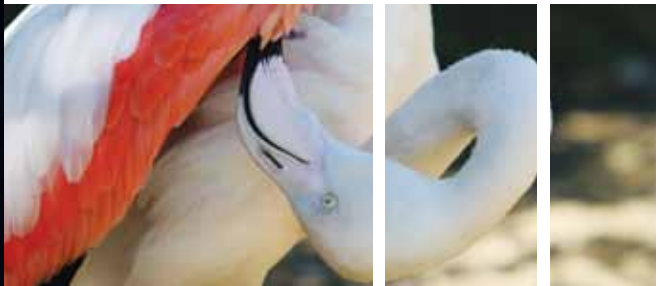




***Annual Report*** | For the year ended 30 June 2012



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*E mihi ana ki te rangi  
e mihi ana ki te whenua  
e mihi hoki tēnei ki a  
koutou ngā Kaitiaki  
o Tāmaki Makaurau  
tēnā koutou katoa*



WELCOME





## Vision

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

### REGIONAL FACILITIES AUCKLAND

Regional Facilities Auckland (RFA) was established on 1 November 2010 as part of the new Auckland Council. One of six council-controlled organisations, RFA is a charitable trust governed by a Board.

We manage more than \$996-million worth of major regional facilities and stunning venues across the city, including: Auckland Art Gallery; Auckland Zoo; Viaduct Events Centre; The Civic; Aotea Centre; Auckland Town Hall; Mt Smart Stadium; and Western Springs Stadium. The Centre for Performing Arts (formerly THE EDGE) and Auckland Conventions also form part of the RFA group.

#### Our purpose

We work in partnership with Auckland Council and key stakeholders to achieve the vision of making Auckland the most liveable city in the world by 2040.

#### We aim to:

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

#### Our approach

We provide a regional approach to running and developing Auckland's vibrant arts, culture and heritage, leisure, sport and entertainment sectors through our landmark venues, business units and strategic partnerships.





## 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*

We do this by:

- Maintaining existing collections to a high standard and developing future collections
- Nurturing region-wide arts, cultural and heritage activities and organisations
- Encouraging greater participation in arts, cultural, and heritage activities
- Planning for and implementing regionally identified projects/functions
- Acting as a regional voice for arts, cultural, heritage, leisure, sport and entertainment issues
- Growing the market for facilities through an events strategy developed in partnership with Auckland Tourism, Events and Economic Development (ATEED)
- Advocating, coordinating and leading strategic thinking for investing in new collections and arts, cultural, heritage, leisure, sport and entertainment facilities for Auckland
- Developing, with a regional perspective, a range of fit-for-purpose arts, cultural, heritage, leisure, sport, entertainment and events venues that are attractive to the residents and businesses of the region, and its visitors.



OVER 5.6 MILLION  
PEOPLE VISITED  
AUCKLAND'S  
REGIONAL FACILITIES  
THROUGHOUT  
THE YEAR



OUR  
FACILITIES





## OUR BUSINESS UNITS

- Auckland Art Gallery
- Auckland Conventions
- Auckland Zoo
- Centre for Performing Arts (trading as THE EDGE)
- Mt Smart Stadium

## OUR VENUES

The regional venues owned by RFA all work to support sector development. They are:

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

## 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
- The Trusts Stadium.



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

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

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, Stardome Observatory and Planetarium and Voyager Maritime Museum in this capacity.

In addition, RFA:

- Holds contractual interests in Vector Arena
- Has the management rights for Auckland Town Hall (south) and Aotea Square.



MOTAT'S NEW AWARD-WINNING AVIATION DISPLAY HALL IS ATTRACTING RECORD VISITOR NUMBERS





#### VISITOR QUOTE:

"I am so proud of this place;  
it is absolutely beautiful. It's a  
place I can bring visitors and  
feel proud of our city."



## Auckland Art Gallery

Established in 1888, Auckland Art Gallery Toi o Tāmaki is a major national cultural facility as well as an internationally recognised public gallery. It holds the country's most extensive and pre-eminent collection of national and international art, with over 15,500 works in its collections. A heritage-listed building, the gallery's recent development has transformed its place in the city. This highly successful development has been recognised with 10 national and one international award.

### HIGHLIGHTS

#### DEVELOPMENT PROJECT SUCCESS

The developed gallery reopened to the public in September 2011 after a three-and-a-half year closure for building works, including strengthening, restoration and expansion. The development has been recognised with: a major project award from Museums Aotearoa; the New Zealand Architecture Medal from the New Zealand Institute of Architects; the Supreme Award from Property Council New Zealand; and an international award from the Royal Institute of British Architects.

#### VISITOR EXPERIENCE

Over 600,000 people visited the gallery in the first 10 months following its reopening, with a visitor satisfaction rating of 96%. Forty-three per cent of visitors were from outside the Auckland region or from overseas, positioning Auckland Art Gallery as one of the city's top visitor destinations.

The gallery was awarded a Gold rating for its accessibility to visitors with disabilities by Be. Accessible – a government-funded organisation committed to increasing levels of community access for the disabled.

#### WORLD-CLASS EXHIBITIONS

The gallery's first major international exhibition for several years, *Degas to Dali: Masterpieces from the National Galleries of Scotland*, featuring works by artists such as Monet, van Gogh, Ernst and Warhol, attracted 98,944 visitors.

Other notable exhibitions included: *Julian and Josie Robertson: Promised Gift*; *John Pule: Huaga (Arrivals)*; *Made Active: The Chartwell*

*Show; Whizz Bang Pop*; *Frances Hodgkins: Colour and Light*; and *Speed & Flight*. The gallery also recommenced its national touring exhibitions programme, with *Angels & Aristocrats* opening in Dunedin in April.

#### MAJOR NEW ACQUISITIONS

Among 56 works added to the New Zealand collection was a painting by Shane Cotton, *Star Eater 2011*, and a suite of 12 photographs by Edith Amituanai, *The End of My Driveway 2011/12*.

Among two works added to the international collection, the major acquisition was Andreas Gursky's *Ocean III 2010*, gifted with the support of the Maunsell, Serra, Garland and Dingley Trusts.

#### LEARNING AND INNOVATION

The development of the Todd Foundation Learning Centre was a new initiative for the gallery – a space where children and families can explore the work of one artist – currently Reuben Paterson's *Gazillion Swirl!* More than 120,000 people have visited the centre since its opening. In addition, over 15,000 children attended the gallery's holiday programmes or visited in school groups.

The gallery published a major study of its New Zealand collection, *Art Toi*, and *I Spy NZ Art*, its award-winning first children's book. It also launched its collection of New Zealand and international art online as part of the worldwide Google Art Project.

The pilot outreach programme with Auckland Regional Migrant Services (ARMS) launched in June.





#### CLIENT QUOTE:

*"Our clients were thrilled with the success of the event. It was an absolute pleasure to work with you and to know we were in such good hands."*

- The Conference Company



## Auckland Conventions

Auckland Conventions offers New Zealand's largest portfolio of unique and versatile venues for a wide range of events from large-scale exhibitions and conventions to business meetings and glamorous corporate functions. Its venues include Auckland Town Hall, Aotea Centre, The Civic and the Viaduct Events Centre.

### HIGHLIGHTS

#### PREMIUM FACILITY

Hosting over 200 events since its opening in July 2011, the Viaduct Events Centre has established itself as Auckland's premium waterfront venue. This world-class facility also scooped two major architectural awards in the public and sustainable architecture categories of the Institute of Architects' Auckland regional awards.

#### MAJOR EVENTS

The Rugby World Cup (RWC) 2011 significantly contributed towards Auckland Conventions' success in the 2011/12 financial year. The Aotea Centre, Auckland Town Hall and the Viaduct Events Centre were all used for RWC events. The IRB made central Auckland its home during RWC, with IRB staff and international media setting up operations within the Aotea Centre. Broadcasters SKY Sport and Prime ran their media coverage from the Viaduct Events Centre during the tournament, and Auckland Town Hall housed an international exhibition of rugby photography titled *The Heart of Rugby*.

The Viaduct Events Centre played a key role in showcasing Auckland's major events throughout the year, attracting more than

550,000 visitors through events such as Auckland Art Fair, New Zealand Fashion Week, Auckland International Boat Show, adidas Auckland Marathon, Auckland Seafood Festival, the Volvo Ocean Race stopover and Rally New Zealand.

#### BOOSTING AUCKLAND'S GLOBAL PROFILE

Auckland Conventions contributed to the leap Auckland made in the International Congress and Convention Association rankings for the Asia, Pacific and Middle East region from 45th in 2010 to 19th in 2011. During the year, Auckland Conventions hosted six international conferences at its venues, and secured strong international bookings for future years.

#### SUPPORTING THE COMMUNITY

The Viaduct Events Centre hosted the Auckland City Mission's annual Christmas Day lunch, catering for over 2000 people. Auckland Conventions staff members were among the hundreds of volunteers who contributed to making the day a success.



THE VIADUCT EVENTS CENTRE PLAYED A KEY ROLE IN SHOWCASING AUCKLAND'S MAJOR EVENTS, ATTRACTING MORE THAN 550,000 VISITORS





#### VISITOR QUOTE:

*"Today we visited Auckland Zoo with our young family and were blown away with the new zone that has just been opened. We spent all morning in the area and we enjoyed every moment learning and experiencing at every corner."*



## Auckland Zoo

Auckland Zoo cares for and exhibits the largest collection of wildlife in New Zealand. As well as being a leading centre for wildlife conservation, the zoo provides its visitors with high-quality experiences that inspire them to care for wildlife and to act positively for the environment. Since the zoo opened 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

Auckland Zoo enjoyed its highest-ever annual visitation numbers, with over 710,000 visitors for the year, four per cent above target and more than 70,000 more than the previous year. It achieved a visitor satisfaction rating of 98%.

#### DEVELOPMENT SUCCESS

The largest development in Auckland Zoo's history, the stunning New Zealand precinct Te Wao Nui, opened in September 2011. Within its first six months of opening, the zoo saw a 67% increase in the number of international visitors compared to the same period in the previous year. Te Wao Nui also won the Excellence Award at the 2012 Zoo and Aquarium Association New Zealand Awards and the Supreme Award at the 2012 Landscape Industries Association of New Zealand Awards.

#### COLLABORATION AND SUPPORT

Auckland Zoo staff spent over 3,700 hours working with conservation partners in the field this year helping to monitor, manage and protect wildlife populations of species such as Archey's frog, New Zealand shore plover and brown kiwi. Twenty-four zoo staff members contributed 1,200 hours at

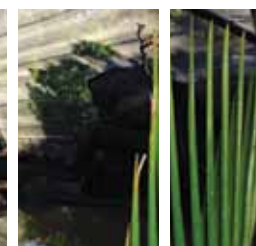
the Rena grounding, providing specialist expertise in the care of animals affected by the oil spill. In addition, through the Auckland Zoo Conservation Fund, the zoo has provided \$250,000 to help other wildlife conservation efforts for threatened species around the world.

#### WILDLIFE PROGRAMMES

Working with a network of zoos and conservation agencies, Auckland Zoo welcomed over 100 new animals from 30 species this year. These included a number of species new to the zoo, such as a small population of endangered giant weta (wetapunga), relocated from Little Barrier Island as part of the Department of Conservation's recovery programme for the species. Late in the year, a group of Bolivian squirrel monkeys moved into The Rainforest, including a baby born shortly after their arrival at the zoo.

#### RECOGNITION

The award-winning television show about Auckland Zoo's animals, keepers and vets, *The Zoo*, will screen its 12th series later this year on national television. This show is also aired in a number of other countries, including Australia.



WITHIN SIX MONTHS OF TE WAO NUI'S OPENING, AUCKLAND ZOO SAW A 67% INCREASE IN THE NUMBER OF INTERNATIONAL VISITORS COMPARED TO THE PREVIOUS YEAR





#### CLIENT QUOTE:

"We're thrilled that Jersey Boys has been so successful in Auckland – the record-breaking results have exceeded our expectations. We have enjoyed every moment of being in New Zealand and working with the first-class team at THE EDGE."

- Rodney Rigby,  
Jersey Boys producer



## Centre for Performing Arts

Trading as THE EDGE, the Centre for Performing Arts (CPA) is the home of performing arts and entertainment in Auckland. It manages and programmes Aotea Centre, The Civic, Auckland Town Hall and Aotea Square. CPA is committed to delivering experiences that delight, inspire, educate, entertain and inform. It presents the best of national and international performing arts and entertainment, as well as a range of community-focused programmes that all contribute towards a culturally rich Auckland.

### HIGHLIGHTS

#### GREAT EVENTS AND SHOWS

A key strategy for CPA is to secure two large-scale international shows a year. This was achieved through: the hugely successful *Jersey Boys – The Story of Frankie Valli and The Four Seasons*, which saw more than 100,000 tickets sold – 35% to people from outside the Auckland region; and, securing smash-hit musical *Mary Poppins*, which opens in October 2012. Ticket sales for the popular *Auckland Writers and Readers Festival* exceeded previous years, with innovative improvements to the ticketing system making it easier to buy tickets to multiple events.

#### BUILDING RELATIONSHIPS

Major presenters and festivals continue to be key partners for CPA as it works with performing arts companies to deliver successful performances and seasons in its venues. The Royal New Zealand Ballet's seasons were strong, with the sell-out *The Sleeping Beauty* and contemporary ballet season NYC premiering in Auckland. Other national companies, including NBR New Zealand Opera, Chamber Music New Zealand and the New Zealand Symphony Orchestra staged highly

successful performances throughout the year, while the Auckland Philharmonia Orchestra (APO) continued its regular performances at Auckland Town Hall.

#### SUPPORTING OUR COMMUNITIES

Performing arts initiatives include: the annual *Pick & Mix* programme – a series of free performances and workshops for all ages; the STAMP development programme which has supported projects from the APO's Remix concert – hip hop artists performing with the full orchestra; and theatre works such as *A Thousand Hills* and *Rita and Douglas*. Time Out Theatre for Children broke records for *Circus Incognitus* and *We Built This City* which saw thousands of boxes turned into a city in Aotea Square. The *Winter Showtime* programme of family-friendly events saw the establishment of the first Aotea Square ice rink.

#### VISITOR EXPERIENCE

The successful *Signal* programme completed its first year and was recognised in the Arts Access Aotearoa Awards. The programme offers sign-language-interpreted performances for the deaf and audio-described performances for blind or vision-impaired patrons.



