

REGIONAL FACILITIES AUCKLAND

annual report

FOR THE YEAR ENDED 30 JUNE 2021

PŪRONGO Ā-TAU MŌ TE TAU MUTU
30 O PĪPĪRI 2021



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 2021.

SIGNED on 24 September 2021



Mark Franklin

Chair, Auckland Unlimited Limited as Trustee of Regional Facilities Auckland

SIGNED on 24 September 2021



Nick Hill

Chief Executive Officer, Auckland Unlimited Limited as Trustee of Regional Facilities Auckland

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OVERVIEW

Tirohangā whānui

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

In August 2020 an independent panel reviewed Auckland Council's CCOs and recommended that two of the CCOs, Regional Facilities Auckland Limited (RFAL) and Auckland Tourism, Events and Economic Development Limited (ATEED), be merged. The Auckland Council Governing Body met on 27 August 2020 and approved this recommendation to be effective 1 December 2020. Regional Facilities Auckland Limited, as the continuing entity, changed its name to Auckland Unlimited Limited effective 1 December 2020.

Auckland Unlimited Limited, a 100% owned subsidiary of Auckland Council, continues to be the sole trustee of Regional Facilities Auckland, a charitable trust.

Through our programmes and events, RFA contributes to growing Auckland's economy and enhances our city's reputation as a conferencing, live performance and arts destination.

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

OUR SUCCESSES AND ACHIEVEMENTS

Ā tātou momoho me ngā tutukitanga

The eyes of the world were on New Zealand this year as one of the few countries where COVID-19 was stamped out in our communities. In Tāmaki Makaurau Auckland, the arts, events, cultural festivals, sports and entertainment slowly ramped up again, albeit severely constrained by borders remaining closed and limited international visiting artists or tourists for most of the year.

More than 1.86 million visitors participated in these events and programmes during 2020/2021, within COVID-19 restrictions and funding constraints. Events and programmes focused heavily on local content and audiences, with the Australian travel bubble creating a small but welcome window where more artists and visitors could come across.

Successes included the biggest contemporary exhibition ever staged by Auckland Art Gallery Toi o Tāmaki, *Toi Tū Toi Ora: Contemporary Māori Art*, the opening of the first stage of Auckland Zoo's South East Asia Jungle Track, being able to stage the first major theatre performance globally in the COVID-era with *Mary Poppins, The Broadway Musical*, and significant refurbishments to the Maritime Museum entrance and the Blue Water Black Magic gallery the largest refurbishment in 12 years.

There were more than 2200 event days across RFA venues, with 1,373 performing arts event days in Auckland Live venues. Auckland Live's programme of free and subsidised experiences engaged 1,169,748 participants, and more than one million visitors experienced natural and cultural heritage at the Auckland Zoo, Auckland Art Gallery and New Zealand Maritime Museum.

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

In December 2020 Auckland Art Gallery Toi o Tāmaki opened *Toi Tū Toi Ora: Contemporary Māori Art*, the largest exhibition of artworks ever presented by the Gallery. The exhibition included new commissions including the Gallery's family-friendly Creative Learning Centre by Charlotte Graham; a new installation by Ana Iti on the exterior sculpture terrace, an installation by Emily Karaka in the North Atrium and a two-storey-high installation by Sandy Adsett on the windows of the South Atrium, as well as an innovative, virtual walk-through of the opening floors.

- The Creative Learning Centre attracted 31,743 children to experience its activities.
- Several collections were created and presented, including Alicia Frankovich *AQI2020*, Candice Breitz *I'm Your Man*, Susan Phillipsz *War Damaged Musical Instruments*, Angelica Mesiti *Mother Tongue*, and *All That Was Solid Melts*.
- The 10th iteration of The Walters Prize opened in May; Aotearoa New Zealand's contemporary art prize now boasts a 20-year legacy.
- An active broad publishing programme included the Louise Henderson publication, three editions of Art Toi magazine, Toi Tū Toi Ora broadsheet, The Walters Prize 2021 catalogue, *All That Was Solid Melts* publication, and recorded 24 editions of the Cultured Conversations podcast.

Construction of the building shell for the Gallery's new off-site storage facility concluded in July 2020; fit-out of the interior spaces, climate control systems and storage equipment began immediately. Testing and acclimatisation in May 2021 were followed by a blessing ceremony and commencement of the collection relocation.

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

The refurbishment, development and expansion of the Aotea Centre is aimed at creating a vibrant cultural and civic centre in the Aotea Square precinct. This will include a significantly upgraded and expanded Aotea Centre and integrated Aotea Square, providing a home for the development and presentation of performing arts in Auckland. The weathertightness improvement phase of the Aotea Centre Refurbishment Programme is progressing at a steady rate and scheduled to be completed in August 2021. The fly-tower cladding and roof asphaltting is complete.

Resident hirers and festivals delivered over 170 individual events, made up of predominantly New Zealand artists, and work to 112,000 patrons throughout the year. Auckland Live supported new partnership initiatives including the Auckland Arts Festival Aotea Square programme and the Civic Club, and the Auckland Writers Festival presentation of the Australasian premiere of the Donmar Warehouse production of *Blindness*.

The world watched as The Amici Trust took to the stage at The Civic to present *Mary Poppins, The Broadway Musical* in October 2020 – the first performance globally in a major venue after COVID lockdowns – with support from Auckland Live. In May 2021, the newly formed professional New Zealand company GnT Productions mounted a fully professional production of *Jersey Boys*.

The already popular The Civic Tours grew from one-off events into regular monthly programming, with most tours (around 20 scheduled a month) sold out within days of being announced. This highly successful tour model developed by Auckland Live staff was then used to create the Auckland Town Hall Tours, which also proved extremely popular, again selling out in advance.

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

The COVID-19 environment significantly impacted the Auckland Stadiums operation throughout the 2020/2021 financial year, with the traditional event portfolio heavily depleted.

Much of Auckland's network of stadiums is aging and does not respond to the evolving interests of Aucklanders, including the growth of interest in a wider range of sports. RFA is working to improve the amenity and health and safety standards in the stadiums under its stewardship, to improve their financial sustainability and provide better facilities for both community sports activities and professional sports teams and their fans. RFA also aims to provide venues to support Auckland's emerging sports.

Auckland Stadiums has expanded its events portfolio, bringing new promoters and tenants to the stadiums, developing a range of self-promoted events through Project Promote, and expanding the functions business. This has resulted in a variety of new attractions, concerts, activations and functions, bringing a steady stream of events and entertainment to Auckland and New Zealand.

At the same time an increased focus on tenant and local community businesses for functions and events resulted in an expansion in activity at both North Harbour and Mt Smart stadiums.

Western Springs Stadium: A multi-year, \$12.7 million programme of major renewal works was completed and several new facilities opened in time for the new Speedway season in November. Palmerston North Speedway joined as the new promoter and introduced a number of new initiatives as they sought to construct a season calendar without access to international drivers.

Mt Smart Stadium: A programme of minor renewal and infrastructure improvements is underway at Mt Smart. The conversion of Fields 1 and 4 to hybrid turf enables a variety and intensity of events, from an All Blacks test match to driving vehicles onto the pitch for Cinema at the Stadia. Several Level of Service initiatives are being planned, which will see improvements to customer experience, increases in advertising revenue and an improvement in the quality of the facilities we can provide to our commercial partners.

During the last year we forged a number of significant new promoter relationships. Loop brought L.A.B to the upper field at Mt Smart for a highly successful concert; one of the few stadium concerts to be held in 2021.

Building on our existing relationships, the D1NZ returned to Mt Smart for Round 1 of the National Drifting Championship for the first time since 2014. With the Vodafone Warriors based in Australia since March 2020, the team engaged with their local fans for virtual events.

North Harbour Stadium: The financial year (FY21) capital programme is centered around investigation and remedial works to the main grandstand roof, which were delayed from FY20 due to COVID-19 along with some minor renewal works. Expanding our existing commercial arrangement with in-house caterers Spotless saw them providing over 9000 school lunches prepared at NHS since February 2021.

All Venues: A structural condition assessment of all freestanding stadia assets has been completed and will result in a programme of asset improvements that focus on health and safety.

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

RFA is continuing with development of a world-class zoo and wildlife conservation facility through a phased programme of essential renewals. These are aimed at ensuring Auckland Zoo meets the modern standards of animal welfare, visitor amenity, wildlife exhibition and health and safety obligations.

Auckland Zoo achieves its mission by delivering on four strategic intents. The highlights below clearly demonstrate the breadth of what the Zoo has achieved in the past financial year despite the challenges of COVID-19.

- **Inspiring our community**

Despite a level 3 lockdown in August 2020 and closed borders for most of the year (and consequently very few overseas visitors), the Zoo welcomed 680,898 visitors and we exceeded our budget expectations by \$3.5 million.

- **Conserving wildlife**

Forty-nine staff, interns and volunteers, representing 16 different teams, contributed to Auckland Zoo's conservation field work programme this past year. Collectively this amounted to 3361 hours in the field, supporting 23 projects in locations spanning the length and breadth of Aotearoa New Zealand.

- **Caring for wildlife**

On 1 July 2020 the Zoo opened stage one of the South East Asia Jungle Track – two newly renovated habitats for siamang gibbons and orangutan, which both species quickly settled into. Six months later, more than 2km of aerial pathways were opened to the animals. These pathways are vine-like overhead ropes that link nine 20-25m high support structures extending from the high canopy habitat right out over the Zoo's lake. The innovative design means they can live full, arboreal lifestyles and creates a spectacular new perspective for visitors to appreciate these primates.

