Annual Report | For the period 1 November 2010 to 30 June 2011

Regional Facilities Auckland
An Auckland Council Organisation

CONTENTS

FRONT COVER: CHOI JEONG HWA, KOREA. RED, 2011
PLASTIC FLOWERS, WIRE, FALLEN TREE
AUCKLAND ART GALLERY TOI O TĀMAKI, COMMISSIONED 2011
GENEROUSLY SUPPORTED BY THE MOLLY MORPETH CANADAY TRUST
INSIDE FRONT COVER: *ROCKY HORROR SHOW*, THE CIVIC

Vision

Auckland Live! Providing places and experiences of irresistible, enriching discovery

WELCOME

Our purpose

Auckland has the opportunity to take an integrated regional approach in the creation of a world-class city, to make Auckland the most liveable city in the world by 2040. The challenge and opportunity is to identify what will make Auckland more liveable and to allocate the finite resources available to the region both wisely and strategically to achieve this.

Our organisational objectives are:

- To offer experiences to improve the cultural, environmental and social wellbeing of residents and visitors
- To contribute to the economic wellbeing of businesses and residents
- To operate as a successful business utilising sound business practice and commercial acumen to make sure Aucklanders receive value for investment in regional facilities.

Our sectors

The key sectors of our business include:

- Centre for Performing Arts – showcasing live music, opera, ballet, dance, drama, physical theatre and festivals
- Conventions – hosting conventions, meetings, commercial exhibitions, functions and dinners
- Sports in Auckland – supporting sporting events, matches, practice facilities
- Collections
- Auckland Zoo – promoting zoological exhibitions
- Auckland Art Gallery – promoting visual arts exhibitions and shared storage.

Our facilities

The regional facilities owned by Regional Facilities Auckland (RFA) that can be used to help in sector development are:

- Auckland Art Gallery
- Auckland Zoo
- Viaduct Events Centre
- Mount Smart Stadium
- Western Springs Stadium
- Aotea Centre
- The Civic.

RFA Plus facilities

RFA manages the funding and property relationships with:

- North Harbour Stadium
- North Shore Events Centre
- TelstraClear Pacific Events Centre
- Bruce Mason Centre
- Trusts Stadium.

RFA also advises Auckland Council on levy setting and governance for:

- NBR NZ Opera
- Auckland Philharmonia Orchestra
- Auckland Festival
- Auckland Theatre Company
- Auckland War Memorial Museum
- MOTAT
- Auckland Observatory and Planetarium
- Voyager Maritime Museum
- Northern Lifeguards
- Helicopter Rescue
- Surf Life Saving
- Watersafe.

While these entities do not have a direct operational connection to RFA they may choose to collaborate with RFA for mutual benefit. RFA is currently working with Auckland Museum, MOTAT, Auckland Observatory and Planetarium, and Voyager Maritime Museum in this capacity.

In addition, RFA:

- Holds the contractual interests of Auckland Council in Vector Arena
- Has the management rights for South Auckland Town Hall and Aotea Square.

VOYAGER MARITIME MUSEUM

WELCOME

Mission

Our venues and collections will be irresistible, enriching and accessible; we will grow the economy of the region, advance the social and cultural wellbeing for the people of the region, and be the trusted stewards of the assets

What we are about

- Advancing the social and cultural wellbeing of Aucklanders
- Contributing to the growth of the Auckland economy
- Being trusted stewards of our venues and collections

How we will do that

- Maintain existing collections to world-class standards and develop future collections
- Nurture region-wide arts, cultural and heritage activities and organisations
- Encourage greater participation in cultural, heritage and arts activities
- Plan for and implement regionally identified projects/functions
- Act as a regional voice for arts, culture, heritage, leisure, sports and entertainment issues
- Grow the market for facilities through an events strategy developed in partnership with Auckland Tourism, Events and Economic Development (ATEED)
- Advocate, co-ordinate and lead strategic thinking for investing in new collections and arts, culture, heritage, leisure, sports and entertainment facilities for Auckland
- Develop, with a regional perspective, a range of fit-for-purpose arts, culture and heritage, leisure, sports, entertainment and events venues that are attractive to the residents and businesses of the region, and its visitors

THE MANGANIYAN SEDUCTION, AUCKLAND ARTS FESTIVAL

OUR FACILITIES

AUCKLAND ART GALLERY

Auckland Art Gallery Toi o Tāmaki is a major cultural facility as well as an internationally recognised public gallery. It holds New Zealand's most extensive and pre-eminent collection of national and international art, with over 15,000 works in its collections. The art gallery itself is a heritage-listed building.

Highlights

Growing collections: The gallery acquired 403 new works of art for its collections. The collections now comprise 15,051 works.

World-class exhibitions: The New Gallery mounted six exhibitions, with the last one, Brian Brake: Lens on the World, attracting 13,000 visitors in its first month. Other notable exhibitions were the biannual 2010 Walters Prize with finalists Dan Arps, Fiona Connor, Saskia Leek and Alex Monteith, and Call Waiting: Celebration of the New 1995 – 2011, which celebrated and honoured the New Gallery's 15-year history, people, exhibitions and artists. The international judge of the 2010 Walters Prize was Vincente Todoli, director of London's Tate Modern.

Visitor satisfaction: The New Gallery, the gallery's temporary home during the refurbishment period, received 60,529 visitors. Of these, 15,877 (26 per cent) participated in educational and public programmes and 3,507 (six per cent) attended events after public opening hours. A total of 94.4 per cent of visitors rated their visit as good, very good or excellent.

Refurbishment project: The art gallery has been undergoing extensive refurbishment since 2008, to be completed in September 2011. The independent Art Gallery Foundation reached $20.0M in its fundraising campaign. A highlight of the reporting period was the securing of a major naming right contribution to the Learning Centre from the Todd Foundation.

OUR FACILITIES

Auckland Zoo achieved a visitor satisfaction rating of 97% and exceeded the visitation target by 5%

AUCKLAND ZOO

Auckland Zoo is one of New Zealand's and Auckland region's premier attractions and is a leading centre for wildlife conservation. Since the zoo opened more than 90 years ago in 1922, it has become an intrinsic part of the city. It has helped make Auckland a vibrant and exciting place in which to live and visit, while engaging Aucklanders in the protection and care of wildlife.

Highlights

Visitor experience: A total of 636,616 people visited the zoo in the year ending 30 June 2011 (429,959 for eight months), five per cent ahead of target, with a visitor satisfaction rating of 97 per cent. This included nearly 3,000 Christchurch residents who were granted free or discounted entry since the February earthquake.

Major project: Construction of the New Zealand precinct, Te Wao Nui, will be completed in time for Rugby World Cup 2011. This is the most significant project in the zoo's history, and constitutes more than 20 per cent of exhibit space.

Collaboration: The zoo's New Zealand Centre for Conservation Medicine completed a three-year contract with the Department of Conservation to develop and manage a National Wildlife Health database. This has involved the collation and logging of 30,000 test results from 65 different species in New Zealand to create an important new wildlife management tool.

International recognition: The zoo continues to gain worldwide exposure with the television programme on Auckland Zoo being aired in a range of countries, including Australia.

The zoo also hosted international workshops and symposia on Wildlife Forensics and Wildlife Disease Risk Assessments, and a youth conservation leadership event.

A series of events was staged at the zoo throughout the year including Halloween, Christmas, school holidays and World Environment Day events and a Zoo Music series of five outdoor concerts.

ASIAN SMALL-CLAWED OTTER, AUCKLAND ZOO

OUR FACILITIES

The centre contributed to a number of fundraising events for the Christchurch and Japan earthquakes which raised over $750,000

CENTRE FOR PERFORMING ARTS

The Centre for Performing Arts is home to New Zealand's leading performing arts and commercial entertainment, focused on delivering experiences to delight, inspire, educate, entertain and inform.

Presenting the best of national and international performing arts and entertainment, the centre also offers a range of programmes to engage the community in the performing arts through theatre for children, school programmes and free family events, and to support emerging and developing artists.

Highlights

Great events and shows: Significant performances were staged including the Auckland Arts Festival, *Rocky Horror Show, Miss Saigon,* William Shatner, the Auckland Writers and Readers Festival, Pasifika, the Laneway Festival and the NZ International Comedy Festival. Resident company Silo Theatre presented Tarell Alvin McCraney's critically acclaimed play *The Brothers Size*, and the Royal New Zealand Ballet, NBR NZ Opera, the NZSO and Auckland Philharmonia Orchestra all staged highly successful seasons.

Supporting communities: The centre contributed to a number of fundraising events for the Christchurch and Japan earthquakes including Foo Fighters, *Stand up for Christchurch* comedy night and *Bare* theatre play, which helped raise over $750,000.

Developing New Zealand talent: The Auckland Fringe Festival enriched the cultural landscape of Auckland as 1,296 emerging artists in 99 events showcased their talent in February and March to audiences totalling over 51,000.

STAMP, which supports the development of theatre, music and dance, presented 11 productions of new New Zealand work. Highlights included the commissioning of Stephen Bain's outdoor work *When Animals Dream of Sheep,* which has been programmed for the Oerol Festival in The Netherlands and the Chalons dans la Rue Festival in France, and Miranda Harcourt's new theatre work *Biography of My Skin*.

NBR NZ OPERA *XERXES,* THE CIVIC

OUR FACILITIES

The stunning new Viaduct Events Centre, located in the vibrant Wynyard Quarter, will become a landmark building for Auckland

CONVENTIONS

Auckland Conventions is New Zealand's premier convention destination offering a portfolio of unique and versatile venues to match a range of events from large-scale exhibitions and conferences to intimate meetings and corporate functions.

Highlights

Growing our facilities: The stunning Viaduct Events Centre was added to the conventions portfolio of venues. Situated in the vibrant Wynyard Quarter, this world-class 6,000 sqm facility will attract a wide variety of events to Auckland. Upcoming high-profile events include Auckland Art Fair, New Zealand Fashion Week and Auckland International Boat Show.

Exceeding expectations: Auckland Conventions has successfully positioned itself as a leading New Zealand convention destination. Projected revenue for the reporting period was exceeded by more than 26%, with 236 convention and business event days and attendance numbers of over 125,000.

Expanding business opportunities: Technical services represent a growing portion of the conventions business, with the expansion of its off-site services. Continued growth in this area is expected in 2011/12.

Strengthening stakeholder relations: Understanding and supporting the objectives of New Zealand's meetings, incentives, conventions and events industry is of significant strategic value to the conventions business unit. Membership to key associations, participation in industry thinktanks and working closely with our partners have ensured Auckland Conventions is at the forefront of sector developments.

VIADUCT EVENTS CENTRE

OUR FACILITIES

RFA venues hosted a range of highly successful sporting events and international acts

SPORTS & EVENTS

A range of regional event facilities is provided by Auckland Council through RFA, which are used for conventions and artistic, sporting and community purposes. Key venues include: Aotea Centre; The Civic; Auckland Town Hall; Aotea Square; Vector Arena; Mt Smart Stadium; Western Springs Stadium; North Harbour Stadium; Trusts Stadium; North Shore Events Centre; Bruce Mason Centre; and TelstraClear Pacific Events Centre. Auckland Council makes a financial contribution towards the facilities' costs each year to ensure they continue to develop to the highest standards and remain affordable and accessible to Aucklanders.

Highlights

Top entertainment: Mt Smart Stadium hosted some stunning performances with hugely successful international acts such as U2, and other great musicians at the strongly supported Big Day Out. The Vodafone Warriors continued to be popular with fans through their base at Mt Smart, while the exciting Kiwis Rugby League test against Samoa was played at this venue too.

Rugby World Cup 2011 contribution: RFA organisations have been preparing for the Rugby World Cup 2011 for some time. Most facilities are either directly involved in hosting the event (Mt Smart Stadium, North Harbour Stadium, Trusts Stadium) or supporting the wider event.

Plus some more: RFA Plus facilities also hosted a range of exciting events for all to enjoy including:

- New Zealand Breakers, Australian Basketball League Champions, based at the North Shore Events Centre
- Northern Mystics Netball, second in the ANZ Championship, based at Trusts Stadium
- The All Whites and New Zealand Football, based at North Harbour Stadium
- The Bruce Mason Centre hosted *To Christchurch with Love* featuring Paul Potts, Elizabeth Marvelly and the NZSO, and the Royal New Zealand Ballet's *The Nut Cracker* and *Tutus on Tour*.

U2 CONCERT, MT SMART STADIUM


dw
auckland
philharmonia
orchestra

CHAIR'S REVIEW

Auckland Council and the region it serves have come a long way on what has been an exciting journey, as New Zealand history has been made.

One Auckland

The changes to Auckland's governance – to make the visionary 'One Auckland' a reality – have provided us with a unique opportunity. We have the tremendous challenge of managing our regional facilities and events in an even more efficient way, to enable us to compete with other world cities.

By supporting the vision of making Auckland one of the most metropolitan centres in Australasia, RFA will fulfil its role as the trusted steward of our venues and collections and provider of terrific customer experiences.

Through collaboration and strategic partnerships, Auckland can grow the economy and continue to be an economic powerhouse of the nation. Together we will make our city a place of opportunity, creativity, ideas and energy, and, in so doing, advance the cultural and social wellbeing of the people we serve.

As one of six Council Controlled Organisations under the new Auckland Council governance structure, RFA plays an integral part in harnessing these opportunities as we have been tasked with ensuring our regional venues provide places and experiences of irresistible, enriching discovery for all.

We are already achieving our goal of making Auckland a world-class city with the opening of landmark facilities such as the new Auckland Art Gallery and Auckland Zoo's Te Wao Nui. RFA has also played a key role in major Auckland projects, including the launch of the Viaduct Events Centre located in the heart of the vibrant Wynyard Quarter. These venues will give all visitors – national and international – another good reason to visit our city.

Chair: Rt Hon Sir Don McKinnon

Our involvement in the biggest event of the year, the Rugby World Cup 2011, presents us with the opportunity of firmly placing our city, its people and its venues on the international stage. Through the success of this event, others will realise that Auckland is a well-managed, welcoming and creative city.

Teamwork

As Chair, I must thank RFA's people for their collaborative endeavour, commitment and ability. I would like to also acknowledge my fellow Board members. Their commitment to Auckland and the venues and facilities that make our city unique is strongly evident.

We are well on the way towards creating a competitive, vibrant city and I am looking forward to seeing RFA achieve even greater results over the next year and beyond.

APO WITH NZ MUSICIAN WARREN MAXWELL, AUCKLAND TOWN HALL


4 by 4
truck

CHIEF EXECUTIVE'S REPORT

Regional Facilities Auckland has a vital role to play in realising the vision of making Auckland the world's most liveable city by 2040. Through RFA's regional and collaborative approach, and by building upon what we have, we will create a more liveable Auckland.