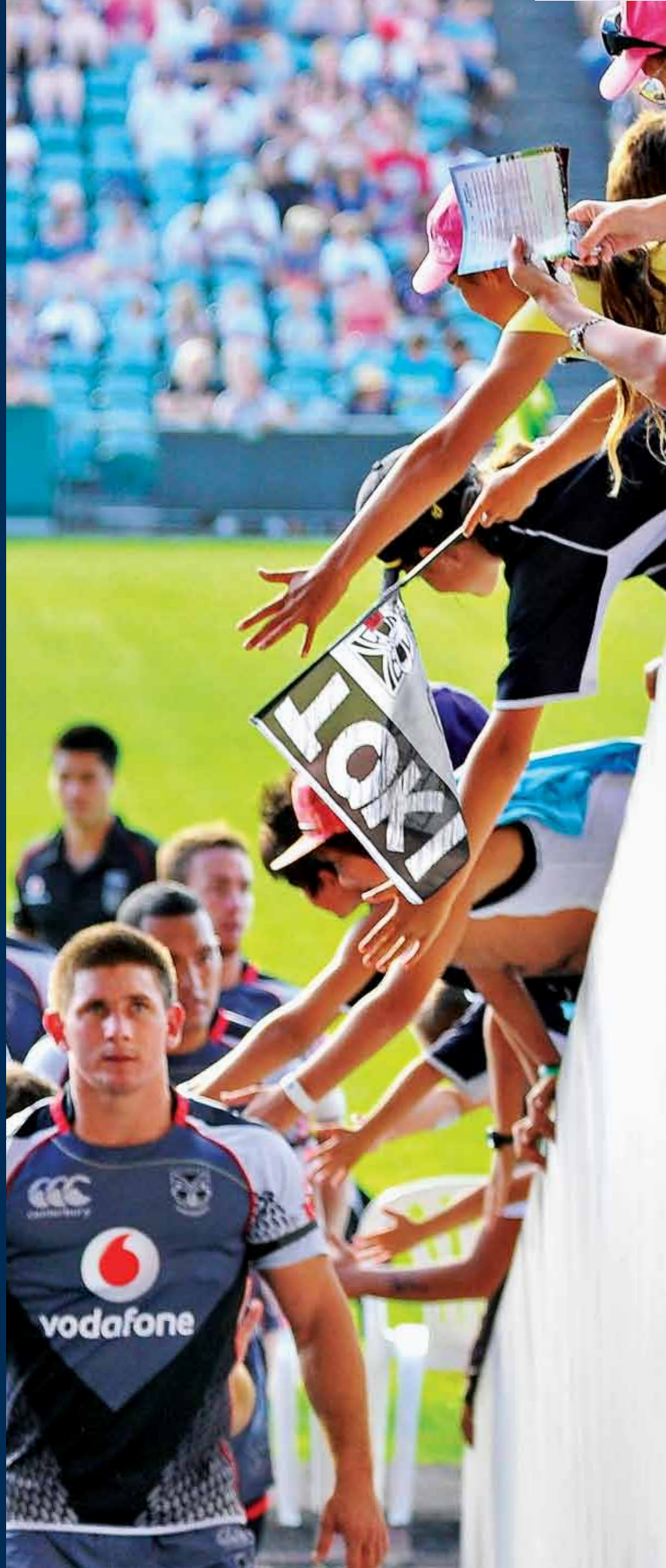
THE INTERNATIONAL MUSICAL *JERSEY BOYS* MADE A SIGNIFICANT CONTRIBUTION TO THE AUCKLAND ECONOMY, WITH 35% OF TICKETS SOLD TO PEOPLE FROM OUTSIDE THE REGION





#### VISITOR QUOTE:

*"I had a fantastic time at your stadium. Your staff, from the gates to the ushers to the catering, were so friendly and accommodating. Well done and keep up the great work; I will be back!"*



## Mt Smart Stadium

Mt Smart Stadium is one of New Zealand's largest outdoor stadiums. A multifunctional events venue, the stadium is the home of the New Zealand Warriors, hosting up to 11 National Rugby League (NRL) games each year. It is also the base for Athletics Auckland, the Oceania Football Confederation and the Auckland Football Federation. In addition, the stadium is recognised as one New Zealand's top outdoor music and entertainment venues, hosting high-profile international and national concerts.

### HIGHLIGHTS

#### VISITOR EXPERIENCES

Throughout the year, Mt Smart Stadium attracted over 280,000 people through a diverse range of activities including NRL matches, school athletics days, police training sessions, Auckland Football Academy sessions, awards ceremonies, graduations, exams, corporate functions and meetings.

#### EXCITING SPORTING EVENTS

Mt Smart Stadium was transformed into a Rugby League Live Site in September 2011 for the unique occasion of having all three Kiwi teams participating in their respective grand finals. This culminated in the New Zealand Warriors playing in their second NRL grand final. The stadium also hosted the All Whites international against Jamaica in February, attracting over 15,000 fans.

#### TRAINING TOP TEAMS

In September and October 2011, Mt Smart Stadium was the Rugby World Cup training venue for England, Ireland, Fiji, Wales and France.

#### BIG EVENTS

Mt Smart Stadium hosted the final Big Day Out in January 2012. This festival had been a regular fixture for 18 years and has been considered the pre-eminent music festival in the New Zealand market place. Mt Smart also secured one of the of the world's biggest bands, Coldplay, who will play at the stadium in November 2012.

#### IMPROVING FACILITIES

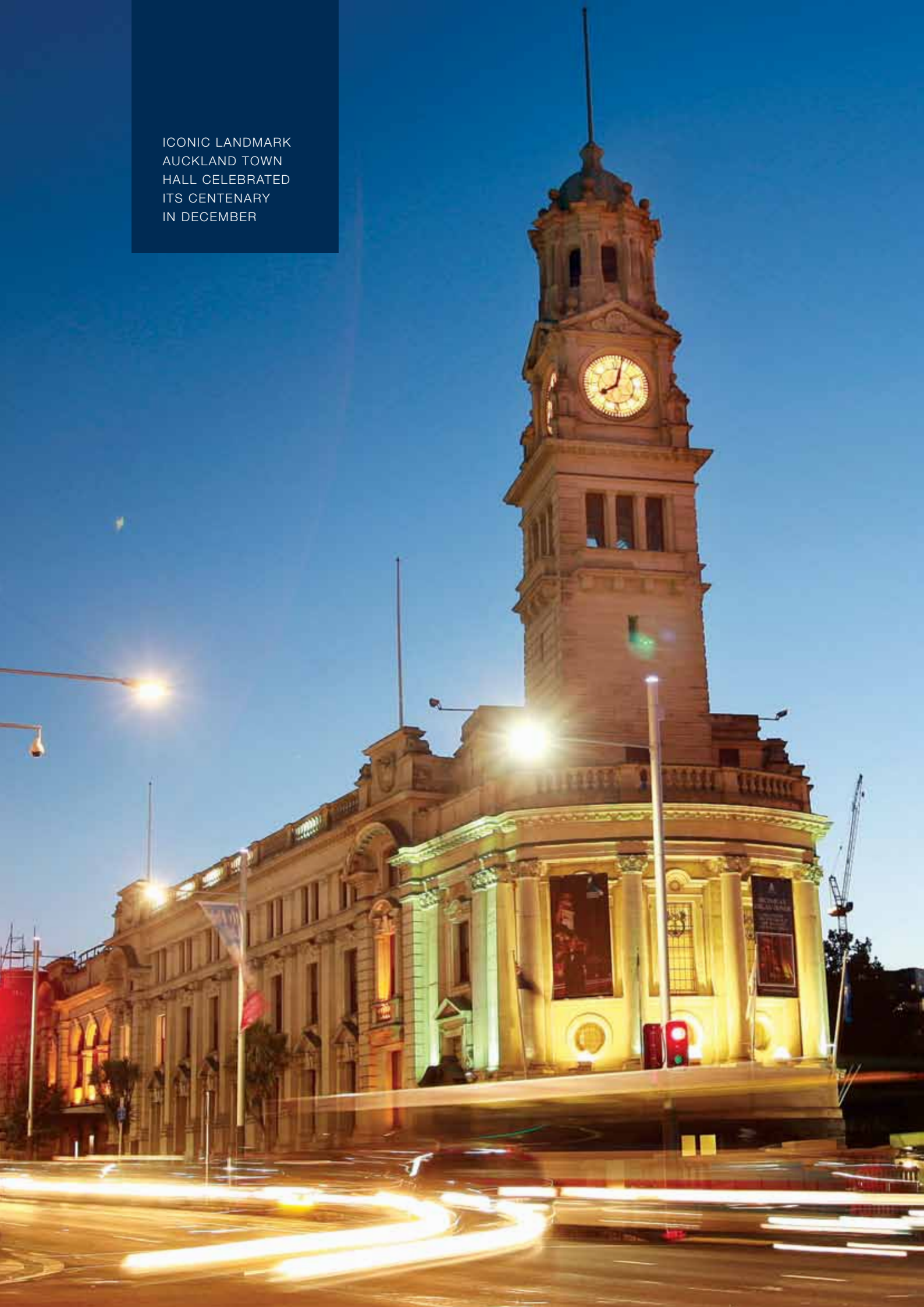
Mt Smart's number four field was significantly developed to improve its capability as a training field, which will benefit the stadium's capability as a training facility for football and rugby league organisations. Work also began on a \$16m capital renewals programme. This work is focused on substantially improving the visitor experience and ensuring the stadium continues to attract top-level sporting and entertainment events.



OVER 280,000 PEOPLE PARTICIPATED IN ACTIVITIES STAGED AT MT SMART, INCLUDING SPORT, ENTERTAINMENT, MUSIC AND COMMUNITY EVENTS



ICONIC LANDMARK  
AUCKLAND TOWN  
HALL CELEBRATED  
ITS CENTENARY  
IN DECEMBER



## CHAIR'S REVIEW

RT HON SIR DON MCKINNON



*“... five key priorities: a strong customer focus; organisational transformation; financial sustainability; transformed business models; and sector leadership.”*

The changes to Auckland's governance in 2010 – to make the visionary 'One Auckland' a reality – provided the unprecedented opportunity of unifying Auckland by taking an integrated regional approach in the creation of a vibrant, creative, world-class city that fosters innovation and economic growth.

Regional Facilities Auckland (RFA) has a significant role in realising Auckland's widely shared vision of becoming the world's most liveable city. The achievements and initiatives highlighted in this annual report clearly signal that RFA is helping shape Auckland's cultural spirit.

Whilst many Aucklanders will have their wish list of new or upgraded facilities, the RFA Board recognises that these are not easy times and that Council's revenue is under extreme pressure. We do have to think about issues 10 to 20 years out but with the understanding that we are working within a tight budget.

### Strategic collaboration

RFA is at an exciting point in its journey, following its establishment in November 2010. Since then, RFA has experienced successes and learnings as an organisation. We are well positioned to draw upon these organisational experiences and our knowledge base to further innovate and enhance the way in which we work.

RFA will do this through continued strategic and collaborative efforts as it strives to create a city of opportunity, ideas and energy. Our partnerships with other organisations and sectors will enable us to further boost economic growth and harness this energy and talent, while positioning Auckland as one of the world's top cultural, events and conventions centres.

Our collaborative approach is in line with our strategic objectives to offer experiences to improve the cultural and social wellbeing of residents and visitors, and to contribute to the economic wellbeing of businesses and residents. These objectives will enable us to develop a city that is well managed and welcoming.

### Transformation

Over the year, RFA has placed particular emphasis on core business as it aims to operate as a successful organisation utilising sound business practice and commercial acumen to ensure Aucklanders receive value for investment in regional facilities. This is being driven by RFA's transformational Strategic Framework, which was adopted by the Board in January. A strong and positive statement of intent that will guide the growth and development of our organisation, the framework has five key priorities: a strong customer focus; organisational transformation; financial sustainability; transformed business models; and sector leadership.

The framework will enhance the operational and financial performance of RFA and foster a greater degree of collaboration and cohesiveness through the provision of shared support and services.

### Teamwork

I must thank RFA's people and its leadership team for their commitment to our organisation and its goals. The solid foundations laid by Acting CEO John Brockies are being ably built upon by our new Chief Executive Officer Robert Domm. I would like to formally extend the Board's thanks to John and welcome and acknowledge Robert.

A special thank-you is extended to Hugh Burrett who served on our Board until March 2012. Hugh's contribution to the Board's work was both valued and appreciated. We have, however, been fortunate to welcome our new member, Lisa Bates. Without the right people in place, RFA would not be able to provide the experiences it does to visitors to our venues. As Chair, I recognise and appreciate this hard work. RFA's people are what make our city's venues unique and the experiences therein enriching.

We have seen significant successes and milestones achieved over the year. RFA will be building upon these achievements to cement Auckland as a world-class destination for both business and leisure tourism, while encouraging New Zealanders to build their futures in Auckland.



RFA FACILITIES WERE  
RECOGNISED WITH  
17 ARCHITECTURAL,  
DESIGN AND  
SECTOR AWARDS

## CEO'S REPORT

ROBERT DOMM



*“RFA is taking a transformational approach to thinking and working smarter.”*

Regional Facilities Auckland has a vital role to play in realising Auckland Council's vision of making Auckland the world's most liveable city. In delivering upon this shared vision, we consistently seek new ways of thinking and working smarter.

It is pleasing to note that our endeavours are reaping results, as reflected by the many successes and achievements for the year. These achievements highlight the dynamism and vibrancy of our organisation and the work we do to achieve our ultimate goal – bringing benefit to the communities we serve.

### Our strategy

Driven by our Strategic Framework, RFA is taking a transformational approach to thinking and working smarter. The framework supports RFA's objectives, while steering us to deploy our resources to best advantage to realise the benefits that shared support and services will bring to our organisation and stakeholders.

In line with this, we have a number of initiatives under way. One such initiative is the launch of a paper which explores the future opportunities for Auckland's stadiums, as part of the region's sporting and cultural infrastructure. The transformational challenge is to improve the running of individually managed stadiums by operating them as a cohesive network. The paper also explores the option of collaboration and integration of the stadiums under a shared model. This will enable us to better focus capital investment, attract new opportunities and gain operating efficiencies

in order to create a stadiums sector that delivers first-class experiences for sport users and spectators alike.

Further milestones for the year include the undertaking of an organisational review to assess how we best align with our new Strategic Framework, and the implementation of initiatives to enhance the operational and financial performance of the RFA group. These initiatives include: centralised coordination of marketing; the provision of management services by Auckland Conventions across RFA function spaces; the extension of performing arts programming by the Centre for Performing Arts across our venues; an enhanced management structure at Auckland Art Gallery; and measures to grow RFA's retail business.

### Our financials

RFA had a good year in the face of financial challenges arising from the impact of the economic environment, both globally and locally, and legacy and transition matters pertaining to the amalgamation. It is heartening to report that within such a challenging financial environment, RFA's trading revenue of \$42.1 million was \$5.6 million ahead of budget. This is due: to successful events and attractions at our venues; the opening of the Viaduct Events Centre and the New Zealand precinct, Te Wao Nui, at Auckland Zoo; and the reopening of the refurbished Auckland Art Gallery during the year. However, there were a number of factors leading to a reduction in sponsorship and donations, and corrections within the operational base of the business that impacted our costs.







## CEO'S REPORT

RFA finished the year with an unfavourable variance against budget from normal operations (including interest) of \$2.4m. The overall net result, including Council grants, is \$11.6m deficit. The deficit is largely due to a shortfall of capital contributions by external parties of \$1.8m, and a write-down of the value of buildings by \$30.6m offset by a write-up in the value of land of \$21.5m which is not part of the normal operation of the business. Detailed information is covered in the financial section of the report.

Capital acquisitions for the year totalled \$27.0m. Expenditure on major projects included the completion of the Auckland Art Gallery development (\$8.8m), the Viaduct Events Centre (\$3.9m), and stage one of the refurbishment of the ASB Theatre (\$10.4m).