- **Building a sustainable organisation**

Te Puna ('the spring') – the new state-of-the-art hospitality venue overlooking the central lake in the new South East Asia Jungle Track – was named one of the winners in the Public Architecture category of the 2021 Auckland Architecture Awards in May. The win means that the building designed by Stevens Lawson Architects and Jack McKinney Architects will go on to compete at the National Architecture awards in 2022.

- The Zoo's commitment to minimising its environmental footprint continued in FY21 with a number of initiatives.

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

In time for the opening of the America's Cup 36 Village, the Maritime Museum completed a multi-year project to transform the entrance and introduce an on-site, family-friendly cafe. Situated in the prime waterfront location, this new large and light-filled space attracts visitors walking by and puts the museum on the map as a prominent destination.

On 7 December 2020 the Maritime Museum reopened Blue Water Black Magic after its largest gallery refurbishment in 12 years. Made possible through support from NZ Lotteries, the gallery featuring the America's Cup, yachting and Sir Peter Blake collections was completely refreshed for the start of the 36th America's Cup. In this permanent gallery, visitors can explore the extraordinary story of innovative design, meticulous teamwork, outstanding leadership and international success.

The Maritime Museum Hui Te Ananui a Tangaroa officially launched its collection online in March 2021. This was a multi-year project to see items usually sequestered off-site regularly rolled out to reach our community, telling Aotearoa's all-encompassing, sometimes contested, maritime narratives.

An exhibition from September 2020 to March 2021 titled '*A Year in Aotearoa*' showcased New Zealand's top photographers vying for the New Zealand Geographic Photographer of the Year 2020 title, with their work described as capturing tumultuous, unsettling and consoling aspects of life.

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

Auckland Zoo's focus on conserving wildlife saw staff, interns and volunteers, contribute to the Zoo's ongoing conservation field work programme. The team supported a number of significant projects in locations across the country. As well as Wild Work and field projects that help New Zealand or overseas populations, the Zoo has an

onsite breeding programme for endangered animals and a Vet Hospital that treats sick and injured animals from the wild.

Auckland Zoo is certified carboNZero and Qualmark accredited EnviroGold. The Zoo's commitment to minimising its environmental footprint continued in FY21. The Zoo received Carbon Zero certification for the fifth consecutive year as well as diverting 88% of waste generated at and by the Zoo from landfill (well ahead of the 75% target).

Throughout FY21, RFA maintained our commitment to offer eco-friendly and reusable products for events and in our catering and café options. We continued to educate our visitors on conservation and sustainability issues at Auckland Zoo and the New Zealand Maritime Museum and focus on minimising waste at all our venues. This includes using paperless ticketing as the preferred ticketing delivery for events, providing water fountains at our venues and continuing with reusable and BYO cup options (where COVID-19 protocols allowed).

Celebrating our cultural heritage, arts and conservation through education programmes

RFA provided curriculum-based learning opportunities and experiences for school students and their families in Auckland through the following initiatives.

- Auckland Art Gallery's Creative Learning Centre attracted 31,743 children to experience its activities.
- The Gallery also provided a Te Reo Māori tours programme for Māori medium schools.
- We delivered subsidised schools programmes to over 100,000 school students, focusing on wildlife conservation, New Zealand's maritime heritage, visual arts and the performing arts.
- Our venues hosted over 25,000 school students involved in sports training and performance.
- New Zealand Maritime Museum's outreach programme Aramoana, in conjunction with the Te Toki Voyaging Trust, visited 1637 students.
- Structured and educational holiday programmes ran at the Gallery, Maritime Museum and the Zoo.

Highlights included a pilot project Auckland Live developed during Matariki 2021, *Autaia – Haka Theatre*, where 86 students from three local kura kaupapa Māori created a 30-minute performance piece for the Kiri Te Kanawa Theatre. Auckland Art Gallery launched a new 'Raranga Matihiko' learning programme focusing on schools in south and west Auckland; and New Zealand Maritime Museum's Aramoana Ocean Roads Waka programme benefited over 1200 Māori, Pacific, and south Auckland students and their whānau.

OUR ASSETS

Ā tātou rawa

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

- significant capital expenditure projects at Western Springs Stadium and Mt Smart Stadium
- continued development of Auckland Zoo's South East Asia precinct
- development of the New Zealand Maritime Museum entrance and galleries.

OUR FINANCES

Ā tātou pūtea

The COVID-19 pandemic and the ensuing economic consequences continue to dominate RFA's operations, with lockdowns in Auckland in August 2020 and February/March 2021. The continued border closures have resulted in a suspension of international concerts and sporting events. The bubble opening with Australia has enabled a number of trans-Tasman events, however, this continues to be impacted by Australian lockdowns and subsequent restrictions on travel between New Zealand and Australia.

RFA continues to take a range of measures to mitigate the revenue impact, including applying for, and receiving, government wage subsidies, the Wildlife Institution Relief Funding and Strategic Tourism Assets Protection Programme (the latter two are both Government grants). Other initiatives include a recruitment freeze, reassigning staff between business units to reduce the use of casuals and halting unscheduled repairs and maintenance.

RFA's financial statements reflect the impact of COVID-19, including the financial assessment of the fair value of land and buildings, valuation of artwork and a more conservative approach in the provisioning of doubtful debts.

The capital works programme has been a significant focus for RFA during the year. This was a busy capital programme, achieving 95% (\$48 million) of the capital works planned with major renewal works continuing on the Aotea Centre and Auckland Zoo's South East Asia precinct. Due to the impact of COVID-19 delaying certain capital projects, the unused 2020/2021 capital budget for certain projects has been deferred to the 2021/2022 financial year.

RFA finished the year with a total other comprehensive income of \$94.9 million, primarily due to gains on property and art revaluations of \$76.1 million.

FUTURE OUTLOOK

Tirohanga whakamua

The global COVID-19 pandemic continues to impact RFA's revenue forecast and operations for the next financial year. Around 50% of RFA's revenues are generated from its ability to host international visitors and drawcard artists, exhibitions and events. To mitigate the financial impact, RFA has a number of measures to reduce costs over the next year, while continuing to provide enriching arts, cultural, heritage, wildlife and sporting programmes, events and activities.

The amalgamation of Regional Facilities Auckland Limited (RFAL) and Auckland Tourism, Events and Economic Development Limited (ATEED) took place on 1 December 2020. The new group under Auckland Unlimited is now implementing a new operating model that will provide efficiencies and alignment across Auckland Unlimited Limited and Regional Facilities Auckland. This implementation programme will continue during 2021/2022.

Acknowledgements

Nga Mihi

The Board would like to thank and acknowledge the outgoing directors for their invaluable guidance and support in growing RFA over the past years: Andrew Barnes, Andrew Collow, Candace Kinser and Joanna Perry. The Board would also like to express its gratitude to the former members of the executive team for their stewardship and commitment to the organization, in particular their work in transitioning RFA during the merger: Chris Brooks, Paul Brewer, Kelly Dickson, Janice Smith, Paul Nisbet and Jonathan Wilcken.

Financial Statements

Pūrongo tahua pūtea

Statement of Comprehensive Revenue and Expenses for the year ended 30 June 2021

Pūrongo o ngā Whakapaunga me ngā Whiwhinga Pūtea mō te tau mutu a te 30 o Pipiri 2021

	Note	Actual 2021 \$000s	Budget 2021 \$000s	Actual 2020 \$000s
Revenue				
Commercial revenue	1	33,011	34,024	45,299
Finance income	1	268	154	848
Total revenue from exchange transactions	1	33,279	34,178	46,147
Philanthropic revenue		5,161	2,450	3,952
Government subsidies		9,697	4,692	6,100
Auckland Council funding	1	103,092	106,954	118,523
Total revenue from non-exchange transactions	1	117,950	114,096	128,575
Total revenue	1	151,229	148,274	174,722
Expenditure				
Employee benefits	2	54,826	57,783	58,589
Depreciation expense		35,560	35,665	34,429
Amortisation expense		1,003	-	917
Impairment of property, plant and equipment		101	-	1,547
Finance expenditure		(16)	-	554
Other expenses		40,939	40,338	56,495
Total expenditure		132,413	133,786	152,531
Surplus from continuing operations before tax		18,816	14,488	22,191
Surplus after tax attributable to:				
Regional Facilities Auckland		18,816	14,488	22,191
Other comprehensive income				
Gain on property and art revaluations		76,093	-	85,068
Total other comprehensive income		76,093	-	85,068
Total comprehensive income after tax		94,909	14,488	107,259

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 2021

He Kōrero mō Tahua Pūtea i te 30 o Pipiri 2021

	<i>Note</i>	Actual 2021 \$000s	Actual 2020 \$000s
Assets			
Current assets			
Cash and cash equivalents	5	21,300	25,812
Receivables	6	29,732	27,382
Prepayments		1,868	324
GST receivable		263	302
Other financial assets	16	109	123
Inventories	7	675	877
Total current assets		53,947	54,820
Non-current assets			
Property, plant and equipment	12	1,327,469	1,245,550
Artwork collections	13	315,728	310,680
Heritage and cultural assets	14	3,399	3,438
Intangible assets	15	758	1,267
Other financial assets	16	831	1,082
Total non-current assets		1,648,185	1,562,017
Total assets		1,702,132	1,616,837
Liabilities			
Current liabilities			
Payables	8	71,964	81,230
Borrowings and other financial liabilities	17	1,707	1,707
Employee entitlements	9	5,263	7,143
Provisions	10	1,095	807
Total current liabilities		80,029	90,887
Non-current liabilities			
Borrowings and other financial liabilities	17	7,164	7,164
Total non-current liabilities		7,164	7,164
Total liabilities		87,193	98,051
NET ASSETS		1,614,939	1,518,786
Equity and reserves			
Contributed capital	19	1,053,532	1,053,532
Accumulated surplus / (deficit)	19	71,079	52,267
Restricted equity	19	3,227	1,979
Asset revaluation reserves	19	487,101	411,008
Total equity		1,614,939	1,518,786

The accompanying notes form part of these financial statements.