Chief Executive: John Brockies

RFA was launched 1 November 2010 and we have got off to a flying start. The establishment phase has been seamless and service levels across all RFA-managed facilities have been maintained. In addition, major capital projects – Auckland Art Gallery, Viaduct Events Centre, and Auckland Zoo's Te Wao Nui – are now all but complete. The eight-month period has also seen an exciting array of performing arts, entertainment and sporting highlights.

We are very pleased to see our working relationship with RFA Plus organisations continue to grow. RFA Plus organisations are those venues and facilities on which we advise Auckland Council (such as levies) but do not manage, own or fund. It is clear that a common purpose motivates us as we strive to achieve the collective vision for Auckland.

We have been tasked with master planning for regional facilities and have a funding and/or advisory role for regional facilities with independent governance. This allows all regional facilities to be managed collaboratively and in a complementary fashion.

RFA has continued throughout the period to work with Council to establish our initial direction and develop a healthy, collaborative working environment. We have also met with all the local boards as we begin the process of establishing the Local Board Engagement Plan. In addition, RFA is also working closely with Auckland Tourism, Events and Economic Development and Waterfront Auckland, our partners, suppliers and other key stakeholders to maximise benefits to the region.

Our aim is to develop one strong, cohesive organisation from six separate organisations. The organisational structure shows our focused team dedicated to achieving this. While we have been through an extended period of uncertainty and change, it is a credit to the professionalism and commitment of our staff that we have continued to provide excellent customer service, experiences and events, and delivered major projects. We can all feel very proud of what has been achieved.

PICK & MIX FREE FAMILY EVENT, AOTEA CENTRE


Australian
Power&Gas
11
Australian
Power&Gas

CHIEF EXECUTIVE'S REPORT

Our financials

RFA's trading revenue of $20.5M and other income of $0.7M is $3.3M ahead of budget due to successful events at our venues.

The overall net result, including Council grants, is $0.3M deficit in what was the first eight months of operation. External fundraising activities to generate third-party contributions to our capital works projects, namely Auckland Art Gallery, were challenged by the tough economic conditions. This resulted in a shortfall against budget of $7.6M, which nonetheless remains a target for fundraising activities in the coming years.

During the year, art works were revalued creating a $6.2M gain. RFA's total comprehensive income for the year was a surplus of $5.8M.

Capital expenditure for the eight months totalled $57.5M, including a revaluation of art works of $6.2M and excluding external contributions made to these projects. The significant large projects that incurred expenditure during the financial year were the Auckland Art Gallery development ($17.9M), Te Wao Nui ($10.0M) and the Viaduct Events Centre ($13.3M). These exciting new initiatives open in the next financial year.

Key achievements for the eight months of operations

- Excellent Service to Customers
  - U2 concert
  - Big Day Out
  - Brian Brake: Lens on the World exhibition
  - Auckland Zoo visitor satisfaction rating 97%
  - Auckland Art Gallery visitor satisfaction rating 94.4%
  - Auckland Zoo attendance 5% up
  - 243 visitors were granted free or discounted zoo admission during June as part of an offer to those affected by the Christchurch earthquake
  - A successful production of *Miss Saigon* attracted 24,309 people
  - Successful hosting of the NZ International Comedy Festival, the Auckland Writers and Readers Festival, the Auckland Fringe Festival and the Auckland Arts Festival
- Sector Leadership
  - $50.0M funding for the sector through statutory levies for 2011/12
  - Master facilities plan
  - Efficiencies – group insurance
  - $750,000 Christchurch fundraising
  - Introduction of the RFA/RFA Plus Facilities Business Club (a forum for the sector to meet and network)
- Investment
  - Significant progress on a number of key projects: Auckland Art Gallery, Auckland Zoo, Viaduct Events Centre

VODAFONE WARRIORS, MT SMART STADIUM

BOARD OF DIRECTORS

Rt Hon Sir Don McKinnon ONZ GCVO – Chair

A former Deputy Prime Minister of New Zealand and Minister of Foreign Affairs, Sir Don spent eight years as the Commonwealth Secretary-General. He is presently the Chair of Just Water International Limited and has served as trustee of a number of not-for-profit organisations. Sir Don will hold the position of Chair for a period of two years.

Dame Jenny Gibbs DNZM – Deputy Chair

Dame Jenny is well known as a patron of the arts, having served as a trustee on the Arts Foundation New Zealand, the Auckland Art Gallery Trust, the Auckland Contemporary Arts Trust, the Museum of New Zealand Te Papa Tongarewa and New Zealand Opera Company. In addition to her work in the arts, Dame Jenny served on the Auckland University Council almost continuously from 1975 to 2009, including two terms as Pro Chancellor. She will hold the position of Deputy Chair for a period of three years.

Peter Stubbs

Peter is a leading New Zealand marketing lawyer and the head of the Sports, Entertainment and Marketing practice of Simpson Grierson. Previously, Peter was Deputy Chairman (then Chairman) of THE EDGE and Deputy Chairman of Tourism NZ. He was a long-term member (then Chairman) of the Hamilton City Council Events Sponsorship Subcommittee and was a founding member and later president of the NZ Events and Sponsorship Association. Peter is Deputy Chairman of Dunedin Venues Management Limited and a member of the Institute of Directors.

Derek Dallow

Derek is a commercial law specialist, lawyer and mediator. He has an extensive practice which includes acting on major apartment and other property developments, consulting to company directors on business structuring, and director duties and acting for a number of major trusts. Derek has been senior legal advisor to the North Harbour Stadium, the Trusts Stadium in Waitakere City, the Bruce Mason Centre and Massey University. With his interest in sports law, Derek was appointed one of North Harbour Stadium's foundation trustees, and has been North Harbour Rugby Union's solicitor since 1989. He has been appointed by the Crown as trustee of the Eden Park Trust Board.

Rukumoana Tira Marie Schaafhausen

Rukumoana has practised as a lawyer for a number of years, specialising in the area of governance. She previously worked for a large scale property development company. Rukumoana serves as a director/trustee on a number of boards including Waikato Tainui Te Kauhanganui Incorporated, Tainui Group Holdings Ltd, Waikato-Tainui Fisheries Ltd, Genesis Energy and the NZ Centre for Social Innovation.

Gary Troup

Gary brings to RFA not only a business and sporting background but a strong community and local government involvement. He was previously Deputy Mayor of Manukau City Council and prior to that spent 12 years on the Papatoetoe Community Board, six as Chairman. Actively involved with many local community groups, Gary, a former NZ cricketer, is President of Auckland Cricket and a trustee on the John Walker Find Your Field of Dreams Foundation and Camp Quality NZ.

John Avery

John is a full-time director having previously been a commercial lawyer for 35 years. He was a long-standing partner in law firm Hesketh Henry including tenure as both Managing Partner and Chairman. John also served as Chairman of an umbrella organisation, The Lawlink Group Ltd. Current directorships include The New Zealand Guardian Trust Company Ltd, Spider Tracks Ltd, Fund Managers Auckland Ltd, Signify Ltd and a not-for-profit, The New Zealand School of Dance.

John Robertson

John is an accredited company director and chartered accountant. His public service has included Member of Parliament for Papakura (1990 to 1996), Chairman of Infrastructure Auckland (2000 to 2004) and Mayor of Papakura (2004 to 2007). He is a former Chairman of Counties Manukau Sports Foundation and Great Potentials Foundation, and a founding trustee of the TelstraClear Pacific Events Centre. John has helped launch start-up companies such as Sealegs Corporation Ltd and e-retailer Fishpond Ltd.

Hugh Burrett

Hugh has had many years in the finance industry culminating in seven years as CEO and Managing Director of the ASB Group Ltd. Specific experience includes strategy, technology, human resources, sales and marketing and developing a customer focus across the broader group. Other business interests encompass farming, horticulture and small business management. Hugh has been a member of Auckland Rotary, NZ Business Roundtable and Committee for Auckland, and a trustee of the Joyce Fisher Endowment Trust and the Arthritis Foundation. Currently he is a director of a number of companies and a trustee of the Eden Park Trust Board.

EXECUTIVE TEAM

John Brockies – Chief Executive

John's career has been as general manager and CEO in a wide range of industries including venture capital, high-street retail, and utility infrastructure in public and private service enterprises both in New Zealand and overseas.

Patrick Cleaver – Chief Financial Officer

Patrick has a strong financial and consulting background and has worked in retail, trucking, property, insolvency and managing business change functions in the public sector including asset management, particularly in areas integrating strategic planning with the financial arrangements to fund infrastructure outcomes.

Geoff Williams – Chief Operating Officer

Geoff is a professional executive with 17 years' experience in leading complex multi-site, client-focused service organisations and cultural institutions. With a background in education and psychology, Geoff has a strong orientation towards working with individuals and groups to create a sense of vision, commitment and empowerment.

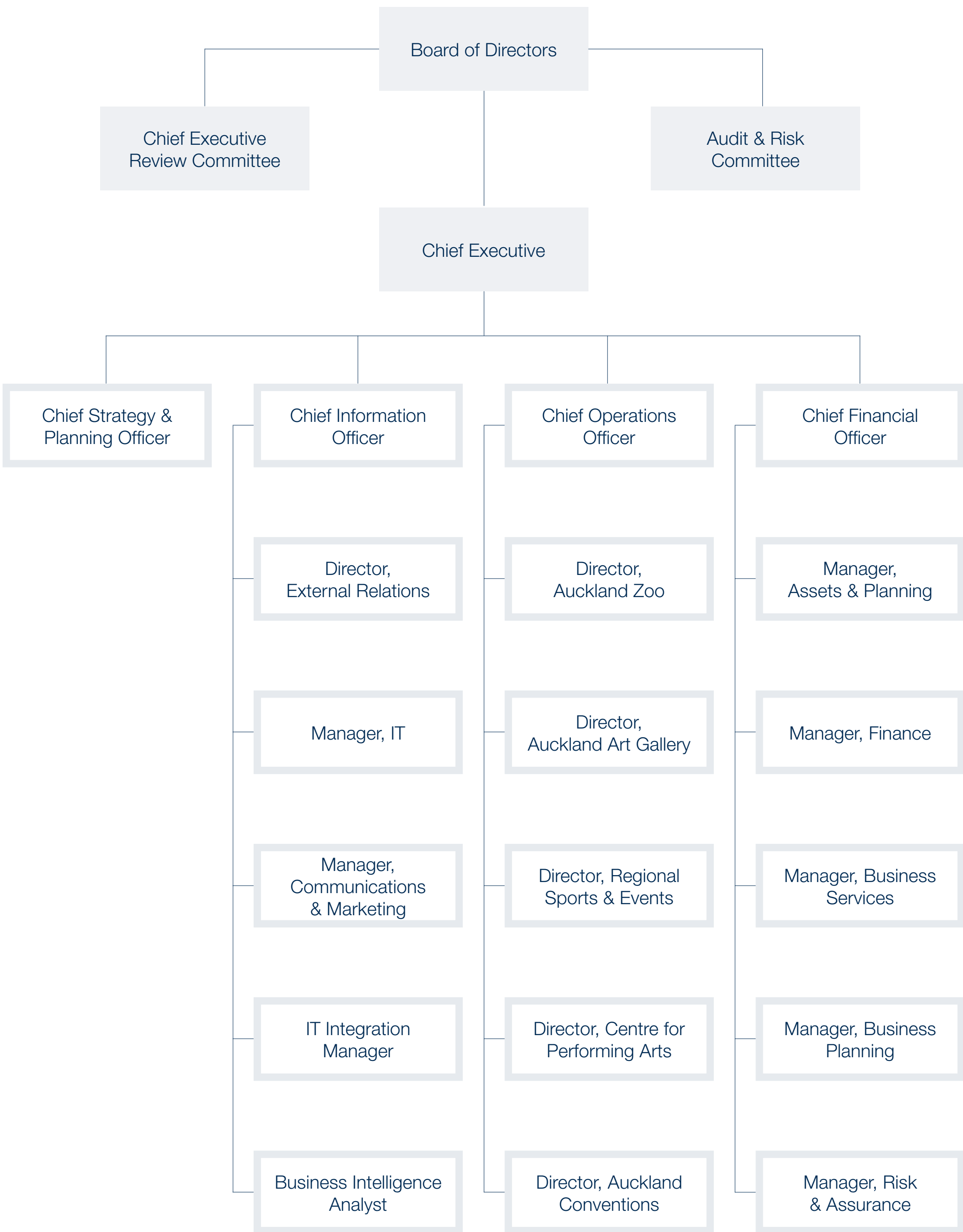
Paul Brewer LVO – Director, External Relations

Paul has held a variety of corporate communications and marketing roles in New Zealand's cultural, financial and political sectors. He was the founding director of marketing, communications and international tourism at the Museum of New Zealand Te Papa Tongarewa. Most recently, Paul was External Relations Director at THE EDGE. Paul is a currently a trustee of the Auckland War Memorial Museum Board and the Kiri Te Kanawa Foundation.

Jill McPherson – Chief Strategy and Planning Officer

Jill is an experienced senior executive with a 20-year record of achievement in planning, operations and service delivery in large-sized service organisations.

ORGANISATIONAL STRUCTURE



MIKE AUSTIN, PUMPHOUSE ENGINEER/HOST, MOTAT

STATEMENT OF COMPLIANCE AND RESPONSIBILITY

The trustee is responsible for the preparation of 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 for establishing and maintaining a system of internal control 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 eight months ended 30 June 2011.

SIGNED

Sir Don McKinnon

Chairman
Regional Facilities Auckland Limited
on behalf of Regional Facilities Auckland

SIGNED

John Brockies

Chief Executive
Regional Facilities Auckland

SIRENS, WET HOT BEAUTIES, AUCKLAND FRINGE 2011


AUCKLAND MUSEUM

STATEMENT OF SERVICE PERFORMANCE

RFA Performance Against Statement of Intent

What we do (level of service)	How we will measure success (performance measure)	How we will know if we are successful: Target 01/11/10 to 30/06/11	Actual 01/11/10 to 30/06/11	
Provide regional event facilities **Events**	Total number of event days held at regional event facilities	New measure	3,157	Achieved
	Total number of attendances at regional event facilities (excluding Auckland Art Gallery Toi o Tāmaki and Auckland Zoo)	New measure	1,967,979	Achieved

Achieved | Not achieved | Not measured in this reporting period

Summary of performance

This activity has had another very solid year. These facilities are the cornerstone of regional event provision in Auckland and touch the lives of most Aucklanders and many visitors to the city. The facilities included here are RFA owned and operated: Mt Smart, Aotea Centre and The Civic, as well as the independently governed North Harbour Stadium, North Shore Events Centre, Bruce Mason Centre, Trusts Stadium and TelstraClear Pacific Events Centre. Not included are the fully leased out Western Springs Stadium and Vector Arena which are both independently operated with limited report-back requirements.