RFA debt increased during the year from \$151.0m to \$170.6m, reflecting a change in accounting treatment for renewal funding to RFA within the Auckland Council group. Council's key financial measure in the RFA Statement of Intent is the shareholder's funds to total assets ratio, which decreased from 82.2% to 79.8% against a target of 83%. In the 2012/13 financial year, Council and RFA will review the overall group approach to accounting for debt and funding to support RFA's business as a going concern.

The other members of the RFA group also worked hard during the year to contribute to an overall group operating result of \$5.0m (after a revaluation of land and buildings). RFA group total assets increased during the year by \$32.8m, mainly as a result of the revaluation of land and buildings. The group ratio of

shareholder's funds to total assets ended the year at 81.5%.

The benefits of the operational and capital investment during the year are already apparent, with greater economies of scale and enhanced alignment of regional facilities. This has laid a solid platform for the successful operation of RFA's venues and future trading.

### Our people

I would like to acknowledge the Board for its ongoing support of RFA. Our Board has governed us well over the year as each member has brought their knowledge, expertise and insight to the work we do.

RFA's achievements for the year are also a credit to our staff members' professionalism and commitment to excellence. They have continued to innovate and identify fresh opportunities, while building on existing successes.

Our people have provided outstanding customer service, experiences and events, and delivered upon major projects through an innovative, collaborative working environment. Our venues are places that occupy special places in the hearts of our visitors – our staff should be proud of what they have achieved.

### Our future

I look forward to RFA continuing to build upon the successes and milestones we have achieved to date as, guided by our Strategic Framework, we strive to deliver even greater events and experiences for visitors to our landmark Auckland venues.





## 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 was recently appointed Chairman of the Queen Elizabeth II Diamond Jubilee Trust in New Zealand and foundation Chair of the New Zealand China Council. Sir Don is also a trustee of a number of not-for-profit organisations.



**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 Foundation and the Auckland Contemporary Art Trust, and on the boards of the Museum of Te Papa Tongarewa New Zealand and NBR New Zealand Opera. In addition to her work in the arts, Dame Jenny served on The University of Auckland Council almost continuously from 1975 to 2009, including two terms as Pro Chancellor.



**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, The New Zealand School of Dance and the New Zealand Local Government Funding Agency Limited.



**Lisa Bates (from 1 April 2012)**

Lisa has worked in the New Zealand arts sector for over 25 years, including in senior roles such as producing *Shortland Street* for South Pacific Pictures. She supports the not-for-profit sector and has contributed to fund-raising strategies for most major arts organisations. Lisa achieved Fundraiser of the Year award for her Q theatre work in 2010. She is an independent company director and a member of the Institute of Directors. Lisa has been appointed by the Crown to the New Zealand Symphony Orchestra Board and is also a Trustee of The Big Idea/Te Aria Nui Charitable Trust. Lisa works in the field of marketing and communications as Executive Director of the design and brand agency Hawkins&Co.



**Hugh Burrett (until 30 March 2012)**

Hugh has had many years in the finance industry culminating in seven years as CEO and Managing Director of the ASB Group Ltd encompassing ASB Bank Ltd, ASB Group Investments and Sovereign Life Assurance. Specific experience includes strategy, technology, human resources, sales and marketing and developing a customer focus across the broader group. Hugh has been a member of Auckland Rotary, New Zealand Business Roundtable, 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.

## BOARD OF DIRECTORS



**Derek Dallow**

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



**John Robertson**

John is an accredited company director and chartered accountant. His public service has included Member of Parliament for Papakura, Chairman of Infrastructure Auckland and Mayor of Papakura. 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 is Chairman of the Audit and Risk Committee.



**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, Genesis Energy and the New Zealand Centre for Social Innovation.



**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 New Zealand. 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 New Zealand Events and Sponsorship Association. Peter is Deputy Chairman of Dunedin Venues Management Limited and a member of the Institute of Directors.



**Gary Troup**

Gary brings 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 New Zealand cricketer, has continued his involvement in cricket and is now President of Auckland Cricket. Gary is a trustee on the John Walker Find Your Field of Dreams Foundation and Chairman of Camp Quality New Zealand (for children living with cancer).





# EXECUTIVE TEAM



**Robert Domm – Chief Executive Officer**

Robert was appointed Chief Executive Officer in November 2011. He previously served as CEO at the City of Sydney and as a CEO for the New South Wales Government at the Redfern-Waterloo Authority and the Sydney Harbour Foreshore Authority, as well as Managing Director of the Australian Technology Park. He has served on the boards of a number of organisations, including the highly acclaimed Sydney Festival. He has an extensive background in urban renewal and planning and managing public infrastructure and tourism precincts including The Rocks, Darling Harbour, Sydney Convention and Exhibition Centre and the Sydney Entertainment Centre. A qualified lawyer, Robert holds a Master of Business Administration, Master of Labour Law and Relations, Bachelor of Laws, Bachelor of Arts and a Graduate Diploma in Legal Practice.



**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 and as a consultant or finance professional within health and local government. He has been involved in asset management planning over the past 15 years particularly in areas integrating strategic planning with the financial arrangements to fund infrastructural outcomes. More recently, he was responsible for leading the finance division at Taupo District Council and was Group Manager Development Initiatives at North Shore City Council.



**Geoff Williams – Chief Operating Officer**

Geoff is a professional executive with 18 years' experience in leading highly complex multi-site service organisations. Geoff has held a range of senior roles in both the Central and Local Government sectors. Prior to his role with Regional Facilities Auckland, he worked as a member of the Auckland Transition Agency where his focus was the establishment of the new CCOs. Geoff holds masters and postgraduate qualifications in Education, Psychology and Management.



**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 currently a trustee of the Auckland War Memorial Museum Board, the Kiri Te Kanawa Foundation and the Queen Elizabeth II Diamond Jubilee Trust.



**Vicki Johnson – Director, Marketing and Communications**

Vicki has over 20 years' experience in senior marketing and communications roles in the health, education and performing arts sectors. Most recently Associate Director, Marketing at THE EDGE, Vicki brings expertise in integrated marketing and communications, brand, customer experience, and corporate and digital communications.



RFA VENUES AND  
EVENTS ATTRACTED  
OVER 680,000  
VISITORS FROM  
OUTSIDE THE  
REGION

## BUSINESS DIRECTORS



Chris Saines CNZM – Director, Auckland Art Gallery

Chris was appointed director in 1996, having worked previously as an educator, curator and collections manager. He was foundation chair of Museums Aotearoa and is an alumnus of the Getty's Museum Management Institute. In 2009, he secured the largest-ever art gift to an Australasian art museum, the Robertson Collection. Chris led the gallery's award-winning development project from its inception and was recently made a Companion of the New Zealand Order of Merit for services to the arts.



Mohamed Mansour – Director, Auckland Conventions

Mohamed has over 20 years of international experience in hospitality, convention and conference management and marketing. His previous roles include Head Director, International Business and Marketing for Heritage Hotels, and Director, Operations, Conventions and Business Events Sales for THE EDGE. Mohamed is responsible for driving all conventions and business event sales activities across the RFA group. He also leads and engages with key stakeholder and sector groups to drive tourism to Auckland and New Zealand. Mohamed is on the Board of Conventions and Incentives New Zealand.



Jonathan Wilcken – Director, Auckland Zoo

Jonathan has a background in the work of zoological institutions, having worked previously in zoos in the United Kingdom and Australia and in the Natural History Museum in London. His previous roles include Executive Director of the Australasian Zoo Association, representing over 70 zoological institutions across Australasia. He has degrees from London University and Macquarie University (Sydney) and sits on the board of the Australasian Zoo and Aquarium Association and the advisory committee of the International Union for Conservation of Nature's Conservation Breeding Specialist Group.



Robbie Macrae – Director, Centre for Performing Arts

Robbie has held a variety of roles in the performing arts sector including technical production, visitor experience, employee relations, artist management and programming. He has also held positions in strategic planning and revenue management in Australia's airline industry. Robbie's previous roles include Business Programming Manager with the Victorian Arts Centre in Melbourne and Director, Theatre Programming and Development at THE EDGE. He has broad experience in the full range of performing art forms from classical to contemporary, combined with commercial acumen within the broader entertainment industry.



Paul Nisbet – Director, Regional Sports and Events

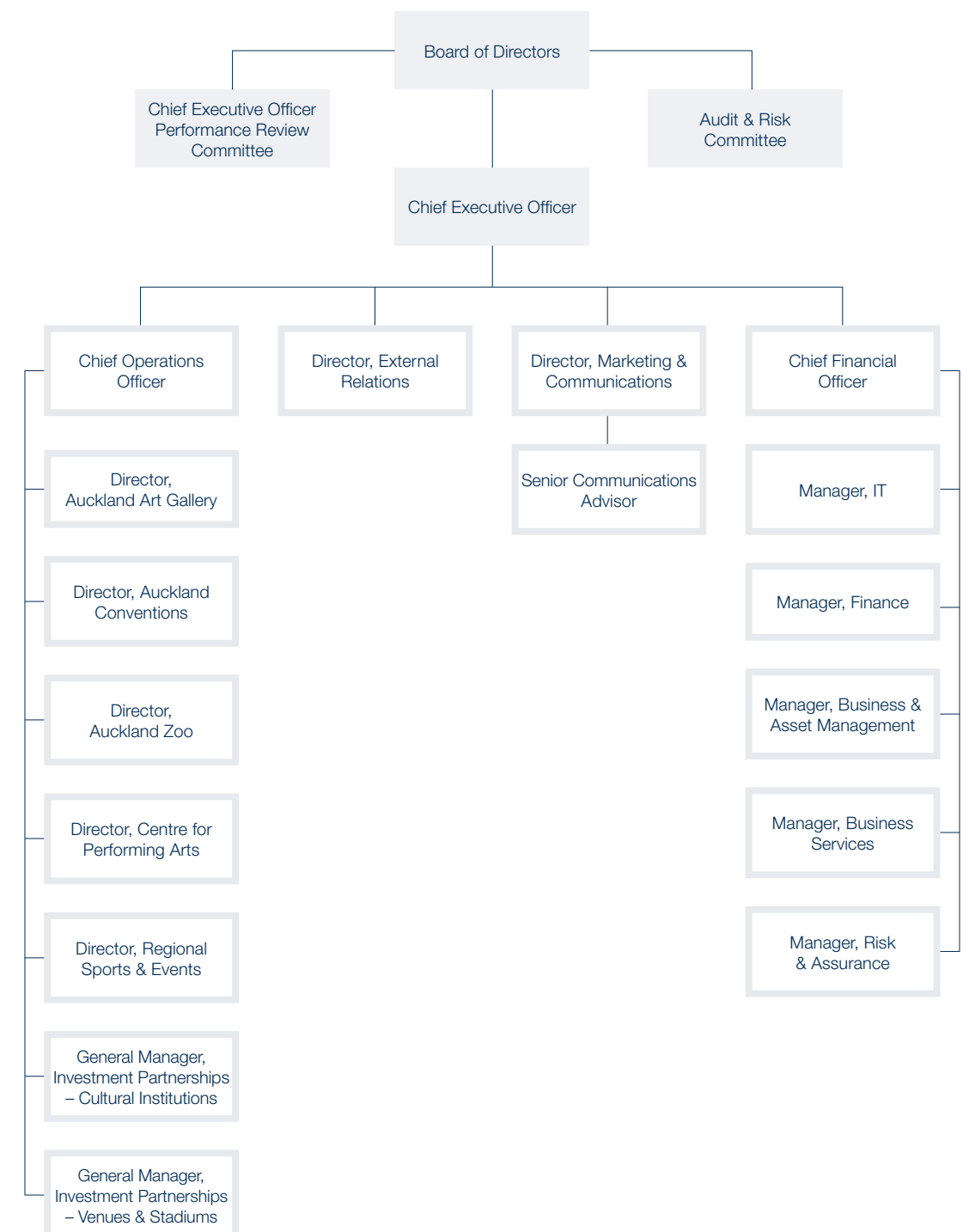
Paul has a 24-year record of achievement and demonstrated success across several major facilities in New Zealand and Australia. An experienced senior executive, Paul's previous roles include General Manager of Event Operations at Sydney Cricket and Sports Ground Trust, and Manager Venues and Rugby World Cup at New Plymouth District Council. In his current role, Paul is responsible for the leadership and management of Mt Smart Stadium. He is tasked with creating greater utilisation of the facilities to ensure the stadium provides maximum benefit to the community, while enhancing its reputation as a leading international outdoor sport and entertainment facility.



MORE THAN  
110,000 CHILDREN  
PARTICIPATED IN  
LEARNING AND  
EDUCATIONAL  
PROGRAMMES AT  
AUCKLAND ART  
GALLERY AND  
AUCKLAND ZOO



## ORGANISATIONAL STRUCTURE







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## STATEMENT OF COMPLIANCE AND RESPONSIBILITY

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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 year ended 30 June 2012.

SIGNED

Sir Don McKinnon

Chair  
Regional Facilities Auckland Limited  
on behalf of Regional Facilities Auckland

SIGNED

Robert Domm  
Chief Executive Officer  
Regional Facilities Auckland





RIGHT: ONE OF THE WORLD'S BIGGEST BANDS COLDPLAY HAS BEEN SECURED TO PLAY AT MT SMART STADIUM IN NOVEMBER 2012



STATEMENT  
OF SERVICE  
PERFORMANCE



YOUTH-FOCUSED  
PERFORMING ARTS  
PROGRAMMES  
ATTRACTED OVER  
71,000 PARTICIPANTS



*“... RFA has had a successful year of operation in achieving the target visitation and satisfaction results.”*

This section reports RFA performance measured against the Statement of Intent measurement framework. The framework describes the intended outcomes and outputs that RFA set out to achieve in the 2011/12 financial year presented in context with RFA's Strategic Framework.

The RFA Strategic Framework has been developed to articulate the key drivers for our business and provide for our shareholder clear linkages to the Auckland Plan. This is shown in the following table.

In reading the performance against Statement of Intent results for 2011/12, the following should be noted:

- This is the first full year of RFA operation and, as such, many of the measures do not have targets. This year is essentially about forming a baseline for future comparisons.
- No previous results are included as they were recorded on an eighth-month basis as a result of the Auckland region amalgamation of local government and, therefore, any comparison is not appropriate.
- Where available, a target has been specified and we have indicated with a ■ or a ■ whether it has been met or not, respectively.
- A number of results presented in this annual report are measured by way of surveys. To note:
  - Reported satisfaction results count those who rate their experiences as satisfied or very satisfied.
  - Where a result is recorded that lies within the standard margin of error for the survey, it has been recorded as met.
- N/A – not available in this period; processes are in place for future reporting.
- The basic level of service for RFA was set in the Auckland Council Annual Plan 2011/12. This covers visitation levels and satisfaction across the five areas into which Council considers RFA businesses to fall:
  - Regional event facilities
  - Auckland Art Services
  - Auckland Art Gallery
  - Museums
  - Auckland Zoo.
- We have maintained the Auckland Council activity structure to aid comparisons for those reading both Auckland Council and RFA Annual Reports. Within the activities, we have represented each of the RFA business unit's results.

In general, RFA has had a successful year of operation in achieving the target visitation and satisfaction results. The other associated measures are also indicative of a strong operational result. The financial results, however, indicate an unfavourable result to budget. While the trading result is strong, the underlying issues of meeting Council compliance, opening new facilities and the state of the Mt Smart facility have resulted in a challenging financial environment.