Statement of Changes in Equity as at 30 June 2021

He Kōrero mō te Panoni Rawa Pūtea i te 30 o Pipiri 2021

	<i>Note</i>	Actual 2021 \$000s	Actual 2020 \$000s
Balance 1 July		1,518,787	1,411,348
Total comprehensive revenue and expenses for the year		94,909	107,259
Owner transactions			
Movement in restricted equity		1,243	180
Recognition of asset previously disposed through equity		-	-
Balance at 30 June		1,614,939	1,518,787

The accompanying notes form part of these financial statements.

Statement of Cash Flows for the year ended 30 June 2021

He Kōrero mō te Kapewhiti Pūtea i te 30 o Pipiri 2021

	<i>Note</i>	Actual 2021 \$000s	Actual 2020 \$000s
Cash flows from operating activities			
Receipts from Auckland Council funding		106,460	118,523
Receipts from commercial revenue		15,201	24,561
Receipts from third parties held in relation to future events		15,034	19,533
Government subsidies received		9,697	6,100
Net GST received / (paid)		39	418
Finance income	1	268	(848)
Payments to suppliers and employees		(103,321)	(128,299)
Interest paid		16	(554)
Net cash inflow / (outflow) from operating activities		43,394	39,434
Cash flows from investing activities			
Loan repayments received		318	193
Purchase of property, plant and equipment		(47,622)	(73,459)
Purchase of intangible assets		(709)	(660)
Net cash inflow / (outflow) from investing activities		(48,013)	(73,926)
Cash flows from financing activities			
Distributions to / (from) restricted reserves		108	193
Net cash inflow / (outflow) from financing activities		108	193
Net increase / (decrease) in cash and cash equivalents		(4,511)	(34,299)
Cash and cash equivalents at beginning of the year		25,811	60,110
Cash and cash equivalents at end of the year	5	21,300	25,811

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 Auckland Unlimited Limited (AUL), formerly Regional Facilities Auckland Limited, 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>

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

The financial statements of RFA are for the year ended 30 June 2021. Comparative information is provided for the period from 1 July 2019 to 30 June 2020. The financial statements were authorised for issue by RFA's Board on 24 September 2021.

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 2021, 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 are approved in the Auckland Unlimited Statement of Intent for 2020-2023, which is published on Auckland Unlimited website at:

<https://aucklandunlimited.com/what-we-do/statement-of-intent>

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

Other accounting policies and judgements



Goods and services tax (GST)

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

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

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

Income tax

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



Accounting judgements, estimates and assumptions

In preparing these financial statements, RFA has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed within the applicable notes.

Significant judgements relate to:

Assessing the recognition of grants revenue received (Note 1)

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

Determining the discount rate for community loans (Note 16)

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

Implementation of new and amended standards

Change in frequency of revaluations of property, plant and equipment

From 1 July 2020 Auckland Council Group changed its accounting policy to revalue its property, plant and equipment held at fair value, at least every five years. Management takes the view that this change in policy would provide the group with the flexibility to revalue when it is appropriate, or when there is a material movement given the need to manage our finances prudently. The policy has been applied prospectively from the beginning of this financial year because it was not practicable to estimate the effects of applying the policy either retrospectively or prospectively from any earlier date. Accordingly, the adoption of the new policy has no effect on prior periods.

Impact of COVID-19 on RFA

The COVID-19 pandemic continued to impact RFA in the year to 30 June 2021. While New Zealand largely operated under Alert Level 1 (normalcy, but with closed international borders and contact tracing) for most of the year, RFA's commercial revenue was adversely impacted by the border closures, especially those business units such as the Art Gallery and the Maritime Museum which attract international visitors, as well as Stadiums and Auckland Live which are reliant on international artists and performers for ticketed income. RFA was able to assuage this lost revenue with the assistance of Government Wage Subsidy, and by focusing on domestic artist programming and customers to drive revenues and visitation. In particular, the Gallery's exhibition *Toi Tū Toi Ora: Contemporary Māori Art* attracted significant visitors to the Gallery, while two major local productions, *Mary Poppins*, *The Broadway Musical* and *The Jersey Boys*, successfully attracted visitors to Auckland Live venues.

Use of estimates and judgements

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

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

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

At the time of issuing these financial statements RFA has not identified any material risk to its ability to continue as a going concern. RFA continues to monitor the impact of COVID-19 on the organisation.

Revenue and Expense Results for the Year

Ngā Whiwhinga me ngā Whakapaunga Pūtea o te Tau

Note 1 – Revenue		Actual 2021 \$000s	Actual 2020 \$000s
Pitopito kōrero 1 – Ngā whiwhinga moni	<i>Note</i>		
Commercial revenue from exchange transactions			
Entrance and admission fees		6,236	9,580
Venue hire		6,158	9,617
Food and beverages		5,112	5,281
Membership fees		1,590	1,601
Sale of goods		2,606	2,680
Rental revenue from property leases		6,799	6,586
Other commercial revenue		4,496	9,915
Gain on disposal of plant and equipment		14	39
Total commercial revenue		33,011	45,299
Finance income			
Interest revenue		268	844
Realised foreign exchange gains		-	4
Total finance income		268	848
Total revenue from exchange transactions		33,279	46,147
Revenue from non-exchange transactions			
Donations and bequests		78	96
Sponsorships		235	657
Grants		3,368	969
Gifted artwork and museum collection items		1,480	2,230
Total philanthropic revenue		5,161	3,952
Government subsidies		9,697	6,100
Total other revenue		14,858	10,052
Auckland Council funding			
Operating funding		56,874	42,652
Capital funding		46,218	75,871
Total Auckland Council funding		103,092	118,523
Total revenue from non-exchange transactions		117,951	128,575
Total revenue		151,229	174,722



Revenue

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

Auckland Council funding – RFA receives operating and capital funding from Auckland Council. Operational funding is recognised as revenue upon entitlement based on the eligibility of expenditure in accordance with the 2020-2023 Statement of Intent between RFA and Auckland Council. Capital funding is a reimbursement for approved capital works as outlined in RFA’s asset management plan and recognised as a related party receivable at the time the capital expense is incurred by RFA.

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

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

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

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

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

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

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



Grants received

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

Grants

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

Grants include:

- various grants to Auckland Art Gallery of \$2.3 million (2020: \$0.7 million)
- various grants to the New Zealand Maritime Museum of \$0.2 million (2020: \$0.3million).

Note 2 – Employee benefits	Actual 2021 \$000s	Actual 2020 \$000s
Pitopito kōrero 2 – Hua ki ngā kaimahi		
Salaries and wages	53,860	54,054
Employer contributions to KiwiSaver	1,306	1,329
Other	11	10
Increase / (decrease) in employee holiday pay provision	(351)	3,196
Total employee benefits	54,826	58,589

Note 3 – Other expenses	Actual 2021 \$000s	Actual 2020 \$000s
Pitopito kōrero 3 – Ētahi atu whakapaunga		
Other expenses include:		
Fees paid to principal auditor:		
– Audit fees for financial statement audit	270	263
– Fees for review engagement	27	26
Assurance services	10	121
Loss on disposal	398	7,537
	705	7,947

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

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

Actual
2021
\$000s

Budgeted surplus from continuing operations before tax	14,488
<i>Revenue explanations</i>	
Commercial revenue not achieved	(1,013)
Additional operating funding received from Auckland Council	
Capital funding not received from Auckland Council due to deferment of capital programme	(3,861)
Government subsidies received	5,005
Additional interest received	113
Other revenue not achieved	(46)
Additional donations and bequests received	2,833
Sponsorship budget not achieved	(76)
Total operating revenue explanations	2,955
<i>Expenditure explanations</i>	
Lower depreciation due to capital projects completed	105
Additional amortisation not budgeted	(1,003)
Staff restructure costs unbudgeted	(1,614)
Lower staff costs*	4,572
Additional grants awarded not budgeted for	287
Lower direct costs arising from savings against budget	16
Unbudgeted disposal of assets arising from redevelopment	(889)
Unbudgeted impairment of property	(101)
Total operating expenditure explanations	1,373
Actual surplus from continuing operations before tax	18,816

* Following the impact of COVID-19 restrictions, staff costs were controlled by a number of initiatives, including a freeze on recruitment, reducing leave liabilities and offering staff the option of working reduced hours.

