REGIONAL FACILITIES AUCKLAND annual report FOR THE YEAR ENDED 30 JUNE 2019

PŪRONGO Ā-TAU MŌ TE TAU MUTU
30 O PIPIRI 2019

Regional Facilities Auckland
An Auckland Council Organisation

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 2019.

SIGNED

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

SIGNED

Chris Brooks
Chief Executive Officer, Regional Facilities Auckland

Contents of annual report
Ngā mea o roto pūrongo ā-tau

OVERVIEW

Tirohanga whānui

Regional Facilities Auckland (RFA) works in partnership with Auckland 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.

Established in 2010, we employ a strategic approach as one of five council-controlled organisations. 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. They deliver rewarding visitor experiences for over three and a half million visitors a year, creating positive outcomes for Auckland.

OUR SUCCESSES AND ACHIEVEMENTS

Ā tātou momoho me ngā tutukitanga

This year, RFA achieved many successes, delivering a full and exciting programme, which engaged more than 3.5 million Aucklanders and visitors.

- Auckland Art Gallery opened 15 new exhibitions, including the award-winning *Gordon Walters: New Vision*, *Pacific Sisters: He Toa Tāera | Fashion Activists* and *Guerilla Girls: Reinventing the 'F' word – Feminism!* The exhibition *Frances Hodgkins: European Journeys* is the largest exhibition of one of New Zealand's most influential artists and opened to rave reviews. We welcomed new Auckland Art Gallery Director, Kirsten Paisley.
- Auckland Conventions had a solid year, securing and staging 363 events including New Zealand Fashion Week, which attracted 10,000 people, the New Zealand Television Awards and the country's most prestigious design festival, Semi Permanent.
- Auckland Live continued to attract premier events to Auckland. Events included the award-winning Disney production of *Aladdin the Musical*, the acclaimed Tony Award-winning *War Horse,* Auckland Arts Festival and the hugely popular Auckland Writers Festival. We continued our commitment to accessibility with audio-described performances of New Zealand Opera's *La bohème, Chicago* and *Aladdin the Musical* (also sign language interpreted). We also announced our first principal partner, QBE Insurance, and launched the Auckland Live Digital Stage in Aotea Square.
- Auckland Stadiums delivered a highly successful events programme, with the Vodafone Warriors enjoying sell-out games, and crowds of over 20,000 watching the Kiwis versus Mate Ma'a Tonga in the rugby league test. We also hosted the Monster Energy SX Open for the first time. The summer stadium concert season brought over $20 million in visitor spend to Auckland and included Taylor Swift and Mumford and Sons. Home-grown band Six60 made New Zealand history by attracting a sell-out crowd of 50,000 at Western Springs Stadium.
- At Auckland Zoo, the kākāpō breeding season broke all previous success records, boosting the global population by 77 chicks. During a devastating outbreak of aspergillosis, the Zoo veterinary team worked to save more than 20 of these rare birds. We successfully bred 18 incredibly rare orange-fronted parakeets (kakariki) for release into the Hurunui Valley, boosting the wild population of just 200. Despite the disruption of the exciting South East Asia project at the Zoo, almost 720,000 people experienced

conservation in action. We also announced that the Mazda Foundation has committed to a minimum of two years' support for the Zoo's Outreach Education programme.

- **New Zealand Maritime Museum** opened two new exhibitions, *Carving Water, Painting Voice* and *One Man's Treasures: John Street & the Fosters Collection.* The Museum received a Qualmark Gold Sustainable Tourism Business Award, recognising its commitment to delivering a sustainable experience by protecting the natural environment. It also successfully trialled a waka programme for kura kaupapa Māori, delivered in English and te reo Māori.
- **Sustainability highlights** included Auckland Live, Auckland Stadiums and Auckland Zoo introducing reusable cup schemes, to reduce the amount of waste going to landfill.
- **Cultural heritage, arts and education programmes** were a key focus. RFA provided interactive, exciting learning opportunities for more than 340,000 students across Auckland Zoo, Auckland Art Gallery and New Zealand Maritime Museum, plus enrichment activities for more than 30,000 children through the Auckland Live Kids Programme.

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 iconic regional assets, we continued our programme of significant capital projects to enhance the visitor experience.

- Significant capital expenditure projects at North Harbour Stadium and Mt Smart Stadium included enhanced amenities for visitors, upgraded plant rooms, stand strengthening and wayfinding improvements. We also started designing a baseball conversion at North Harbour Stadium to accommodate New Zealand's first baseball team, the Tuataras.
- Auckland Zoo's $60 million South East Asia project was in its second year of construction, finishing the year on target and on budget. Major milestones included opening the Old Elephant House as a café.
- Work continued on refurbishing the Aotea Centre to ensure it remains fit for purpose for future generations. The interior refurbishment was nearing completion by the end of the year, and features accessibility enhancements including braille signage, accessible counters, audio in the lifts, and new ramps. Due to changes in the compliance requirements for the building's cladding, external refurbishment was delayed.

OUR FINANCES

Ā tātou pūtea

RFA finished the year with a total other comprehensive income of $55.2m. Although RFA experienced some operational shortfall in revenue, in part due to the lower funding received for the capital projects, this was offset by a focus on reducing operational expenditure and the valuation of the Auckland Art Gallery art resulted in a $1.4m gain in fair value of the Artwork Collection.

The capital works programme has been a significant focus for RFA. This was a busy capital programme achieving 76% ($92m) of the capital works planned with major renewal works continuing on the Aotea Centre and Auckland Zoo's South East Asia precinct. Auckland Zoo opened a new café within the Old

Elephant House, extended Auckland Zoo's administration building and RFA opened a new Aotea Shared Services building to provide infrastructure services to the Aotea Centre, The Civic and Auckland Town Hall. The unutilised 2018/19 capital budget has been deferred to the 2019/20 financial year.

FUTURE OUTLOOK

Tirohanga whakamua

The 2019/2020 financial year is set to be a significant one for RFA, with major capital projects continuing at Aotea Centre and Auckland Zoo. These developments and the volatility of the commercial markets in which RFA operates heavily influence the revenue generated by RFA. This continues to be a key area of focus for us, with plans for major concerts at Auckland Stadiums and significant upcoming events at Auckland Live and the Auckland Art Gallery.

Financial Statements

Pūrongo tahua pūtea

Statement of Comprehensive Revenue and Expenses for the year ended 30 June 2019
Pūrongo o ngā Whakapaunga me ngā Whiwhinga Pūtea mō te tau mutu a te 30 o Pipiri 2019

	Note	Actual 2019 $000s	Budget 2019 $000s	Restated 2018 $000s
Revenue				
Revenue		48,036	56,182	50,624
Auckland Council operational funding	*1*	36,565	35,565	27,506
Auckland Council capital funding	*1*	92,561	101,556	44,458
Grants and subsidies	*1*	1,074	829	1,669
Finance income	*1*	883	444	913
Gifted artwork	*1*	1,345	-	2,404
Other revenue		3,347	5,529	3,674
Other gains / (losses)		121	-	15,545
Total revenue	*1*	**183,933**	**200,104**	**146,792**
Expenditure				
Employee benefits	*2*	50,145	51,417	45,194
Depreciation expense	*12*	31,373	32,809	27,228
Amortisation expense	*15*	802	-	366
Impairment of property, plant and equipment	*12*	1,855	-	-
Finance expenditure		306	-	358
Grant expenses		1,581	1,275	2,045
Other expenses	*3*	44,151	49,034	50,737
Total expenditure		**130,212**	**134,536**	**125,929**
Surplus from continuing operations before tax		**53,721**	**65,568**	**20,863**
Surplus after tax attributable to:				
Regional Facilities Auckland		53,721	65,568	16,724
Other comprehensive income				
Gain on property and art revaluations		1,438	-	116,620
Total other comprehensive income		**1,438**	**-**	**116,620**
Total comprehensive income after tax		**55,159**	**65,568**	**137,483**

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 2019
He Kōrero mō Tahua Putea i te 30 o Pipiri 2019