AUCKLAND COUNCIL OUTCOMES Auckland Plan			IMPACT What difference RFA outputs make	OUTPUTS What RFA customers receive
PRIORITY	TRANSFORMATIONS	OUTCOMES	RFA STRATEGIC FRAMEWORK RFA OUTPUTS	
<b>STRATEGIC DIRECTION 6</b> Contribute to tackling climate change and increasing energy resilience <ul style="list-style-type: none"><li>■ Priority1: Mitigate climate change</li></ul> <b>STRATEGIC DIRECTION 5</b> Acknowledge that nature and people are inseparable <ul style="list-style-type: none"><li>■ Value our natural heritage</li><li>■ Treasure our coastline, harbours, islands and marine areas</li><li>■ Sustainably manage our natural resources</li></ul> <b>STRATEGIC DIRECTION 8</b> Create a stunning city centre, with well-connected quality towns, villages and neighbourhoods <ul style="list-style-type: none"><li>■ Demand good design in all development</li><li>■ Realise a quality compact city</li></ul>	Strongly commit to environmental action and green growth	A culturally rich and creative Auckland	Be trusted stewards of our venues and collections	1. Terrific customer experiences through researching, designing and delivering programmes and experiences that continue to delight by being accessible, enriching and irresistible 2. Our venues and collections are properly cared for and fit for purpose for every generation 3. A good corporate citizen through being acknowledged as a good employer, good business partner and a good neighbour
<b>STRATEGIC DIRECTION 4</b> Develop an economy that delivers opportunity and prosperity for all Aucklanders and New Zealand <ul style="list-style-type: none"><li>■ Enhance investment in people to grow skills and a local workforce</li><li>■ Grow a business-friendly and well-functioning city</li></ul>	Substantially raise living standards for all Aucklanders and focus on those most in need  Dramatically accelerate the prospects of Auckland's children and young people	An Auckland of prosperity and opportunity		4. Greater spend by people from outside Auckland through growing the customer base and raising the spend per head 5. Assist our industry sectors to contribute greater value to the Auckland economy through working with our partners to build capacity and output 6. RFA's use of resources is efficient resulting in the demand by RFA on Council rates decreasing over time
<b>STRATEGIC DIRECTION 1</b> Create a strong, inclusive and equitable society that provides opportunities for all Aucklanders <ul style="list-style-type: none"><li>■ Put children and young people first</li><li>■ Strengthen communities</li><li>■ Improve the education, health and safety of Aucklanders</li></ul> <b>STRATEGIC DIRECTION 2</b> Enable Māori aspirations through recognition of the Treaty of Waitangi and customary rights <ul style="list-style-type: none"><li>■ Explore partnerships with mana whenua to protect, identify and manage waahi tapu sites</li><li>■ Support sustainable development of Māori outcomes, leadership and community partnerships</li></ul> <b>STRATEGIC DIRECTION 3</b> Integrate arts, culture, heritage and lifestyle into our everyday lives: all priorities <b>STRATEGIC DIRECTION 10</b> Plan, deliver and maintain quality infrastructure to make Auckland liveable and resilient <ul style="list-style-type: none"><li>■ Social and community infrastructure: protect, enable, align, integrate and provide social and community infrastructure</li></ul>	Radically improve the quality of urban living	A fair, safe and healthy Auckland	Advance the social and cultural wellbeing of Auckland	7. People living positive healthy lifestyles through more people participating in cultural, recreational and sporting experiences 8. Supporting resilient families through encouraging more families to spend enjoyable social time together 9. Strong cohesion through connection, knowledge and understanding through our people coming together more to learn, meet and celebrate

# RFA PERFORMANCE AGAINST STATEMENT OF INTENT

RFA-WIDE				
What we do (level of service)	RFA Output	How we will measure success (performance measure)	How we will know if we are successful	
			TARGET	ACTUAL
RFA Statement of Intent RFA Corporate	3	Staff satisfaction	New measure	67%
	7	Number of visits to RFA and RFA* facilities	4,100,000	5,659,313
	5	Number of businesses in the related sectors	New measure	N/A
	5	Number of employees in the related sectors	New measure	N/A
	6	Share of non-Council generated revenue (excluding statutory levies)	50%	56%

■ Achieved
■ Not achieved
N/A – Not measured in this reporting period

### Summary of performance

This was the first full financial year of RFA, and the diversity of RFA's offering ranged from three major new openings, significant involvement in the successful hosting of Rugby World Cup 2011, the staging of significant events from the All Whites international at Mt Smart Stadium and the *Degas to Dalí* art exhibition at Auckland Art Gallery, to the highly successful hosting of the Volvo Ocean Race at the Viaduct Events Centre.

#### Rugby World Cup 2011

The Rugby World Cup was hosted in New Zealand in September and October 2011, with Auckland playing a starring role. RFA facilities played a significant part in hosting this event, with North Harbour Stadium staging four preliminary-round matches and North Harbour, Mt Smart, Western Springs and The Trusts stadiums acting as significant training venues. All venues underwent the necessary work to ensure their readiness and to have the requisite transport, security and customer service plans in place. The Aotea Quarter (Aotea Centre, Aotea Square and Auckland Town Hall) and the Viaduct Events Centre also hosted celebrations throughout the tournament. In addition, other facilities not directly connected to the Rugby World Cup provided excellent experiences for visitors to Auckland.

#### Regional Facilities Auckland integration progress

RFA has continued the integration process initiated in the 2010 Auckland Local Government amalgamation. In excess of 20 businesses have been brought together under a common umbrella with no drop in the levels of service experienced by visitors. By working collaboratively, we have seen the opening of a new facility and the reopening of a substantially redeveloped one, experienced record attendences at a number of the facilities, played a vital role in the hosting of the highly successful Rugby World Cup and continued to find, and further explore, efficiencies through collaboration across the wider group.

Excellent relationships have continued to be built with the Auckland Council Governing Body, local boards, the various statutory bodies, our subsidiaries and interested sector groups.



REGIONAL EVENT FACILITIES

Regional Event Facilities incorporate the following: Aotea Centre, The Civic, Viaduct Events Centre, Mt Smart Stadium, Western Springs Stadium, North Harbour Stadium, North Shore Events Centre, TelstraClear Pacific Events Centre, Bruce Mason Centre and The Trusts Stadium. Western Springs Stadium and Vector Arena are independently operated with no reporting requirement and, as such, are not included in these results.

What we do (level of service)	RFA Output	How we will measure success (performance measure)	How we will know if we are successful		
			TARGET	ACTUAL	
<b>Auckland Council Annual Plan</b> Provide regional event facilities	4	Total number of event days held at regional event facilities	3,157	3,377	■
	4	Total number of attendances at regional event facilities	1,967,979	2,960,507	■

<b>RFA Statement of Intent Mt Smart Stadium</b>	1	Satisfaction of users with facilities and collections	New measure	74%	
	2	Special place evaluation of the precinct/entrance/ facility and service experience for a visitor	New measure	70%	
	2	Percentage of planned time available for use	New measure	88%	
	2	Satisfaction of users with access to facilities	New measure	74%	
	3	Business partner satisfaction	New measure	80%	
	8	Percentage of visits to RFA facilities that are with families or friends	New measure	N/A	
	8	Percentage of families and friends whose experiences of RFA facilities provide positive social outcomes	80%	78%	■ <sup>1</sup>
	9	Level of reach across (usage by) Auckland communities [visits/resident population]	New measure	10% 8% 27% 22% 12%	North West Central East South
	9	Preparedness of customers to promote the experience to others	New measure	10%	
	4	Number of non-Aucklanders visiting RFA facilities	New measure	134,971	
	4	Number of events held	New measure	681	
	4	Total visitor spend of non-Aucklanders whilst in Auckland	New measure	\$25.1m	
	5	Average spend at RFA facilities per visitor (excluding RFA*)	New measure	\$31.97	
	6	Average cost at RFA facilities per visitor (excluding RFA*)	New measure	\$18.69	
	6	Repeat visitation within one year	New measure	N/A	

■ Achieved ■ Not achieved N/A – Not measured in this reporting period

<sup>1</sup> The result lies within the margin of error on this survey.

What we do (level of service)	RFA Output	How we will measure success (performance measure)	How we will know if we are successful		
			TARGET	ACTUAL	
<b>Centre for Performing Arts</b>	1	Satisfaction of users with facilities and collections	New measure	91%	
	2	Special place evaluation of the precinct/entrance/ facility and service experience for a visitor	New measure	74%	
	2	Percentage of planned time available for use	New measure	88%	
	2	Satisfaction of users with access to facilities	New measure	89%	
	3	Business partner satisfaction	New measure	93%	
	8	Percentage of visits to RFA facilities that are with families or friends	New measure	N/A	
	8	Percentage of families and friends whose experiences of RFA facilities provide positive social outcomes	80%	65%	■
	9	Level of reach across (usage by) Auckland communities [visits/resident population]	New measure	41% 44% 65% 34% 19%	North West Central East South
	9	Preparedness of customers to promote the experience to others	New measure	37%	
	4	Number of non-Aucklanders visiting RFA facilities	New measure	139,176	
	4	Number of events held	New measure	359	
	4	Total visitor spend of non-Aucklanders whilst in Auckland	New measure	\$25.9m	
	5	Average spend at RFA facilities per visitor (excluding RFA*)	New measure	\$11.65	
	6	Average cost at RFA facilities per visitor (excluding RFA*)	New measure	\$17.79	
	6	Repeat visitation within one year	New measure	N/A	

<b>Auckland Conventions</b>	1	Satisfaction of users with facilities and collections	New measure	80%	
	2	Percentage of planned time available for use	New measure	90%	
	3	Business partner satisfaction	New measure	87%	
	4	Number of events held	New measure	408	
	5	Average spend at RFA facilities per visitor (excluding RFA*)	New measure	\$27.00	
	6	Average cost at RFA facilities per visitor (excluding RFA*)	New measure	\$20.63	
	6	Repeat visitation within one year	New measure	N/A	

■ Achieved ■ Not achieved N/A – Not measured in this reporting period



Summary of performance

This activity has had another very solid year. These facilities together are the cornerstone of regional event provision in Auckland and touch the lives of most Aucklanders and many visitors to the city. Regional event facilities have had a very good year due in large part to the Rugby World Cup. North Harbour Stadium hosted four games while Mt Smart Stadium, North Harbour Stadium and The Trusts Stadium were training venues. Viaduct Event Centre, Aotea Centre, Aotea Square and TelstraClear Pacific Events Centre hosted tournament officials, press and supporters throughout the tournament.

The Viaduct Events Centre officially opened in August 2011. Designed and built to a five-star environmental standard, the 6000m<sup>2</sup> facility offers eight separate rooms suitable for a wide range of events including conferences, gala dinners and exhibitions. Since opening, it has successfully hosted a number of high-profile events including New Zealand Fashion Week, Auckland Art Fair, the New Zealand leg of the Volvo Ocean Race, the Seafood Festival and Rally New Zealand, all of which have showcased Auckland.

Issues have been uncovered in relation to the state of the Mt Smart facility and these have been extensively canvassed with Auckland Council. During the year, unbudgeted urgent health-and-safety works were undertaken to bring the facility up to an acceptable condition. This has negatively impacted RFA's financial outturn for this financial year.

Other significant contributions

- Viaduct Events Centre hosted the Volvo Ocean Race stopover and Rally New Zealand
- The Civic staged the *Jersey Boys*
- Mt Smart hosted the All Whites versus Jamaica international
- North Shore Events Centre – home of NZ Breakers, ANBL champions for the second year running
- Bruce Mason Centre won the Auckland North Business Excellence award in the not-for-profit category.

AUCKLAND ART SERVICES

What we do (level of service)	RFA Output	How we will measure success (performance measure)	How we will know if we are successful	
			TARGET	ACTUAL
Provide opportunities for people to participate in, experience and enjoy the arts	4	Number of performances provided by arts organisations who receive arts grants (as part of meeting their grant conditions)	475	Unavailable: no systems in place to measure
	4	Number of attendees at performances provided by arts organisations who received arts grants	383,000	Unavailable: no systems in place to measure

Summary of performance

The Auckland Philharmonia Orchestra, NBR New Zealand Opera, Auckland Festival and Auckland Theatre Company participate in a share of the statutory levy under the requirements of the Auckland Regional Amenities Funding Act and report separately to the statutory board.

RFA is not responsible for 'Art Grants'; this is a function of Auckland Council. In attributing this measure to RFA, the Auckland Transition Agency deemed a number of Auckland Regional Amenities Funding Act organisations as receiving an 'Arts Grant' which, on investigation, it has been established that they do not. The entities involved were the Auckland Philharmonia, NBR New Zealand Opera, Auckland Festival and Auckland Theatre Company who participate in a share of the statutory levy under the requirements of that Act. They do not have any reporting requirement to RFA or Auckland Council as a result of receiving a share of the statutory levy.

What we do (level of service)	RFA Output	How we will measure success (performance measure)	How we will know if we are successful		
			TARGET	ACTUAL	
Auckland Council Annual Plan Provide the opportunity to access, learn and experience visual arts	4	Number of visitors to Auckland Art Gallery Toi o Tāmaki	450,000	618,312	■
	4	Percentage of visitors satisfied with their visit to Auckland Art Gallery Toi o Tāmaki	90%	96%	■
	9	Number of participants in education and public programmes at Auckland Art Gallery Toi o Tāmaki	40,000	54,965	■
RFA Statement of Intent Auckland Art Gallery	1	Satisfaction of users with facilities and collections	90%	N/A	
	2	Special place evaluation of the precinct/entrance/facility and service experience for a visitor	New measure	85%	
	2	Percentage of planned time available for use	New measure	99%	
	2	Satisfaction of users with access to facilities	New measure	N/A	
	3	Business partner satisfaction	New measure	100%	
	8	Percentage of visits to RFA facilities that are with families or friends	80%	5%	■
	8	Percentage of families and friends whose experiences of RFA facilities provide positive social outcomes	New measure	95%	
	9	Level of reach across (usage by) Auckland communities [visits/resident population]	New measure	18% 11% 41% 22% 3%	North West Central East South
	9	Preparedness of customers to promote the experience to others	New measure	89%	
	4	Number of non-Aucklanders visiting RFA facilities	New measure	265,874	
	4	Number of events held	New measure	220	
	4	Total visitor spend of non-Aucklanders whilst in Auckland	New measure	\$49.5m	
	5	Average spend at RFA facilities per visitor (excluding RFA*)	New measure	\$5.65	
	6	Average cost at RFA facilities per visitor (excluding RFA*)	New measure	\$21.70	
	6	Repeat visitation within one year	New measure	26%	

■ Achieved ■ Not achieved N/A – Not measured in this reporting period

Summary of performance

Auckland Art Gallery reopened to the public on 3 September 2011 and has received a very positive response from the public and media. At 618,312 visitors, the highest number of annual visitors to the gallery in its history was achieved (the previous highest attendance was in 1986/87 with 391,853 visitors). The gallery staged a highly successful international exhibition, *Degas to Dali*, which attracted 99,000 visitors in its 15-week season, from 3 March to 17 June 2012.