Working Capital

Haupū Pūtea Mahi

Note 5 – Cash and cash equivalents	Actual 2021 \$000s	Actual 2020 \$000s
Pitopito kōrero 5 – Ngā moni me ngā pūtea taurite		
Cash at bank and on hand	69	103
Operating bank account	882	1,458
Ticketing bank account	20,349	23,498
Arts development fund	-	752
Total cash and cash equivalents	21,300	25,811

Cash

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

Operating bank account

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

Ticketing bank account

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

Arts Development Fund

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



Restricted cash balances

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

Note 6 – Trade and other receivables		Actual 2021 \$000s	Actual 2020 \$000s
Pitopito kōrero 6 – Whakamahi me ērā atu whiwhinga	<i>Note</i>		
Total trade and other receivables comprise:			
Receivables from exchange transactions			
Receivables from sale and supply of goods and services		4,131	3,890
Provision for impairment of trade receivables		(364)	(494)
Trade receivables net		3,767	3,396
Sundry debtors		2,092	1,399
Accrued income		545	14
Total receivables from exchange transactions		6,404	4,809
Receivables from non-exchange transactions			
Related-party receivables		23,328	22,573
Total receivables from non-exchange transactions		23,328	22,573
Total trade and other receivables		29,732	27,382



Trade and other receivables

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

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

Provision for impairment



Provision for impairment of trade receivables

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

Impact of COVID-19 on the provision for doubtful debts

A significant number of RFA's trade receivables are tenants in the hospitality industry or are event-related clients in the entertainment industry. Given the higher financial risk associated with these industries as a result of their reduced operations during lockdown, RFA has applied a conservative approach in its provisioning of doubtful trade receivables at 30 June 2021.

Note 7 – Inventories	Actual 2021 \$000s	Actual 2020 \$000s
Pitopito kōrero 7 – Rārangi taputapu		
Commercial inventory		
Items held for resale	675	877
Total inventory	675	877

The write-down of commercial inventory to net realisable value amounted to \$70,000 (2020: \$24,000). There have been no reversals of write-downs.



Inventory

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

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

Note 8 – Payables		Actual 2021 \$000s	Actual 2020 \$000s
Pitopito kōrero 8 – Ngā utunga			
	<i>Note</i>		
Total payables comprise:			
Payables under exchange transactions			
Creditors		9,626	9,098
Revenue received in advance		6,159	6,495
Accrued expenses		11,533	12,194
Amounts due to third parties in relation to future events		15,034	19,533
Total payables under exchange transactions		42,352	47,320
Payables under non-exchange transactions			
Amounts due to related parties	18	29,612	33,910
Total payables under exchange transactions		29,612	33,910
Total payables		71,964	81,230



Payables

Creditors and accrued expenses are recorded at their face value.

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

Note 9 – Employee entitlements	Actual 2021 \$000s	Actual 2020 \$000s
Pitopito kōrero 9 – Ngā tikanga kaimahi		
Current portion		
Accrued salaries and wages	734	2,240
Annual leave	4,455	4,830
Long-service leave	74	73
Total current portion	5,263	7,143
Total employee benefits	5,263	7,143



Employee entitlements

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

Note 10 – Provisions	Actual 2021 \$000s	Actual 2020 \$000s
Pitopito kōrero 10 – Whakaaturanga		
Current portion		
Grant commitment	104	478
Other	991	329
Total current portion	1,095	807
Total provisions	1,095	807

Movements for each class of provision

	Actual 2021 \$000s		
	Grant commitment	Other	Total
Previous year opening balance	478	329	807
Additional provisions made	21	1,259	1,280
Amounts used / unused amounts released	(395)	(597)	(992)
Closing balance	104	991	1,095

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



Provisions

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

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

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

Note 11 – Reconciliation of net surplus / (deficit) to net cash flow from operating activities	Actual 2021 \$000s	Actual 2020 \$000s
Pitopito kōrero 11 – Whakamārama o te toenga whakamau / (takarepa) me te toenga kapewhiti pūtea i ngā mahi whakahaere		
Net surplus / (deficit) after tax	18,618	22,191
<i>Add / (less) non-cash items</i>		
Depreciation	35,560	34,427
Amortisation	1,003	917
Bad debts	199	239
Non-cash lease revenue	-	(269)
Decrease in allowance for impairment of trade receivables	68	377
Net (gains) / losses on other financial assets	(67)	145
Other non-cash adjustments	(3,840)	750
Gifted artworks	(1,480)	(2,320)
Total non-cash items	31,443	34,266
<i>Add / (less) items classified as investing or financing activities</i>		
(Gain) / loss on disposal of property, plant and equipment	398	7,537
Total items classified as investing or financing activities	398	7,537
<i>Add / (less) movements in statement of financial position items</i>		
(Increase) / decrease in other receivables	(934)	(915)
(Increase) / decrease in accrued income	(531)	2,751
(Increase) / decrease in prepayments	(1,542)	862
(Increase) / decrease in GST receivable	39	419
(Increase) / decrease in inventories	201	(19)
Increase / (decrease) in other payables	(3,971)	(27,934)
Increase / (decrease) in revenue in advance	(336)	(1,788)
Increase / (decrease) in accrued expenses	2,996	(2,019)
Increase / (decrease) in provisions	288	(231)
Increase / (decrease) in employee benefits	(1,879)	1,266
Increase / (decrease) in capital expenditure accrual	3,657	(927)
Increase / (decrease) in net related-party balances	(5,053)	3,975
Net movement in working capital items	(7,065)	(24,560)
Net cash flow from operating activities	43,394	39,434

Long-term Assets

Ngā Rawa Motuhake

Note 12 – Property, plant and equipment

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

Cost or valuation	Actual 2021						Closing balance 30 June 2021 \$000s
	Opening balance 1 July 2020 \$000s	Additions * \$000s	Disposal / Impairment \$000s	Revaluation \$000s	Transfer (to) / from Auckland Council \$000s	Reclassification between asset classes \$000s	
Land	185,828	-	-	24,525	-	-	210,353
Buildings	967,305	39,776	(49)	19,530	-	-	1,026,562
Plant and equipment	44,714	1,979	(29)	-	-	-	46,664
Office equipment, furniture and fittings	16,683	589	-	-	-	-	17,272
Computer equipment	3,295	422	-	-	-	-	3,717
Motor vehicles	1,058	121	-	-	(762)	-	417
Roading and civil structures	2,962	-	-	-	-	-	2,962
Work in progress	61,132	2,117	-	-	-	-	63,249
Total cost	1,282,977	45,004	(78)	44,055	(762)	-	1,371,196

* Additions comprise construction costs incurred to existing buildings.

Note 12 (continued)

	Actual 2021						Net book value 30 June 2021 \$000s
	Opening balance 1 July 2020 \$000s	Depreciation expense \$000s	Reversal of accumulated depreciation on revaluation \$000s	Depreciation on disposals \$000s	Transfer (to) / from Auckland Council \$000s	Closing balance 30 June 2021 \$000s	
Accumulated depreciation							
Land	-	-	-	-	-	-	210,353
Buildings	-	28,835	(28,833)	(2)	-	-	1,026,562
Plant and equipment	22,163	4,895	-	(11)	-	27,047	19,617
Office equipment, furniture and fittings	12,008	1,042	-	-	-	13,050	4,222
Computer equipment	2,245	661	-	-	-	2,906	811
Motor vehicles	665	41	-	-	(415)	291	126
Roading and civil structures	346	87	-	-	-	433	2,529
Work in progress	-	-	-	-	-	-	63,249
Total cost	37,427	35,561	(28,833)	(12)	(416)	43,727	1,327,469

Note 12 (continued)

	Actual 2020					
	Opening balance 1 July 2019 \$000s	Additions \$000s	Disposal / (impairment) \$000s	Revaluation \$000s	Reclassification between asset classes \$000s	Closing balance 30 June 2020 \$000s
Cost or valuation						
Land	181,020	-	-	4,808	-	185,828
Buildings	913,627	50,811	(8,054)	10,921	-	967,305
Plant and equipment	30,947	13,915	(147)	-	-	44,714
Office equipment, furniture and fittings	15,476	1,271	(66)	-	-	16,683
Computer equipment	2,396	900	(2)	-	-	3,294
Motor vehicles	819	239	-	-	-	1,058
Roading and civil structures	2,962	-	-	-	-	2,962
Work in progress	54,891	6,244	-	-	-	61,135
Total cost	1,202,137	73,380	(8,269)	15,729	-	1,282,977

Note 12 (continued)

	Actual 2020						
	Opening balance 1 July 2019 \$000s	Depreciation expense \$000s	Reversal of accumulated depreciation on revaluation \$000s	Depreciation on disposals \$000s	Reclassification between asset classes \$000s	Closing balance 30 June 2020 \$000s	Net book value 30 June 2020 \$000s
Accumulated depreciation							
Land	-	-	-	-	-	-	185,828
Buildings	25,381	27,336	(50,443)	(2,273)	-	-	967,305
Plant and equipment	17,342	4,854	-	(33)	-	22,163	22,552
Office equipment, furniture and fittings	10,586	1,421	-	-	-	12,007	4,673
Computer equipment	1,639	606	-	-	-	2,245	1,049
Motor vehicles	539	126	-	-	-	665	393
Roading and civil structures	260	87	-	-	-	347	2,615
Work in progress	-	-	-	-	-	-	61,135
Total cost	55,747	34,429	(50,443)	(2,305)	-	37,428	1,245,549



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 PPE.

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

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

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

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

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

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

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

Work in progress – Work in progress is recognised at cost less impairment and is not depreciated. The total cost of a project is transferred to the relevant asset class on its completion and then depreciated.