During this period, the facilities have hosted a number of high-profile events such as the U2 concert, Big Day Out, *Miss Saigon* and the Foo Fighters. The facilities have also supported many of New Zealand's top sports organisations – NZ Breakers, the Northern Mystics and the Vodafone Warriors. These facilities play a very important role in their communities and have hosted many highly attended community days.

Some of these measures are new, having been introduced during the 2010 transition process.

Next year is dominated by the Rugby World Cup 2011 event which will impact on all our facilities. Significant preparatory work has been undertaken to ensure that all facilities offer high-quality experiences for all that attend.

What we do (level of service)	How we will measure success (performance measure)	How we will know if we are successful: Target 01/11/10 to 30/06/11	Actual 01/11/10 to 30/06/11	
Provide opportunities for people to participate in, experience and enjoy the arts **Arts Services**	Number of performances provided by arts organisations who receive arts grants (as part of meeting their grant condition)	418	Unavailable: No systems in place to measure	Not measured in this reporting period
	Number of attendees at performances provided by arts organisations who received arts grants	558,709	Unavailable: No systems in place to measure	Not measured in this reporting period

Achieved | Not achieved | Not measured in this reporting period

Summary of performance

The Auckland Philharmonic Orchestra, NBR NZ Opera, Auckland Arts Festival and Auckland Theatre Company participate in a share of the statutory levy under the requirements of the Act and report separately to the statutory board.

What we do (level of service)	How we will measure success (performance measure)	How we will know if we are successful: Target 01/11/10 to 30/06/11	Actual 01/11/10 to 30/06/11	
Residents and visitors to Auckland are given the opportunity to experience, learn and access the visual arts **Auckland Art Gallery Toi o Tāmaki**	Number of visitors to Auckland Art Gallery Toi o Tāmaki	119,000	60,529	Not achieved
	Percentage of visitors satisfied with their visit to Auckland Art Gallery Toi o Tāmaki	90%	94%	Achieved
	Number of participants in education and public programmes (Auckland Art Gallery Toi o Tāmaki only)	9,700	13,968	Achieved

Achieved — Not achieved — Not measured in this reporting period

Summary of performance

Auckland Art Gallery has had a disrupted year due to the major seismic strengthening, heritage protection and reinstatement, and extension work that has been under way during the last three years. The reopening date was expected to be in April 2011, however this was unable to be met due to construction challenges, and a new opening is scheduled for 3 September 2011. Due to this delay, the gallery has experienced significantly lower visitor numbers; however, the satisfaction levels have remained very high. The art education programme has also continued with only minor impact from the disruptions. It is expected that with the reopening of the gallery, next year will be a very busy and eventful one.

What we do (level of service)	How we will measure success (performance measure)	How we will know if we are successful	
		Target 01/11/10 to 30/06/11	Actual 01/11/10 to 30/06/11
Care for and protect wildlife through conservation of the zoo's own wildlife, participation in worldwide wildlife breeding, conservation programmes and scientific research **Auckland Zoo**	Number of species at Auckland Zoo in wildlife conservation programmes	45	41
Deliver educational and interpretive programmes to increase people's understanding and respect for the environment **Auckland Zoo**	Number of participants in education programmes (zoo only)	33,500	33,769
	Percentage of participants satisfied their learning outcomes were achieved (zoo only)	95%	98%
Deliver wildlife and related experiences for visitors to the zoo **Auckland Zoo**	Number of visitors to the zoo	411,000	429,959
	Percentage of visitors satisfied with the zoo	92%	97%

Achieved Not achieved Not measured in this reporting period

Summary of performance

This activity has had another very solid year.

The zoo has continued to provide excellent service to all of its visitors over the year. Interest in the zoo has continued to be high, with increasing visitation and growing interest in its education programmes. The zoo continues to deliver exceptional experiences due to its commitment to providing high-quality environments for both visitors and animals and a commitment to an ongoing programme of exhibit regeneration. The zoo continues to gain worldwide exposure with the television programme on Auckland Zoo being played in a range of countries, including Australia.

The completion of the zoo's New Zealand exhibit, Te Wao Nui, is expected to generate significant additional interest over the next 12 months. This world-leading development will provide significantly enhanced experiences and environmental education opportunities for visitors.

The target of 45 for the number of species in co-operative conservation programmes is an old one that was resurrected by the Auckland Transition Authority – it presumed the Te Wao Nui development would be open last year. A council decision in 2009 deferred this project (until the current year) so the KPI increase (from 40 to 45 species) was deferred also. On this basis, the target was met.

Regional Facilities Auckland integration progress

RFA has successfully pulled together in excess of 20 businesses under a common umbrella with no drop in the levels of service experienced by visitors. This has been a complex process as we work through the different funding and governance arrangements of the various entities. These range from the owned and operated businesses of the former councils through to the statutorily mandated arrangements of the Auckland War Memorial Museum, MOTAT and the other entities funded by the Auckland Regional Amenities funding board.

RFA has had success already, with efficiencies being found through economies of scale in areas such as insurance. The bringing together of all the entities to talk, exchange ideas and look at areas of common interest has also met with promising responses. A project looking at common storage for the collections businesses (museums, Auckland Art Gallery) has already been instigated.

At the governance level, RFA has worked steadily in building its relationships with the Governing Body, local boards and the various statutory bodies.

Rugby World Cup 2011

In September 2011 the Rugby World Cup comes to New Zealand, with Auckland playing a starring role. RFA facilities will play a significant role in hosting this event, with North Harbour Stadium hosting four preliminary round matches and North Harbour, Mt Smart, Western Springs and Trusts Stadium acting as significant training venues.

All venues have undergone the necessary work to ensure their readiness and have the requisite transport, security and customer service plans in place. We are confident that these facilities will offer excellent experiences to those that visit them.

Our other areas of impact are the Aotea Quarter (Aotea Centre, Aotea Square and Auckland Town Hall) and the Viaduct Events Centre which will host celebrations throughout the tournament. These facilities are ready and waiting for our guests to arrive. Our other facilities, while not directly connected to the Rugby World Cup, are also ready to provide excellent experiences for visitors to Auckland, with Auckland Art Gallery and Auckland Zoo opening new facilities in September.

RFA Major Assets

Assets	Management	Condition	Issues/Risks
Auckland Art Gallery – Building	RFA owned and operated	New 2011	Operationalising a new building has its own challenges but generally any failures will be under warranty.
Auckland Art Gallery – Collection	RFA owned and operated	Good	Providing proper security, climate control to ensure safety of collection.
Auckland Zoo – Building	RFA owned and operated	Very good	The zoo has a rolling upgrade programme to ensure maintenance of service levels.
Mt Smart Stadium	RFA owned and operated	Average	Mt Smart renewal programme is under review to ensure appropriate funding
Western Springs Stadium	RFA owned and operated	Average	Under contract to independent operator until 2014.
Aotea Centre	RFA owned and operated	Good	Some weathertightness issues being addressed.
The Civic	RFA owned and operated	Good	The Civic is an old iconic Auckland building. Changes to the building are difficult and costly due to the status of the building.
Viaduct Events Centre	RFA owned and operated	New 2011	Operationalising a new building has its own challenges but generally any failures will be under warranty.
Vector Arena	50% RFA owned	Very good	Public private partnership not operated by RFA.
North Harbour Stadium North Shore Events Centre Bruce Mason Centre Trusts Stadium TelstraClear Pacific Events Centre	Independently owned and RFA relationship management only	Various[1]	Some of these assets sit on RFA/Council land and operations or failure will affect RFA/Council.

1. *All these facilities are independently owned and governed. The assets are not RFA's responsibility nor do we have access to the condition data for these facilities.*

SUMATRAN TIGER, AUCKLAND ZOO
PHOTO: DONAL DRAY-HOGG

FINANCIAL STATEMENTS

Statement of Comprehensive Income

for the 8-month period ended 30 June 2011

		Parent		Group
	Note	Actual 8 months 2011 $000s	Budget 8 months 2011 $000s	Actual 8 months 2011 $000s
Income				
Revenue	*3*	20,504	16,746	24,427
Grants and subsidy revenue	*3*	29,519	40,221	29,856
Finance income	*5*	372	-	555
Other income	*4*	723	1,108	1,094
Other gains/(losses)	*4*	162	-	162
Total income		**51,280**	**58,075**	**56,094**
Expenditure				
Employee benefits	*6*	18,435	15,366	19,935
Depreciation of property plant and equipment	*12*	6,381	6,680	8,717
Amortisation of intangible assets	*13*	195	-	241
Finance costs	*5*	2,361	4,085	2,441
Other expenses	*7*	24,267	24,708	26,175
Total operating expenditure		**51,639**	**50,839**	**57,509**
(Deficit)/Surplus before taxation		**(359)**	**7,236**	**(1,415)**
Income tax expense/(credit)		-	-	-
(Deficit)/Surplus after taxation		**(359)**	**7,236**	**(1,415)**
Other comprehensive income gains				
Gain on property revaluation	*12*	6,217	-	6,217
Other comprehensive income for the year net of tax		**6,217**	**-**	**6,217**
Total comprehensive income for the year		**5,858**	**7,236**	**4,802**

Explanations of significant variances against budget are detailed in note 28.

The accompanying notes form part of these financial statements.

Statement of Financial Position

as at 30 June 2011

	Note	Parent			Group	
		Actual 2011 $000s	Budget 2011 $000s	1 Nov 2010 $000s	Actual 2011 $000s	1 Nov 2010 $000s
Assets						
Current assets						
Cash and cash equivalents	8	4,274	7,776	7,736	6,094	9,240
Trade and other receivables	9	24,906	1,332	3,381	26,417	4,615
Other financial assets	10	569	-	668	4,986	5,825
Prepayments		710	-	3,001	710	3,001
GST receivable/(payable)		2,347	-	(50)	2,299	(51)
Inventories	11	560	-	442	560	442
Total current assets		**33,366**	**9,108**	**15,178**	**41,066**	**23,072**
Non-current assets						
Property, plant and equipment	12	900,797	869,204	844,500	999,139	944,200
Intangible assets	13	72,952	85,084	72,696	72,972	72,727
Biological assets	*	-	-	-	-	-
Other financial assets	10	3,770	-	4,433	3,770	4,903
Total non-current assets		**977,519**	**954,288**	**921,629**	**1,075,881**	**1,021,830**
Total assets		**1,010,885**	**963,396**	**936,807**	**1,116,947**	**1,044,902**
Liabilities						
Current liabilities						
Creditors and other payables	14	25,562	8,728	11,056	28,875	14,705
Borrowings	15	-	-	-	24	2,084
Employee entitlements	16	2,680	-	1,570	2,836	1,738
Provisions	17	165	-	-	165	-
Total current liabilities		**28,407**	**8,728**	**12,626**	**31,900**	**18,527**
Non-current liabilities						
Borrowings	15	151,072	116,779	98,800	152,504	98,800
Employee entitlements	16	167	-	-	167	-
Total current liabilities		**151,239**	**116,779**	**98,800**	**152,671**	**98,800**
Total liabilities		**179,646**	**125,507**	**111,426**	**184,571**	**117,327**
Equity						
Contributed capital	18	823,233	815,910	823,233	925,427	925,427
Retained surpluses	18	(265)	7,236	-	(1,321)	-
Restricted equity	18	2,054	-	2,148	2,054	2,148
Asset revaluation reserve	18	6,217	14,743	-	6,217	-
Total equity		**831,239**	**837,889**	**825,381**	**932,377**	**927,575**
Total equity and liabilities		**1,010,885**	**963,396**	**936,807**	**1,116,947**	**1,044,902**

* Carrying value is $1

RFA has chosen to show 1 November 2010 balances within the statement of financial position to reflect the deemed cost of assets and liabilities contributed by disestablished councils and council-controlled entities. These values are not comparative information as defined in NZ IAS 1. Refer to note 29 for further information on the establishment of the Auckland Council group.

Explanations of significant variances against budget are detailed in note 28.

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

for the 8-month period ended 30 June 2011

	Parent		Group
	Actual 8 months 2011 $000s	Budget 8 months 2011 $000s	Actual 8 months 2011 $000s
Balance at 1 November 2010			
Contributed capital	823,233	815,910	925,427
Retained surpluses	-	-	-
Restricted equity	2,148	-	2,148
Asset revaluation reserve	-	-	-
Total opening equity	**825,381**	**815,910**	**927,575**
Contributed capital			
Total changes in contributed capital for the period	**-**	**-**	**-**
Retained surpluses			
(Deficit) or surplus for the period	(359)	7,236	(1,414)
Transactions with owners in their capacity as owners:			
- Transfers from restricted equity	94	-	94
Total changes in retained surpluses for the period	**(265)**	**7,236**	**(1,321)**
Restricted equity			
Transactions with owners in their capacity as owners:			
- Transfers to retained surpluses	(94)	-	(94)
Total changes in restricted equity for the period	**(94)**	**-**	**(94)**
Asset revaluation reserve			
Revaluation gains/(losses) through other comprehensive income	6,217	14,743	6,217
Total changes in asset revaluation reserve for the period	**6,217**	**14,743**	**6,217**
Closing balances			
Contributed capital	823,233	815,910	925,427
Retained surpluses	(265)	7,236	(1,321)
Restricted equity	2,054	-	2,054
Asset revaluation reserve	6,217	14,743	6,217
Total closing equity	**831,239**	**837,889**	**932,377**

Explanations of significant variances against budget are detailed in note 28.

The accompanying notes form part of these financial statements.

Statement of Cash Flows

for the period ended 30 June 2011

	Note	Parent Actual 8 months 2011 $000s	Group Actual 8 months 2011 $000s
Cash flows from operating activities			
Receipts from grants and subsidies		29,571	29,908
Receipts from customers		23,892	28,186
Net GST received/(paid)		5,788	5,788
Interest received		83	266
Payments to suppliers and employees		(60,627)	(64,029)
Interest paid		(1,237)	(1,317)
Net cash inflows/(outflows) from operating activities	*19*	**(2,530)**	**(1,198)**
Cash flows from investing activities			
Loan repayments received		68	68
Purchase of property, plant and equipment		(52,782)	(53,762)
Purchase of intangible assets		(490)	(526)
Net cash inflows/(outflows) from investing activities		**(53,204)**	**(54,220)**
Cash flows from financing activities			
Proceeds from borrowings		52,272	52,272
Net cash inflows/(outflows) from financing activities		**52,272**	**52,272**
Net increase/(decrease) in cash and cash equivalents		(3,462)	(3,146)
Cash and cash equivalents at beginning of the period		7,736	9,240
Cash and cash equivalents at the end of the period	*8*	**4,274**	**6,094**

The GST (net) component of operating activities reflects the net GST paid to and received from the Inland Revenue Department. The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes and to be consistent with the presentation basis of the other primary financial statements.