	Note	Actual 2019 $000s	Restated 2018 $000s
Assets			
Current assets			
Cash and cash equivalents	*5*	60,110	17,631
Receivables	*6*	34,124	27,555
Prepayments		1,190	977
GST receivable		722	616
Other financial assets	*16*	222	223
Inventories	*7*	857	843
Total current assets		**97,223**	**47,847**
Non-current assets			
Property, plant and equipment	*12*	1,146,391	1,091,473
Artwork collections	*13*	288,792	285,828
Heritage and cultural assets	*14*	4,685	4,668
Intangible assets	*15*	1,732	905
Other financial assets	*16*	1,420	1,435
Total non-current assets		**1,443,020**	**1,384,309**
Total assets		**1,540,243**	**1,432,155**
Liabilities			
Current liabilities			
Payables	*8*	112,839	61,249
Borrowings and other financial liabilities	*17*	1,707	1,707
Employee entitlements	*9*	5,877	5,413
Provisions	*10*	1,038	594
Total current liabilities		**121,461**	**68,964**
Non-current liabilities			
Borrowings and other financial liabilities	*17*	7,434	7,703
Total non-current liabilities		**7,434**	**7,703**
Total liabilities		**128,895**	**76,666**
NET ASSETS		**1,411,349**	**1,355,489**
Equity and reserves			
Contributed capital	*19*	1,053,532	1,053,532
Accumulated surplus / (deficit)	*19*	30,087	(24,266)
Restricted equity	*19*	1,788	1,720
Property revaluation reserves	*19*	325,940	324,502
Total equity		**1,411,349**	**1,355,488**

The accompanying notes form part of these financial statements.

Statement of Changes in Equity as at 30 June 2019

He Kōrero mō te Panoni Rawa Pūtea i te 30 o Pipiri 2019

	Note	Actual 2019 $000s	Restated 2018 $000s
Balance 1 July		1,355,488	1,214,365
Total comprehensive revenue and expense for the year		55,159	137,483
Owner transactions			
Previously unrecognised assets		-	3,538
Movement in restricted equity		51	102
Recognition of asset previously disposed through equity		650	-
Balance at 30 June	*19*	**1,411,348**	**1,355,488**

The accompanying notes form part of these financial statements.

Statement of Cash Flows for the year ended 30 June 2019

He Kōrero mō te Kapewhiti Pūtea i te 30 o Pipiri 2019

	Note	Actual 2019 $000s	Restated 2018 $000s
Cash flows from operating activities			
Receipts from grants and funding		129,126	81,766
Receipts from customers		39,572	42,394
Receipts from third parties held in relation to future events		51,662	9,229
Net GST paid		(105)	(1,149)
Interest received	*1*	883	913
Payments to suppliers and employees		(93,360)	(101,293)
Interest paid		(306)	(358)
Net cash inflow / (outflow) from operating activities		**127,472**	**31,501**
Cash flows from investing activities			
Loan repayments received		109	277
Purchase of property, plant and equipment		(83,556)	(43,541)
Purchase of intangible assets		(1,629)	(705)
Net cash inflow / (outflow) from investing activities		**(85,076)**	**(43,969)**
Cash flows from financing activities			
Distribution from restricted reserves		83	(72)
Net cash inflow / (outflow) from financing activities		**83**	**(72)**
Net increase / (decrease) in cash and cash equivalents		42,479	(12,540)
Cash and cash equivalents at beginning of the year		17,631	30,171
Cash and cash equivalents at end of the year		**60,110**	**17,631**

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 controlled by Auckland Council and is a council-controlled organisation (CCO) as defined by Section 6 of the Local Government Act 2002 by virtue of the council's right to appoint the Board of Directors. The ultimate parent of RFA is Auckland Council. RFA has designated itself a public benefit entity (PBE) for financial reporting purposes.

The financial statements of RFA are for the year ended 30 June 2019. Comparative information is provided for the period from 1 July 2017 to 30 June 2018. The financial statements were authorised for issue by RFA's Board on 21 August 2019.

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 2018, 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 2018-2021, 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 Auckland Council in preparing the financial statements.

Restatement of comparatives – A retrospective restatement of comparatives has arisen as a result of the measurement of the New Zealand Maritime Museum historical and cultural collection being completed in the current year. The Museum originally accounted the collection at cost at acquisition date. Under the Public Benefit Entity International Financial Reporting Standard 3 (PBE IRFS 3): Business Combination, RFA had 12 months from the acquisition date in which to complete any fair value assessment. The fair value assessment was completed within the required timeframe, giving rise to a retrospective restatement of comparatives around the collection value, current liabilities and the gain on business acquisition (refer Note 23).

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 trade and other 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 are noted in blue text throughout the financial statements. 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.

Revenue and Expense Results for the Year
Ngā Whiwhinga me ngā Whakapaunga Pūtea o te Tau

Note 1 – Revenue Pitopito kōrero 1 – Ngā whiwhinga moni	Note	Actual 2019 $000s	Restated 2018 $000s
Commercial revenue from exchange transactions			
Entrance and admission fees		9,462	12,338
Venue hire		12,356	15,125
Food and beverages		6,637	7,617
Membership fees		1,408	1,869
Sale of goods		3,219	3,302
Rental revenue from property leases		5,812	1,570
Other commercial revenue		11,905	11,924
Gain on disposal of plant and equipment		28	-
Total commercial revenue		50,828	53,745
Finance income			
Interest revenue		882	909
Realised foreign exchange gains		1	4
Total finance income		883	913
Total revenue from exchange transactions		**51,711**	**54,658**
Revenue from non-exchange transactions			
Donations and bequests		57	32
Sponsorships		527	521
Grants and subsidies		1,074	1,669
Gifted artwork		1,345	2,404
Total philanthropic revenue		3,002	4,626
Gain on acquisition of business	*23*	-	15,451
Gain / (loss) on fair value of community loans		94	94
Total other revenue		94	15,545
Auckland Council funding			
Operating funding		36,565	27,506
Capital funding		92,561	44,458
Total Auckland Council funding		129,126	71,964
Total revenue from non-exchange transactions		**132,222**	**92,134**
Total revenue		**183,933**	**146,792**

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.

Funding from Auckland Council – RFA receives operational and capital funding from Auckland Council. Operational funding is restricted in its use for the purpose of meeting the objectives specified in the trust deed and is recognised as revenue at point of entitlement. 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.

Admission and ticket revenue – This is recognised on an accrual basis in the period that the corresponding event occurs, on completion of that event.

Grants and subsidies – These are recognised as revenue on entitlement, unless there is an obligation in substance to return funds received if conditions of the grants are not met. If there is such a condition, grants are initially recorded as grant received in advance and recognised as revenue when the conditions of the grant have been fulfilled.

Provision of services – Services provided to third parties on commercial terms are exchange transactions. Revenue from the rendering of these services is recognised by reference to the stage of completion of the transaction at reporting date, based on the actual service provided as a percentage of the total services to be provided.

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

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

Rental revenue – 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 and subsidies

Other grants and subsidies include funding from external third parties. While these grants and subsidies 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 and subsidies include:

- various grants to Auckland Art Gallery of $0.8 million (2018: $0.8 million)
- various grants to the New Zealand Maritime Museum of $0.1 million (2018: $0.8million).

Note 2 – Employee benefits Pitopito kōrero 2 – Hua ki ngā kaimah	Actual 2019 $000s	Actual 2018 $000s
Salaries and wages, including employer contributions	48,374	44,331
Employer contributions to KiwiSaver	1,161	1,036
Other	10	10
Increase / (Decrease) in employee holiday pay provision	600	(183)
Total employee benefits	**50,145**	**45,194**

Note 3 – Other expenses Pitopito kōrero 3 – Ētahi atu whakapaunga	*Note*	Actual 2019 $000s	Actual 2018 $000s
Other expenses include:			
Fees paid to principal auditor:			
– Audit fees for financial statement audit		243	231
– Fees for review engagement		26	25
Assurance services		163	145
Loss on disposal		2,682	3,987
		3,114	**4,388**

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

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

Statement of Comprehensive Revenue and Expense for the year ended 30 June 2019

	Actual 2019 $000s
Budgeted surplus from continuing operations before tax	**65,568**
Revenue explanations	
Commercial revenue not achieved	(8,147)
Additional operating funding received from Auckland Council	1,000
Capital funding not received from Auckland Council due to deferment of capital programme	(8,995)
Additional grants received not budgeted for	1,591
Additional interest received	439
Other revenue not achieved	(1,312)
Donations and bequests budgeted but not received	(333)
Sponsorship budget not achieved	(415)
Total operating revenue explanations	(16,171)
Expenditure explanations	
Lower depreciation due to deferred capital spend	1,436
Additional amortisation not budgeted	(802)
Savings on staff costs due to lower commercial revenue	1,273
Additional grants awarded not budgeted for	(306)
Additional interest paid	(306)
Savings on cost of goods sold due to lower commercial revenue	4,883
Unbudgeted impairment of property arising from redevelopment	(1,855)
Total operating expenditure explanations	4,324
Actual surplus from continuing operations before tax	**53,721**

Working Capital

Haupū Pūtea Mahi

Note 5 – Cash and cash equivalents Pitopito kōrero 5 – Ngā moni me ngā pūtea taurite	Actual 2019 $000s	Actual 2018 $000s
Cash at bank and on hand	183	133
Operating bank account	541	1,800
Ticketing bank account	58,640	14,965
Arts development fund	746	733
Total cash and cash equivalents	**60,110**	**17,631**

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 accounts for the deposit of box office ticket sales received from the ticket service provider. Funds are held in these bank accounts 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 two restricted bank accounts. These bank accounts are used for the deposit of ticketing box office funds and are accordingly considered to be restricted funds.