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

Depreciation – Land is not depreciated. Depreciation is provided on a straight-line basis on all PPE 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 PPE. No items of PPE are secured as security for liability.

Revaluation of land and buildings

RFA revalues land and buildings on a five-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. At 30 June 2021, following significant market increases in the latter half of the financial year, land and buildings were revalued at 30 June 2021 by RFA's management based on a material change assessment provided by Beca (30 June 2020 valuation undertaken by Beca, independent valuers).

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

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

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

Useful lives of Maritime Museum buildings

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

Fair value

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

Impairment

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

Work in progress

Work in progress by asset class is detailed below.

	Actual 2021 \$000s	Actual 2020 \$000s
Buildings	60,989	55,144
Plant and equipment	2,154	5,623
Software	43	356
Other	63	11
	63,249	61,134

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 \$000s	Considerable significance \$000s	Substantial significance \$000s	Public artworks \$000s	Total \$000s
Opening balance 1 July 2019	19,208	65,033	201,013	3,538	288,792
Additions	51	287	-	-	338
Donated / vested	200	469	294	-	963
Impairment	-	-	(50)	(261)	(311)
Revaluations	79	420	20,399	-	20,898
Reclassifications	(161)	(139)	300	-	-
Balance as at 30 June 2020	19,377	66,070	221,956	3,277	310,680
Additions	-	268	146	-	414
Donated / vested	2	478	948	-	1,428
Impairment	-	-	-	-	-
Revaluations	-	3,206	-	-	3,206
Reclassifications	24	(1,538)	1,514	-	-
Balance as at 30 June 2021	19,403	68,484	224,564	3,277	315,728

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 2021 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 2020/2021 financial year. The revaluation methodology was externally verified by Coupland Art (Auckland).
- Items in the substantial significance collection were individually revalued by Sotheby's (London) and Coupland Art (Auckland) during the 2019/2020 financial year.

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

Public artwork has been recognised at 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 considerable significance as at 30 June 2021 was carried out by Auckland Art Gallery in-house curators and *the revaluation methodology was externally* verified by Coupland Art (Auckland) (2020: revaluation of the artwork collection of substantial significance as at 30 June 2020 was carried out by Coupland Art, Auckland and Sotheby's, London).

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; Coupland Art (Auckland)	June 2021	Artworks in considerable significance collection	68,484
Total 30 June 2021				68,484
Auckland Art Gallery	Coupland Art (Auckland), Sotheby's London	June 2020	Artworks in substantial significance collection	221,957
Total 30 June 2020				221,957

Artworks in the moderate significance collection and the substantial significance collection are not subject to independent valuation in the current year. However, RFA management has undertaken a fair-value assessment of these collections to identify any potential impairment. Following the review, the management concluded that there is no impairment to these collections.

Note 14 – Historical and cultural collections

Pitopito kōrero 14 – Ngā kohinga tuku iho, ahurea hoki

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

Heritage and cultural assets	Actual 2021 \$000s	Actual 2020 \$000s
Opening balance	3,438	4,685
Additions	21	333
Donated / vested	52	-
Impairment	(112)	(1,580)
Closing balance	3,399	3,438



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 2021 and minor impairment was identified.

Note 15 – Intangible assets

Pitopito kōrero 15 – Ngā rawa kiko kore

	Actual 2021 \$000s	Actual 2020 \$000s
Computer software at cost		
Previous year opening balance	4,710	4,258
Additions	709	660
Disposals	(438)	(208)
Closing balance	4,981	4,710
Accumulated amortisation and impairment		
Previous year opening balance	3,443	2,526
Amortisation charge	1,003	917
Amortisation on disposals	(223)	-
Closing balance	4,223	3,443
Carrying amount	758	1,267

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



Intangibles

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

Software acquisition and development

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

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

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

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

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

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

Amortisation

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

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



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

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

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

Borrowings, Risk and Capital Management

Ngā minonga, Whakatūpato me ngā Whakahaere Haupū Rawa

Note 16 – Other financial assets	Actual 2021 \$000s	Actual 2020 \$000s
Pitopito kōrero 16 - Ētahi atu taputapu ā-pūtea		
Current portion		
Community loans	109	123
Total current portion	109	123
Non-current portion		
Community loans	831	1,082
Total non-current loan portion	831	1,082
Total other financial assets	940	1,205

Fair value

Community loans – The purpose of the loans is to develop community assets used for recreational or educational purposes on council-owned land. Fair value on recognition has been determined using cash flows discounted at a rate of 8.84% (2020: 9.33%), based on the ASB bank's business lending rate at 30 June 2021 of 2.84% (2020: 3.33%), plus the loan recipients' financial risk factor of 6% (2020: 6%).

Community loans

	Actual 2021 \$000s	Actual 2020 \$000s
Fair value of the loans at the beginning of the period	1,204	1,642
Loans repaid during the period	(49)	(12)
Loans waived during the period	(284)	(280)
Fair value gain recognised in current year	69	(145)
Fair value of the loans at the end of the period	940	1,205



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 8.84% (2020: 9.33%) for community loans.

Community loans adjusted for fair value are \$940,000 (2020: \$1,205,000). They have stated interest rates of between 4.5% and 5.0% and mature within 5 to 51 years. The face value of the community loans is \$1,864,000 (2020: \$2,196,000).

Note 17 – Borrowings and other financial liabilities	Actual 2021 \$000s	Actual 2020 \$000s
Pitopito kōrero 17 – Ngā minonga me ērā atu take ā-pūtea		
Current portion		
Unsecured loans	1,438	1,438
Lease revenue in advance	269	269
Total current portion	1,707	1,707
Non-current portion		
Lease revenue in advance	7,164	7,164
Total non-current portion	7,164	7,164
Total borrowings	8,871	8,871



Borrowings

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

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

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

Unsecured loans

This balance relates to funding received from Auckland Council in relation to a historical capital expenditure project to be undertaken by RFA. The face value of the advance as at 30 June 2021 is \$1,438,000 (2020: \$1,438,000). The terms of the advance are that it is non-interest bearing and will not be called on in the next 12 months. There are no covenants attached to the advance. The advance is unsecured.

Lease revenue in advance

The contribution by the third-party operator of Spark Arena has been recognised as lease revenue in advance (refer Note 21). Lease revenue from this leasing arrangement is recognised as revenue on a straight-line basis over the period of the lease. The remaining period of the lease is 26 years.

Note 18 – Financial instruments

Pitopito kōrero 18 – Taputapu ā-pūtea

Financial instrument categories

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

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



Financial instruments

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

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

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

Financial instruments by category

	Actual 2021 \$000s	Actual 2020 \$000s
Financial assets through other comprehensive revenue and expenses		
Loans and receivables		
Cash and cash equivalents (Note 5)	21,300	25,812
Receivables (Note 6)	29,015	27,382
Community loans (Note 16)	940	1,205
Total loans and receivables	51,255	54,399
Financial liabilities measured at amortised cost		
Payables (excluding income in advance, GST payable and grants) (Note 8)	36,194	40,825
Amounts due to related parties (Note 8)	29,612	33,910
Borrowings (Note 17)	8,871	8,871
Total borrowings and payables	74,677	83,606

Financial instrument risk

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

Classification and measurement of financial instruments

RFA classifies its financial instruments in the following categories:

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

Note 19 – Equity and reserves	Actual 2021 \$000s	Actual 2020 \$000s
Pitopito kōrero 19 – Ngā ōritenga me ngā mea rāhuitia		
Contributed capital		
Balance at 1 July	1,053,532	1,053,532
Previously unrecognised assets	-	-
Balance at 30 June	1,053,532	1,053,532
Accumulated surplus / (deficit)		
Balance at 1 July	52,267	30,087
Surplus / (deficit) for the year	18,816	22,191
Transfers to restricted equity	(4)	(11)
Balance at 30 June	71,079	52,267
Restricted equity		
Balance at 1 July	1,979	1,788
Transfers from accumulated surplus	4	11
Contributions received / (distributions made)	1,244	180
Balance at 30 June	3,227	1,979
Asset revaluation reserves		
Balance at 1 July	411,008	325,940
Revaluations gains / (losses) through comprehensive income	76,093	85,068
Balance at 30 June	487,101	411,008
Total equity	1,614,939	1,518,786

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

Contributed capital

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

Accumulated surplus / (deficit)

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

Restricted equity

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

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

Asset revaluation reserve

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

	Actual 2021 \$000s	Actual 2020 \$000s
Asset revaluation reserves consist of:		
Artwork collection classified as moderate significance	1,725	1,725
Artwork collection classified as considerable significance	9,095	5,889
Artwork collection classified as substantial significance	33,047	33,047
Total artwork collections	43,867	40,661
Land	97,537	73,012
Buildings	345,697	297,335
Total asset revaluation reserves	487,101	411,008

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

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



Equity

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

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

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

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

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

Restricted reserves include those restricted by RFA's decision.

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

Note 20 – Capital management

Pitopito kōrero 20 – Ngā whakahaere ā-pūtea

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

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

Equity is represented by net assets.