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1 REPORTING ENTITY

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

The deed of trust states that the objectives of Regional Facilities Auckland are:

- To support the vision of Auckland as a vibrant city that attracts world-class events and promotes the social, economic, environmental and cultural wellbeing of its communities (and visitors to Auckland) daily in arts, culture, heritage, leisure, sports and entertainment activities
- To continue to develop, applying a regional perspective, a range of world-class arts, culture, heritage, leisure, sports, and entertainment venues that are attractive both to residents of and visitors to Auckland
- To promote, operate, develop and maintain, and to hold and manage interests and rights in relation to regional facilities throughout Auckland, and to promote and co-ordinate strategic planning in relation to the development and operation of such facilities
- To provide and to promote the provision of high-quality amenities at regional facilities throughout Auckland that will facilitate and promote arts, cultural, heritage, education, sports, recreation and leisure activities and events in Auckland which attract and engage residents and visitors
- To administer and to promote the administration of regional facilities throughout Auckland on a prudent commercial basis, so that such facilities are operated as successful, financially sustainable community assets.

RFA is controlled by Auckland Council and is a council-controlled organisation (CCO) as defined by section 6 of the Local Government Act 2002 by virtue of the Council's right to appoint the Board of Directors.

The group consists of RFA, North Shore Domain and North Harbour Stadium Trust Board, North Shore Events Centre Trust Board, North Shore City Performing Arts Centre Management Board Trust and Counties Manukau Pacific Trust. All subsidiaries are incorporated and domiciled in New Zealand. The ultimate parent of RFA and group is Auckland Council.

The primary objective of RFA and group is to provide the optimum governance for use and direction of publicly funded regional facilities to ensure RFA achieves agreed public good outcomes. Accordingly RFA has designated itself and the group as public-benefit entities for the purposes of New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

The financial statements of RFA and group are for the eight-month period ended 30 June 2011. The financial statements were authorised for issue by RFA on 29 September 2011.

2 BASIS OF PREPARATION

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to the opening statement of financial position and reporting period to 30 June 2011, unless otherwise stated.

Statement of compliance

The financial statements of RFA and group have been prepared in accordance with the Local Government Act 2002 which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP). These financial statements comply with NZ IFRS, and other applicable financial reporting standards as appropriate for public-benefit entities.

Measurement base

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

Functional and presentation currency

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

Changes in accounting policy and disclosures

RFA is a new entity and commenced operations on 1 November 2010. This is RFA's first reporting period. Accordingly there are no comparative figures and no accounting policy changes. Opening values at 1 November 2010 are shown on the statement of financial position representing assets and liabilities transferred to RFA in accordance with the Local Government (Tamaki Makaurau Reorganisation) Council-controlled Organisations Vesting Order 2010. On the date of transfer, these assets and liabilities were recorded at their 31 October 2010 carrying values in their predecessor councils with adjustments made necessary to ensure that the assets and liabilities were recorded accounting policies consistent with those adopted by RFA and group. Adopting this approach means that RFA and group have no retained reserves (such as asset revaluation reserves) held by the previous councils.

Standards, amendments and interpretations that are not yet effective and have not been early adopted

The following standards and amendments to existing standards have been published, but the company and group have not adopted them early:

NZ IFRS 9 Financial Instruments (effective 1 January 2013).This standard will eventually replace NZ IAS 39 Financial Instruments – Recognition and Measurement and is expected to be adopted by RFA and group in the consolidated financial statements for the year ending 30 June 2014. Currently, management is determining the impact that this standard will have on RFA and the group's financial statements.

NZ IAS 23 Borrowing Costs (revised 2007 and updated in 2008) replaces NZ IAS 23 Borrowing Costs (issued 2004) and is effective for the reporting period beginning on or after 1 January 2009. The revised standard requires all borrowing costs to be capitalised if they are directly attributable to the acquisition, construction or production of a qualifying asset. The revised standard will also require borrowing costs to be considered when revaluing property, plant and equipment to fair value based on depreciated replacement cost. Any necessary adjustments to depreciated replacement cost carrying values will have flow-on effects to depreciation expense. The mandatory adoption of NZ IAS 23 by public entities has been deferred pending the completion of the Financial Reporting Standards Board's research project into the application of NZ IAS 23 by public entities.

NZ IAS 24 Related Party Disclosures (revised 2009) replaces NZ IAS 24 Related Party Disclosures (issued 2004). The revised standard simplifies the definition of a related party, clarifying its intended meaning and eliminating inconsistencies from the definition. Currently, management is determining the impact that this standard will have on RFA and the group's financial statements.

FRS-44 New Zealand Additional Disclosures and Amendments to NZ IFRS to harmonise with IFRS and Australian Accounting Standards (Harmonisation Amendments) – These were issued in May 2011 with the purpose of harmonising Australia and New Zealand's accounting standards with source IFRS and to eliminate many of the differences between the accounting standards in each jurisdiction. The amendments must first be adopted for the year ending 30 June 2012. Management has not yet assessed the effects of FRS-44 and the Harmonisation Amendments.

SIGNIFICANT ACCOUNTING POLICIES

Budget figures

The budget figures are those approved in the statement of intent for 2011. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by Auckland Council in preparation of the financial statements.

Basis of consolidation

The consolidated financial statements are prepared adding together like items of assets, liabilities, equity, income and expenses on a line-by-line basis. All significant intra-group balances, transactions, income and expenses are eliminated on consolidation.

Subsidiaries

Subsidiaries are those entities over which RFA has control; control is defined as the power to control the financing and operating policies of an entity so as to obtain benefits from the activities of the subsidiary.

This power exists:

- Where the parent controls the majority voting power on the governing body; or
- Where such policies have been irreversibly predetermined by the parent; or
- Where the determination of such policies is unable to materially affect the level of potential ownership benefits that arise from the activities of the subsidiary.

Subsidiaries are consolidated from the date the parent gains control, and cease to be consolidated from the date that control ends.

The consolidated financial statements incorporate all the assets and liabilities of all the subsidiaries of RFA at balance date and their results for the eight-month period.

Investments in subsidiaries are carried at cost less impairment losses in the parent's financial statements.

Inter-company transactions

Inter-company transactions, balances and unrealised gains on transactions within the group entities are eliminated. Unrealised losses are also eliminated, unless the transaction provides evidence of the impairment of the asset transferred.

Revenue

Revenue is measured at the fair value of consideration received or receivable, net of discounts and GST. The parent and group account for revenue for the major activities as follows:

Admission and ticket revenue

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

Operational funding revenue

Operational funding is recognised as revenue upon entitlement, as conditions pertaining to eligible expenditure have been fulfilled.

Grants and subsidies

Grants and subsidies are recognised as revenue upon entitlement, as conditions pertaining to eligible expenditure have been fulfilled.

Provision of services

Revenue from the rendering of services is recognised by reference to the stage of completion of the transaction at reporting date, based on the actual service provided as a percentage of the total services to be provided.

Donations

Revenue from donations is recognised when physically received, or when it is probable that a reliably measurable amount will be receivable.

Sale of goods

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

Interest

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

Borrowing costs

All borrowing costs are recognised as an expense in the financial year in which they are incurred.

Advertising costs

Advertising costs are expensed when the related service has been rendered.

Grant expenditure

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

Discretionary grants are those grants where RFA and group have no obligation to award on receipt of the grant application and are recognised as expenditure when a successful applicant has been notified of the decision.

Foreign currency transactions

Foreign currency transactions (including those for which forward foreign exchange contracts are held) are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at reporting date exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the surplus or deficit.

Leases

Finance leases

A finance lease is a lease that transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred.

At the commencement of the lease term, finance leases are recognised as assets and liabilities in the statement of financial position at the lower of the fair value of the leased item or the present value of the minimum lease payments.

The finance charge is charged to the surplus or deficit over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

The amount recognised as an asset is depreciated over its useful life. If there is no certainty as to whether the parent will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

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 or as incurred.

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

Financial instruments

Initial recognition

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Financial instruments: financial assets

Classification

For the purposes of measuring financial assets after recognition, financial assets are classified in the following four categories:

- Financial assets at fair value through surplus or deficit
- Loans and receivables
- Held-to-maturity investments
- Available-for-sale financial assets.

The classification depends on the type of impairment and/or the reason behind acquiring the investment. The parent decides how to classify its financial instruments at the point of acquisition.

Initial measurement

Financial assets are initially recorded at fair value plus directly attributable transaction costs, unless they are carried at fair value through surplus or deficit, in which case the transaction costs are recognised in the surplus or deficit when incurred.

Purchases and sales of financial assets are recognised at trade date, the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

Financial assets at fair value through surplus or deficit

A financial asset falls in this category if acquired principally to sell in the short term, or if designated this way upon initial recognition.

After initial recognition, these financial assets are measured at fair value. They are classified as current assets if they are held for trading or expected to be realised within 12 months of the reporting date.

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.

The loans are subsequently measured at amortised cost using the effective interest method. The difference between the face value and present value of the expected future cash flows of the loan is recognised in the surplus or deficit.

Loans and other receivables

Loans and other receivables are non-derivative financial assets with fixed or determinable payments not quoted in an active market.

They arise when money, goods or services are provided directly to a debtor with no intention of selling the receivable asset.

After initial recognition, they are measured at amortised cost using the effective interest method, less impairment if any.

Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

Loans and receivables are included in current assets, except for those with maturities greater than 12 months after the reporting date, which are classified as non-current assets.

Financial instruments: impairment of financial assets

Financial assets, except financial assets at fair value through surplus or deficit, are assessed for objective evidence of impairment at each reporting date. Impairment losses are recognised in the surplus or deficit.

Loans and other receivables, and held-to-maturity investments amounts due

Impairment is established when there is objective evidence that the amount due will not be able to be collected according to the original terms of the debt.

Significant financial difficulties of the debtor or counterparty, probability that the debtor will enter into bankruptcy and default in payments are considered indicators that the asset is impaired.

The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate.

The carrying amount of debtors and other receivables is reduced through the use of an allowance account and the amount of the movement is recognised in the surplus or deficit.

When the receivable is uncollectible, it is written off against the allowance account. Overdue receivables that have been renegotiated are reclassified as current (i.e. not past due). Impairment in term deposits, local authority stock, government stock and community loans are recognised directly against the instrument's carrying amount.

Available-for-sale financial assets

For equity investments, a significant or prolonged decline in the fair value of the investment below its cost is considered objective evidence of impairment.

For debt investments, significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy and default in payments are considered objective indicators that the asset is impaired.

If impairment evidence exists for available-for-sale instruments, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the surplus or deficit) recognised in other comprehensive income is reclassified from equity to the surplus or deficit.

Equity instrument impairment losses recognised in the surplus or deficit are not reversed through the surplus or deficit.

If in a subsequent period the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised, the impairment loss is reversed in the surplus or deficit.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Financial instruments: derecognition of financial assets

RFA and group derecognise a financial asset only when the contractual rights to the cash flows from the asset expire, or when they transfer the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

If the group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the group recognises its retained interest in the asset and an associated liability for amounts it may have to pay.

If the group retains substantially all the risks and rewards of ownership of a transferred financial asset, the group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in the surplus and deficit.

On derecognition of a financial asset other than in its entirety (e.g. when the group retains an option to repurchase part of a transferred asset or retains a residual interest that does not result in the retention of substantially all the risks and rewards of ownership and the group retains control), the group allocates the previous carrying amount of the financial asset between the part it continues to recognise under ongoing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer.

The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised, and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income, is recognised in surplus and deficit.

A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

Financial instruments: financial liabilities

Initial measurement

Financial liabilities are initially recorded at fair value plus directly attributable transaction costs, unless they are carried at fair value through surplus and deficit, in which case the transaction costs are recognised in the statement of comprehensive income.

Classification

The parent and group classifies its financial liabilities in the following categories:

- Financial liabilities at fair value surplus and deficit; and
- Other financial liabilities at amortised cost.

Other financial liabilities at amortised cost

Other financial liabilities (including borrowings) are subsequently measured at amortised cost using the effective interest method.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the company's own equity instruments.

Financial instruments: derecognition of financial liabilities

The group derecognises financial liabilities when, and only when, the group's obligations are discharged, cancelled or they expire.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in surplus or deficit.

Cash and cash equivalents

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

Bank overdrafts are shown within borrowings in current liabilities in the statements of financial position.

Trade and other receivables

Trade and other receivables are financial assets classified as 'Loans and other receivables'.

These amounts represent unpaid receivables for goods and services provided by RFA and group before the end of the financial year. The amounts are unsecured and usually due for settlement within one year or less (or in the normal operating cycle of the business if longer) of recognition.

Trade and other receivables are initially measured at fair value plus directly attributable transaction costs, and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

For information on impairment of trade and other receivables refer to note 9. Furthermore, when a trade receivable for which the provision for impairment has been recognised becomes uncollectible in a subsequent period, it is written off against the provision for impairment of receivables. Subsequent recoveries of amounts previously written off are credited to 'other income' in the statements of comprehensive income.

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/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 grant. Community loans are subsequently measured at amortised cost using the effective interest method less impairment if any.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments, and fixed maturities that the group's management has the intention and ability to hold to maturity.

After initial recognition, they are measured at amortised cost using the effective interest method, less impairment.

They are included in current assets, except for maturities greater than 12 months after reporting date, which are included in non-current assets.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative assets designated in this category or not classified in the other categories.

After initial recognition, they are measured at fair value, with gains and losses recognised in other comprehensive income except for impairment losses which are recognised in the surplus or deficit.

They are included in non-current assets, unless there is an intention to dispose of the asset within 12 months of year-end of the end of the reporting period.

Available-for-sale financial assets comprise investments in quoted and unquoted shares and marketable securities, including:

- Investments that it intends to hold long-term but which may be realised before maturity; and
- Shareholdings that it holds for strategic purposes.

Inventory

Inventory held for distribution or consumption in the provision of services that are not supplied on a commercial basis is measured at the lower of cost (using the FIFO method), adjusted, when applicable, for any loss of service potential.

Where inventory is acquired at no cost or for nominal consideration, the cost is the current replacement cost at the date of acquisition.

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 for the loss of service potential or from cost to net realisable value is recognised in the surplus or deficit in the period of the write-down.

Property, plant and equipment

Operational assets

These include land, buildings, works of art, plant and machinery, computer equipment, furniture fittings and equipment, and motor vehicles.

Property held to meet service delivery objectives

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

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

- The occupants provide services that are integral to the operation of parent and group business, or these services could not be provided efficiently and effectively by the lessee in another location
- The parent and group is a public-benefit entity and the property is held to meet service-delivery objectives, rather than to earn rentals or for capital appreciation
- The property is being held for future delivery of services
- The lessee uses the parent and group services and those services are integral to the reasons for their occupancy of the property.