Note 6 – Trade and other receivables

Pitopito kōrero 6 – Whakamahi me ērā atu whiwhinga

	Actual 2019 $000s	Actual 2018 $000s
Total trade and other receivables comprise:		
Receivables from exchange transactions		
Receivables from sale and supply of goods and services	3,380	4,792
Provision for impairment of trade receivables	(356)	(252)
Trade receivables net	3,024	4,540
Sundry debtors	991	916
Accrued income	2,765	1,582
Total receivables from exchange transactions	6,429	7,038
Receivables from non-exchange transactions		
Related-party receivables	27,344	20,517
Total receivables from non-exchange transactions	27,344	20,517
Total trade and other receivables	**34,124**	**27,555**

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 and the Auckland Council Group have determined a provision for impairment of receivables based on an expected credit loss model.

In assessing credit losses for receivables, the Group and Auckland Council apply the simplified approach and record lifetime expected credit losses (ECLs) on receivables. Lifetime ECLs result from all possible default events over the expected life of a receivable. The Group and Auckland Council consider the probability of default on initial recognition of the receivable, based on reasonable and available information on the customers. In assessing ECLs on receivables, the Group and the parent consider both quantitative and qualitative inputs. Quantitative data includes past collection rates, ageing of receivables, and trading outlook. Qualitative inputs include past trading history with the Group and Auckland Council.

To measure the expected credit losses, all receivables have been grouped based on shared credit risk characteristics and the days overdue. Expected loss rates are applied based on payment profiles and corresponding historical credit losses experienced within the year. Expected loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the debtors to settle their debt.

RFA and the Auckland Council Group have early-adopted PBE IFRS 9, which has an expected credit loss model for impairment of financial assets. RFA assessed the this credit loss model on its receivables and concluded the impact was immaterial.

Note 7 – Inventories Pitopito kōrero 7 – Rārangi taputapu	Actual 2019 $000s	Actual 2018 $000s
Commercial inventory		
Items held for resale	857	843
Total inventory	857	843

No inventories are pledged as securities (2018: nil).

The write-down of commercial inventory to net realisable value amounted to $68,205 (2018: $16,980). 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 Pitopito kōrero 8 – Ngā utunga	Actual 2019 $000s	Restated 2018 $000s
Total payables comprise:		
Payables under exchange transactions		
Creditors	4,889	3,124
Revenue received in advance	8,283	5,201
Accrued expenses	13,286	11,222
Other payables	51,676	9,251
Total payables under exchange transactions	78,134	28,798
Payables under non-exchange transactions		
Amounts due to related parties (Note 24)	34,706	32,451
Total payables under exchange transactions	34,706	32,451
Total payables	**112,839**	**61,249**

Payables

The creditors and other financial liabilities are recorded at their face value

Revenue in advance is recognized to the statement of comprehensive revenue and expenses as

Income in the period the income is earned.

Note 9 – Employee entitlements Pitopito kōrero 9 – Ngā tikanga kaimahi	Actual 2019 $000s	Actual 2018 $000s
Current portion		
Accrued salaries and wages	1,866	1,723
Annual leave	3,938	3,596
Long-service leave	73	94
Total current portion	**5,877**	**5,413**
Total employee benefits	**5,877**	**5,413**

Employee entitlements

Short-term employee entitlements – Employee benefits expected to be settled within 12 months of reporting date are measured at nominal values based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to reporting date; annual leave earned to, but not yet taken at, balance date; long-service leave entitlements expected to be settled within 12 months of reporting date. A liability and an expense are recognised for bonuses where RFA has a contractual obligation or where a past practice has created a constructive obligation.

Presentation of employee entitlements – Annual leave, vested long-service leave, and non- vested long-service leave and retirement gratuities expected to be settled within 12 months of reporting date are classified as a current liability. All other employee entitlements are classified as non-current liabilities.

Key assumptions in measuring retirement and long-service leave obligations

Two key assumptions used in calculating the liability are the discount rate and the salary inflation rate. A discount range of 1.03% to 1.26% equivalent to the appropriate risk-free rates relevant for the timing of cashflows, published by New Zealand Treasury as the government bond rate (2018: 1.8% to 4.29%) and an inflation factor of 2.92% (2018: 3.0%), were used in calculating the long-term leave and retirement gratuity liabilities. Any changes in these assumptions will affect the carrying amount of the liability.

Note 10 – Provisions Pitopito kōrero 10 – Whakaaturanga	Actual 2019 $000s	Actual 2018 $000s
Current portion		
Restructuring	-	90
Other	1,038	504
Total current portion	**1,038**	**594**
Total provisions	**1,038**	**594**

Movements for each class of provision	Actual 2019 $000s		
	Restructuring	Other	Total
Previous year opening balance	90	504	594
Additional provisions made	-	627	627
Amounts used / unused amounts released	(90)	(93)	(183)
Closing balance	**-**	**1,038**	**1,038**

	Actual 2018 $000s		
	Restructuring	Other	Total
Previous year opening balance	372	436	808
Additional provisions made	90	108	198
Amounts used / unused amounts released	(372)	(40)	(412)
Closing balance	**90**	**504**	**594**

Provisions

Provisions are recognised when all of the following are true:

- RFA has a present legal or constructive obligation due to past events
- It is more likely than not that an outflow of resources will be required to settle the obligation
- The amount has been reliably estimated.

Provisions are not recognised for future operating losses. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation, using a discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

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

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 2019 $000s	Restated 2018 $000s
Net surplus / (deficit) after tax	**53,721**	**20,863**
Add / (less) non-cash items		
Depreciation	31,373	27,229
Amortisation	802	366
Bad debts	-	(23)
Non-cash lease revenue	(269)	(269)
Non-cash operational funds	(1,074)	1,009
Decrease in allowance for impairment of trade receivables	104	110
Net gains on other financial assets	(94)	(94)
Gain on business acquisition	-	(15,656)
Other non-cash adjustments	(3,480)	-
Gifted artworks	(1,345)	(2,404)
Total non-cash items	26,017	10,268
Add / (less) items classified as investing or financing activities		
(Gain) / loss on disposal of property, plant and equipment	2,682	3,987
Total items classified as investing or financing activities	2,682	3,987
Add / (less) movements in statement of financial position items		
(Increase) / decrease in other receivables	1,337	(2,240)
(Increase) / decrease in accrued income	(1,182)	(510)
(Increase) / decrease in prepayments	(212)	(134)
(Increase) / decrease in GST receivable	(105)	(784)
(Increase) / decrease in inventories	(14)	(136)
Increase / (decrease) in other payables	44,190	(17,491)
Increase / (decrease) in revenue in advance	3,082	299
Increase / (decrease) in accrued expenses	(5,198)	4,072
Increase / (decrease) in provisions	444	(214)
Increase / (decrease) in employee benefits	464	(169)
Increase / (decrease) in capital expenditure accrual	6,819	218
Increase / (decrease) in net related-party balances	(4,574)	13,472
Net movement in working capital items	45,052	(3,617)
Net cash flow from operating activities	**127,472**	**31,501**

Long-term Assets

Ngā Rawa Motuhake

Note 12 – Property, plant and equipment

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

	Actual 2019							
Cost or valuation	**Opening balance 1 July 2018 $000s**	Additions * $000s	Disposal $000s	Revaluation / (impairment) $000s	Recognition of asset through equity	Acquired through a business combination $000s	Reclassification between asset classes $000s	**Closing balance 30 June 2019 $000s**
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
Under construction	32,507	23,593	-	(1,209)	-	-	-	54,891
Total cost	**1,116,020**	**89,873**	**(1,447)**	**(2,764)**	**650**	**-**	**5**	**1,202,137**

* Additions comprise construction costs incurred to existing buildings.

