's arts, cultural, environment and sport venues and events. As explained on page 67, the overall attendance number includes both formally ticketed events and non-ticketed events. The attendance numbers for non-ticketed events are based on estimates by staff members and there are no satisfactory audit procedures that we could perform to independently confirm whether these estimated attendance numbers are materially accurate.

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 qualified opinion.

Emphasis of matter – impact of Covid-19

Without further modifying our opinion, we draw attention to the disclosures about the impact of Covid-19 on the Trust as set out on page 18 and in Notes 6, 12 and 13 to the financial statements and on pages 66 and 67 of the performance information. We draw specific attention to the following matter due to the significant level of uncertainty caused by Covid-19:

- ***Significant valuation uncertainty for land and buildings***

Note 12 on page 35 describes the significant uncertainties highlighted by the valuer, related to estimating the fair values of the Trust's land and buildings.

Responsibilities of the Trustees for the financial statements and the performance information

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

The Trustees are responsible for such internal control as they determine is necessary to enable them 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 Trustees are responsible on behalf of the Trust for assessing the Trust's ability to continue as a going concern. The Trustees are also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Trustees intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

The Trustees responsibilities arise from the Local Government Act 2002 and the Trust Deed.

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 Trust'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 Trust's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- We evaluate the appropriateness of the reported performance information within the Trust's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Trustees and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust'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 Trust 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 communicate with the Trustees 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 during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Trustees are responsible for the other information. The other information comprises the information included on pages 1 to 11, 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 that fact. We have nothing to report in this regard.

Independence

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

In addition to the audit, we have carried out a review engagement in respect of the Trust's six-monthly reporting as at 31 December 2019 to Auckland Council, which is compatible with those independence requirements.

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



David Walker
Audit New Zealand
On behalf of the Auditor-General
Auckland, New Zealand

Our Portfolio



Auckland Art Gallery
Toi o Tāmaki



Auckland
Conventions



Auckland
Live



Auckland
Stadiums



Auckland
Zoo



New Zealand
Maritime Museum

Our Venues

Aotea Centre & Square | Auckland Art Gallery Toi o Tāmaki | Auckland Town Hall
Auckland Zoo | Bruce Mason Centre | Mt Smart Stadium | New Zealand Maritime
Museum Hui Te Ananui A Tangaroa | North Harbour Stadium | Queens Wharf
The Civic | Western Springs Stadium