Initial recognition

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

Subsequent measurement

Property, plant and equipment are measured at cost or fair value, less accumulated depreciation and impairment losses.

Revaluation

Revaluations of property, plant and equipment are accounted for on a class-of-asset basis.

Revalued classes of property, plant and equipment are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value and at least once every three years. All other asset classes are carried at depreciated historical cost.

The carrying values of revalued assets are assessed annually to ensure that 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.

Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the parent and group and the cost of the item can be measured reliably.

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

Property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

Disposals

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

Depreciation

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

Asset class	Useful life	Rate
Buildings	10 – 100 years	(1% – 10%)
Plant and machinery	3 – 15 years	(20%)
Office equipment	5 – 25 years	(20%)
Motor vehicles	5 – 10 years	(20%)

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.

Intangible assets

Intangible assets are initially recorded at cost. Where acquired in a business combination, the cost is their fair value at the date of acquisition. The cost of internally generated intangible assets represents expenditure incurred in the development phase only.

Subsequent to initial recognition, intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses. Assets with indefinite useful lives are not amortised but tested, at least annually, for impairment, and are carried at cost less accumulated impairment losses.

Realised gains and losses arising from the disposal of intangible assets are recognised in the statement of comprehensive income in the period in which the disposal occurs.

When an intangible asset's recoverable amount is less than its carrying amount, it will be reported at its recoverable amount and an impairment loss will be recognised. Impairment losses resulting from impairment are reported in the statement of comprehensive income.

Biological assets

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

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 that are directly associated with the development of 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 development and maintenance of websites are recognised as an expense when incurred where the website is solely used for promoting RFA's services.

Alternatively, costs associated with development and maintenance of the website 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 ceases 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 follows:

- Computer software 3 – 8 years 33.3%.

Trade and other payables

Trade and other payables are financial liabilities classified as 'Other financial liabilities at amortised cost'.

These amounts represent unpaid liabilities for goods and services that have been provided to the group before the end of the financial year. The amounts are unsecured and usually paid within 30 days of recognition.

Trade and other payables are initially measured at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Borrowings

Borrowings are financial liabilities classified as 'Other financial liabilities at amortised cost'.

Borrowings 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 the parent or group has an unconditional right to defer settlement of the liability for at least 12 months after balance date and settlement is expected to be at least 12 months after balance date.

Employee entitlements

Short-term employee entitlements

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

These include salaries and wages accrued up to reporting date, annual leave earned to but not yet taken at balance date, retirement gratuities and long-service leave entitlements expected to be settled within 12 months of reporting date, and sick leave.

A liability for sick leave is recognised to the extent that compensated absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at reporting date, to the extent it will be used by staff to cover those future absences.

A liability and an expense is recognised for bonuses where the parent or group has a contractual obligation or where there is a past practice that has created a constructive obligation.

Long-term employee entitlements

Employee benefits that are due to be settled beyond 12 months after the end of the period in which the employee renders the related service, such as long-service leave and retirement gratuities, have been calculated on the projected unit credit method, an actuarial basis. The calculations are based on:

- Likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement, and contractual entitlement information; and the present value of the estimated future cash flows.

Expected future payments are discounted using market yields on government bonds at balance date with terms to maturity that match, as closely as possible, the estimated future cash outflows for entitlements. The inflation factor is based on the expected long-term increase in remuneration for employees.

Presentation of employee entitlements

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

Superannuation schemes

Defined contribution schemes

Obligations for contributions to defined contribution superannuation schemes are recognised as an expense in the surplus or deficit as incurred.

Provisions

Provisions are recognised when:

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

Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

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

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts are initially recognised at fair value, even if a payment under the guarantee is considered not probable. If a financial guarantee contract was issued in a stand-alone arm's-length transaction to an unrelated party, its fair value at inception is equal to the consideration received. When no consideration is received, a liability is recognised based on the probability that the RFA or group will be required to reimburse a holder for a loss incurred discounted to present value. The portion of the guarantee that remained unrecognised, prior to discounting to fair value, is disclosed as a contingent liability.

Financial guarantees are subsequently measured at the initial recognition amount less any amortisation. However, if it is probable that expenditure will be required to settle a guarantee, then the provision for the guarantee is measured at the present value of the future expenditure.

Equity

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

- Contributed capital
- Retained earnings
- Restricted equity
- Designated funds and reserves
- Revaluation reserve.

Contributed capital

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

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

Retained earnings

Retained earnings represent carried forward undistributed surpluses that have not been designated or restricted.

Restricted reserves

Restricted reserves are 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 the parent and which may not be revised by the parent 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.

Also included in restricted reserves are reserves restricted by the parent's decision. The parent may alter them without reference to any third party or the Courts. Transfers to and from these reserves are at the discretion of the parent.

The parent and group's objectives, policies and processes for managing capital are explained in note 25.

Revaluation reserves

The revaluation reserve incorporates the revaluation increase arising on the revaluation of property, plant and equipment, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed.

A decrease in the carrying amount arising on the revaluation of such land and buildings is recognised in profit or loss to the extent that it exceeds the balance, if any, held in the property's revaluation reserve relating to a previous revaluation of that asset.

Goods and services tax

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

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

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

Commitments and contingencies are disclosed exclusive of GST.

Income tax

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

SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In preparing these financial statements, RFA and group have 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 below.

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

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

- Physical inspection of assets
- Asset replacement programs and
- Analysis of prior asset sales.

RFA and group have not made significant changes to past assumptions concerning useful lives and residual values.

3 REVENUE, GRANTS AND SUBSIDIES

	Parent	Group
	Actual 8 months 2011 $000s	Actual 8 months 2011 $000s
Revenue		
Entrance and admission fees	4,345	4,345
Venue hire	4,695	4,695
Food and beverages	3,391	3,391
Other	8,073	11,996
Total revenue	**20,504**	**24,427**
Grants and subsidies		
Auckland Council operating subsidy	21,677	21,677
Other grants and subsidies	7,842	8,179
Total grants and subsidies	**29,519**	**29,856**

Auckland Council operating subsidy

The Auckland Council Operating Subsidy includes funding from the group's ultimate parent in relation to activities within the parent and group. This funding is for the parent and group to perform specified activities for the current reporting period. These activities are assessed against benchmarked KPIs that are assessed after the reporting date. The directors believe that it has achieved the various KPIs for the current reporting period and have therefore recognised the funding as income in the reporting period.

Other grants and subsidies

Other grants and subsidies include funding from external third parties in relation to activities within the parent and group. While these grants and subsidies indicate that they are to fund particular projects within the parent and group, the terms of the funding do not preclude the recognition of these funds upon receipt of the grant. Other grants and subsidies are recognised as revenue when received.

Significant projects that were either partly completed or yet to commence that relate to grant and subsidies income recognised for the eight months to 30 June 2011 are:

Regional Facilities Auckland (Parent)

Department of Conservation grant of $35,255 – Archery frog species recovery plan funding (Auckland Zoo)

Auckland Zoo Charitable Trust Urban Ark for Schools grant of $10,000 – Delivery of the Urban Ark for Schools programme (Auckland Zoo)

Department of Education grant of 71,231 – Delivery of the LEOTC programme (Auckland Zoo)

Auckland Zoo Charitable Trust Te Wao Nui grant of $1,340,000 – Capex funding for Te Wao Nui (Auckland Zoo).

4 OTHER INCOME AND GAINS/(LOSSES)

	Parent	Group
	Actual 8 months 2011 $000s	Actual 8 months 2011 $000s
Other income		
Sponsorship	285	605
Other	439	489
Total other income	**724**	**1,094**
Other gains/(losses)		
Gain on revaluation of community loans	162	162
Total other gains/(losses)	**162**	**162**

5 FINANCE INCOME AND FINANCE COST

	Parent	Group
	Actual 8 months 2011 $000s	Actual 8 months 2011 $000s
Finance income		
Interest income – financial assets classified as loans and receivables	114	297
Interest income – financial assets classified as fair value through profit or loss	258	258
Total finance income	**372**	**555**
Finance expense		
Interest expenses – financial liabilities classified as at amortised cost		
• Bank overdrafts	11	89
• Borrowings	2,349	2,349
• Finance leases	-	2
Realised foreign exchange losses	1	1
Total finance expense	**2,361**	**2,441**

6 EMPLOYEE BENEFITS

	Parent	Group
	Actual 8 months 2011 $000s	Actual 8 months 2011 $000s
Salaries and wages	17,766	19,154
Defined contribution plans employer contributions	178	191
Other		94
Increase/(decrease) in employee entitlement accruals	491	496
Total employee benefits	**18,435**	**19,935**

Employer contributions to defined contribution plans include contributions to KiwiSaver.

7 OTHER EXPENSES

	Parent	Group
	Actual 8 months 2011 $000s	Actual 8 months 2011 $000s
Other expenses include:		
Fees to principal auditor		
• Audit fees for financial statement audit (Audit NZ)	193	202
• Audit fees for financial statement audit (BDO – Auckland)	-	37
• Audit fees for financial statement audit (Hayes Knight)	-	8
Grants and contributions (to RFA Plus entities)	4,677	3,668
Contractor and consultancy costs	2,598	3,588
Insurance premiums	539	631
Consultants' and legal fees	140	140
Cost of goods sold	3,006	3,006
Repairs and maintenance	1,312	1,802
Loss on disposal	-	344
Occupancy and utilities	2,247	3,655
Shared services	1,446	1,446
Production costs	989	989

8 CASH AND CASH EQUIVALENTS

	Parent	Group
	Actual 2011 $000s	Actual 2011 $000s
Cash at bank and on hand	95	1,264
Operating bank account	1,379	1,379
Ticketing bank account	2,800	2,800
Arts development fund	-	131
Term deposits with maturities less than 3 months from date of acquisition	-	520
Total cash and cash equivalents	**4,274**	**6,094**

The carrying value of cash at bank and short-term deposits with original maturity dates of three months or less approximate their fair value.

Operating bank account

The operating bank account is part of the Auckland Council set off arrangement and is set-off for debt and interest purposes.

Ticketing bank account

RFA operates the ticketing accounts for the deposit of box office ticket sales from THE EDGE ticketing service business.
Funds are held in these bank accounts until settlement occurs for the performances of shows. These funds do not form part of the Auckland Council set-off arrangements.

Arts development fund

Represents cash funds held within an 'Arts Development Fund' treated and disclosed separately. Use of this fund is governed by an Arts Development Trust Deed and discretion of trustees.

Restricted cash balances

In accordance with the Local Government Act 2002, RFA operates two restricted bank accounts, a ticketing bank account and a short-term investment account under the name of 'Aotea Centre Trading as THE EDGE' on behalf of Auckland Council. These bank accounts are used for deposit of ticketing box office funds and thus are considered restricted funds.

9 TRADE AND OTHER RECEIVABLES

	Parent Actual 2011 $000s	Group Actual 2011 $000s
Current		
Trade receivables	1,403	2,677
Provision for impairment of trade receivables	(117)	(123)
Trade receivables – net	**1,286**	**2,554**
Related party receivables	19,221	19,242
Accrued income	4,394	4,394
Other receivables	5	227
Total trade and other receivables	**24,906**	**26,417**

There is no concentration of credit risk with respect to trade receivables for the parent and group, as there is a large number of customers. Related party receivables are predominately with entities within the Auckland Council (ultimate parent) group structure, detailed in note 23. The group does not hold any collateral or other credit enhancements over these balances as security.

Related party receivables includes Trusts and Bequests of $1,598,154 administered by Auckland Council for the benefit of RFA.

Fair value

Trade receivables are non-interest bearing and receipt is normally on 30-day terms. Related party receivables are non-interest bearing and receipt is normally on 30-day terms. Therefore, the carrying value of trade receivables and related party receivables approximates their fair value.

Impairment

At each period end, all overdue receivables are specifically assessed for impairment. An allowance for impairment is recognised against individual receivable balances when it is determined by management that amounts due from counterparties are irrecoverable based on ageing, past historical experience and the counterparty's current financial position.

	Parent Actual 2011 $000s	Group Actual 2011 $000s
The ageing profile of receivables at year-end is detailed below:		
Not past due	797	1,431
Past due 1 – 60 days	477	942
Past due 61 – 120 days	6	167
Past due >120 days	6	14
Total	**1,286**	**2,554**
All receivables greater than 30 days in age are considered to be past due.		
Age of impaired trade receivables		
Not past due	-	-
Past due 1 – 60 days	-	-
Past due 61 – 120 days	-	-
Past due >120 days	117	124
Total	**117**	**124**
Movements in the allowance for impairment of trade receivables		
Opening balance	66	66
Additional allowances made during the year	111	118
Allowance reversed during the year	-	-
Impaired receivables written off during the year	(60)	(60)
Closing balance	**117**	**124**

10 OTHER FINANCIAL ASSETS

	Parent Actual 2011 $000's	Group Actual 2011 $000's
Current portion		
Financial assets at fair value through profit or loss		
• Community loans	569	569
Term deposits (maturing within 4 – 12 months)	-	4,417
Total current portion	**569**	**4,986**
Non-current portion		
Financial assets at fair value through profit or loss		
• Community loans	3,770	3,770
Total non-current portion	**3,770**	**3,770**
Total other financial assets	**4,339**	**8,756**

Fair value

Term deposits

The carrying amount of term deposits approximates their fair value.

Community loans

Community loans adjusted for fair value are $4.34 million. They have stated interest rates of 4.50% to 7.40% and mature in seven to 16 years. The face value of community loans is $6.38 million.

The fair value has been determined using cash flows discounted at a rate based on the borrowing rate of 16%. This rate was based on the Reserve Bank of New Zealand's base business lending rate as at 30 June 2011 (10%) plus an unsecured risk premium (6%).

Impairment

There were no impairment expenses or allowances for other financial assets. None of the financial assets are either past due or impaired.

11 INVENTORIES

	Parent Actual 8 months 2011 $000s	Group Actual 8 months 2011 $000s
Commercial inventory		
Items held for resale	560	560
Total inventory	**560**	**560**

No inventories are pledged as security for liabilities.

Commercial inventory

The write-down of commercial inventory to net realisable value amounted to $18,638.