Note 12 (continued)

Accumulated depreciation	Actual 2019 Opening balance 1 July 2018 $000s	Depreciation expense $000s	Reversal of accumulated depreciation on revaluation $000s	Depreciation on disposals $000s	Other adjustments $000s	Closing balance 30 June 2019 $000s	Net book value 30 June 2019 $000s
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
Under construction	-	-	-	-	-	-	54,891
Total cost	**24,547**	**31,373**	**-**	**(175)**	**-**	**55,747**	**1,146,391**

Note 12 (continued)	Actual 2018							
Cost or valuation	Opening balance 1 July 2017 $000s	Additions $000s	Revaluation / (impairment) $000s	Disposals $000s	Other adjustments $000s	Acquired through a business combination $000s	Reclassification between asset classes $000s	Closing balance 30 June 2018 $000s
Land	145,780	-	34,455	-	-	-	-	180,235
Buildings	788,673	26,180	38,422	(4,338)	(1,488)	10,445	4	857,898
Plant and equipment	23,192	1,718	-	(3)	-	1,632	(4)	26,535
Office equipment, furniture and fittings	12,890	585	-	-	5	97	-	13,577
Computer equipment	1,394	274	-	(6)	-	18	-	1,680
Motor vehicles	566	22	-	-	36	2	-	626
Roading and civil structures	2,962	-	-	-	-	-	-	2,962
Under construction	18,116	14,391	-	-	-	-	-	32,507
Total cost	**993,573**	**43,170**	**72,877**	**(4,347)**	**(1,447)**	**12,194**	**-**	**1,116,020**

Note 12 (continued)

Accumulated depreciation	Opening balance 1 July 2017 $000s	Depreciation expense $000s	Reversal of accumulated depreciation on revaluation $000s	Depreciation on disposals $000s	Reclassification between asset classes $000s	Closing balance 30 June 2018 $000s	Net book value 30 June 2018 $000s
	Actual 2018						
Land	-	-	-	-	-	-	180,235
Buildings	21,288	21,768	(42,701)	(357)	2	-	857,898
Plant and equipment	11,515	2,726	-	(1)	(2)	14,238	12,297
Office equipment, furniture and fittings	6,264	2,209	-	-	-	8,473	5,103
Computer equipment	942	318	-	(1)	-	1,259	420
Motor vehicles	284	120	-	-	-	404	221
Roading and civil structures	86	87	-	-	-	173	2,789
Under construction	-	-	-	-	-	-	32,507
Total cost	**40,379**	**27,228**	**(42,701)**	**(359)**	**-**	**24,547**	**1,091,473**

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 because one of the following is the case.

- The occupants provide services integral to the operation of RFA's business, or these services could not be provided efficiently and effectively by the lessee in another location.
- RFA is a public-benefit entity and the property is held to meet service-delivery objectives, rather than to earn rentals or for capital appreciation.
- The property is being held for future delivery of services.
- The lessee uses RFA's services and those services are integral to the reasons for their occupancy of the 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 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. Each item of PPE is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

Disposals – Gains and losses on disposals are determined by comparing the proceeds 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 2018 consistent with the Auckland Council Group accounting policy. 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.

Useful lives of NZMM buildings

The New Zealand Maritime Museum (NZMM) buildings are built on leased land (Note 23). 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 2019 $000s	Actual 2018 $000s
Buildings	48,470	29,218
Plant and equipment	6,001	2,569
Software	336	568
Other	84	152
	54,891	**32,507**

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 2017	18,126	60,719	199,723	-	278,568
Additions	63	12	201	-	277
Donated / vested	78	1,436	890	-	2,404
Previously unrecognised assets	-	-	-	3,538	3,538
Revaluations	-	1,042	-	-	1,042
Reclassifications	122	(197)	75	-	-
Balance as at 30 June 2018	**18,389**	**63,012**	**200,890**	**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**

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 2019 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 Mossgreen-Webb's (Auckland) during the 2016/2017 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 moderate significance as at 30 June 2019 was carried out by Auckland Art Gallery in-house curators (2018: artwork collection of considerable significance as at 30 June 2018 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	In-house curators	June 2019	Artworks in moderate significance collection	19,208
Total 30 June 2019				**19,208**
Auckland Art Gallery	In-house curators	June 2018	Artworks in considerable significance collection	63,012
Total 30 June 2018				**63,012**

Note 14 – Historical and cultural collections

Pitopito kōrero 14 – Ngā kohinga tuku iho, ahurea hoki

The New Zealand Maritime Museum (NZMM) collects, manages and displays the heritage and cultural assets of New Zealand's maritime history. In 2018, RFA acquired the assets and liabilities of the NZMM (Note 23). This included acquiring the museum's collection of heritage and cultural assets, which is kept in trust for the nation.

Heritage and cultural assets	Actual 2019 $000s	Restated 2018 $000s
Opening balance	4,668	-
Additions	17	-
Fair value arising from business acquisition	-	4,668
Closing balance	**4,685**	**4,668**

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 2019 and no impairment was identified.

Note 15 – Intangible assets
Pitopito kōrero 15 – Ngā rawa kiko kore

	Actual 2019 $000s	Actual 2018 $000s
Computer software at cost		
Previous year opening balance	2,629	1,924
Additions	1,629	705
Closing balance	4,258	2,629
Accumulated amortisation and impairment		
Previous year opening balance	1,724	1,358
Amortisation charge	802	366
Closing balance	2,526	1,724
Carrying amount	**1,732**	**905**

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. Where acquired in a business combination, the cost is their fair value at the date of acquisition. 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%.

Ngā minonga, Whakatūpato me ngā Whakahaere Haupū Rawa

Note 16 – Other financial assets Pitopito kōrero 16 - Ētahi atu taputapu ā-pūtea	Actual 2019 $000s	Actual 2018 $000s
Current portion		
Community loans	222	223
Total current portion	222	223
Non-current portion		
Community loans	1,420	1,435
Total non-current loan portion	1,420	1,435
Total other financial assets	**1,642**	**1,658**

Fair value

Community loans – Fair value on recognition has been determined using cash flows discounted at a rate of 10.40% (2018: 10.43%), based on the ASB bank's business lending rate at 30 June 2019 of 4.40% (2018: 4.43%), plus the loan recipients' financial risk factor of 6% (2018: 6%).

Community loans	Actual 2019 $000s	Actual 2018 $000s
Fair value of the loans at the beginning of the period	1,658	1,841
Loans repaid during the period	(110)	(277)
Fair value gain recognised in current year	94	94
Fair value of the loans at the end of the period	**1,642**	**1,658**

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 10.40% (2018: 10.43%) for community loans.

The purpose of the loans is to develop community assets used for recreational or educational purposes on council-owned land.

Community loans adjusted for fair value are $1,642,000 (2018: $1,658,000). They have stated interest rates of between 4.5% and 5.0% and mature within 7 to 54 years. The face value of the community loans is $2,266,000 (2018: $2,374,000).

Note 17 – Borrowings and other financial liabilities Pitopito kōrero 17 – Nga minonga me ērā atu take ā-pūtea	Actual 2019 $000s	Actual 2018 $000s
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	7,434	7,703
Total non-current portion	**7,434**	**7,703**
Total borrowings	**9,141**	**9,410**

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

These balances relate to funding received from the ultimate parent (Auckland Council) in relation to capital expenditure projects undertaken by RFA. The face value of the advances as at 30 June 2019 is $1,438,000 (2018: $1,438,000). The terms of the advances are that they are non-interest bearing and will not be called on in the next 12 months. There are no covenants attached to the advances. The advances are unsecured.

Lease revenue in advance

The contribution by the third-party operator of Spark Arena has been recognised as lease revenue in advance. 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.