The gallery received 11 architectural awards for the building redevelopment:

- Royal Institute of British Architects – International Award for Architectural Excellence
- Property Council New Zealand – Rider Levett Bucknall Supreme Award
- Property Council New Zealand – Coffey Projects Education and Arts Property Award
- Property Council New Zealand – Hawkins Construction Heritage and Adaptive Reuses Property Award
- New Zealand Institute of Architects – New Zealand Architecture Medal
- New Zealand Institute of Architects – Heritage Award (2011, 2012)
- New Zealand Institute of Architects – Public Architecture Award (2011, 2012)
- New Zealand Museum Awards – Project Achievement Award for Museum or Gallery Development.

Gallery director, Chris Saines, was recognised in the Queen's Birthday Honours List through an appointment to the Companion of the New Zealand Order of Merit for services to the arts.

<sup>1</sup>Benchmark now set. Survey since the opening of the new gallery shows families are a small portion of visitors.



What we do (level of service)	RFA Output	How we will measure success (performance measure)	How we will know if we are successful		
			TARGET	ACTUAL	
Residents and visitors to Auckland are given the opportunity to experience, learn about and access our heritage and culture through museums	4	Number of visitors to museums	1,000,000	1,342,801	■
	4	Percentage of visitors satisfied with their visit to museums	75%	98% AWMM 90% MOTAT 97% Voyager	■

■ Achieved ■ Not achieved

Summary of performance

Auckland War Memorial Museum held well-attended commemorative events at the Cenotaph and in other war memorial spaces. The museum focused on its collections and audiences, launching a Research Centre to boost scholarship and create new knowledge in line with local, national and innovation strategies. A region-wide youth initiative Urban Life was launched to expand participation in the museum’s community and digital programmes. After becoming the first museum in the world accredited under the Certified Emissions Measurement and Reduction Scheme (CEMARS) in 2011, the museum reduced its carbon footprint by 12.1%. This milestone for the museum’s environmental sustainability programme saw carbon emission savings of 234 tonnes – equivalent to the consumption of a two-litre car on a one-million-kilometre journey.

MOTAT achieved the 11th consecutive year of attendance growth. Construction of the new Aviation Display Hall was completed and opened to the public in September 2011. More than double the size of the original hangar, this facility has played a crucial role in providing protective cover for MOTAT’s extensive aviation collection (widely regarded as one of the best and largest in the southern hemisphere). The \$18.5-million building is the largest clear-span wooden structure in New Zealand and has already received five regional and national architecture awards including the New Zealand Institute of Architects Award for Sustainable Architecture. Situated at MOTAT’s Meola Road site, this world-class exhibition has increased visitation to this site from 74,934 visitors (1 Oct 2009 to 30 June 2010, prior to closure) to 126,173 visitors (1 Oct 2011 to 28 June 2012, following its reopening).

Voyager had the busiest year in the museum’s history, achieving a new record in visitor numbers. This success is due to a number of different factors including new school holiday activities, more cruise-ship visitors, increased visitor numbers from the Rugby World Cup and increased visits from Aucklanders. In February 2012, Voyager was proud to open the exhibition *Kermadec – Nine Artists Explore the South Pacific*. The exhibition showcased artworks from nine leading contemporary artists as they voyaged from Auckland to Raoul Island in the Kermadec region then on to Tonga.

Stardome introduced a project to substantially subsidise the cost of attending its educational programmes for children from lower decile schools throughout the greater Auckland region. In the 2011/12 year, 6234 children from lower-decile schools attended education programmes, a 95% increase over the previous year. On 6 June 2012, the planet Venus transited across the face of the sun, an astronomical event which will not occur again for another 105 years. To enable the citizens of Auckland to experience this event, Stardome held a free open day. Visitors were able to view the transit on a number of screens and displays throughout the facility, all of which were linked to Stardome’s solar telescope and to telescopes at other observatories throughout the Pacific. During the day, Stardome had in excess of 3100 visitors (a record for one-day visitation) with extremely positive visitor feedback.

What we do (level of service)	RFA Output	How we will measure success (performance measure)	How we will know if we are successful		
			TARGET	ACTUAL	
<b>Auckland Council Annual Plan</b>  Provide memorable, inspirational, leisure and learning experiences with wildlife  Support wildlife conservation in the Auckland region and in the wild  Deliver educational and interpretive programmes to increase understanding and encourage wildlife conservation	7	Number of visitors to the zoo	700,000	710,813	■
	7	Percentage of visitors satisfied with the zoo	92%	98%	■
	2	Number of species at Auckland Zoo in wildlife conservation programmes	45	49	■
	9	Number of participants in education programmes	50,000	55,736	■
	9	Percentage of participants satisfied that their learning outcomes were achieved	95%	98%	■

RFA Statement of Intent  
Auckland Zoo

1	Satisfaction of users with facilities and collections	92%	91%	
2	Special place evaluation of the precinct/entrance/ facility and service experience for a visitor	New measure	80%	
2	Percentage of planned time available for use	New measure	100%	
2	Satisfaction of users with access to facilities	New measure	91%	■ <sup>1</sup>
3	Business partner satisfaction	New measure	100%	
8	Percentage of visits to RFA facilities that are with families or friends	80%	89%	■
8	Percentage of families and friends whose experiences of RFA facilities provide positive social outcomes	New measure	92%	
9	Level of reach across (usage by) Auckland communities [visits/resident population]	New measure	19% 45% 63% 24% 28%	North West Central East South
9	Preparedness of customers to promote the experience to others	New measure	95%	
4	Number of non-Aucklanders visiting RFA facilities	New measure	143,579	
4	Number of events held	New measure	329	
4	Total visitor spend of non-Aucklanders whilst in Auckland	New measure	\$26.7m	
5	Average spend at RFA facilities per visitor (excluding RFA*)	New measure	\$15.65	
6	Average cost at RFA facilities per visitor (excluding RFA*)	New measure	\$17.22	
6	Repeat visitation within one year	New measure	49%	

■ Achieved ■ Not achieved

<sup>1</sup>The result lies within the margin of error on this survey.





Summary of performance

This activity has had another very solid year. The zoo has provided excellent service to all its visitors over the year. Interest in the zoo has continued to be high, with increasing visitation and growing participation 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 its commitment to an ongoing programme of exhibit regeneration. The zoo continues to gain worldwide exposure, with the television programme *The Zoo* being played in a range of countries, including Australia.

The completion of the zoo’s New Zealand exhibit, Te Wao Nui, has generated significant additional local, national and international interest. This world-leading development has provided significantly enhanced experiences and environmental education opportunities for visitors. The number of species exceeds target. This is attributed to both the opening of Te Wao Nui and a focus on strengthening Discovery and Learning programmes. During the World Environment Day event (2–5 June 2012), 11,480 people visited the zoo.

The zoo’s education programmes received a 98.2% satisfaction rating from 501 responses collected from teachers of school groups participating in formal education programmes held throughout the year. This figure is consistent with previous levels of satisfaction. The zoo attracted the highest annual visitation in its history (previous record was 677,522 in 2006/07). This result is 5% more than forecast and 12% more than last year. In addition to the appeal of Te Wao Nui, this stronger-than-expected result is attributed to a change in the events and activation strategy and a particularly successful school holiday programme in April 2012.

RFA MAJOR ASSETS

Assets	Management	Condition	Issues/Risks
AUCKLAND ART GALLERY – Building	RFA owned and operated	New 2011	Operationalising a substantially 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	ASB Theatre stalls have been refurbished and the acoustics improved. Further refurbishment is planned to commence in December 2012 Some weather-tightness 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 (full ownership transfers to RFA in 2047)	Very Good	Public-private partnership not operated by RFA
BRUCE MASON CENTRE	RFA owned	Good	Managed by Bruce Mason Centre Board and operations or failure will affect RFA/Council
NORTH HARBOUR STADIUM NORTH SHORE EVENTS CENTRE THE TRUSTS STADIUM TELSTRACLEAR PACIFIC EVENTS CENTRE	Independently owned and RFA relationship management only	Various <sup>1</sup>	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. RFA does not have access to the condition data for these facilities.





FINANCIAL  
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## Statement of Comprehensive Income for the year ended 30 June 2012

	Note	Parent		Group		
		Actual	Budget	Actual	Actual	Actual
		2012 \$000s	2012 \$000s	8 months 2011 \$000s	2012 \$000s	8 months 2011 \$000s
<b>Income</b>						
Revenue	3	42,072	36,430	20,504	51,089	24,427
Auckland Council operating subsidy	3	35,127	84,168	21,677	35,127	21,677
Other grants and subsidies	3	12,126	11,980	7,842	11,779	8,179
Finance income	5	596	266	372	856	555
Other income	4	2,018	-	723	2,860	1,094
Other gains/(losses)	4	325	-	162	325	162
<b>Total income</b>		<b>92,264</b>	<b>132,844</b>	<b>51,280</b>	<b>102,036</b>	<b>56,094</b>
<b>Expenditure</b>						
Employee benefits	6	32,390	27,909	18,435	34,376	19,935
Depreciation of property, plant & equipment	12	11,943	11,966	6,381	15,237	8,717
Amortisation of intangible assets	13	460	-	195	487	241
Finance costs	5	5,128	8,346	2,361	5,248	2,441
Impairment – property, plant & equipment	12	30,617	-	-	12,488	-
Other expenses	7	44,782	84,609	24,267	50,608	26,175
<b>Total operating expenditure</b>		<b>125,320</b>	<b>132,830</b>	<b>51,639</b>	<b>118,444</b>	<b>57,509</b>
<b>(Deficit)/Surplus before taxation</b>		<b>(33,056)</b>	<b>14</b>	<b>(359)</b>	<b>(16,408)</b>	<b>(1,415)</b>
Income tax expense/(credit)		-	-	-	-	-
<b>(Deficit)/Surplus after taxation</b>		<b>(33,056)</b>	<b>14</b>	<b>(359)</b>	<b>(16,408)</b>	<b>(1,415)</b>
<b>Other comprehensive income</b>						
Gain/(Loss) on property, plant & equipment revaluation	12	21,501	-	6,217	21,501	6,217
<b>Other comprehensive income for the year net of tax</b>		<b>21,501</b>	<b>-</b>	<b>6,217</b>	<b>21,501</b>	<b>6,217</b>
<b>Total comprehensive income for the year</b>		<b>(11,555)</b>	<b>14</b>	<b>5,858</b>	<b>5,093</b>	<b>4,802</b>

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 2012

		Parent			Group	
		Actual 2012 \$000s	Budget 2012 \$000s	Actual 8 months 2011 \$000s	Actual 2012 \$000s	Actual 8 months 2011 \$000s
	Note					
<b>Assets</b>						
<b>Current assets</b>						
Cash and cash equivalents	8	7,536	4,218	4,274	10,216	6,094
Trade and other receivables	9	21,375	35,696	24,906	22,378	26,417
Other financial assets	10	1,085	569	569	5,450	4,986
Prepayments		395	710	710	523	710
GST receivable/(payable)		415	91	2,347	352	2,299
Inventories	11	770	560	560	770	560
<b>Total current assets</b>		<b>31,576</b>	<b>41,844</b>	<b>33,366</b>	<b>39,689</b>	<b>41,066</b>
<b>Non-current assets</b>						
Property, plant and equipment	12	919,179	913,185	900,797	1,033,477	999,139
Intangible assets	13	74,190	73,307	72,952	74,203	72,972
Biological assets	*	-	-	-	-	-
Other financial assets	10	2,393	4,770	3,770	2,393	3,770
<b>Total non-current assets</b>		<b>995,762</b>	<b>991,262</b>	<b>977,519</b>	<b>1,110,073</b>	<b>1,075,881</b>
<b>Total assets</b>		<b>1,027,338</b>	<b>1,033,106</b>	<b>1,010,885</b>	<b>1,149,762</b>	<b>1,116,947</b>
<b>Liabilities</b>						
<b>Current liabilities</b>						
Creditors and other payables	14	34,667	35,674	25,562	37,308	28,875
Borrowings	15	-	-	-	120	24
Employee entitlements	16	2,700	2,737	2,680	2,848	2,836
Provisions	17	137	165	165	137	165
<b>Total current liabilities</b>		<b>37,504</b>	<b>38,576</b>	<b>28,407</b>	<b>40,413</b>	<b>31,900</b>
<b>Non-current liabilities</b>						
Borrowings	15	170,673	163,801	151,072	172,078	152,504
Employee entitlements	16	113	167	167	113	167
Other non-current liabilities	14	-	-	-	323	-
<b>Total non-current liabilities</b>		<b>170,786</b>	<b>163,968</b>	<b>151,239</b>	<b>172,514</b>	<b>152,671</b>
<b>Total liabilities</b>		<b>208,290</b>	<b>202,544</b>	<b>179,646</b>	<b>212,927</b>	<b>184,571</b>
<b>Equity</b>						
Contributed capital	18	823,233	823,233	823,233	925,427	925,427
Retained surpluses	18	(33,452)	(252)	(265)	(17,859)	(1,322)
Restricted equity	18	1,549	1,364	2,054	1,549	2,054
Asset revaluation reserve	18	27,718	6,217	6,217	27,718	6,217
<b>Total equity</b>		<b>819,048</b>	<b>830,562</b>	<b>831,239</b>	<b>936,835</b>	<b>932,376</b>
<b>Total equity and liabilities</b>		<b>1,027,338</b>	<b>1,033,106</b>	<b>1,010,885</b>	<b>1,149,762</b>	<b>1,116,947</b>

\* Carrying value is \$1

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 year ended 30 June 2012

	Parent		Group	
	Actual 2012 \$000s	Actual 8 months 2011 \$000s	Actual 2012 \$000s	Actual 8 months 2011 \$000s
<b>Opening balance</b>				
Contributed capital	823,233	823,233	925,427	925,427
Retained surpluses	(265)	-	(1,322)	-
Restricted equity	2,054	2,148	2,054	2,148
Asset revaluation reserve	6,217	-	6,217	-
<b>Total opening equity</b>	<b>831,239</b>	<b>825,381</b>	<b>932,376</b>	<b>927,575</b>
<b>Contributed capital</b>				
<b>Total changes in contributed capital for the period</b>	-	-	-	-
<b>Retained surpluses</b>				
Deficit/(Surplus) per the period	(33,056)	(359)	(16,408)	(1,415)
<i>Transactions with owners in their capacity as owners:</i>				
- Transfers from restricted equity	(131)	94	(129)	93
<b>Total changes in retained surpluses for the period</b>	<b>(33,187)</b>	<b>(265)</b>	<b>(16,537)</b>	<b>(1,322)</b>
<b>Restricted equity</b>				
<i>Transactions with owners in their capacity as owners:</i>				
- Transfers to retained surpluses	(505)	(94)	(505)	(94)
<b>Total changes in restricted equity for the period</b>	<b>(505)</b>	<b>(94)</b>	<b>(505)</b>	<b>(94)</b>
<b>Asset revaluation reserve</b>				
Revaluation gains/(losses) through other comprehensive income				
	21,501	6,217	21,501	6,217
<b>Total changes in asset revaluation reserve for the period</b>	<b>21,501</b>	<b>6,217</b>	<b>21,501</b>	<b>6,217</b>
<b>Closing balances</b>				
Contributed capital	823,233	823,233	925,427	925,427
Retained surpluses	(33,452)	(265)	(17,859)	(1,322)
Restricted equity	1,549	2,054	1,549	2,054
Asset revaluation reserve	27,718	6,217	27,718	6,217
<b>Total closing equity</b>	<b>819,048</b>	<b>831,239</b>	<b>936,835</b>	<b>932,376</b>