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

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



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

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

Other Disclosures

Wāhanga 6: Ētahi atu whakaaturanga

Note 21 – Capital commitments and operating leases	Actual 2021 \$000s	Actual 2020 \$000s
Pitopito kōrero 21 – Ngā taputapu matua me ngā rihi whakahaere		
Capital commitments		
Buildings	20,032	30,015
Plant and equipment	824	1,114
Intangibles	103	52
Total capital commitments	20,959	31,181

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 2021 \$000s	Actual 2020 \$000s
Not later than one year	2,444	1,266
Later than one year and not later than five years	3,419	3,350
Later than five years	421	1,052
	6,284	5,668

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

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

Operating leases as lessors

RFA leases property in the normal course of its business. Most of these leases have non-cancellable terms of six months to nine years. The contribution by the third-party operator of Spark Arena has been recognised as an operating lease, and the remaining period of the lease is 26 years. The future aggregate minimum lease payments receivable under non-cancellable operating leases are as follows.

	Actual 2021 \$000s	Actual 2020 \$000s
Not later than one year	3,130	6,230
Later than one year and not later than five years	7,075	9,501
Later than five years	6,467	7,815
	16,672	23,546



Operating leases

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

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

Significant judgement

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

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

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

Note 22 – Contingencies

Pitopito kōrero 22 – Tikanga tūpono

Contingent liabilities 2021

There are no contingent liabilities in 2021 (2020: nil).

Contingent assets 2021

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.

2020: The same contingency existed for the New Zealand Centre for Conservation and Medicine.

Architectural and building services claim

RFA has issued a claim against a consultant for the Aotea Centre development project relating to project design faults. The final claim amount at 30 June 2021 has not yet been quantified.

Note 23 – Related parties

Pitopito kōrero 23 – Ngā whakawhanaungatanga



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

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those it is reasonable to expect the council would have adopted in dealing with the party at arm's length in the same circumstances.

Related party disclosures have also not been made for transactions with entities within the Auckland Council Group (such as funding and financing flows) where the transactions are consistent with the normal operating relationships between the entities and are on normal terms and conditions for such group transactions.

Related party transactions required to be disclosed

The ultimate parent of RFA is Auckland Council (100%). Transactions arising from operational and capital funding between RFA and the Auckland Council Group are at arm's length, except for an unsecured loan (2021 is \$1,438,000; 2020: \$1,438,000), refer Note 17. As this loan is interest free, it is not considered at arm's length.

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

	Actual 2021	Actual 2020
Remuneration		
Number of full-time employees	494	505
Number of all other employees	563	700
Full-time equivalent (FTE) number of all other employees	108	117
Number of employees receiving total annual remuneration of less than \$60,000	680	817

Note: the above numbers reflect full-time employees and casual employees as at 30 June 2021 and 30 June 2020.

The full-time equivalent (FTE) numbers of all other employees are those casual and part-time employees who were contracted at 30 June 2021.

Employee numbers and remuneration bands

Total annual remuneration by band for employees as at 30 June 2021 is detailed below as per the banding stipulated in the Local Government Act 2002.

	Actual 2021 \$000s	Actual 2020 \$000s
< \$60,000	680	817
\$60,000 – \$79,999	193	202
\$80,000 – \$99,999	89	87
\$100,000 – \$119,999	38	38
\$120,000 – \$139,999	17	15
\$140,000 – \$159,999	16	19
\$160,000 – \$179,999	6	6
\$180,000 – \$199,999	6	3
\$200,000 – \$259,999	4	10
\$260,000 – \$479,999	8	8
Total employees	1,057	1,205

Key management personnel

Executive Leadership Team

Brian Monk	Chief Finance Officer
Kirsten Paisley	Director, Auckland Art Gallery Toi o Tāmaki
Robbie Macrae	Director, Auckland Live and Auckland Conventions
Kevin Buley	Director, Auckland Zoo
James Parkinson	Director, Auckland Stadiums
Vincent Lipanovich	Director, New Zealand Maritime Museum Hui Te Ananui A Tangaroa
Paul Brewer	Chief Operating Officer, retired 18 June 2021
Chris Brooks	Chief Executive Officer, retired 31 December 2020
Kelly Dickson	Director, Commercial and Growth, retired 14 May 2021
Paul Nisbet	Director, Venue Development Strategy, retired 21 May 2021
Jonathan Wilcken	Director, Strategy, retired 30 June 2021

	Actual 2021 \$000s	Actual 2020 \$000s
Key management personnel compensation		
Executive Leadership Team		
Total remuneration	3,982	3,340
Full-time equivalent members	12	12
Total key management personnel compensation	3,982	3,340
Total full-time equivalent members	12	12

Director fees

As a result of the merger of Auckland Unlimited Limited (formerly Regional Facilities Auckland Limited), as the trustee of RFA, and Auckland Tourism, Events and Economic Development on 1 December 2020, a decision has been made to disclose the Director fees in Auckland Unlimited Limited, not RFA as previously done. A Trustee fee is now recognised in RFA to reflect the share of costs relating to the Directors (Trustee fees 2021: \$283,580). The disclosed Director fees for 2020 have also been reclassified as trustee expenses (Director fees 2020: \$356,000; number of directors, 7).

Note 24 – Severance payments

Pitopito kōrero 24 – Ngā utu tapahitanga

For the year ended 30 June 2021, RFA made eight payments totalling \$245,303 (2020: eight payments totalling \$153,401).

Note 25 – Events after balance date

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

At 11:59pm on Tuesday 17 August 2021 Auckland entered COVID-19 Alert Level 4 which locked down all but essential services. The largest impact of this lockdown arises out of cancellation of events and no visitor admission to RFA's venues. Depending on the length and the Alert Level of the current lockdown and any future COVID-19 lockdowns, RFA anticipates a reduction in commercial revenue. To mitigate the loss of revenue, RFA has claimed the government wage subsidy and implemented cost controls across the organisation. It is also expected that the reduction in visitor admissions arising from lockdowns will adversely affect key performance indicators, in particular those relating to visitation numbers and event participants.

While the Recovery Budget 2022-2032 anticipated a level of ongoing COVID-19 disruption over the next three years and some allowances were made for this possibility, the potential adverse financial impacts on RFA in the upcoming year may exceed those assumed in the Recovery Budget. The change in the COVID-19 alert level had no impact on the financial statements.

Statement of Service Performance

Kōrero mō ngā Ratonga Āwhina

On 1 December 2020 Regional Facilities Auckland Limited (Trustee for Regional Facilities Auckland (RFA)) and Auckland Tourism, Events and Economic Development (ATEED) were amalgamated under one organisation – Auckland Unlimited. Regional Facilities Auckland as an entity retains its charitable status.

While a new Statement of Intent (SOI) 2020-2023 dated 1 December 2020 was developed and approved by Auckland Council for Auckland Unlimited, the non-financial performance measures contained in this Statement of Service Performance for RFA are retained from its previous SOI. This Statement of Service Performance reflects those strategies and non-financial measures relating to RFA only.

RFA's purpose is "Enriching cultural and economic life in Tāmaki Makaurau by creating and sharing experiences and opportunities".

Performance against 2021 targets

Non-financial summary for the year ended 30 June 2021

RFA's financial year was marked by venue closures, social distancing, COVID-19 alert level changes and the impacts of border closures on events such as touring shows and sports events. Accordingly, the impact of these closures and alert level changes adversely affected RFA's visitation numbers.

In the year to June 2021 RFA recorded 1,860,976 visitors who experienced programmes, events and exhibitions at various RFA facilities across Auckland. 70% of Auckland residents surveyed considered that RFA's programmes, events and exhibitions enriched their lives.

During the lockdown periods, RFA pursued new and innovative ways to engage with Aucklanders and audiences from around the world, through virtual stages and exhibitions, live streaming of Auckland Zoo animals in action, and online education programmes and collaboration forums.

Strategic Overview

The following pages report on the SOI's three-year work programme and performance measures, structured around the three strategy objectives relating specifically to RFA:

- Enhance Auckland as a culturally vibrant city
- Tell the Tāmaki Makaurau Auckland story
- Provide experiences and opportunities for all.

Enhancing Auckland as a culturally vibrant city

RFA venues and programmes deliver engaging, innovative and relevant exhibitions and events, with over 1.86 million visitors during 2020/2021. Sized for COVID-19 impacts and funding constraints, RFA delivered a programme of exhibitions and events including:

- more than 2,200 event days across RFA venues
- more than 1,373 performing arts event days in Auckland Live venues
- exhibitions at Auckland Art Gallery including the Toi Tū Toi Ora exhibition, a contemporary Māori art exhibition of substantial cultural significance for New Zealanders

- a programme of free and subsidised experiences delivered by Auckland Live, engaging with 1,169,748 million participants
- over one million visitors experiencing natural and cultural heritage at the Auckland Zoo, Auckland Art Gallery and New Zealand Maritime Museum.

RFA continued to provide support to the cultural sectors by:

- providing capital funding for renewal works at The Trusts Arena, MOTAT and Stardome
- resourcing precinct planning for the Western Springs institutions, including MOTAT
- working with the Auckland Philharmonia Orchestra and other performing arts partners to plan for a new cultural hub and performance rehearsal space in Aotea Square
- contributing to the development of a creative industries strategy for Auckland
- staging Auckland Live **Summer in the Square**, which turned Aotea Square into an urban marina with free events as a part of the city's Summernova activation for America's Cup 36. Summernova featured a three-month programme of live music (showcasing Auckland's UNESCO City of Music designation), plus activations as a part of America's Cup, Pride, Auckland Fringe and Auckland Arts Festival
- introducing new initiatives including the **Wintergarden Residency** at The Civic, with the Modern Māori Quartet Garage Party for Christmas, the Dragon's Diva Den and Les Femmes for Pride, provided easier access and partnerships for this unique space within the city centre. The residency model allows artists to develop their work further and connect with new audiences including the corporate events market.