12 PROPERTY, PLANT AND EQUIPMENT

Cost or valuation	Parent				
	Opening balance 1 November 2010 $000s	Additions $000s	Revaluations $000s	Disposals $000s	Closing balance 30 June 2011 $000s
Land	132,970	-	-	-	132,970
Buildings	318,495	12,473	-	-	330,968
Plant and equipment	8,015	31	-	-	8,046
Office equipment, furniture and fittings	6,451	222	-	-	6,673
Computer equipment	775	251	-	-	1,026
Art	247,555	240	6,217	-	254,012
Motor vehicles	104	-	-	-	104
Roading and civil structures	651	-	-	-	651
Other assets	8	-	-	-	8
Under construction	129,476	43,244	-	-	172,720
Total cost	**844,500**	**56,461**	**6,217**	**-**	**907,178**

Accumulated depreciation and impairment	Parent				
	Opening balance 1 November 2010 $000s	Depreciation expense $000s	Impairment expense $000s	Depreciation on disposals $000s	Closing balance 30 June 2011 $000s
Land	-	-	-	-	-
Buildings	-	4,832	-	-	4,832
Plant and equipment	-	943	-	-	943
Office equipment, furniture and fittings	-	383	-	-	383
Computer equipment	-	196	-	-	196
Art	-	-	-	-	-
Motor vehicles	-	11	-	-	11
Roading and civil structures	-	16	-	-	16
Other assets	-	-	-	-	-
Under construction	-	-	-	-	-
Total accumulated depreciation and impairment	**-**	**6,381**	**-**	**-**	**6,381**

Carrying amounts	Parent				
	Opening balance 1 November 2010 $000s	Depreciation expense $000s	Impairment expense $000s	Depreciation on disposals $000s	Closing balance 30 June 2011 $000s
Land	132,970				132,970
Buildings	318,495				326,136
Plant and equipment	8,015				7,103
Office equipment, furniture and fittings	6,451				6,290
Computer equipment	775				830
Art	247,555				254,012
Motor vehicles	104				93
Roading and civil structures	651				635
Other assets	8				8
Under construction	129,476				172,720
Total carrying amounts	**844,500**				**900,797**

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

Revaluation

Land and buildings are disclosed at net book value as transferred from disestablished entities (refer note 29). In future, land and buildings will be revalued on a three year cycle with a portion of the portfolio valued at each period end, unless the fair value assessment requires revaluation of the entire class, ensuring the assets are revalued at least once in three years. The assets are valued at either market value or depreciated replacement cost.

The valuation of artwork is completed on a three-year cycle, as follows:

- Items up to $9,999 were revalued by Auckland Art Gallery staff during the 2009/10 financial year, using an approved and externally verified sampling methodology.
- Items from $10,000 to $99,999 were individually revalued by Auckland Art Gallery staff during the 2008/09 financial year, and their methodology was externally verified by Webb's (Auckland).
- Items over $100,000 were revalued by Sotheby's (London) and Webb's (Auckland) during the 2010/11 financial year.

Works of art – loan collection

Auckland Art Gallery has works of art that are on loan from third parties. In accordance with the agreements with the third parties, Auckland Art Gallery is responsible for the costs of maintaining the loan collection and other associated costs, however cannot sell or exhibit elsewhere without permission; thus, RFA does not have sufficient control over the art for it to be recognised as an asset.

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.

No impairment losses have been recognised in the eight-month period to 30 June 2011.

Fair value

The fair value for each asset class, for both RFA and the group, 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 to the net book value.

Total fair value of property, plant and equipment valued by each valuer for reporting period end 30 June is as follows:

	Type of valuer	Date performed	RFA 2011 $000s	Group 2011 $000s
Name				
Sotheby's	Independent	21 March 2011	77,043	77,043
Webb's	Independent	6 April 2011	103,774	103,774
Total			**180,817**	**180,817**

Leased assets

The net carrying amount of property, plant and equipment held under finance leases is nil for the parent and $1,455,540 for the group.

	Parent	Group
	Value $000s	Value $000s
Class		
Plant and equipment	-	1,429
Motor vehicles	-	26
Total	**-**	**1,455**

Opening balances

Refer to note 29.

Cost or valuation	Group				
	Opening balance 1 November 2010 $000s	Additions $000s	Revaluations $000s	Disposals $000s	Closing balance 30 June 2011 $000s
Land	132,970	-	-	-	132,970
Buildings	427,518	12,575	-	-	440,094
Plant and equipment	10,751	112	-	(3)	10,859
Office equipment, furniture and fittings	11,996	406	-	-	12,402
Computer equipment	1,178	277	-	-	1,455
Art	247,933	262	6,217	-	254,412
Motor vehicles	128	-	-	-	128
Roading and civil structures	4,080	-	-	-	4,080
Other assets	3,389	90	-	-	3,479
Under construction	129,476	43,719	-	-	173,196
Total cost	**969,419**	**57,459**	**6,217**	**(3)**	**1,033,075**

Accumulated depreciation and impairment	Group				
	Opening balance 1 November 2010 $000s	Depreciation expense $000s	Impairment expense $000s	Depreciation on disposals $000s	Closing balance 30 June 2011 $000s
Land	-	-	-	-	-
Buildings	16,713	6,688	-	-	23,401
Plant and equipment	1,661	1,019	-	(3)	2,677
Office equipment, furniture and fittings	4,056	644	-	-	4,700
Computer equipment	356	217	-	-	573
Art	-	-	-	-	-
Motor vehicles	22	12	-	-	34
Roading and civil structures	2,411	140	-	-	2,551
Other assets	-	-	-	-	-
Under construction	-	-	-	-	-
Total accumulated depreciation and impairment	**25,219**	**8,720**	**-**	**(3)**	**33,936**

Carrying amounts	Group	
	1 November 2010 $000s	30 June 2011 $000s
Land	132,970	132,970
Buildings	410,805	416,693
Plant and equipment	9,090	8,182
Office equipment, furniture and fittings	7,940	7,702
Computer equipment	822	882
Art	247,933	254,412
Motor vehicles	106	94
Roading and civil structures	1,669	1,529
Other assets	3,389	3,479
Under construction	129,476	173,196
Total carrying amounts	**944,200**	**999,139**

There are no restrictions over the title over any item of property plant and equipment. No items of property plant and equipment are pledged as security for liabilities.

13 INTANGIBLE ASSETS

	Parent		
	Acquired computer software $000s	Rights to acquire $000s	Total $000s
Cost			
Balance at 1 November 2010	1,311	71,385	72,696
Additions	451	-	451
Balance at 30 June 2011	**1,763**	**71,385**	**73,147**
Accumulated amortisation and impairment			
Balance at 1 November 2010	-	-	-
Amortisation charge	(195)	-	(195)
Balance at 30 June 2011	**(195)**	**-**	**(195)**
Carrying amount			
At 1 November 2010	1,311	71,385	72,696
At 30 June 2011	1,568	71,385	72,952

	Group		
	Acquired computer software $000s	Rights to acquire $000s	Total $000s
Cost			
Balance at 1 November 2010	1,342	71,385	72,727
Additions	487	-	487
Balance at 30 June 2011	**1,829**	**71,385**	**73,214**
Accumulated amortisation and impairment			
Balance at 1 November 2010	-	-	-
Amortisation charge	(242)	-	(242)
Balance at 30 June 2011	**(242)**	**-**	**(242)**
Carrying amount			
At 1 November 2010	1,342	71,385	72,727
At 30 June 2011	1,587	71,385	72,972

There are no restrictions over the title of intangible assets.

No intangible assets are pledged as security for liabilities.

Rights to acquire

The right-to-acquire asset represents the former Auckland City Council's contribution to Vector Arena transferred to RFA.

Vector Arena was completed in March 2007. QPAM Limited will own and operate the Vector Arena for 40 years from this completion date, at which point it will revert to RFA's ownership. During the 40-year period, RFA will review the recoverable amount of Vector Arena annually to ensure that there is no impairment of the value.

An impairment review was conducted on this right to acquire at period end and there were no indicators of impairment.

Robertson Art Collection

A binding agreement was established in 2009 for a donation of works of art by Julian and Josie Robertson (donors) to Regional Facilities Auckland for display in Auckland Art Gallery. The donors currently hold the art works for their own and others' enjoyment therefore RFA will only gain possession of the art works on the contribution date specified in the agreement. No value is included in the above intangible assets.

14 CREDITORS AND OTHER PAYABLES

	Parent Actual 2011 $000s	Group Actual 2011 $000s
Current portion		
Trade creditors	4,339	5,323
Sundry payables	2,024	2,962
Amount due to related parties (note 23)	7,823	8,557
Revenue in advance	2,120	2,960
Accrued expenses	9,256	9,073
Total current portion	**25,562**	**28,875**
Total creditors and other payables	**25,562**	**28,875**

Current creditors and other payables are non-interest bearing and are normally settled on 30-day terms. Therefore, the carrying value of creditors and other payables approximates their fair value.

15 BORROWINGS

	Parent Actual 2011 $000s	Group Actual 2011 $000s
Current portion		
Finance leases	-	24
Total current portion	**-**	**24**
Non-current portion		
Unsecured loans – Auckland Council	98,800	98,800
Unsecured capex advances – Auckland Council	52,272	52,272
Finance leases	-	1,432
Total non-current portion	**151,072**	**152,504**
Total borrowings	**151,072**	**152,528**

Unsecured loans – Auckland Council

At 1 November 2010, Regional Facilities Auckland was transferred a portion of debt from the Auckland dissolving entities, based on an allocation made by its parent, Auckland Council using a prescribed formula set by the Auckland Transition Agency as part of the Auckland reorganisation legislation.

The loan tranches from Auckland Council, with a face value of $98,800,000, are issued at interest rates of 2.50% to 5.79% and mature in two to five years.

There are no loan covenants attached to the loans.

The loans from Auckland Council are unsecured.

Unsecured capex advances – Auckland Council

These balances relate to funding received from the ultimate parent (Auckland Council) in relation to capital expenditure projects undertaken by RFA. The face value of the advances is $52,272,000.

The terms of the advances are that they are non-interest bearing, and that they will not be called on in the next 12 months.

There are no covenants attached to the advances.

The advances are unsecured.

Finance leases – material leasing arrangement

The North Shore Domain and North Harbour Stadium Trust Board (subsidiary) has a finance lease arrangement with Vector Ltd in relation to floodlighting and HT reticulation systems. The term of the finance lease arrangement is 40 years, terminating on 31 March 2037. The effective interest rate on the finance lease arrangement is 7.90%. The carrying value of the finance lease arrangement as at 30 June 2011 is $1,429,377.

Ownership of the floodlighting and HT reticulation system will transfer to the North Shore Domain and North Harbour Stadium Trust Board as at the termination date, subject to complying with the payment schedule and provisions under the finance lease agreement.

There are no restrictions in place regarding this finance leasing arrangement.

Finance lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

Finance leases – total minimum lease payments payable

Parent

There were no finance leases held by the parent as at 30 June 2011.

Group	Group		
Current	Future minimum lease payments 2011 $000s	Interest 2011 $000s	Present value future minimum lease payments 2011 $000s
Not later than one year	139	(115)	24
Total current	**139**	**(115)**	**24**
Non-current			
Later than one year and not later than five years	543	(436)	107
Later than five years	2,698	(1,373)	1,325
Total non-current	**3,241**	**(1,809)**	**1,432**

16 EMPLOYEE ENTITLEMENTS

	Parent	Group
Current portion	Actual 2011 $000s	Actual 2011 $000s
Accrued salaries and wages	1,200	1,261
Annual leave	1,453	1,547
Sick leave	27	27
	2,680	2,835
Non current portion		
Long-service leave	167	167
Total employee entitlements	**2,835**	**3,002**

17 PROVISIONS

	Parent	Group
Current portion	Actual 2011 $000s	Actual 2011 $000s
Restructuring	165	165
Total current portion	**165**	**165**
Total provisions	**165**	**165**

Movements for each class of provision	Parent		Group	
2011	Restructuring $000s	Total $000s	Restructuring $000s	Total $000s
Balance at 1 November 2010	-	-	-	-
Additional provisions made	165	165	165	165
Balance at 30 June 2011	**165**	**165**	**165**	**165**
Total provisions	**165**	**165**	**165**	**165**

Restructuring

In May 2011, the governing body of RFA finalised restructuring plans for the organisation, post its establishment in November 2010. The amount provided for represents total outstanding redundancy payments for affected staff as at 30 June 2011.

18 EQUITY AND RESERVES

Changes in the carrying values of the parent and group equity and reserve balances are shown in the statement of changes in equity.

Details on the nature of specific equity and reserve balances are detailed below.

Contributed capital

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

Retained surpluses

Retained surpluses represents surpluses earned by the parent and group that have been retained post its incorporation on 1 November 2010.

Restricted equity

The parent and group set aside specific amounts of retained surpluses in relation to their operations at Auckland Zoo.

Specifically, restricted equity has been set aside for Auckland Zoo's activities relating to:

- Animal transportation costs upon initial acquisition; and
- Conservation initiatives.

As costs are incurred they are recognised through profit or loss in the period in which they related to, 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 the Auckland Art Gallery for purchase of art and other specified purposes.

Asset revaluation reserve

The parent and group operate an asset revaluation reserve to hold movements upon the revaluation of items of property, plant and equipment.

The asset revaluation reserve is maintained by class of property, plant and equipment. Movements in the revaluation of items are restricted to the class of property, plant and equipment to which they are allocated, in accordance with NZ IAS 16.

Upon the exhaustion of the asset revaluation reserve of a particular class of property, plant and equipment, any further devaluation is taken to profit or loss and not offset against any remaining asset revaluation reserve of other classes of property, plant and equipment, in accordance with NZ IAS 16.

19 RECONCILIATION OF NET SURPLUS/(DEFICIT) TO NET CASH FLOWS FROM OPERATING ACTIVITIES

	Parent	Group
	Actual 8 months 2011 $000s	Actual 8 months 2011 $000s
Net surplus/(deficit) after tax	**(359)**	**(1,415)**
Add/(Less) for non-cash items		
Interest income - capitalised to community loans	(289)	(289)
Depreciation	6,381	8,717
Amortisation	195	241
Bad debts	60	60
Loss on disposal	-	344
Increase/(decrease) in allowance for impairment of trade receivables	51	57
Increase/(decrease) in provisions	165	165
	6,563	**9,295**
Movement in working capital items		
(Increase)/decrease in trade receivables	(232)	(272)
(Increase)/decrease in accrued income	(4,195)	(4,195)
(Increase)/decrease in other receivables	973	751
(Increase)/decrease in prepayments	2,291	2,291
(Increase)/decrease in GST receivable	(2,397)	(2,352)
(Increase)/decrease in inventories	(118)	(118)
Increase/(decrease) in trade creditors	3,913	2,055
Increase/(decrease) in sundry payables	527	1,171
Increase/(decrease) in revenue in advance	923	1,763
Increase/(decrease) in accrued expenses	(2,309)	(3,007)
Increase/(decrease) in employee benefits	1,110	1,098
(Increase)/decrease in net related party balances	(9,220)	(8,265)
	(8,734)	**(9,078)**
Net cash flow from operating activities	**(2,530)**	**(1,198)**

20 CAPITAL COMMITMENTS AND OPERATING LEASES

	Parent	Group
Capital commitments	2011 $000s	2011 $000s
Property, plant and equipment	13,400	13,671
Total capital commitments	**13,400**	**13,671**

As at 30 June 2011, RFA had an outstanding capital commitment with Hawkins Construction in relation to the upgrade of the Auckland Art Gallery, which was still in progress at this date. The costs to complete this project have been estimated by Hawkins Construction to be $5,600,000.