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 year ended 30 June 2012

	Note	Parent		Group	
		Actual	Actual	Actual	Actual
		2012 \$000s	8 months 2011 \$000s	2012 \$000s	8 months 2011 \$000s
<b>Cash flows from operating activities</b>					
Receipts from grants and subsidies		37,616	29,571	38,194	29,908
Receipts from customers		47,275	23,892	56,213	28,186
Receipts from Auckland Council for statutory levies		49,674	-	49,674	-
Net GST received/(paid)		9,589	5,788	9,582	5,788
Interest received		551	83	855	266
Payments to suppliers and employees		(65,025)	(60,627)	(73,357)	(64,029)
Payments to statutory entities for levies		(49,674)	-	(49,674)	-
Interest paid		(5,128)	(1,237)	(5,250)	(1,317)
<b>Net cash inflows/(outflows) from operating activities</b>	19	<b>24,878</b>	<b>(2,530)</b>	<b>26,237</b>	<b>(1,198)</b>
<b>Cash flows from investing activities</b>					
Proceeds from medium-term investments		-	-	572	-
Investment in subsidiaries		(1,055)	-	(1,055)	-
Loan repayments received		2,196	68	2,196	68
Purchase of property, plant and equipment		(41,997)	(52,782)	(43,023)	(53,762)
Purchase of intangible assets		(361)	(490)	(382)	(526)
<b>Net cash inflows/(outflows) from investing activities</b>		<b>(41,217)</b>	<b>(53,204)</b>	<b>(41,692)</b>	<b>(54,220)</b>
<b>Cash flows from financing activities</b>					
Proceeds from borrowings		19,601	52,272	19,601	52,272
Payments of finance lease principal		-	-	(24)	-
<b>Net cash inflows/(outflows) from financing activities</b>		<b>19,601</b>	<b>52,272</b>	<b>19,577</b>	<b>52,272</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>3,262</b>	<b>(3,462)</b>	<b>4,122</b>	<b>(3,146)</b>
Cash and cash equivalents at the beginning of the period		4,274	7,736	6,094	9,240
<b>Cash and cash equivalents at the end of the period</b>	8	<b>7,536</b>	<b>4,274</b>	<b>10,216</b>	<b>6,094</b>

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, sport and entertainment activities
- To continue to develop, applying a regional perspective, a range of world-class arts, cultural, heritage, leisure, sport and entertainment venues that are attractive to both residents 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 coordinate 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, sport, 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 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, Bruce Mason Centre Board (previously 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 the 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 the group are for the year ended 30 June 2012. The financial statements were authorised for issue by RFA on 29 August 2012.

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 2012, 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.

Going concern

The financial statements have been prepared on a going-concern basis as Auckland Council has confirmed an ongoing letter of comfort.

Budget figures

The budget figures are those approved in the Statement of Intent for 2012–2014. 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.

Accounting judgements, estimates and assumptions

In preparing these financial statements, RFA and the 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 the group review the useful lives and residual values of their property, plant and equipment. Assessing the appropriateness of useful life and residual value estimates requires RFA and the 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 the 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 the group minimise the risk of this estimation uncertainty by:

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

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

*Depreciated replacement cost*

Critical assumptions in estimating depreciation replacement cost for the revaluation of certain property, plant and equipment are the estimated replacement cost of subject assets, estimated optimisation rates of subject assets and estimated remaining useful life of those assets.

*Discount rates*

A discount rate of between 2.63% and 5.16% has been used to estimate the present value of long-service leave in employee benefits and a discount rate of 16% for community loans.

*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 the group is New Zealand dollars (NZD).

*Changes in accounting policies*

There have been no changes in accounting policies during the financial year.

*Comparative information*

RFA and the group came into existence on 1 November 2010; accordingly, comparative information is provided for the eight-month period from 1 November 2010 until 30 June 2011.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**2.1 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.

*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 year ended 30 June 2012.

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

**2.2 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.

**2.3 Revenue**

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

**2.3.1 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.

**2.3.2 Operational funding revenue**

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

**2.3.3 Grants and subsidies**

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

**2.3.4 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.

**2.3.5 Donations**

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

**2.3.6 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.

**2.3.7 Interest**

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

**2.4 Borrowing costs**

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

**2.5 Advertising costs**

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

**2.6 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.

**2.7 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.

**2.8 Leases**

**2.8.1 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.

**2.8.2 Operating leases**

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

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

**2.9 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 statement of financial position.

**2.10 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 the 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 uncollectable 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.

**2.11 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 first-in first-out (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 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.

**2.12 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 the parent and group's business, or these services could not be provided efficiently and effectively by the lessee in another location
- The parent and group are together 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's 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 in the case of the assets acquired by RFA and the group on establishment at 1 November 2010, cost was the carrying value of the assets by the previously-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.

Each item of property, plant or 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	3 – 100 years	(1.0% – 33%)
Plant and machinery	1 – 27 years	(3.7% – 100%)
Office equipment	1 – 25 years	(4.0% – 100%)
Motor vehicles	4 – 10 years	(10.0% – 25%)

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.

**2.13 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 an internally generated intangible asset 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.

**2.14 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, 12.5% – 33.3%.

**2.15 Biological assets**

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

**2.16 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 used solely 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.

**2.17 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.

**2.18 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.

**2.19 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
- 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 reporting date, are classified as a current liability. All other employee entitlements are classified as non-current liabilities.

**2.20 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'.

**2.21 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.

**2.22 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.

**2.23 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.

**2.23.1 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 and 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 of greater than 12 months after the reporting date, which are classified as non-current assets.

**2.23.2 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 counter-party,

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 (that is, 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.

**2.23.3 Financial instruments: derecognition of financial assets**

RFA and the group derecognise a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers 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 continuing 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.

**2.23.4 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 classify their financial liabilities in the following categories:

- Financial liabilities at fair value surplus and deficit
- 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.

**2.23.5 Financial instruments: derecognition of financial liabilities**

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

*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 the year-end reporting period.

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

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

*Financial guarantee contracts*

A financial guarantee contract is one 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, the provision for the guarantee is measured at the present value of the future expenditure.

*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.

**2.24 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
- Revaluation reserve.

*Contributed capital*

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

Equity instruments issued by the group are recognised as 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 those restricted by the parent 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 properties revaluation reserve relating to a previous revaluation of that asset.

2.25 Goods and services tax (GST)

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

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

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

Commitments and contingencies are disclosed exclusive of GST.

2.26 Income tax

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

2.27 Changes to financial reporting standards

The External Reporting Board has introduced a revised Accounting Standards Framework. The revised framework intends to introduce Public Benefit Entity Accounting Standards (PAS) comprising International Public Sector Accounting Standards (IPSAS), modified as appropriate for New Zealand circumstances. This means that financial reporting requirements for public-benefit entities are frozen in the short-term and

that all new NZ IFRS and amendments to existing NZ IFRS with a mandatory effective date for annual reporting periods commencing on or after 1 January 2012 are not applicable to public-benefit entities. Accordingly, no disclosure has been made about new or amended NZ IFRS that exclude public-benefit entities from their scope.

2.28 New and amended standards adopted

FRS 44: New Zealand Additional Disclosures prescribes New Zealand-specific disclosure requirements which have been relocated from existing NZ IFRS and retained because they are considered important in the New Zealand environment. The disclosure requirements of FRS 44 have been considered and where significant the revised disclosure is included under the relevant note to the financial statements.

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

Standards, amendments, and interpretations issued but not yet effective that have not been early adopted, and which are relevant to RFA and the group, are:

- NZ IFRS 9 Financial Instruments will eventually replace NZ IAS 39 Financial Instruments: Recognition and Measurement. NZ IAS 39 is being replaced through the following three main phases: Phase 1 Classification and Measurement, Phase 2 Impairment Methodology, and Phase three Hedge Accounting. Phase 1 on the classification and measurement of financial assets has been completed and has been published in the new financial instrument standard NZ IFRS 9. NZ IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in NZ IAS 39. The approach in NZ IFRS 9 is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. The financial liability requirements are the same as those of NZ IAS 39, except for when an entity elects to designate a financial liability at fair value through the surplus/deficit. The new standard is required to be adopted for the year ended 30 June 2016. However, as a new Accounting Standards Framework will apply before this date, there is no certainty when an equivalent standard to NZ IFRS 9 will be applied by public benefit entities.

3 REVENUE, GRANTS AND SUBSIDIES	Parent		Group	
	Actual	Actual	Actual	Actual
	2012 \$000s	8 months 2011 \$000s	2012 \$000s	8 months 2011 \$000s
<b>Revenue</b>				
Entrance and admission fees	10,254	4,345	10,615	4,345
Venue hire	12,270	4,695	14,092	4,695
Food and beverages	8,045	3,391	8,159	3,391
Other	11,503	8,073	18,223	11,996
<b>Total revenue</b>	<b>42,072</b>	<b>20,504</b>	<b>51,089</b>	<b>24,427</b>
<b>Grants and subsidies</b>				
Auckland Council operating subsidy	35,127	21,677	35,127	21,677
Other grants and subsidies	12,126	7,842	11,779	8,179
<b>Total grants and subsidies</b>	<b>47,253</b>	<b>29,519</b>	<b>46,906</b>	<b>29,856</b>

Auckland Council operating subsidy

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 the various KPIs for the current reporting period have been achieved 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.

Other grants and subsidies include:

Regional Facilities Auckland (parent)

- Department of Conservation grant of \$75,859 – Archey frog's species recovery plan funding (Auckland Zoo)
- Department of Education grant of \$115,751 – delivery of the LEOTC programme (Auckland Zoo)
- Auckland Zoo Charitable Trust Te Wao Nui grant of \$2.7-million – capital funding for Te Wao Nui (Auckland Zoo)
- Auckland Art Gallery Foundation funding of \$6.4-million – for the redevelopment of the Auckland Art Gallery
- Funding of \$272,250 from the Dingley and Serra Trusts to Auckland Art Gallery – for the purchase of Gursky artwork which cost \$440,000.

4 OTHER INCOME AND GAINS/(LOSSES)	Parent		Group	
	Actual	Actual	Actual	Actual
	2012 \$000s	8 months 2011 \$000s	2012 \$000s	8 months 2011 \$000s
<b>Other income</b>				
Sponsorship	397	285	1,192	605
Other	1,621	438	1,668	489
<b>Total other income</b>	<b>2,018</b>	<b>723</b>	<b>2,860</b>	<b>1,094</b>
<b>Other gains/(losses)</b>				
Gain on revaluation of community loans	325	162	325	162
<b>Total other gains/(losses)</b>	<b>325</b>	<b>162</b>	<b>325</b>	<b>162</b>



## 5 FINANCE INCOME AND FINANCE COST

	Parent		Group	
	Actual	Actual	Actual	Actual
	2012 \$000s	8 months 2011 \$000s	2012 \$000s	8 months 2011 \$000s
<b>Finance income</b>				
Interest income – financial assets classified as loans and receivables	282	114	542	297
Interest income – financial assets classified as fair value through profit or loss	314	258	314	258
Realised and unrealised foreign exchange gains	-	-	-	-
<b>Total finance income</b>	<b>596</b>	<b>372</b>	<b>856</b>	<b>555</b>
<b>Finance expense</b>				
Interest expenses – financial liabilities classified as at amortised cost				
• Bank overdrafts	-	11	5	89
• Borrowings	5,123	2,349	5,123	2,349
• Finance leases	-	-	115	2
Realised foreign exchange losses	5	1	5	1
<b>Total finance expense</b>	<b>5,128</b>	<b>2,361</b>	<b>5,248</b>	<b>2,441</b>

## 6 EMPLOYEE BENEFITS

	Parent		Group	
	Actual	Actual	Actual	Actual
	2012 \$000s	8 months 2011 \$000s	2012 \$000s	8 months 2011 \$000s
Salaries and wages	31,219	17,766	33,196	19,154
Defined contribution plans employer contributions	381	178	389	191
Other	9	-	13	94
Increase/(Decrease) in employee entitlement accruals	781	491	778	496
<b>Total employee benefits</b>	<b>32,390</b>	<b>18,435</b>	<b>34,376</b>	<b>19,935</b>

Employer contributions to defined contribution plans include contributions to KiwiSaver.

## Remuneration

Remuneration for employees who received remuneration of \$100,000 or more within specified \$10,000 bands for the eight months prior year and 12 months current year.

	Parent		Group	
	Actual	Actual	Actual	Actual
	2012 \$000s	8 months 2011 \$000s	2012 \$000s	8 months 2011 \$000s
100,000 – 109,999	3	3	5	3
110,000 – 119,999	9	2	9	2
120,000 – 129,999	4	2	4	2
130,000 – 139,999	5	2	6	2
140,000 – 149,999	1	1	2	1
150,000 – 159,999	6	1	6	1
160,000 – 169,999	1	-	1	-
170,000 – 179,999	2	-	3	-
180,000 – 189,999	-	-	-	-
190,000 – 199,999	1	-	1	-
200,000 – 209,999	-	-	-	-
210,000 – 219,999	1	-	1	-
220,000 – 229,999	2	-	2	-
230,000 – 239,999	-	-	-	-
240,000 – 249,999	2	1	2	1
250,000 – 259,999	-	-	-	-
260,000 – 269,999	2	-	2	-
270,000 – 279,999	-	-	-	-
280,000 – 289,999	-	-	-	-
290,000 – 299,999	-	-	-	-
400,000 – 410,000	1	-	1	-
<b>Total number of employees who received &gt;\$99,999</b>	<b>40</b>	<b>12</b>	<b>45</b>	<b>12</b>

## 7 OTHER EXPENSES

	Parent		Group	
	Actual	Actual	Actual	Actual
	2012 \$000s	8 months 2011 \$000s	2012 \$000s	8 months 2011 \$000s
<b>Other expenses include:</b>				
Fees to principal auditor				
• Audit fees for financial statement audit (Audit NZ) – 2012	178	-	199	-
• Audit fees for financial statement audit (Audit NZ) – 2011	55	193	55	202
• Audit fees for financial statement audit (BDO – Auckland)	-	-	26	37
• Audit fees for financial statement audit (Hayes Knight)	-	-	18	8
Grants and contributions (to RFA Plus entities)	3,749	4,677	955	3,668
Contractor and consultancy costs	3,040	2,598	3,090	3,588
Insurance premiums	982	539	1,071	631
Consultants and legal fees	83	140	112	140
Cost of goods sold	7,986	3,006	9,156	3,006
Repairs and maintenance	2,096	1,312	3,724	1,802
Loss/(Gain) on disposal	(7)	-	(7)	344
Occupancy and utilities	5,151	2,247	8,431	3,655
Shared services	5,979	1,446	5,979	1,446
Production costs*	8	989	8	989

\*Production costs now included in cost of goods sold in the current year.