Telling the Tāmaki Makaurau Auckland story

Toi Tū Toi Ora: Contemporary Māori Art was the largest exhibition ever undertaken by the Auckland Art Gallery. Free to the public, it ran from 6 December 2020 until 9 May 2021. The exhibition showcased the dynamic, distinctive and ever-changing expression that is Māori art in Aotearoa New Zealand. Contemporary Māori art occupies an unrivalled position in engaging with cultural histories and the role of Māori knowledge, and continues to invigorate discussions about identity and place.

Spanning 70 years with work by more than 100 artists, the landmark exhibition presented contemporary Māori art as standing tall – *toi tū* – and healthy – *toi ora* – while reinforcing the wisdom and ideas that empower Māori and Indigenous ways of knowing. The exhibition was framed by the Māori creation narrative and presented as one connected art movement: nuanced, vibrant and diverse, and spanning our celestial origins to the terrestrial realm of humankind.

Celebrating a vast range of contemporary Māori art mediums including digital media, it also featured new, site-specific commissions by exciting contemporary Māori artists.

New Zealand Maritime Museum contributed to Auckland's story with the launch of its first publication, *Endless Sea: Stories told through the taonga of the New Zealand Maritime Museum Hui te Ananui a Tangaroa*.

A stunning 150m artwork along the New Zealand Maritime Museum's western wall was commissioned, the largest in the country. Artist Cinzah Merkens created the mural to support the museum's increasing focus on ocean health and sustainability.* It depicts the natural environment of the Hauraki Gulf and the Waitemātā, with a life-sized humpback whale and a giant octopus. The flowing waves representing the journeys our ancestors made to Aotearoa are enhanced by depictions of the waka hourua Haunui and the brigantine

Breeze, two maritime museum vessels used to educate visitors about voyaging skills from both Māori and Pākehā traditions.

*The project was made possible by the Chisholm Whitney Charitable Trust, Maritime Museum Foundation, and Resene.

Providing experiences and opportunities for all

RFA provides an exceptional experience for all our customers through improving our venues and continual improvement initiatives focused on making information more accessible to customers, simplifying our processes, and enhancing customer service training.

RFA provided curriculum-based learning opportunities for school students in Auckland through:

- delivering subsidised school programmes to over 100,000 school students, focusing on wildlife conservation, New Zealand's maritime heritage, and the visual and performing arts
- providing venues for over 25,000 school students involved in sports training and performance
- New Zealand Maritime Museum's outreach programme Aramoana, in conjunction with the Te Toki Voyaging Trust, visiting 1637 students.
- a Te Reo Māori tours programme at Auckland Art Gallery for Māori medium schools.

Toi Tū Toi Ora: Contemporary Māori Art was very popular with the education sector. Schools from across Tāmaki Makaurau visited the exhibition and teachers from across the country attended the Auckland Art Gallery's professional learning days for art educators. Combined with its new 'Raranga Matihiko' learning programme, the gallery has been able to target schools in south and west Auckland.

The gallery also hosted the Pat Hanly Creativity Awards in June, recognising 67 exceptional Year 13 art students from 35 Auckland secondary schools.

New Zealand Maritime Museum's Aramoana Ocean Roads Waka programme (made possible with funding from Foundation North) benefits over 1200 Māori, Pacific, and south Auckland students and their whānau each year. It elevates their mana through the celebration of mātauranga waka, enabling them to explore their identity and build their sense of pride as people of Aotearoa and the Pacific. They also discover the innovative thinking and knowledge their tūpuna brought with them and how this is being used by voyagers today to tackle modern-day issues such as cultural identity and sustainability of our oceans and energy sources.

Auckland Live introduced tamariki to performing arts through a wide range of family shows and free events including the Auckland Live Kids programme, Auckland Live Secondary Schools Programme, curated content on the Auckland Live Digital Stage, and school holiday activities in Aotea Square.

Auckland Live also developed a pilot project for presentation during Matariki 2021. *Autaia – Haka Theatre* involved 86 students from three kura kaupapa Māori from Tāmaki Makaurau: Ngā Puna O Waiōrea (Western Springs College), Te Kura Kaupapa O Hoani Waititi and Te Kura Kaupapa Māori o Te Kōtoku. Each kura worked with seven Mātanga Toi (professional mentors) to create a 30-minute performance piece for the Kiri Te Kanawa Theatre.

Every year our venues are filled with talented young people taking to the stage in the National Youth Theatre's highly anticipated musical productions. This year it was *Beauty and the Beast*.






Tim Minchin's performance of 'Back' in June 2021 delivered the first New Zealand Sign Language contemporary music signed performances for Auckland Live.

Auckland Live, in partnership with the Performing Arts Network of New Zealand (PANNZ), delivered the 2021 PANNZ Digital Arts Market – the first-ever hybrid New Zealand arts market. The PANNZ host an annual performing arts industry event, the sole marketplace for performing arts in New Zealand. Almost 300 delegates from around the world participated to connect with 80-plus artists and companies in the new digital market.


In April 2021 disruptions caused by COVID-19 resulted in Mt Smart Stadium hosting the relocated Pasifika Festival for the first time. Mt Smart’s availability enabled the festival to go ahead for the first time in three years, delivering what is a culturally significant and very important event for the community.

Key Performance Indicators

This section presents RFA’s success and progress during the 2020/2021 financial year against performance measures in the Auckland Unlimited Statement of Intent 2020-2023 (SOI). The performance measures have been assessed according to the criteria below:

Symbol	Status	Definition
	Achieved	Result has met or exceeded target (also includes where baseline has been established)
	Substantially achieved	Result within 2% of target
	Not achieved but progress made	Target not achieved, but improvement over previous year
	Not achieved	Target not achieved and no improvement over previous year
	No result	Unable to measure


RFA’s performance against the key performance indicators is set out in the following pages, along with commentary regarding the results.

	2019/20 ACTUAL	2020/21 TARGET	2020/21 ACTUAL	ACHIEVEMENT
The number of people who experience Regional Facilities Auckland’s programmes, events and exhibitions (LTP measure)	2.8m	LTP: 3.9m Revised: 2.4m	1,860,976	


- COVID-19 impacted the sports, exhibitions and events held at Regional Facilities Auckland facilities. Alert level changes and the impacts of border closures on events such as touring shows and sporting events has significantly impacted the visitor numbers.
- Lockdowns during the financial year and the restriction of visitor numbers at facilities during alert levels 2 and 3 have reduced the number of visitors experiencing RFA’s wide range of activities.
- The Long-Term Plan 2018–2028 (LTP) target for 2020/2021 was pre-COVID-19; however, this target was revised as part of the 2020/2021 Annual Plan process.
- Visitor numbers are made up of tickets sold to enter Auckland Zoo and the New Zealand Maritime Museum, tickets sold for Auckland Live and Auckland Stadiums performances, concerts and sporting

events, the number of visitors to the Auckland Art Gallery, community events held at Auckland Live and Auckland Stadiums, and number of attendees to conventions organised by Auckland Conventions.


- In 2019-20 the 2.8m actual number of people who experienced RFA's programmes, events and exhibitions comprised both ticketed and non-ticketed attendees. The non-ticketed attendance numbers related mainly to free community events that were held at various facilities in the Auckland region during the previous year. These facilities range in size and nature which impacts on the type and scope of each free community event. The attendance of these events was estimated by Regional Facility Auckland staff based on their professional expertise. While improvements have been made for the current year around attendance verification at free events, the non-ticketed attendance numbers could not be independently verified in the 2019-20 year.

	2019/20 ACTUAL	2020/21 TARGET	2020/21 ACTUAL	ACHIEVEMENT
Net promoter score for Regional Facilities Auckland's audiences and participants (LTP measure)	45	20	53	

- It is an index ranging from -100 to 100 that measures the willingness of customers to recommend a product or service to others.


	2019/20 ACTUAL	2020/21 TARGET	2020/21 ACTUAL	ACHIEVEMENT
Value of capital improvements to Regional Facilities Auckland's venues	\$80.4 million	\$50.3 million	\$48.0 million	

- Capital improvements include renewals to existing facilities and the development of new facilities owned by Regional Facilities Auckland.
- The capital budget funded by Auckland Council for 2020/2021 was \$50.3 million, of which 95% was spent in 2020/2021. Delays were experienced during the year due to changes in alert levels and availability of resources.


	2019/20 ACTUAL	2020/21 TARGET	2020/21 ACTUAL	ACHIEVEMENT
Number of programmes contributing to the visibility and presence of Māori in Auckland, Tāmaki Makaurau (LTP measure)	44	18	127	

- *Toi Tū Toi Ora: Contemporary Māori Art* was the largest exhibition ever undertaken by the Auckland Art Gallery and opened from 6 December 2020 until 9 May 2021. During the exhibition, the gallery had 154 school tours and over 80 guided tours, with over 143,000 people viewing the exhibition.
- New Zealand Maritime Museum held a number of events including the Ocean Roads Waka education programme and *Hiwa Ki Uta, Hiwa Ki Tai: Maori Cultural Performance*.