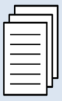
Note 18 – Financial instruments

Pitopito kōrero 18 – Taputapu ā-pūtea

Financial instrument categories

RFA's financial assets comprise cash and cash equivalents, term deposits, 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 2019 $000s	Actual 2018 $000s
Financial assets through other comprehensive revenue and expense		
Loans and receivables		
Cash and cash equivalents (Note 5)	60,110	17,631
Receivables (Note 6)	34,124	27,555
Other financial assets (Note 16)		
– Community loans	1,642	1,658
Total loans and receivables	95,876	46,844
Financial liabilities measured at amortised cost		
Payables (excluding income in advance, taxes payable and grants) (Note 8)	104,206	55,843
Borrowings (Note 17)	9,141	9,679
Total borrowings and payables	**113,697**	**65,522**

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.

Early adoption of PBE IFRS 9 Financial instruments

RFA and the Auckland Council Group have early-adopted all of the requirements of PBE IFRS 9 Financial Instruments (PBE IFRS 9) as of 1 July 2018. PBE IFRS 9 supersedes part of PBE IPSAS 29 Financial Instruments: Recognition and Measurement (PBE IPSAS 29). PBE IFRS 9 includes three areas of change:

- classification and measurement of financial instruments
- a single, forward-looking ‘expected credit loss’ impairment model
- a substantially reformed approach to hedge accounting.

Classification and measurement of financial instruments

The Group 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.

RFA completed an assessment of its financial assets and liabilities as at 1 July 2018 and note there is no change in classification of its financial instruments.

Note 19 – Equity and reserves Pitopito kōrero 19 – Ngā ōritenga me ngā mea rāhuitia	Actual 2019 $000s	Restated 2018 $000s
Contributed capital		
Balance at 1 July	1,053,532	1,049,995
Previously unrecognised assets	-	3,537
Balance at 30 June	1,053,532	1,053,532
Accumulated surplus / (deficit)		
Balance at 1 July	(24,266)	(45,110)
Surplus / (deficit) for the year	53,721	20,863
Reinstatement of asset incorrectly disposed	650	-
Transfers to restricted equity	(17)	(19)
Balance at 30 June	31,097	(24,266)
Restricted equity		
Balance at 1 July	1,720	1,599
Transfers from accumulated surplus	17	19
Contributions received / (distributions made)	51	102
Balance at 30 June	1,788	1,720
Property revaluation reserves		
Balance at 1 July	324,502	207,882
Revaluations gains / (losses) through comprehensive income	1,438	116,620
Balance at 30 June	325,940	324,502
Total equity	**1,411,349**	**1,355,488**

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. Previously unrecognised assets (Note 15) were held by other council entities before 2010 and identified during the current year are considered contributed capital.

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.

Property revaluation reserve

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

Property revaluation reserves consist of:	Actual 2019 $000s	Actual 2018 $000s
Artwork collection classified as moderate significance	1,646	1,151
Artwork collection classified as considerable significance	5,671	5,028
Artwork collection classified as substantial significance	13,724	13,724
Total artwork collections	21,041	19,903
Land	68,204	68,069
Buildings	236,695	236,530
Total property revaluation reserves	**325,940**	**324,502**

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.

Contributed capital – equity instruments that evidence a residual interest in the assets of an entity after deducting all of its liabilities.

Equity instruments issued by RFA are recognised as the proceeds received, net of direct issue costs.

Accumulated surplus / (deficit) – represents carried-forward undistributed surpluses and deficits that have not been designated or restricted.

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.

The parent 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.

Asset revaluation reserves – incorporates the revaluation arising on the revaluation of operational land and buildings, and artworks to fair value.

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 19 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 its ultimate parent (Auckland Council). The Auckland Transition Agency established a single banking arrangement with BNZ and a debt arrangement with each CCO ratified by its board. The debt agreement precludes borrowing from any party other than Auckland Council.

Other Disclosures

Wāhanga 6: Ētahi atu whakaaturanga

Note 21 – Capital commitments and operating leases Pitopito kōrero 21 – Ngā taputapu matua me ngā rihi whakahaere	Actual 2019 $000s	Restated 2018 $000s
Capital commitments		
Buildings	28,006	45,534
Plant and equipment	3,260	633
Total capital commitments	31,266	46,167

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 2019 $000s	Actual 2018 $000s
Not later than one year	1,517	1,453
Later than one year and not later than five years	3,742	4,206
Later than five years	1,683	2,450
	6,942	8,109

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, 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 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 2019 $000s	Actual 2018 $000s
Not later than one year	6,388	2,189
Later than one year and not later than five years	14,087	5,118
Later than five years	9,364	17,518
	29,839	24,825

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 independently revalued on a periodic basis. 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 new 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 indepently 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 2019

There are no contingent liabilities in 2019 (2018: nil).

Contingent assets 2019

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.

2018: The same contingency existed.

Note 23 – Business combination
Pitopito kōrero 23 – Ngā huihuinga pakihi

On 9 March 2018, RFA acquired 100% ownership of the assets and liabilities of New Zealand Maritime Museum (NZMM) through a Deed of Transfer agreed by RFA and the New Zealand Maritime Museum Trust for nil consideration. In the 30 June 2018 financial statements, all non-cash assets and liabilities were recognised at fair value at acquisition date, with the exception of the NZMM's heritage and culture collection. The collection's value was determined on a provisional basis due to a fair value assessment not being completed when the 2018 financial statements were issued, given the large volume and variety of objects in this collection.

Under the Public Benefit Entity International Financial Reporting Standard 3 (PBE IRFS 3): Business Combination, RFA had 12 months from the acquisition date in which to complete any fair value assessment of the identifiable assets and liabilities of NZMM. RFA applied the measurement period provisions of PBE IFRS 3 to NZMM's heritage and cultural collection and has now completed the valuation within the required measurement period. This gave rise to the following retrospective restatement:

Impact of retrospective restatement on 2018 accounts	Impact of restatement 2018 $000s
Fair value assessment of historical and cultural collection	4,668
Reversal of historical and cultural collection originally at cost	(323)
Fair value assessment of liabilities	(205)
Fair value assessment of identifiable assets and liabilities	**4,140**
Gain on business acquisition	4,140
Statement of Comprehensive Revenue and Expenses	**4,140**

Details of the fair value of identifiable assets and liabilities acquired, purchase consideration and gain on acquisition at restated value are as follows:

	Restated value at 30 June 2018 $000s	Value determined at acquisition date (9 March 2018) $000s
Current assets		
Cash and cash equivalents	1,060	1,060
Receivables	43	43
Inventories	50	50
Total current assets	1,153	1,153
Non-current assets		
Property, plant and equipment	12,140	12,140
Heritage and culture collection	4,668	323
Total non-current assets	16,808	12,463
Total assets	17,961	13,616
Current liabilities		
Employee entitlements	106	106
Creditors and other payables	902	902
Borrowings	268	268
Tax payable	9	9
Provisions	1,225	1,020
Total liabilities	2,510	2,306
Non-current liabilities		
Total non-current liabilities	-	-
Total liabilities	2,510	2,306
Total net assets	**15,451**	**11,311**
Price paid	-	-
Business bargain gain on acquisition	**15,451**	**11,311**

The valuation was completed by the following valuers:

Heritage and culture collection	Type of valuer	Date performed	Asset class	$000s
New Zealand Maritime Museum	In-house curators	March 2019	General collection	1,851
Webb's, Auckland	Independent valuers	March 2019	Coins and medals	90
NZ Marine Valuations Ltd	Registered marine valuers	March 2019	Display vessels	2,727
Total 30 June 2019				**4,668**

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 between RFA and the Auckland Council Group are at arm's length, except for the unsecured loan relating to funding received from the ultimate parent for capital expenditure projects undertaken by RFA (2019 is $1,438,000; 2018: $1,438,000). 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 expense, as they are incurred by the council. RFA has no expectation that they will have to reimburse the council for expenditure relating to the current financial year.

	Actual 2019	Actual 2018
Remuneration		
Number of full-time employees	465	450
Number of all other employees	655	655
Full-time equivalent (FTE) number of all other employees	108	111
Number of employees receiving total annual remuneration of less than $60,000	788	805

Note: the above numbers reflect full-time employees and casual employees as at 30 June 2019 and 30 June 2018. The full-time equivalent (FTE) numbers of all other employees are those casual and part-time employees who were contracted at 30 June 2019.