As at 30 June 2011, RFA had an outstanding capital commitment with NZ Strong Ltd in relation to the Auckland Zoo Te Wao Nui project. The estimated cost to complete this project is $1,500,000.

As at 30 June 2011, RFA had an outstanding capital commitment for the Viaduct Event Centre of $4,500,000.

As at 30 June 2011, RFA had an outstanding capital commitment for the ASB Theatre of $1,800,000.

As at 30 June 2011, North Shore Domain and North Harbour Stadium Trust Board (subsidiary) had a $271,000 capital commitment outstanding on the Broadcast Tower project. The actual spend as at 30 June 2011 was $475,000 with completion expected to be in August 2011.

Operating leases as lessee

The parent and group lease property, plant and equipment in the normal course of their business. The majority of these leases have a non-cancellable term of 24 to 36 months. The future aggregate minimum lease payments payable under non-cancellable operating leases are as follows:

	Parent	Group
	2011 $000s	2011 $000s
Not later than one year	130	858
Later than one year and not later than five years	228	612
Later than five years	-	9
Total non-cancellable operating leases as lessee	**358**	**1,479**

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

Leases can be renewed at the parent and group's option, with rents set by reference to current market rates for items of equivalent age and condition.

There are no restrictions placed on the parent and group by any of the leasing arrangements.

Operating leases as lessor

The parent and group leases property, plant and equipment in the normal course of their business. The majority of these leases have a non-cancellable term of 24 to 60 months. The future aggregate minimum lease payments payable under non-cancellable operating leases are as follows:

	Parent	Group
	2011 $000s	2011 $000s
Not later than one year	25	210
Later than one year and not later than five years	8	254
Later than five years	-	-
Total non-cancellable operating leases as lessor	**33**	**464**

21 CONTINGENCIES

Contingent liabilities
There were no contingent liabilities as at 30 June 2011.

Contingent assets
There were no contingent assets as at 30 June 2011.

22 SUBSIDIARIES

Details of the group's subsidiaries at the end of the reporting period are as follows:

Name of subsidiary	Principal activity	Place of incorporation
North Shore City Performing Arts Centre Management Board Trust	Performing arts	Auckland, New Zealand
North Shore Domain and North Harbour Stadium Trust Board	Recreation	Auckland, New Zealand
North Shore Events Centre Trust Board	Recreation	Auckland, New Zealand
Counties Manukau Pacific Trust	Cultural events	Auckland, New Zealand

The above entities are consolidated as subsidiaries of the group as the parent (RFA) has the power to govern the operation and financing policies of the entities, so as to obtain benefits from their activities.

23 RELATED PARTY TRANSACTIONS

The RFA is the parent of the group. The ultimate parent of RFA is Auckland Council (100%).
Transitions between related parties are conducted at arm's length.

Related party transactions with ultimate parent, subsidiaries and other related parties	Parent	Group
	Actual 8 months 2011 $000s	Actual 8 months 2011 $000s
Controlled entities		
North Shore City Performing Arts Centre Management Board Trust (Subsidiary)		
Transactions during the period:		
Supply of services incurred by RFA (Group)	161	-
North Shore Domain and North Harbour Stadium Trust Board (Subsidiary)		
Transactions during the period:		
Supply of services incurred by RFA (Group)	848	-
Balances outstanding at period end:		
Accounts payable owed by RFA (Group)	359	-
Other entities		
Auckland Council (Ultimate parent)		
Transactions during the period:		
Revenue from services provided by RFA (Group)	3,499	4,086
Revenue from grants and subsidies provided to RFA (Group)	21,677	21,677
Rates expense incurred by RFA (Group)	295	295
Shared services expense incurred by RFA (Group)	1,446	1,446
Other services expense incurred by RFA (Group)	1,191	1,231
Interest expense incurred by RFA (Group)	2,349	2,349
Balances outstanding at period end:		
Accounts receivable due to RFA (Group)	19,221	19,303
Accounts payable owed by RFA (Group)	7,719	7,719
Borrowings payable owed by RFA (Group)	151,072	151,072
Revenue received in advance	-	1

Other entities *continued*	Parent Actual 8 months 2011 $000s	Group Actual 8 months 2011 $000s
Auckland Transport (Controlled entity of ultimate parent)		
Transactions during the period:		
Revenue from services provided by RFA (Group)	23	26
Supply of services incurred by RFA (Group)	27	28
Balances outstanding at period end:		
Accounts receivable due to RFA (Group)	19	23
Accounts payable owed by RFA (Group)	6	6
Auckland Waterfront Development Agency Limited (Controlled entity of ultimate parent)		
Transactions during the period:		
Supply of services incurred by RFA (Group)	91	91
Balances outstanding at period end:		
Accounts payable owed by RFA (Group)	104	104
Watercare Services Limited (Controlled entity of ultimate parent)		
Transactions during the period:		
Supply of services incurred by RFA (Group)	68	132
Balances outstanding at period end:		
Accounts payable owed by RFA (Group)	-	5
Auckland Museum Trust Board		
Transactions during the period:		
Revenue from interest	91	91
Principal repayments received	1,000	1,000
Balances outstanding at period end:		
Fair value (community) loan due to RFA (Group)	1,824	1,824
Museum of Transport and Technology Trust Board		
Transactions during the period:		
Revenue from interest	42	42
Principal repayments received	35	35
Balances outstanding at period end:		
Fair value (community) loan due to RFA (Group)	646	646
Auckland Tourism, Events and Economic Development Agency (Controlled entity of ultimate parent)		
Transactions during the period:		
Revenue from services provided by RFA (Group)	-	14
Balances outstanding at period end:		
Accounts receivable due to RFA (Group)	-	11
City of Manukau Education Trust (Controlled entity of ultimate parent)		
Transactions during the period:		
Revenue from services provided by RFA (Group)	-	2

All related party transactions are on market terms and conditions.

No allowances for impairment have been required as at period end, nor any expense recognised for impairment on receivables or any other loan balances to related parties during the period.

Related party transactions with key management personnel

Key management personnel are those persons who either directly or indirectly have the authority and responsibility for planning, directing and controlling the activities of the entity.

Key management personnel of the parent and group entities include:

- Members of the governing body
- Chief Executive Officer
- Senior management and
- Any other applicable staff member.

There are close family members of key management personnel employed by the parent and group.

The terms and conditions of those arrangements are no more favourable than the parent and group would have adopted if there were no relationship to key management personnel.

The amount of $223,596 was paid to the directors of Regional Facilities Auckland Ltd by Regional Facilities Auckland in the eight-month period to 30 June 2011.

Key management personnel and other entities that they may be involved in as key management personnel, as part of a standard customer relationship, are likely to have been involved in minor transactions with the group.

Accordingly, the following key management personnel were members of the parent and group that may have had minor transactions of a standard customer nature in dealings with parent and group entities as part of its normal operations.

Regional Facilities Auckland Ltd (Parent)	
John Avery	Director
Graham Burrett	Director
Derek Dallow	Director
Dame Jennifer Gibbs	Director
Sir Donald McKinnon	Director
John Roberston	Director
Rukumoana Schaafhausen	Director
Peter Stubbs	Director
Gary Troup	Director
John Brockies	Chief Executive Officer
Geoff Williams	Chief Operating Officer
Jill McPherson	Chief Strategy and Planning Officer
Patrick Cleaver	Chief Financial Officer
Mohamed Mansour	Director – Auckland Conventions
Robbie Macrae	Director – Centre of Performing Arts
Chris Saines	Director – Auckland Art Gallery
Jonathan Wilcken	Director – Auckland Zoo
Paul Nisbet	Director – Regional Sports and Events
Chris Lambert	Director – Assets
Beverley McNamara	Director – Visitor Experience

Auckland Council (Ultimate Parent)	
Len Brown	Mayor
Arthur Anae	Councillor
Cameron Brewer	Councillor
Dr Cathy Casey	Councillor
Sandra Coney, QSO	Councillor
Alf Filipaina	Councillor
Hon Christine Fletcher, QSO	Councillor
Michael Goudie	Councillor
Ann Hartley, JP	Councillor
Penny Hulse	Councillor
Mike Lee	Councillor
Desmond Morrison	Councillor
Richard Northey, ONZM	Councillor
Calum Penrose	Councillor
Noelene Raffills, JP	Councillor
Dick Quax	Councillor
Sharon Stewart, QSM	Councillor
Sir John Walker, KNZM, CBE	Councillor
Wayne Walker	Councillor
Penny Webster	Councillor
George Wood, CNZM	Councillor

Counties Manukau Pacific Trust (Subsidiary)	
Sir Noel Robinson	Chairman
Karen Avery	Trustee
Ted Ngataki	Trustee
Hamish Crooks	Trustee
Terry Spragg	Trustee
Michael Boggs	Trustee (Retired – Mar 2011)
John Robertson	Trustee (Retired – Dec 2010)
Maureen Shaddick	Trustee
Mike Hutcheson	Trustee
Colin Dale	Trustee (Appointed – Mar 2011)
John Bongard	Trustee (Appointed – Mar 2011)
Luke Patterson	Trustee (Appointed – Mar 2011)
Richard Jeffery	Chief Executive Officer

North Shore Performing Arts Centre Management Trust (Subsidiary)	
Ian McPherson	Chairman
Angela Antony	Trustee
Graeme Hitch	Trustee
David Poppelwell	Trustee
Kevin Schwass	Trustee
Clemence Jacqueri	Trustee
Ken McKay	Trustee
Andrew Scott	Chief Executive Officer

North Shore Domain and North Harbour Stadium Trust Board (Subsidiary)	
Reno Wijinstok	Chairman
Matthew Bellingham	Trustee
Kevin Mulcahy	Trustee
Liz Darlow	Trustee
Diane Hale	Trustee
Rob Picstock	Trustee
Charles Roos	Trustee
Patricia Schnauer	Trustee
Peter White	Trustee
Craig Goodall	Chief Executive Officer
Chris Kemp	Senior Management – Sales & Marketing
Brian Doherty	Senior Management – Operations

North Shore Events Centre Trust Board (Subsidiary)	
Wayne Miles	Chairman
Rob Jay	Deputy Chair
Howard Johnston	Trustee
Jeff Olsen	Trustee
Terry Cornelius	Trustee
Michael Thomas	Trustee
Barbara Wheadon	Trustee
Paddy Stafford-Bush	Trustee
Lucy Ripia	Trustee
Richard Wood	Trustee
Riki Burgess	Trustee
Donald Southee	Senior Management – Venue Manager

Key management personnel compensation	Parent	Group
	Actual 8 months 2011 $000s	Actual 8 months 2011 $000s
Salaries and other short-term employee benefits	1,752	2,249
Post-employment benefits	-	-
Other long-term benefits	-	-
Termination benefits	287	287
Total key management personnel compensation	**2,039**	**2,536**

Key management personnel include the directors of Regional Facilities Auckland Limited and the Executive Leadership Team.

24 SEVERANCE PAYMENTS

For the eight month period ended 30 June 2011, the RFA made six severance payments to employees totalling $118,963.

25 CAPITAL MANAGEMENT

The parent and group manage their capital to ensure that entities in the group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the group consists of net debt (borrowings as detailed in note 15 offset by cash and cash equivalents) and equity, which comprises:

- Contributed equity
- Retained surpluses
- Restricted equity and
- Asset revaluation reserve.

Equity is represented by net assets.

The Local Government Act 2002 (the Act) requires the parent 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. The parent'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 inter-generational equity, which is a principle promoted in the Act and applied by the parent. Inter-generational equity requires today's ratepayers to meet the costs of utilising the parent's assets and not expecting them to meet the full cost of long-term assets that will benefit ratepayers in future generations. Additionally, the parent 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 in its annual plan (where applicable) to meet the expenditure needs identified in those plans. The Act also sets out the factors that the parent 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.

The parent has the following RPA-created reserves:

- Restricted equity (refer to note 18).

The parent and group have only one lender of debt, being the ultimate parent (Auckland Council). The Auckland Transitional Authority established a single banking arrangement with BNZ and a debt arrangement with each CCO ratified by the Board. The debt agreement precludes borrowing from any other party than Auckland Council.

26 FINANCIAL INSTRUMENTS – RISK MANAGEMENT AND INSTRUMENTS BY CATEGORY

Financial risk management objectives and policies

The principal financial instruments of the parent and group comprise cash and cash equivalents, trade and other receivables, bank deposits (term exceeding 90 days), fair value community loans, trade and other payables, and borrowings.

The parent and group manage their exposure to key financial risks in accordance with the group's financial risk management policies. The objective of these policies is to support the delivery of the parent and group's financial targets whilst protecting future financial security.

The parent and group have a series of policies to manage the risks associated with financial instruments and are risk averse and seeks to minimise exposure from their treasury activities. The parent has established parent approved liability management and investment policies. These policies do not allow any transactions that are speculative in nature to be entered into.

The main risks arising from the parent and group's financial instruments are credit risk, interest rate risk, liquidity risk and fair value interest rate risk.

The parent and group use different methods to measure and manage different types of risks to which they are exposed. These include monitoring levels of exposure to interest rate and assessments of market forecasts for interest rates. Ageing analysis and monitoring of specific credit allowances are undertaken to manage credit risk.

The Board reviews and agrees policies for managing each of these risks, as summarised throughout the remainder of note 26.

Primary responsibility for identification and control of financial risks rests with senior management under the authority of the Board. The Board reviews and agrees policies for managing each of the risks identified throughout the remainder of note 26.

Financial assets

As at 30 June 2011	Parent			Group		
	Loans and receivables $000s	Fair value through profit or loss $000s	Total $000s	Loans and receivables $000s	Fair value through profit or loss $000s	Total $000s
Cash and cash equivalents	4,274	-	4,274	6,094	-	6,094
Trade and other receivables	24,066	-	24,066	25,577	-	25,577
Other financial assets	-	4,339	4,339	4,417	4,339	8,756
	28,340	**4,339**	**32,679**	**36,088**	**4,339**	**40,427**

Financial liabilities

As at 30 June 2011	Parent		Group	
	Amortised cost $000s	Total $000s	Loans and receivables $000s	Total $000s
Trade and other payables	25,562	25,562	28,875	28,875
Borrowings	151,072	151,072	152,528	152,528
	176,634	**176,634**	**181,403**	**181,403**

26 FINANCIAL INSTRUMENTS (CONTINUED) – RISKS

Credit risk

Credit risk is the risk that a third party will default on its contractual obligations to the parent and group resulting in financial loss.