8 CASH AND CASH EQUIVALENTS

	Parent		Group	
	Actual	Actual 8 months	Actual	Actual 8 months
	2012 \$000s	2011 \$000s	2012 \$000s	2011 \$000s
Cash at bank and on hand	89	95	2,719	1,264
Operating bank account	942	1,379	942	1,379
Ticketing bank account	6,505	2,800	6,505	2,800
Arts development fund	-	-	50	131
Term deposits with maturities less than three months from date of acquisition	-	-	-	520
<b>Total cash and cash equivalents</b>	<b>7,536</b>	<b>4,274</b>	<b>10,216</b>	<b>6,094</b>

Cash at bank on hand

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

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

Operating bank account

The operating bank account is part of the Auckland Council set-off arrangement 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

This 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 the 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		Group	
	Actual	Actual 8 months	Actual	Actual 8 months
	2012 \$000s	2011 \$000s	2012 \$000s	2011 \$000s
<b>Current</b>				
Trade receivables	1,592	1,403	2,581	2,677
Provision for impairment of trade receivables	(82)	(117)	(88)	(123)
<b>Trade receivables – net</b>	<b>1,510</b>	<b>1,286</b>	<b>2,493</b>	<b>2,554</b>
Related-party receivables	18,815	19,221	18,835	19,242
Accrued income	240	4,394	240	4,394
Other receivables	810	5	810	227
<b>Total trade and other receivables</b>	<b>21,375</b>	<b>24,906</b>	<b>22,378</b>	<b>26,417</b>

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 include trusts and bequests of \$820,784 administered by Auckland Council for the benefit of RFA (2011: \$1,598,154).

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 counter-parties are irrecoverable based on ageing, past historical experience and the counter-party’s current financial position.

	Parent		Group	
	Actual	Actual 8 months	Actual	Actual 8 months
	2012 \$000s	2011 \$000s	2012 \$000s	2011 \$000s
<b>The ageing profile of receivables at year-end is detailed below:</b>				
Not past due	830	797	1,527	1,431
Past due 1 – 60 days	468	477	582	942
Past due 61 – 120 days	116	6	247	167
Past due >120 days	96	6	137	14
<b>Total</b>	<b>1,510</b>	<b>1,286</b>	<b>2,493</b>	<b>2,554</b>
All receivables greater than 30 days in age are considered to be past due.				
<b>Age of impaired trade receivables</b>				
Not past due	-	-	-	-
Past due 1 – 60 days	-	-	-	-
Past due 61 – 120 days	-	-	1	-
Past due >120 days	82	117	87	123
<b>Total</b>	<b>82</b>	<b>117</b>	<b>88</b>	<b>123</b>
<b>Movements in the allowance for impairment of trade receivables</b>				
Opening balance	117	66	123	66
Additional allowances made during the year	-	111	4	117
Allowance reversed during the year	(34)	-	(38)	-
Impaired receivables written off during the year	(1)	(60)	(1)	(60)
<b>Closing balance</b>	<b>82</b>	<b>117</b>	<b>88</b>	<b>123</b>



10 OTHER FINANCIAL ASSETS

	Parent		Group	
	Actual	Actual	Actual	Actual
	2012 \$000s	8 months 2011 \$000s	2012 \$000s	8 months 2011 \$000s
<b>Current portion</b>				
Financial assets at fair value through profit or loss				
• Community loans	1,085	569	1,085	569
Term deposits (maturing within four to 12 months)	-	-	4,365	4,417
<b>Total current portion</b>	<b>1,085</b>	<b>569</b>	<b>5,450</b>	<b>4,986</b>
<b>Non-current portion</b>				
Financial assets at fair value through profit or loss				
• Community loans	2,393	3,770	2,393	3,770
<b>Total non-current portion</b>	<b>2,393</b>	<b>3,770</b>	<b>2,393</b>	<b>3,770</b>
<b>Total other financial assets</b>	<b>3,478</b>	<b>4,339</b>	<b>7,843</b>	<b>8,756</b>

Fair value

Term deposits

The carrying amount of term deposits approximates their fair value.

Community loans

Community loans adjusted for fair value are \$3.50m (2011: \$4.34m). They have stated interest rates of 4.5% to 7.4% and mature in seven to 16 years. The face value of community loans is \$5.20m (2011: \$6.38m).

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 base business lending rate as at 30 June 2012 (10%) plus an unsecured risk premium (6%).

Impairment

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

11 INVENTORIES

	Parent		Group	
	Actual	Actual	Actual	Actual
	2012 \$000s	8 months 2011 \$000s	2012 \$000s	8 months 2011 \$000s
<b>Commercial inventory</b>				
Items held for resale	770	560	770	560
<b>Total inventory</b>	<b>770</b>	<b>560</b>	<b>770</b>	<b>560</b>

No inventories are pledged as security for liabilities.

Commercial inventory

The write-down of commercial inventory to net realisable value amounted to \$78,232 (2011: \$18,638).

12 PROPERTY, PLANT AND EQUIPMENT

Cost or valuation	Parent 2012					
	Opening balance	Additions	Revaluations	Disposals	Depreciation	Closing balance
	1 July 2011 \$000s				written back due to revaluation \$000s	30 June 2012 \$000s
Land	132,970	1,448	18,248	-	-	152,666
Buildings	330,968	200,154	(30,617)	(2)	(13,207)	486,586
Plant and equipment	8,046	1,319	-	(39)	-	9,332
Office equipment, furniture and fittings	6,673	3,614	-	(891)	-	9,396
Computer equipment	1,026	49	-	(65)	-	1,010
Art	254,012	1,573	3,253	-	-	258,838
Motor vehicles	104	-	-	-	-	104
Roading and civil structures	651	-	-	-	-	1,357
Other assets	8	-	-	-	-	-
Under construction	172,720	(167,947)	-	-	-	4,773
<b>Total cost</b>	<b>907,178</b>	<b>40,210</b>	<b>(9,116)</b>	<b>(997)</b>	<b>(13,207)</b>	<b>924,062</b>

Accumulated depreciation and impairment	Parent 2012					
	Opening balance	Depreciation expense \$000s	Impairment expense \$000s	Depreciation on disposals \$000s	Depreciation written back due to revaluation \$000s	Closing balance
	1 July 2011 \$000s					30 June 2012 \$000s
Land	-	-	-	-	-	-
Buildings	4,832	8,934	-	-	(13,207)	238
Plant and equipment	943	1,429	-	(3)	-	2,369
Office equipment, furniture and fittings	383	1,143	-	(166)	-	1,681
Computer equipment	196	316	-	(65)	-	447
Art	-	-	-	-	-	-
Motor vehicles	11	17	-	-	-	28
Roading and civil structures	16	104	-	-	-	120
Other assets	-	-	-	-	-	-
Under construction	-	-	-	-	-	-
<b>Total accumulated depreciation and impairment</b>	<b>6,381</b>	<b>11,943</b>	<b>-</b>	<b>(234)</b>	<b>(13,207)</b>	<b>4,883</b>

Carrying amounts	Parent 2012	
	1 July 2011 \$000s	30 June 2012 \$000s
Land	132,970	152,666
Buildings	326,136	486,348
Plant and equipment	7,103	6,963
Office equipment, furniture and fittings	6,290	7,715
Computer equipment	830	563
Art	254,012	258,838
Motor vehicles	93	76
Roading and civil structures	635	1,237
Other assets	8	-
Under construction	172,720	4,773
<b>Total carrying amounts</b>	<b>900,797</b>	<b>919,179</b>



PROPERTY, PLANT AND EQUIPMENT *continued*

Cost or valuation	Group 2012						Closing balance 30 June 2012 \$000s
	Opening balance 1 July 2011 \$000s	Additions \$000s	Revaluations \$000s	Disposals \$000s	Depreciation written back due to revaluation \$000s	Reclassifications/ net movements \$000s	
Land	132,970	1,448	18,248	-	-	-	152,666
Buildings	443,497	200,450	(12,488)	(2)	(35,332)	907	597,032
Plant and equipment	13,595	1,333	-	(39)	-	(736)	14,153
Office equipment, furniture and fittings	12,124	3,939	-	(891)	-	-	15,172
Computer equipment	1,455	81	-	(65)	-	-	1,471
Art	254,412	1,602	3,253	-	-	-	259,267
Motor vehicles	133	-	-	-	-	-	133
Roading and civil structures	651	-	-	-	-	706	1,357
Other assets	8	-	-	-	-	(8)	-
Under construction	174,230	(167,528)	-	-	-	(869)	5,833
<b>Total cost</b>	<b>1,033,075</b>	<b>41,325</b>	<b>9,013</b>	<b>(997)</b>	<b>(35,332)</b>	<b>-</b>	<b>1,047,084</b>

Accumulated depreciation and impairment	Group 2012						Closing balance 30 June 2012 \$000s
	Opening balance 1 July 2011 \$000s	Depreciation expense \$000s	Impairment expense \$000s	Depreciation on disposals \$000s	Depreciation written back due to revaluation \$000s	Reclassifications/ net movements \$000s	
Land	-	-	-	-	-	-	-
Buildings	24,279	11,612	-	-	(35,332)	(321)	238
Plant and equipment	4,446	1,639	-	(3)	-	-	6,082
Office equipment, furniture and fittings	4,585	1,532	-	(166)	-	321	6,272
Computer equipment	574	329	-	(65)	-	-	838
Art	-	-	-	-	-	-	-
Motor vehicles	36	21	-	-	-	-	57
Roading and civil structures	16	104	-	-	-	-	120
Other assets	-	-	-	-	-	-	-
Under construction	-	-	-	-	-	-	-
<b>Total accumulated depreciation and impairment</b>	<b>33,936</b>	<b>15,237</b>	<b>-</b>	<b>(234)</b>	<b>(35,332)</b>	<b>-</b>	<b>13,607</b>

Carrying amounts	Group 2012	
	1 July 2011 \$000s	30 June 2012 \$000s
Land	132,970	152,666
Buildings	419,218	596,794
Plant and equipment	9,149	8,071
Office equipment, furniture and fittings	7,539	8,900
Computer equipment	881	633
Art	254,412	259,267
Motor vehicles	97	76
Roading and civil structures	635	1,237
Other assets	8	-
Under construction	174,230	5,833
<b>Total carrying amounts</b>	<b>999,139</b>	<b>1,033,477</b>

PROPERTY, PLANT AND EQUIPMENT *continued*

Cost or valuation	Parent 2011						Closing balance 30 June 2011 \$000s
	Opening balance 1 November 2010 \$000s	Additions \$000s	Revaluations \$000s	Disposals \$000s	Depreciation written back due to revaluation \$000s	Reclassifications/ net movements \$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
<b>Total cost</b>	<b>844,500</b>	<b>56,461</b>	<b>6,217</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>907,178</b>

Accumulated depreciation and impairment	Parent 2011						Closing balance 30 June 2011 \$000s
	Opening balance 1 November 2010 \$000s	Depreciation expense \$000s	Impairment expense \$000s	Depreciation on disposals \$000s	Depreciation written back due to revaluation \$000s	Reclassifications/ net movements \$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	-	-	-	-	-	-	-
<b>Total accumulated depreciation and impairment</b>	<b>-</b>	<b>6,381</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,381</b>

Carrying amounts	Parent 2011	
	Opening balance 1 November 2010 \$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
<b>Total carrying amounts</b>	<b>844,500</b>	<b>900,797</b>



PROPERTY, PLANT AND EQUIPMENT *continued*

Cost or valuation	Group 2011						
	Opening balance 1 November 2010 \$000s	Additions \$000s	Revaluations \$000s	Disposals \$000s	Depreciation written back due to revaluation \$000s	Reclassifications/ Net movements \$000s	Closing balance 30 June 2011 \$000s
Land	132,970	-	-	-	-	-	132,970
Buildings	427,519	12,575	-	-	-	-	440,094
Plant and equipment	10,750	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	43,720	-	-	-	-	173,196
<b>Total cost</b>	<b>969,419</b>	<b>57,442</b>	<b>6,217</b>	<b>(3)</b>	<b>-</b>	<b>-</b>	<b>1,033,075</b>

Accumulated depreciation and impairment	Group 2011						
	Opening balance 1 November 2010 \$000s	Depreciation expense \$000s	Impairment expense \$000s	Depreciation on disposals \$000s	Depreciation written back due to revaluation \$000s	Reclassifications/ Net movements \$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	-	-	-	-	-	-	-
<b>Total accumulated depreciation and impairment</b>	<b>25,219</b>	<b>8,720</b>	<b>-</b>	<b>(3)</b>	<b>-</b>	<b>-</b>	<b>33,936</b>

Carrying amounts	Group 2011		
	1 November 2010 \$000s		30 June 2011 \$000s
Land	132,970		132,970
Buildings	410,806		416,693
Plant and equipment	9,089		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
<b>Total carrying amounts</b>	<b>944,200</b>		<b>999,139</b>

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 have been revalued as at 30 June 2012 consistent with Auckland Council group policy. In future, land and buildings will be revalued on a three-year cycle, 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:

- Items up to \$9,999 were revalued by Auckland Art Gallery staff during the 2009/10 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 current 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 2010/2011 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, it cannot sell or exhibit them 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.

Impairment losses of \$30.6m for RFA the parent and \$12.5m for the group have been recognised as at 30 June 2012 (2011: \$nil 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 from the net book value.

Total fair value of property, plant and equipment valued by each valuer for the reporting period ended 30 June:

Name of valuer	Type of valuer	Date performed	RFA \$000s	Group \$000s
<b>2012</b>				
Beca	Independent	June 2012	594,207	689,498
Bayleys	Independent	June 2012	30,778	30,778
Darroch	Independent	June 2012	-	15,155
Webbs	Independent	June 2012	54,021	54,021
<b>Total</b>			<b>679,006</b>	<b>789,452</b>
<b>2011</b>				
Sotheby's	Independent	21 March 2011	77,043	77,043
Webb's	Independent	6 April 2011	103,774	103,774
<b>Total</b>			<b>180,817</b>	<b>180,817</b>

Leased assets

The net carrying amount of property, plant and equipment held under finance leases is nil for the parent and \$1,435k for the group (2011: \$1,456k)

Class	Parent		Group	
	Actual 2012 \$000s	Actual 2011 \$000s	Actual 2012 \$000s	Actual 2011 \$000s
Plant and equipment	-	-	1,412	1,429
Motor vehicles	-	-	23	27
<b>Total</b>	<b>-</b>	<b>-</b>	<b>1,435</b>	<b>1,456</b>



13 INTANGIBLE ASSETS

	Parent			
	Acquired computer software \$000s	Rights to acquire \$000s	Other \$000s	Total \$000s
<b>Cost</b>				
Balance at 1 November 2010	1,311	71,385	-	72,696
Additions	451	-	-	451
<b>Balance at 30 June 2011</b>	<b>1,762</b>	<b>71,385</b>	<b>-</b>	<b>73,147</b>
Balance at 1 July 2011	1,762	71,385	-	73,147
Additions	361	1,337	-	1,698
Disposals	-	-	-	-
<b>Balance at 30 June 2012</b>	<b>2,123</b>	<b>72,722</b>	<b>-</b>	<b>74,845</b>
<b>Accumulated amortisation and impairment</b>				
Balance at 1 November 2010	-	-	-	-
Amortisation charge	(195)	-	-	(195)
Impairment	-	-	-	-
<b>Balance at 30 June 2011</b>	<b>(195)</b>	<b>-</b>	<b>-</b>	<b>(195)</b>
Balance at 1 July 2011	(195)	-	-	(195)
Amortisation charge	(460)	-	-	(460)
Amortisation on disposals	-	-	-	-
Other movements	-	-	-	-
Impairment	-	-	-	-
<b>Balance at 30 June 2012</b>	<b>(655)</b>	<b>-</b>	<b>-</b>	<b>(655)</b>
<b>Carrying amount</b>				
Balance at 1 November 2010	1,311	71,385	-	72,696
Balance at 30 June 2011	1,567	71,385	-	72,952
Balance at 30 June 2012	1,468	72,722	-	74,190
	Group			
	Acquired computer software \$000s	Rights to acquire \$000s	Other \$000s	Total \$000s
<b>Cost</b>				
Balance at 1 November 2010	1,342	71,385	-	72,727
Additions	486	-	-	486
Disposals	-	-	-	-
<b>Balance at 30 June 2011</b>	<b>1,828</b>	<b>71,385</b>		<b>73,213</b>
Balance at 1 July 2011	1,828	71,385	-	73,213
Additions	381	1,337	-	1,718
Disposals	-	-	-	-
<b>Balance at 30 June 2012</b>	<b>2,209</b>	<b>72,722</b>	<b>-</b>	<b>74,931</b>
<b>Accumulated amortisation and impairment</b>				
Balance at 1 November 2010	-	-	-	-
Amortisation charge	(241)	-	-	(241)
Impairment	-	-	-	-
<b>Balance at 30 June 2011</b>	<b>(241)</b>	<b>-</b>	<b>-</b>	<b>(241)</b>
Balance at 1 July 2011	(241)	-	-	(241)
Amortisation charge	(487)	-	-	(487)
Other movements	-	-	-	-
Impairment	-	-	-	-
<b>Balance at 30 June 2012</b>	<b>(728)</b>	<b>-</b>	<b>-</b>	<b>(728)</b>
<b>Carrying amount</b>				
Balance at 1 November 2010	1,342	71,385	-	72,727
Balance at 30 June 2011	1,587	71,385	-	72,972
Balance at 30 June 2012	1,481	72,722	-	74,203

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

Rights to acquire

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 the Arena 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 artworks for their own and others' enjoyment therefore RFA will gain possession of the artworks only on the contribution date specified in the agreement. No value is included in the above intangible assets.