Employee numbers and remuneration bands

Total annual remuneration by band for employees as at 30 June 2018 is detailed below as per the banding stipulated in the Local Government Act 2002.

	Actual 2019	Actual 2018
< $60,000	778	805
$60,000 – $79,999	176	157
$80,000 – $99,999	81	65
$100,000 – $119,999	33	30
$120,000 – $139,999	14	16
$140,000 – $159,999	13	10
$160,000 – $179,999	6	8
$180,000 – $199,999	6	5
$200,000 – $259,999	7	5
$260,000 – $479,999	6	4
Total employees	**1,120**	**1,105**

Key management personnel

Board of Directors	
Sir Donald McKinnon	Chair, retired 31 October 2018
Andrew Barnes	Chair, appointed 1 November 2018
Lisa Bates	Director
Geoff Clews	Director
Andrew Collow	Director
Candace Kinser	Director, appointed 1 November 2018
Joanna Perry	Deputy Chair
Fabian Partigliani	Director
Jennifer Rolfe	Director, appointed 1 November 2018
Rukumoana Schaafhausen	Director, retired 31 October 2018
Gary Troup	Director, retired 31 October 2018
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
Kirsty Dent	Director, People and Culture
Simon Tran	Former Chief Financial Officer, resigned 10 May 2019
Rhana Devenport	Former Director, Auckland Art Gallery Toi o Tāmaki, resigned 21 September 2018

Key management personnel compensation	Actual 2019 $000s	Actual 2018 $000s
Board of Directors		
Total remuneration	410	416
Headcount	8	8
Executive Leadership Team		
Total remuneration	3,053	2,324
Full-time equivalent members	11	11
Total key management personnel compensation	3,463	2,740
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 25 – Severance payments

Pitopito kōrero 25 – Ngā utu tapahitanga

For the year ended 30 June 2019, RFA made 11 payments totalling $455,731 (2018: eight payments totalling $295,588).

Note 26 – Events after balance date

Pitopito kōrero 26 – Ngā mahi ā muri o te rā ōritenga

There were no significant events after balance date which impacted the financial statements.

Statement of Service Performance

Kōrero mō ngā Ratonga Āwhina

AUCKLAND PLAN	A 30-year plan for the whole of Auckland that is delivered by Auckland Council, central government and external stakeholders.	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.
LONG-TERM PLAN	A 10-year plan for Auckland Council that is delivered by the council and council-controlled organisations (CCOs).	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.
STATEMENT OF INTENT	RFA's agreement with Auckland Council regarding our implementation of the strategic priorities in the long-term plan.	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.

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, Regional Facilities Auckland (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 North Shore Events Centre.

Section A: Contribution to the Auckland Plan

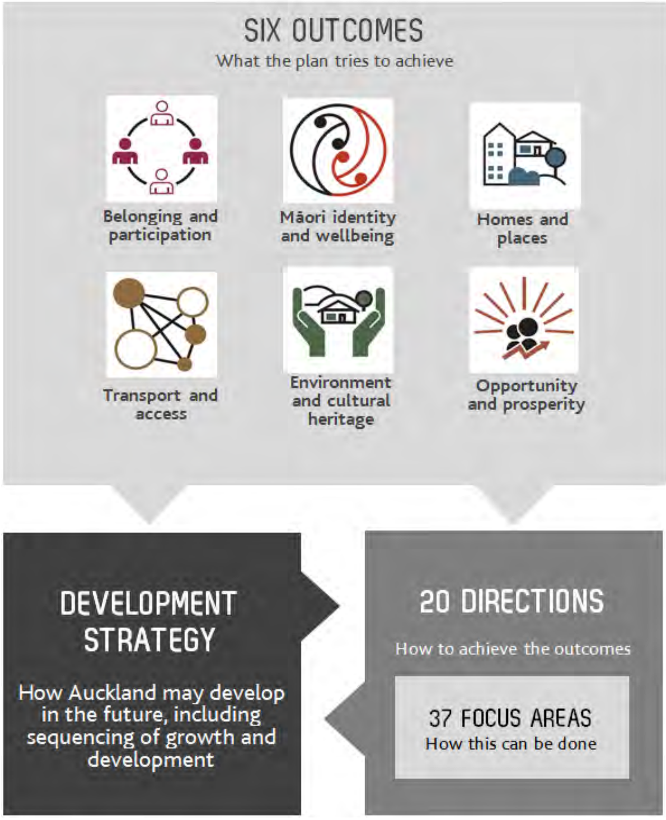
Wāhanga A: Takoha ki te Mahere o Tāmaki Makaurau

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 that 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 our 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**
• Foster an inclusive Auckland where everyone belongs	• Promote Māori success, innovation and enterprise • Recognise and provide for Te Tiriti o Waitangi outcomes • Showcase Auckland's Māori identity and vibrant Māori culture	• Provide sufficient public places and spaces that are inclusive, accessible and contribute to urban living	• Ensure Auckland's infrastructure is future-proofed • Ensure Auckland's environment and ecosystems are valued and cared for	• Attract and retain skills, talent and investment
Focus areas	**Focus areas**	**Focus areas**	**Focus areas**	**Focus areas**
• Create safe opportunities for people to meet,	• Strengthen rangatahi leadership, education and employment	• Create urban spaces for the future,	• Encourage all Aucklanders to be	• Harness emerging technologies and ensure equitable access

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	outcomes • Celebrate Māori culture and support te reo Māori to flourish	focusing investment in areas of highest population density and greatest need	stewards of the environment and make sustainable choices • Protect Auckland's significant environments and cultural heritage from further loss	to high quality digital data and services • Increase educational achievement, lifelong learning and training, with a focus on those most in need

During the 2018/2019 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.

AUCKLAND PLAN OUTCOMES	HOW RFA CONTRIBUTES
Belonging and participation	RFA's purpose is to enrich life in Auckland by engaging Aucklanders in the arts, entertainment, sports, conservation and recreational events and activities, through our venues and services. We recognise the importance of accessibility to our venues, including by public transport. Where development of venues is planned, transport interfaces are a priority. 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 is also planning for the impact of the City Rail Link on our CBD venues. RFA celebrates the diversity of Aucklanders and incorporates this into our event programming and exhibitions.

Key achievements

- RFA continued our commitment to accessibility, with Auckland Live lending support to ensure the delivery of a number of high-profile shows and events to the disability community. These included audio-described performances of New Zealand Opera's *La bohème* and *Chicago*; touch tours for sight-impaired patrons at *Bright Star* and New Zealand Sign Language-interpreted talks at Speak Up!
- Disney's *Aladdin the Musical* ran for nine weeks at The Civic, with 70 performances drawing theatre-goers from around the country. Additional New Zealand Sign Language-interpreted and audio-described performances had positive feedback from hearing and visually impaired theatre-goers.
- The free kids and families programme Pick & Mix celebrated its 10th anniversary with more than 16,000 people attending events at the Bruce Mason Centre, Aotea Centre and Māngere Arts Centre over the 2018 season.
- More than 566,000 people visited Auckland Art Gallery and New Zealand Maritime Museum, with free admission for residents and access to more than 17,000 works of art and thought-provoking maritime history.
- New Zealand Maritime Museum opened the exhibition *One Man's Treasures: John Street & the Fosters Collection.*
- Auckland Art Gallery presented 15 new exhibitions, including the award-winning *Gordon Walters: New Vision* and *Pacific Sisters: He Toa Tāera | Fashion Activists*. The exhibition pays homage to a collective of Pacific and Māori designers, artists and performers that electrified 1990s Auckland.
- *Guerilla Girls: Reinventing the 'F' word – Feminism!* opened in March. The anonymous collective's humorous and provocative work has challenged discrimination in the art world, politics, film and music for three decades.
- Almost 720,000 people visited Auckland Zoo during the year to experience wildlife conservation science at work, with sign language interpreted signs for animals throughout the Zoo for Sign Language week.
- Auckland Stadium held 449 community event days at its three stadiums, Mt Smart Stadium, QBE Stadium and Western Springs.
- RFA's summer stadium concert line-up boosted the Auckland economy with a visitor spend of $20 million and a contribution to regional GDP of $10 million.