Credit risk arises from the financial assets of the group, which comprise cash and cash equivalents, trade receivables and other financial assets (term deposits and fair value loans).

Due to the timing of its cash inflows and outflows, surplus cash is at times invested with New Zealand domiciled registered banks in term deposits and/or high-interest savings accounts, which gives rise to credit risk.

The parent and group do not hold any credit derivatives to offset their credit exposure.

The parent and group trade only with recognised, creditworthy third parties and as such, collateral is not requested nor is it the group's policy to securitise its trade and other receivables.

Trade receivables consist of a large number of customers, spread across diverse industries. Ongoing credit evaluation is performed on the financial condition of customers and the ageing of their existing outstanding balances.

The parent and group invest surplus funds only with entities that have a Standard & Poor's credit rating of at least 'AA'. The maturity of funds invested on term deposit are staggered so as to mitigate surplus funds held by counterparties for extended periods of time.

The RFA and group hold no other collateral or credit enhancements for financial instruments that give rise to credit risk.

Maximum credit risk exposure for each class of financial instrument	Parent	Group
	Actual 2011 $000s	Actual 2011 $000s
Cash and cash equivalents	4,274	6,094
Trade and other receivables	24,066	25,577
Other financial assets	4,339	8,756
Total credit risk	**32,679**	**40,427**

Interest rate risk

The parent and group are exposed to interest rate risk because entities in the group borrow funds at both fixed and floating interest rates.

The risk is managed by the group by maintaining an appropriate mix between fixed and floating rate.

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates of its non-derivative instruments at the end of the reporting period.

For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year.

If interest rates had been 50 basis points higher/(lower) and all other variables were held constant, the impact on profit or loss and equity for the eight months ended 30 June 2011 would have been:

- An increase/(decrease) of $191,832 for the parent and
- An increase/(decrease) of $158,838 for the group.

Liquidity risk

Liquidity risk is the risk that the parent or group will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The group and parent aim to maintain flexibility in funding by keeping committed credit lines available.

The Council manages its borrowings in accordance with its funding and financial policies, which include a liability management policy. These policies have been adopted as part of the group and parent's long-term plan.

The maturity of funds invested on term deposit are staggered so as to mitigate surplus funds being held by counterparties for extended periods of time.

Contractual maturity analysis of financial liabilities

The table below analyses the parent's and group's financial liabilities into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. Future interest payments on floating rate debt are based on the floating rate on the instrument at balance date. The amounts disclosed are the contractual undiscounted cash flows and include interest payments.

	Parent					
	Weighted average effective interest rate	On demand $000s	0-6 months $000s	6-12 months $000s	12-24 months $000s	24+ months $000s
Trade and other receivables	0.00%	-	25,562	-	-	-
Borrowings	5.20%	-	2,508	2,508	5,016	151,585
Total		**-**	**28,070**	**2,508**	**5,016**	**151,585**

	Group					
	Weighted average effective interest rate	On demand $000s	0-6 months $000s	6-12 months $000s	12-24 months $000s	24+ months $000s
Trade and other receivables	0.00%	-	28,875	-	-	-
Borrowings	5.20%	-	2,508	2,508	5,016	151,585
Total		**-**	**31,383**	**2,508**	**5,016**	**151,585**

Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The fair value has been determined using cash flows discounted at a rate based on the market borrowing rate of 16% per cent. This rate was based on the New Zealand's Reserve Bank of New Zealand's base business lending rate as at 30 June 2011 (10%) plus and unsecured risk premium (6%).

Fair value interest rate sensitivity analysis

The sensitivity analyses below have been determined based on how movements in the market borrowing rate would impact profit or loss, and equity.

All community loans are held by the parent and are with entities outside of the group.

	Parent and Group					
	Movement in market interest rate					
	-3.00% $000s	-2.00% $000s	-1.00% $000s	+1.00% $000s	+2.00% $000s	+3.00% $000s
Impact on profit and loss, and equity	(335)	(184)	(43)	216	334	446

26 FINANCIAL INSTRUMENTS (CONTINUED) – FAIR VALUE

Fair value hierarchy

For those instruments recognised at fair value in the statement of financial position, fair values are determined according to the following hierarchy:

- Quoted market price (level 1) – Financial instruments with quoted prices for identical instruments in active markets.
- Valuation technique using observable inputs (level 2)
- Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.
- Valuation techniques with significant non-observable inputs (level 3) – Financial instruments valued using models where one or more significant inputs are not observable.

The following table analyses the basis of the valuation of classes of financial instruments measured at fair value in the statement of financial position:

	Total $000s	Level 1 Quoted market price $000s	Level 2 Observable inputs $000s	Level 3 Significant non-observable inputs $000s
Parent				
Financial assets at fair value through profit or loss				
Other financial assets – community loans	4,339	-	-	4,339
Total	**4,339**	**-**	**-**	**4,339**
Group				
Financial assets at fair value through profit or loss				
Other financial assets – community loans	4,339	-	-	4,339
Total	**4,339**	**-**	**-**	**4,339**

There were no transfers between the different levels of the fair value hierarchy.

Changing a valuation assumption to a reasonable possible alternative assumption would change fair value of the community loans so far as outlined in note 26 – fair value interest rate sensitivity analysis.

Significant fair value valuation techniques for community loans are outlined in note 26 – fair value interest rate risk.

The table below provides a reconciliation from the opening balance to the closing balance for the level 3 fair value measurements:

	Parent Actual 2011 $000s	Group Actual 2011 $000s
Balance at 1 November 2010	5,101	5,101
Gain/(losses) recognised in the surplus or deficit	162	162
Repayments	(1,098)	(1,098)
Advances	174	174
Balance at 30 June 2011	**4,339**	**4,339**

Fair value of financial instruments carried at amortised cost

Financial instruments carried at amortised cost include cash and cash equivalents, trade and other receivables, trade and other payables, and borrowings.

The directors consider that the carrying amounts of these financial instruments approximate their fair value given that:

- They are short term in nature and/or
- They are at market interest rates.

27 EVENTS AFTER THE BALANCE DATE

There have been no material events after balance date.

28 MAJOR BUDGET VARIANCES

RFA is one of six substantive CCOs set up as part of the Auckland Local Government reorganisation. The RFA budget for the period ended 30 June 2011 was included in the Planning Document prepared by the Auckland Transition Agency as required by the Local Government (Tamaki Makaurau Reorganisation) Act 2009.

The budget for the period ended 30 June 2011 was compiled by a CCO work stream on the basis of the wider Auckland Council Group's intended levels of service as provided for in the respective dissolving Council's long-term plans.

The explanations below reflect the transitional nature of Auckland Council's Planning Document as well as the complexities of setting up RFA and the transitional costs. The first SOI for RFA was agreed to between RFA and Auckland Council after 1 November 2010, with the first opportunity for public input held prior to 30 June 2011.

Statement of comprehensive income	Parent
	8 months 2011 $000s
Operating surplus per budget	**7,236**
Revenue received was higher than anticipated due to event revenue from THE EDGE and Mt Smart better than budgeted.	3,758
Grant revenue was significantly lower than budget due to capital funding not received for Auckland Art Gallery redevelopment project.	(10,702)
Employee expenses were higher than budget due to wages budgeted in the other expenses line.	(3,069)
Finance costs lower than budget largely due to a lower rate of interest charged to RFA during the period by Auckland Council.	1,704
Other movements – includes additional costs incurred that were not provided for in the Auckland Transitional Agency budget offset by wages reclassified as employee expenses.	714
Actual – operating deficit	**(359)**
Net other comprehensive income per budget	**-**
Art works were revalued during the year resulting from an increase which was not budgeted for.	6,217
Actual – other comprehensive income	**6,217**
Surplus before taxation	**5,858**

Statement of movement in financial position

The variance to budget is predominately due to additional assets transferred to RFA as part of the reorganisation and the revaluation of the art works, which was not budgeted for.

Total liabilities

RFA received additional capital loans from Auckland Council during the period to meet the capital expenditure requirements. This included the Aotea Centre Facade, The Auckland Zoo, and the redevelopment of Auckland Art Gallery.

The variances to total assets and total liabilities includes variances in working capital items, such as creditors and debtors. The variances are predominately due to timing differences which largely offset.

Statement of movements in equity

The variances to budget are predominately due to the contributed capital from the parent being higher than originally budgeted because of higher than anticipated assets transferred. This has been partially offset by the operating deficit for the period.

29 ESTABLISHMENT OF REGIONAL FACILITIES AUCKLAND (RFA)

The Local Government (Tamaki Makaurau Reorganisation) Act 2009 provided for the dissolution of existing local authorities in the Auckland region (being Auckland City Council, Manukau City Council, Papakura District Council, Franklin District Council, North Shore City Council, Rodney District Council, Waitakere City Council and Auckland Regional Council ('the predecessor councils') and for the concurrent disestablishment of several Council Controlled Organisations (CCOs) on 31 October 2010. From 1 November 2010 the assets and liabilities of these councils were taken over by Auckland Council and new governing structures, including RFA, a CCO, which were established from this date. The Auckland Transition Agency was established prior to the reorganisation to oversee this transition.

On 22 April 2010, the Accounting Standards Review Board approved an amendment to NZ IFRS 3 Business Combinations ('NZ IFRS 3') applying to annual periods beginning on or after 1 July 2009. This amendment applies to public benefit entities, and results in NZ IFRS 3 not applying to a local authority reorganisation where the assets and liabilities are transferred to a local authority from another local authority at no cost, or for nominal consideration, pursuant to legislation, ministerial directive or other externally imposed requirement. As the reorganisation of the predecessor councils into the new Auckland Council and applicable CCOs meets the requirements to apply this exemption, accounting for the reorganisation was not required to be in accordance with NZ IFRS 3.

Alternative accounting options were therefore assessed and it was determined by the Auckland Transition Agency that the most appropriate way to account for the reorganisation was to use the principles of merger accounting and to treat the Auckland Council and applicable CCOs as new entities, rather than a continuation of the predecessor councils.

Under the merger accounting principles, the assets and liabilities from the predecessor councils were able to be recognised in Auckland Council and applicable CCOs either at their current carrying values or at fair value. The Auckland Transition Agency deemed that using current carrying values would have the result of showing a balance sheet that represents the total net assets of the predecessor councils prepared on a consistent basis which is familiar to users, enabling a more transparent and meaningful assessment of the new Auckland Council and CCOs compared to the predecessor councils. Where necessary, adjustments were made to the carrying value of the assets and liabilities being recognised in the Auckland Council and CCO opening balance sheets to ensure they reflected consistent accounting policies within the new Auckland Council group.

As RFA is being treated as a new entity, comparative figures for the predecessor councils and CCOs are not disclosed, nor have the individual reserves from predecessor councils or CCOs (such as asset revaluation reserves) been retained, unless they are restricted funds, in which case they have been carried over and recognised in the new group.

The Local Government (Tamaki Makaurau Reorganisation) Council-controlled Organisations Vesting Order 2010 vested the disestablished councils and CCO interests in assets and liabilities and other matters of the following activities to RFA with effect from 1 November 2010:

Activity	Transferred from
Auckland Art Gallery Toi o Tāmaki	Auckland City Council
Auckland Zoo	Auckland City Council
Western Springs Stadium	Auckland City Council
Viaduct Events Centre	Auckland City Council
Vector Arena	Auckland City Council
Mt Smart Stadium	Auckland Regional Council
THE EDGE	Aotea Centre Board of Management/Auckland Council
Counties Manukau Pacific Trust (Subsidiary)	Manukau City Council
North Shore Domain and North Harbour Stadium Trust Board (Subsidiary)	North Shore City Council
North Shore Events Centre Trust Board (Subsidiary)	North Shore City Council
North Shore City Performing Arts Centre Management Board (Subsidiary)	North Shore City Council

Independent Auditor's Report

To the readers of Regional Facilities Auckland and group's financial statements and statement of service performance for the eight months ended 30 June 2011

The Auditor-General is the auditor of Regional Facilities Auckland (RFA) and group. The Auditor-General has appointed me, Leon Pieterse, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and statement of service performance of RFA and group on her behalf.

We have audited:

- the financial statements of RFA and group on pages 39 to 75, that comprise the statement of financial position as at 30 June 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the eight months ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the statement of service performance of RFA and group on pages 32 to 35.

Opinion

In our opinion:

- the financial statements of RFA and group on pages 39 to 75:
  - comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect the Trust and group's:
    - financial position as at 30 June 2011; and
    - financial performance and cash flows for the eight months ended on that date; and
- the statement of service performance of RFA and group on pages 32 to 35:
  - complies with generally accepted accounting practice in New Zealand; and
- fairly reflects RFA and group's service performance achievements measured against the performance targets adopted for the eight months ended 30 June 2011.

Our audit was completed on 29 September 2011. This is the date at which our opinion is expressed.

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

Basis of opinion

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

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements and statement of service performance. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements and statement of service performance. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and statement of service performance, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of RFA and group's financial statements and statement of service performance that fairly reflect the matters to which they relate. We consider internal control 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 and group's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Trustee;
- the adequacy of all disclosures in the financial statements and statement of service performance; and
- the overall presentation of the financial statements and statement of service performance.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and statement of service performance. We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Trustee

The Trustee is responsible for preparing financial statements and a statement of service performance that:

- comply with generally accepted accounting practice in New Zealand;
- fairly reflect RFA and group's financial position, financial performance and cash flows; and
- fairly reflect RFA and group's service performance achievements.

The Trustee is also responsible for such internal control as it determines is necessary to enable the preparation of financial statements and a statement of service performance that are free from material misstatement, whether due to fraud or error.

The Trustee's responsibilities arise from the Local Government Act 2002 and Regional Facilities Auckland's deed of trust.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and statement of service performance and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001 and section 69 of the Local Government Act 2002.

Independence

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the New Zealand Institute of Chartered Accountants.

Other than the audit, we have no relationship with or interests in RFA or any of its subsidiaries.

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

Matters relating to the electronic presentation of the audited financial statements and statement of service performance

This audit report relates to the financial statements and statement of service performance of Regional Facilities Auckland and group for the eight months ended 30 June 2011 included on the Auckland Council's website. The Auckland Council's Governing Body is responsible for the maintenance and integrity of the Auckland Council's website. We have not been engaged to report on the integrity of the Auckland Council's website. We accept no responsibility for any changes that may have occurred to the financial statements and statement of service performance since they were initially presented on the website.

The audit report refers only to the financial statements and statement of service performance named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial statements and statement of service performance. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and statement of service performance and the related audit report dated 29 September 2011 to confirm the information included in the audited financial statements and statement of service performance presented on this website.

Legislation in New Zealand governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.

Auckland Council
Te Kaunihera o Tāmaki Makaurau

Regional Facilities Auckland
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