	2019/20 ACTUAL	2020/21 TARGET	2020/21 ACTUAL	ACHIEVEMENT
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Number of people who experienced Regional Facilities Auckland's free or subsidised programmes, events and exhibitions	Not measured	Baseline to be set	1,169,748	
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- This measure reflects the number of Aucklanders and non-Aucklanders who attended free or subsidised community performances, events, exhibitions, concerts and sporting games held at Regional Facilities Auckland facilities.
- It also reflects all the ticketed visitors to the Auckland Zoo and New Zealand Maritime Museum, which are subsidised in part by the funding received from Auckland Council.

	2019/20 ACTUAL	2020/21 TARGET	2020/21 ACTUAL	ACHIEVEMENT
Percentage of Auckland residents surveyed who consider that Regional Facilities Auckland's programmes, events and exhibitions enrich their lives	73%	70%	75.2%	

- The visitor satisfaction results referred to above are based on 120 responses per venue, per quarter with a margin of error of +/- 4.5%.


	2019/20 ACTUAL	2020/21 TARGET	2020/21 ACTUAL	ACHIEVEMENT
Number of people experiencing Regional Facilities Auckland's outreach programmes	Not measured	Baseline to be set	1,808	

- Auckland Art Gallery's outreach team works off-site and around Auckland to bring art and creativity to Aucklanders who find it difficult to visit the gallery. There is a range of outreach programmes available, and the gallery's team is actively working with diverse Auckland communities to connect people to art and the gallery. Outreach sessions are available free of charge to community groups that operate as charitable trusts outside Auckland's CBD.
- New Zealand Maritime Museum's outreach programme is in partnership with Te Toki Voyaging Trust with support from the Freemasons' Potter Masonic Trust.


	2019/20 ACTUAL	2020/21 TARGET	2020/21 ACTUAL	ACHIEVEMENT
Regional Facilities Auckland's website and social media following (number of visits/followers)	Not measured	Baseline to be set	3,140,297	

- Auckland Live, Auckland Conventions, Auckland Zoo, New Zealand Maritime Museum and the Auckland Art Gallery each have websites and various social media platforms which promote their brands, ticket pricing and sales, events and exhibitions.
- During the current financial year, the number of website sessions relating to the above venues were 2,677,220.
- As at 30 June 2021 there were 463,077 social media followers on Twitter, YouTube, Instagram, Facebook, LinkedIn, and Weibo relating to the above venues.


	2019/20 ACTUAL	2020/21 TARGET	2020/21 ACTUAL	ACHIEVEMENT
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Number of schoolchildren who attend Regional Facilities Auckland's school programmes	Not measured	Baseline to be set	103,955	
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- The Auckland Zoo's education programme is based around two separate learning formats: education sessions where a Zoo Educator will spend time with students focusing on a specific topic, and self-guided visits where school educators are expected to guide their group with no teaching from the Zoo Education team. The New Zealand Curriculum has been carefully considered throughout this process and our education sessions directly link to the curriculum and learning outcomes.
- The Auckland Art Gallery provides lessons led by its educators, facilitated activity sessions and supported self-guiding for larger groups. Programmes and tours are offered for all levels of students, from early childhood education right through to tertiary.
- New Zealand Maritime Museum's education programmes are developed in line with the Ministry of Education. The curriculum-linked programmes are to all levels, from early childhood, primary, secondary and tertiary to ESOL groups. The museum offers a mixture of workshops, self-guided trails and on-water experiences, all delivered by trained and experienced classroom teachers.

	2019/20 ACTUAL	2020/21 TARGET	2020/21 ACTUAL	ACHIEVEMENT
Number of staff hours on conservation activities at Auckland Art Gallery, Auckland Zoo and New Zealand Maritime Museum	Not measured	Baseline to be set	18,106	

- Wildlife conservation at the Auckland Zoo, art conservation at the Auckland Art Gallery and collection conservation New Zealand Maritime Museum are an important part of the work completed by RFA staff.
- Auckland Zoo's Wild Work encompasses projects out in the field helping New Zealand or overseas populations, on-site breeding programmes for endangered animals and a Vet Hospital that treats sick and injured animals from the wild.
- Auckland Zoo is a founding partner of Urban Ark, a collaborative initiative of more than a dozen environmental community groups in Tāmaki Makaurau Auckland.
- Auckland Art Gallery's conservators work to ensure the long-term preservation of the works of art in their care. They are specialists in the areas of paintings, works on paper, photographs and objects conservation. As members of the New Zealand Conservators of Cultural Materials (NZCCM), conservators abide by the NZCCM code of ethics.
- The maritime museum launched its collection online in March 2021. The digitisation project sees items usually sequestered off-site reaching the community online. The Lottery-funded, multi-year project has a new six-strong digitisation team regularly rolling out a representative sample of the museum's holdings.

	2019/20 ACTUAL	2020/21 TARGET	2020/21 ACTUAL	ACHIEVEMENT
Percentage of operating costs funded through non-rates revenues (LTP measure)	52%	LTP: 65% Revised 42%	50%	

- This measure compares the operating revenue, which does not include the funding from Auckland Council, with the operating expenditure costs.
- The LTP target was not met this financial year with COVID-19 management measures reducing the capability of RFA to generate revenue, however, the revised target of 42% was achieved.

	2019/20 ACTUAL	2020/21 TARGET	2020/21 ACTUAL	ACHIEVEMENT
Carbon emission reductions (year-on-year % change)	Not measured	Baseline to be set	10.8%	

- RFA continues to be a Toitū carbon reduction certified organisation, verifying that our operational greenhouse gas emissions for the financial year 2020/2021 have been measured in accordance with ISO 14064-1:2006.

Independent Auditor's Report

To the readers of Regional Facilities Auckland's financial statements and performance information for the year ended 30 June 2021

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 the performance information of the Trust, on his behalf.

We have audited:

- the financial statements of the Trust on pages 13 to 51, that comprise the statement of financial position as at 30 June 2021, the statement of comprehensive revenue and expenses, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the Trust on pages 52 to 59.

Opinion

Unmodified opinion on the financial statements

In our opinion, the financial statements of the Trust on pages 13 to 51:

- present fairly, in all material respects:
 - its financial position as at 30 June 2021; and
 - its financial performance and cash flows for the year then ended; and
- comply with generally accepted accounting practice in New Zealand in accordance with the Public Benefit Entity Reporting Standards.

Qualified opinion on the performance information – our work was limited in the prior year because there was insufficient evidence available to independently confirm the accuracy of estimated attendance numbers for non-ticketed events

In our opinion, except for the possible effects of the matter described in the Basis for our qualified opinion section of our report, the performance information of the Trust on pages 52 to 59 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 2021.

Our audit was completed on 24 September 2021. This is the date at which our opinion is expressed.

The basis for our opinion is explained below, and we draw attention to the ongoing impacts that Covid-19 is having on the Trust's operations. In addition, we outline the responsibilities of the Trustee and our responsibilities relating to the financial statements and the performance information, we comment on other information, and we explain our independence.

Basis for our qualified opinion

The Trust's performance information includes a performance measure on the number of people who experience the Trust's programmes, events, and exhibitions. The overall attendance number includes both formally ticketed events and non-ticketed events. In respect of the 30 June 2020 comparative information only, as explained on page 56, the attendance numbers for non-ticketed events were based on estimates by staff members. There were no satisfactory audit procedures that we could perform to independently confirm whether these estimated attendance numbers for the prior year were materially correct and our audit opinion on the performance information for the year ended 30 June 2020 was modified accordingly.

This issue has been resolved for the 30 June 2021 year. As the limitation on our work cannot be resolved for the 30 June 2020 year, the Trust's performance information reported for this performance measure for the 30 June 2021 year may not be directly comparable to the 30 June 2020 performance information.

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

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

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

Emphasis of matter – ongoing impact of Covid-19

Without further modifying our opinion, we draw attention to the disclosures about the significant ongoing impact that the Covid-19 pandemic is having on the Trust's operations as set out in the *Impact of Covid-19 on RFA* note on page 18, Note 25 on page 51 to the financial statements, and the *Non-financial summary for the year ended 30 June 2021* on page 52 of the performance information.

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

The Trustee is 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 Trustee is also responsible for preparing the performance information for the Trust.

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

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

The Trustee'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 Trustee.
- 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 Trustee 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 Trustee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify in our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Trustee is responsible for the other information. The other information comprises the information included on pages 3 to 12, but does not include the financial statements and the performance information, and our auditor's report thereon.

Our opinion on the financial statements and the performance information does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

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

Independence

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

In addition to the audit, we have carried out a review engagement in respect of the Trust's six-monthly reporting as at 31 December 2020 to Auckland Council, which is compatible with those independence requirements.

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

A handwritten signature in black ink, appearing to read 'D Walker', with a stylized flourish at the end.

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

Our Portfolio



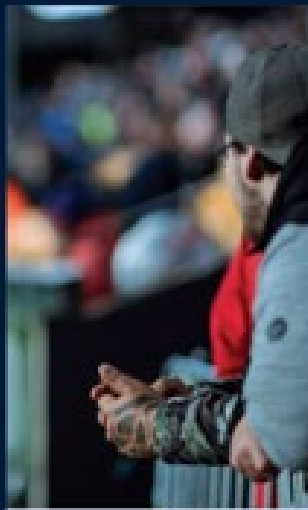
Auckland Art Gallery
Toi o Tāmaki



Auckland
Conventions



Auckland
Live



Auckland
Stadiums



Auckland
Zoo



New Zealand
Maritime Museum

Our Venues

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