AUCKLAND PLAN OUTCOMES	HOW RFA CONTRIBUTES
Māori identity and wellbeing	RFA has implemented a Māori engagement strategy, which aligns with the Auckland Council Group Māori Responsiveness Framework. This strategy aims to enhance existing relationships with iwi and enter into business relationships to development meaningful engagements. This may create employment, and be either cost neutral or generate a profit, which positively increasing the visibility of iwi and enhancing the RFA brand. The increased visibility of iwi from a business, tourism and reputational perspective is consistent with the focus of the Independent Māori Statutory Board. RFA remains committed to continuing to develop programmes to support Māori visibility at regional facilities, support Māori business to engage with RFA and support Māori cultural expression.

Key achievements

- Auckland Stadiums, New Zealand Maritime Museum and Auckland Zoo have established arrangements with a mana whenua group along with relationships and engagement with iwi and Māori specialists.
- 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 offers clients the option of bilingual signage when hiring the facilities. Four major concerts over the last year have used this service.
- Our Aotea Centre upgrade includes te reo Māori signage in our tri-lingual wayfinding plans. The design upgrade incorporated dimensions of Māori culture and engagement with prominent Māori artists.
- The myths of te ao Māori were presented in dance by Atamira, as part of Auckland Live's free Pick & Mix programme at the Auckland Town Hall and Bruce Mason Centre to mark Matariki in late June.
- Auckland Art Gallery continues to support Māori youth with its activities. The Learning and Outreach team has worked closely with Curator Māori Art, Nigel Borell, to develop a new tactile teaching resource, the Taonga Touch Collection (working title). Outreach Educator Jasmine Te Hira has been working with Kura Kaupapa Māori and several secondary school Māori departments to develop a new secondary school outreach programme for 2019. Te Waka Anga Mua ki Uta, the Auckland Council Māori Responsiveness Team, has been advising on the development of the programme.

Homes and places	RFA develops and maintains a range of iconic event venues that attract residents and businesses of the region as well as national and international visitors. Our venues are inviting and fit-for-purpose for events, exhibitions, live performances, conferences and concerts, with a focus on accessibility.

Key achievements

- The $60 million South East Asia development is the largest renewals project in Auckland Zoo's history. Work on building the South East Asia Jungle Track continued on budget and programme, with reduced admission charges attracting record numbers of visitors despite the construction.
- The Aotea Centre interior refurbishment is continuing however it was open in March 2019 in time for the Auckland Arts Festival. Enhancements for impaired patrons include braille signage and contrasting materials to aid navigation along ramps, and accessible counters at our bars, cloakroom and serving areas.
- We announced our first principal partner, QBE Insurance. QBE will be supporting our shows and programme development and has naming rights to the newly refurbished QBE Gallery in the Aotea Centre.
- Designs got underway to transform North Harbour Stadium into a home for baseball in New Zealand.

AUCKLAND PLAN OUTCOMES	HOW RFA CONTRIBUTES
Environmental and cultural heritage	Auckland Zoo contributes to local and international breeding, conservation and educational programmes to build understanding of wildlife and conservation. Establishment of partnerships (academic and NGO) to develop conservation training initiatives. RFA's businesses are committed to minimising the use of water, electricity and associated waste across our venues.

Key achievements

Environmental

- Auckland Zoo announced a partnership with Mazda Foundation for its Outreach Conservation Education programme.
- The UNESCO Memory of the World New Zealand Trust announced the inscription of the Marti Friedlander Archive to our documentary heritage register, which highlights significant documentary heritage from around the world. Auckland Art Gallery's E H McCormick Research Library holds the Marti Friedlander Archive.
- Auckland Stadiums launched a new sustainability initiative with reusable Globelet Cups, which greatly reduces the amount of plastic used at a concert. Auckland Zoo introduced the Again Again zero waste to landfill coffee-cup lending scheme, eliminating the use of 160,000 single-use compostable cups a year.
- Auckland Art Gallery's 300W halogen external up-lights are progressively being replaced with 30W LED lights, increasing energy efficiency tenfold.
- New Zealand Maritime Museum received a Qualmark Gold Sustainable Tourism Business Award, recognising how the museum has increased our commitment to delivering a holistically sustainable experience.
- With hand sorting of all recycling, 0% of Auckland Zoo's recycling is sent to landfill due to contamination.
- Rainwater harvesting tanks installed in the South East Asia Precinct bring Auckland Zoo's total rainwater collection capacity from quarter of a million to half a million litres of water annually.
- In June, Auckland Live eliminated the printing of 28,914 transaction till receipts at our venues.
- In June, Auckland Zoo conducted waste audits that indicate the majority of waste (more than 70%) we send to landfill each year is divertible. It will work with a supplier to sort waste on a daily basis over the next 12 months to achieve this important reduction.

Cultural

- *An Illiad* ran for two weeks at the Herald Theatre to critical acclaim and record audiences. Two school matinees gave classics and drama students from five secondary schools a chance to experience the production, with exceptional feedback.
- Auckland Art Gallery presented 15 new exhibitions, including the award-winning *Gordon Walters: New Vision* and *Pacific Sisters: He Toa Tāera | Fashion Activists*. The exhibition pays homage to a collective of Pacific and Māori designers, artists and performers that electrified 1990s Auckland.
- *Guerilla Girls: Reinventing the 'F' word – Feminism!* opened in March. The anonymous collective's humorous and provocative work has challenged discrimination in the art world, politics, film and music for three decades.

AUCKLAND PLAN OUTCOMES	HOW RFA CONTRIBUTES
Opportunity and prosperity	Digital advancement is a key initiative for RFA in improving our customer experience. Auckland Art Gallery, Auckland Zoo and Auckland Live offer educational programmes and professional training programmes for young people and young professionals.

Key achievements

- The Auckland Live Digital Stage launched in Aotea Square. Auckland’s newest outdoor screen showcases stories and profiles of arts companies, artists, and new and existing works from New Zealand and around the world.
- Together, our divisions provided interactive, exciting learning opportunities plus free enrichment activities for more than 340,000 students and 30,000 children and their families.

Section B: Key Deliverables

Wāhanga B: Ngā Whāinga Matua

PROJECT	DELIVERABLE	STATUS	PROGRESS
OPTIMISE SECTOR NETWORKS	COLLABORATION ACROSS THE COUNCIL GROUP RFA works with numerous partners within the broader council family. RFA, ATEED and Auckland Council work together to develop and deliver significant events for the region and where possible reduce ratepayer-funded events and venues competing with each other.	Ongoing	RFA continues to work closely with the Auckland Council Group. The following key initiatives occurred this year: • RFA continued to work with ATEED to ensure that event planning is coordinated across the city. These activities range from cost-effective management of large events to sharing of resources and reducing duplication of effort. • Collaboration with the council and Panuku Development Auckland (Panuku) continues on the impact of the upcoming America's Cup on ANZ Viaduct Events Centre operations as the centre has now become the home of Emirates Team New Zealand.
	CULTURAL HERITAGE REVIEW 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) to effect greater value for money for ratepayers and better outcomes for the stakeholders. Specifically, RFA will provide input and advice to the Cultural Heritage Sector Review, provide the council with comment on the findings of the review, and work with the council to assist with implementing any recommendations subsequently adopted.	Ongoing	Working with Auckland Council, RFA has taken a leadership role in the review, through engagement with the major museums and by putting the needs of the region at the forefront. The review, which continues, has a focus on the medium and long-term opportunities for delivering a strong and unique identity for Auckland through our cultural heritage institutions.
	NEW ZEALAND MARITIME MUSEUM (NZMM) NZMM was integrated into RFA's operations from 28 February 2018. RFA will work to expand the museum's impact as a key cultural heritage institution as it leverages the services and expertise that RFA offers in the museum sector.	Ongoing	Phase 1 covering full legal and functional integration has been completed. Phase 2, aimed at full benefit realisation, is underway. This will set efficiency and service improvement targets resulting from the integration and outline a programme for realising and measuring these.
	HAMILTON ZOO COLLABORATION RFA will continue to work with Hamilton Zoo on opportunities to collaborate more to improve wildlife conservation and customer experience outcomes.	Ongoing	Collaboration between the two Zoos has been a subject of a business case analysis however its has been agreed by both parties that this initiative will be deferred.
	LOCAL PLACE-MAKING AND URBAN REGENERATION RFA's purpose is to advance the social and cultural wellbeing of Aucklanders. We do this by engaging people in the arts, environment, sports and events. Our transformational projects will ensure our venues, facilities and programmes are attractive locations and precincts with high amenity value for our communities.	Ongoing	RFA continues to work collaboratively across the council group including with Panuku and Auckland Transport. Examples include the Civic Administration Building development, shared place-making activities on Queens Wharf, and shared essential services between Auckland Town Hall and the Aotea Centre.

PROJECT	DELIVERABLE	STATUS	PROGRESS
INVEST IN OUR VENUES AND SERVICES	AUCKLAND STADIUMS – THE VENUE DEVELOPMENT STRATEGY RFA's Venue Development Strategy outlines strategic investment in Auckland's stadium network to ensure it is fit for purpose, and able to provide for the full range of opportunities demanded of a city the size of Auckland. The LTP 2018-2028 includes investment in essential renewals at Western Springs, QBE North Harbour and Mt Smart stadiums, with the aim of increasing use and financial sustainability.	Ongoing	The Venue Development Strategy (VDS) has been reviewed by stakeholders and RFA has undertaken to complete a further consultation period with stakeholders with the intent of refreshing the VDS and considering options for its future development. The planned renewals across all three stadiums for 2018/2019 has commenced with some work being deferred to 2019/2020.
	AOTEA CENTRE Renewal of the exterior and interior of the Aotea Centre started in February 2018 and is due for completion in 2019. This will address the centre's weather-tightness issues, meet compliance requirements and significantly improve patron experience; this is the most significant upgrade of the centre since our opening in 1989. The LTP 2018-2028 also includes funding for the proposed expansion of the centre, with the addition of new studio, convention and administrative spaces. It will address the need for high-quality, centrally located, flexible and multi-purpose spaces designed to meet the needs of top professionals and emerging artists. The balance of the funding required will be sought as part of future annual plans or LTP processes after the completion of the detailed planning process.	Ongoing	**Renewals** The physical works currently underway at the Aotea Centre will address weather-tightness issues, bring internal and external facilities up to current compliance standards, and improve the customer experience. The work will be completed during the 2020 calendar year. **Aotea Studios** Work is currently in progress to finalise the scope and further the design on the proposed Aotea Studios. This will inform the business case to the RFA for consideration and then to Auckland Council for consideration as part of future annual plans or LTP cycles.
	AUCKLAND ZOO Auckland Zoo infrastructure is ageing and in a number of areas falls short of community standards. A significant renewals programme is underway to address these issues across the site, in response to increasing international standards of animal care, health and safety and improved visitor experiences. The current capital programme at the Zoo, the largest in our history, involves a significant upgrade of the Auckland Zoo South East Asia precinct and restaurant area. Construction for this project started in February 2018 and is due for completion and opening in 2020.	Ongoing	The two-year programme of work for the South East Asia precinct is progressing well. This project significantly upgrades facilities for a range of species including orangutans and tigers and improves the underlying utilities infrastructure. A range of initiatives is currently underway (or planned) to minimise business disruption and potential financial loss.
ENHANCE CUSTOMER EXPERIENCE	ENRICHED AND ENHANCED CUSTOMER EXPERIENCES RFA will deliver enhanced and enriched customer experiences of our collections, events and services.	Ongoing	RFA has a comprehensive strategy to improve customer experiences across all our businesses. This will encompass redeveloped websites, customer insight programmes to drive improvements and engagement, enhancements to an existing business-to-business portal and other online services.

PROJECT	DELIVERABLE	STATUS	PROGRESS
	ONLINE TRANSACTIONS AND SERVICES RFA will make it easy for customers and clients to engage with us by investing in online services that digitise transactions, services and processes.		
IMPROVE ORGANISATIONAL SUSTAINABILITY	SECURE SUSTAINABLE FUNDING RFA were approved additional operational funding and capital funding as part of the Long Term Plan 2018-2028 to enable a more financially sustainable business model.	Completed	As part of the Long-term Plan 2018-2028, RFA submitted changes to right-size the annual operational funding from Auckland Council to reflect the operating environment. RFA's operations are funded primarily from external commercial revenue. The cyclical and volatile nature of the commercial markets we operate in remains an inherent financial and operational risk for RFA.
	REVIEW OF CONVENTIONS BUSINESS The loss of RFA's key conventions venue, and the changing conventions environment in Auckland, is prompting RFA to review the scope of our conventions and commercial events business to focus efforts better on currently unrealised opportunities for the city.	Ongoing	With the Viaduct Events Centre leased to Emirates Team New Zealand as part of the America's Cup 36, RFA is focused on opportunities for using other RFA facilities and spaces. RFA business units are working together to identify best uses for these spaces.
	OPERATING MODEL REVIEW RFA will complete a review of our various operating models and improve integration of business activities and services. Additional annual plan bids, supplemental to the long-term plan funding, will be made to the council in response to business cases as they arise.	Ongoing	RFA aims to increase the value for money to ratepayers by achieving cost savings and operational efficiencies through management and operational integration across all RFA business divisions. The implementation of the operating model for RFA is progressing.

Section C: Non-financial Performance Measures

Wāhanga D: Ngā Ine Mahi Kāhore e Utua

This section presents RFA's success and progress during the 2018/2019 financial year against performance measures contained in the Statement of Intent 2018-2021 (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

3.4m
visitors to RFA's facilities
(Target: 3.5m)

718,027
visitors to Auckland Zoo
(Target: 680,000)

401,883
visitors to Auckland Art Gallery
(Target: 500,000)

157,091
visitors to New Zealand Maritime Museum
(Target: 165,000)

70%
of Auckland residents surveyed who value RFA venues and events
(Target: TBS)

43
Net promoter score for RFA's audiences and participants
(Target: 18)

57%
of operating costs funded through non-rates revenues
(Target: 65%)

68
Māori programmes at Auckland Art Gallery
(Target: 14)

SERVICE LEVEL STATEMENT	MEASURE	2017/18 ACTUAL	2018/19 TARGET	2018/19 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 This includes the following specific targets:	Not measured	3.5m	3.4m	
	Total number of visitors to Auckland Zoo	698,045	680,000	718,027	
	Total number of visitors to Auckland Art Gallery	545,782	500,000	401,883	
	Total number of visitors to the New Zealand Maritime Museum	Not measured	165,000	157,091	
	Comments on visitor numbers • RFA's main convention facility, the Viaduct Events Centre, was repurposed and leased by Emirates Team New Zealand in October 2018. The repurposing of this facility has had a negative impact on the overall visitor numbers. • The Auckland Art Gallery had only one paid exhibition during this financial year and this has impacted on the number of visitors to the gallery. • The New Zealand Maritime Museum was acquired by RFA in March 2018, so the visitor numbers were not measured by RFA in 2017/2018.				
	The net promotor score for Regional Facilities Auckland's audiences and participants	Not measured	18	43	
	Comments on net promoter score • The net promotor score measurement is new for 2018/2019. • It is an index ranging from -100 to 100 that measures the willingness of customers to recommend a product or service to others.				
RFA delivers arts, environment, sports and events experiences efficiently	Percentage of operating costs funded through non-rates revenues	61%	65%	57%	
	Comment on percentage of operating costs funded through non-rates revenues • The target was not met this financial year. This is due to revenue not achieving budget offset in part by tight controls over expenditure.				
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	Not measured	Baseline to be set	70%	
	Comment on percentage of Auckland residents surveyed who value RFA venues and events • 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	27	14	68	

Independent Auditor's Report

To the readers of Regional Facilities Auckland's financial statements and performance information for the year ended 30 June 2019

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.

Opinion

We have audited:

- the financial statements of the Trust on pages 8 to 50, that comprise the statement of financial position as at 30 June 2019, the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the Trust on pages 51 to 61.

In our opinion:

- the financial statements of the Trust on pages 8 to 50:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2019; 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 International Public Sector Accounting Standards; and
- the performance information of the Trust on pages 51 to 61 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 2019.

Our audit was completed on 21 August 2019. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the 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 opinion

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

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

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

Responsibilities of the 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 Trust intends to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

The Trust's 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 Trust.

- 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 Trust 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 Trust 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 5 to 7, 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(Revised): *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board.

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

5/2019

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