Maritime Museum Trust Board

Under the terms of the Local Government (Tamaki Makaurau Reorganisation) Council-controlled Organisations Vesting Order 2010, assets, liabilities and contractual matters relating to the Maritime Museum Trust Board were vested in RFA with effect from 1 November 2010. The vesting order specifically excluded the wharf and land where the museum is situated; they are vested in Auckland Waterfront Development Agency. Due to the current uncertainty as to rights to the building's footprint and the fair value attributable to RFA's interest in the property, RFA has not recognised any asset in respect to the maritime museum.

14 CREDITORS AND OTHER PAYABLES

	Parent		Group	
	Actual 2012 \$000s	Actual 8 months 2011 \$000s	Actual 2012 \$000s	Actual 8 months 2011 \$000s
<b>Current portion</b>				
Trade creditors	4,673	4,339	5,968	5,323
Sundry payables	6,543	2,024	7,041	2,962
Amount due to related parties (note 23)	18,019	7,823	18,020	8,557
Revenue in advance	1,842	2,120	2,439	2,960
Accrued expenses	3,590	9,256	3,840	9,073
<b>Total current portion</b>	<b>34,667</b>	<b>25,562</b>	<b>37,308</b>	<b>28,875</b>
<b>Non-current portion</b>				
Trade creditors	-	-	-	-
Sundry payables	-	-	-	-
Other current liabilities	-	-	323	-
<b>Total non-current portion</b>	<b>-</b>	<b>-</b>	<b>323</b>	<b>-</b>
<b>Total creditors and other payables</b>	<b>34,667</b>	<b>25,562</b>	<b>37,631</b>	<b>28,875</b>

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		Group	
	Actual 2012 \$000s	Actual 8 months 2011 \$000s	Actual 2012 \$000s	Actual 8 months 2011 \$000s
<b>Current portion</b>				
Bank overdraft	-	-	93	-
Unsecured loans	-	-	-	-
Finance leases	-	-	27	24
<b>Total current portion</b>	<b>-</b>	<b>-</b>	<b>120</b>	<b>24</b>
<b>Non-current portion</b>				
Secured loans	-	-	-	-
Unsecured loans – Auckland Council	98,800	98,800	98,800	98,800
Unsecured capex advances – Auckland Council	71,873	52,272	71,873	52,272
Finance leases	-	-	1,405	1,432
<b>Total non-current portion</b>	<b>170,673</b>	<b>151,072</b>	<b>172,078</b>	<b>152,504</b>
<b>Total borrowings</b>	<b>170,673</b>	<b>151,072</b>	<b>172,198</b>	<b>152,528</b>



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 3.34% to 5.79% and mature in two to four 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 as at 30 June 2012 is \$71,873,000 (2011: \$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 2012 is \$1,411,613 (2011: \$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 2012.

Group 2012	Group		
	Future minimum lease payments	Interest	Present value future minimum lease payments
	2012 \$000s	2012 \$000s	2012 \$000s
Current			
Not later than one year	139	(113)	27
Total current	139	(113)	27
Non-current			
Later than one year and not later than five years	537	(427)	110
Later than five years	2,567	(1,269)	1,298
Total non-current	3,104	(1,696)	1,408

Group 2011	Group		
	Future minimum lease payments	Interest	Present value future minimum lease payments
	2011 \$000s	2011 \$000s	2011 \$000s
Current			
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	
	Actual 2012 \$000s	Actual 8 months 2011 \$000s	Actual 2012 \$000s	Actual 8 months 2011 \$000s
Current portion				
Accrued salaries and wages	517	1,200	567	1,261
Annual leave	1,945	1,453	2,032	1,548
Bonuses	165	-	176	-
Sick leave	49	27	49	27
Long-service leave	24	-	24	-
Total current portion	2,700	2,680	2,848	2,836
Non-current portion				
Long-service leave	113	167	113	167
Total current portion	113	167	113	167
Total employee entitlements	2,813	2,847	2,961	3,003

17 PROVISIONS

	Parent		Group	
	Actual 2012 \$000s	Actual 8 months 2011 \$000s	Actual 2012 \$000s	Actual 8 months 2011 \$000s
Current portion				
Restructuring	137	165	137	165
Total current portion	137	165	137	165
Total provisions	137	165	137	165

Movements for each class of provision	Parent		Group	
	Restructuring \$000s	Total \$000s	Restructuring \$000s	Total \$000s
2011				
Balance at 1 November 2010	-	-	-	-
Additional provisions made	165	165	165	165
Amounts used	-	-	-	-
Unused amounts reversed	-	-	-	-
Discount unwind	-	-	-	-
Balance at 30 June 2011	165	165	165	165
2012				
Balance at 1 July 2011	165	165	165	165
Additional provisions made	116	116	116	116
Amounts used	(144)	(144)	(144)	(144)
Unused amounts reversed	-	-	-	-
Discount unwind	-	-	-	-
Balance at 30 June 2012	137	137	137	137

Restructuring

Restructuring includes an amount relating to a prior-year restructure and this financial year.

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 represent surpluses earned by the parent and group that have been retained post its incorporation on 1 November 2010 plus this year's deficit and movement.



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 the 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 relate, and the corresponding funds are transferred from restricted equity to retained earnings.

Restricted equity also includes trusts and bequest funds administered by Auckland Council for the benefit of Auckland Art Gallery for purchase of art and other specified purposes. This year there were drawdowns of \$414,251 for purchases of artwork and contribution to the *Degas to Dali* exhibition.

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.

This year, land and buildings have been revalued consistent with the Auckland Council group. This resulted in a gain on revaluation of \$21.5m for land which is represented in the asset revaluation reserve. The loss of \$30.6m for buildings is shown in the statement of comprehensive income in accordance with NZ IAS 16.

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	Actual	Actual	Actual
	2012	8 months	2012	8 months
	\$000s	2011	\$000s	2011
		\$000s		\$000s
<b>Net surplus/(deficit) after tax</b>	<b>(33,056)</b>	<b>(359)</b>	<b>(16,408)</b>	<b>(1,415)</b>
<i>Add/(Less) for non-cash items</i>				
Interest income – capitalised to community loans	(45)	(289)	(45)	(289)
Depreciation	11,943	6,381	15,237	8,717
Amortisation	460	195	487	241
Bad debts	1	60	1	60
Loss on disposal	(7)	-	(7)	344
Increase/(Decrease) in allowance for impairment of trade receivables	(35)	51	(35)	57
Impairment of assets (buildings)	30,617	-	12,488	-
Income from vested assets	(925)	-	(925)	-
Movements in fair value of community loans	(325)	-	(325)	-
	<b>41,684</b>	<b>6,398</b>	<b>26,876</b>	<b>9,130</b>
<i>Movement in working capital items</i>				
(Increase)/Decrease in trade receivables	(164)	(232)	83	(272)
(Increase)/Decrease in accrued income	4,154	(4,195)	4,154	(4,194)
(Increase)/Decrease in other receivables	(805)	973	(583)	751
(Increase)/Decrease in prepayments	315	2,291	187	2,291
(Increase)/Decrease in GST receivable	1,267	(2,397)	1,282	(2,352)
(Increase)/Decrease in inventories	(210)	(118)	(210)	(118)
Increase/(Decrease) in trade creditors	290	3,913	560	2,055
Increase/(Decrease) in sundry payables	3,930	527	3,547	1,172
Increase/(Decrease) in revenue in advance	(278)	923	(197)	1,763
Increase/(Decrease) in accrued expenses	(2,310)	(2,309)	(2,350)	(3,007)
Increase/(Decrease) in provisions	(28)	165	(28)	165
Increase/(Decrease) in employee benefits	(34)	1,110	(42)	1,098
(Increase)/Decrease in net related-party balances	10,123	(9,220)	9,366	(8,265)
	<b>16,250</b>	<b>(8,569)</b>	<b>15,769</b>	<b>(8,913)</b>
<b>Net cash flow from operating activities</b>	<b>24,878</b>	<b>(2,530)</b>	<b>26,237</b>	<b>(1,198)</b>

20 CAPITAL COMMITMENTS AND OPERATING LEASES

	Parent		Group	
	2012	8 months	2012	8 months
	\$000s	2011	\$000s	2011
		\$000s		\$000s
<b>Capital commitments</b>				
Property, plant and equipment	3,671	13,400	3,671	13,671
<b>Total capital commitments</b>	<b>3,671</b>	<b>13,400</b>	<b>3,671</b>	<b>13,671</b>

2012

As at 30 June 2012, RFA had an outstanding capital commitment for the ASB Theatre refurbishment project of \$3,671,060.

2011

As at 30 June 2011, RFA had outstanding capital commitments for:

- Auckland Art Gallery – Hawkins Construction for \$5,600,000
- Auckland Zoo, Te Wao Nui project – New Zealand Strong for \$1,500,000
- Viaduct Event Centre for \$4,500,000
- ASB Theatre for \$1,800,000
- North Shore Domain and North Harbour Stadium Trust Board – Broadcast Tower project for \$271,000.

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	
	2012	8 months	2012	8 months
	\$000s	2011	\$000s	2011
		\$000s		\$000s
Not later than one year	130	130	778	858
Later than one year and not later than five years	140	228	320	612
Later than five years	-	-	9	9
<b>Total non-cancellable operating leases as lessee</b>	<b>270</b>	<b>358</b>	<b>1,107</b>	<b>1,479</b>

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 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 60 months. The future aggregate minimum lease payments payable under non-cancellable operating leases are as follows:

	Parent		Group	
	2012	8 months	2012	8 months
	\$000s	2011	\$000s	2011
		\$000s		\$000s
Not later than one year	8	25	180	210
Later than one year and not later than five years	-	8	206	254
Later than five years	-	-	-	-
<b>Total non-cancellable operating leases as lessor</b>	<b>8</b>	<b>33</b>	<b>386</b>	<b>464</b>

21 CONTINGENCIES

Contingent liabilities

At 30 June 2012, there were contingent liabilities of \$26,900 representing legal costs for a resolved personal grievance case from a previous employee and a deferred redundancy payment as per a current employee’s employment contract.

The land related to the intangible asset interest in Vector Arena is subject to a current arbitration process between Ngāti Whātua O Orakei as owner and lessor of the land and RFA as head lessee and QPAM as sublessee of this land. An arbitration ruling has not been made and, as such, the parties are unable to advise the value of any rent arising from this process.

There were no contingent liabilities as at 30 June 2011.



Contingent assets

New Zealand Centre for Conservation and Medicine

Certain leases and subleases for land and building between the Auckland Zoo and the Auckland Zoological Park Charitable Trust (Inc) commenced on 6 July 2007 for 34 years and 363 days. The building owned by the Trust is used by both parties as a national wildlife conservation and support facility providing specialist teaching, research and veterinary services and may revert at the end of the lease to Regional Facilities Auckland. Due to the current uncertainties as to whether there is any intention to renew the leases in 2042 and the nature of the buildings' condition or use at the end of the lease, the fair value attributable to RFA's interest in the property cannot be determined and has not been recognised.

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
Bruce Mason Centre Board (ex 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 (refer note 27)	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

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

Related-party transactions with ultimate parent, subsidiaries and other related parties	Parent		Group	
	2012 \$000s	8 months 2011 \$000s	2012 \$000s	8 months 2011 \$000s
<b>Controlled entities</b>				
<b>Counties Manukau Pacific Trust</b> (subsidiary)				
<i>Transactions during the period:</i>				
Supply of services incurred by RFA (group)	385	-		
<b>North Shore Events Centre Trust Board</b> (subsidiary)				
<i>Transactions during the period:</i>				
Supply of services incurred by RFA (group)	336	-		
<b>North Shore Domain and North Harbour Stadium Trust Board</b> (subsidiary)				
<i>Transactions during the period:</i>				
Supply of services incurred by RFA (group)	1,640	848		
<i>Balances outstanding at period end:</i>				
Accounts payable owed by RFA (group)	279	359		
<b>Bruce Mason Centre Board (ex. North Shore City Performing Arts Centre Management Board Trust)</b> (subsidiary)				
<i>Transactions during the period:</i>				
Supply of services incurred by RFA (group)	423	161		
<b>Other entities</b>				
<b>Auckland Council</b> (ultimate parent)				
<i>Transactions during the period:</i>				
Revenue from services provided by RFA (group)	813	3,499	1,130	4,086
Revenue from grants and subsidies provided to RFA (group)	35,814	21,677	35,820	21,677
Rates expense incurred by RFA (group)	1,688	295	1,688	295
Shared services expense incurred by RFA (group)	5,979	1,446	5,979	1,446
Other services expense incurred by RFA (group)	1,776	1,191	1,811	1,231
Interest expense incurred by RFA (group)	5,061	2,349	5,061	2,349

Other entities <i>continued</i>	Parent		Group	
	2012 \$000s	8 months 2011 \$000s	2012 \$000s	8 months 2011 \$000s
<i>Balances outstanding at period end:</i>				
Accounts receivable due to RFA (group)	18,661	19,221	18,681	19,303
Accounts payable owed by RFA (group)	17,489	7,719	17,489	7,719
Borrowings payable owed by RFA (group)	170,673	151,072	170,673	151,072
Revenue received in advance	-	-	-	1
<b>Auckland Transport</b> (controlled entity of ultimate parent)				
<i>Transactions during the period:</i>				
Revenue from services provided by RFA (group)	8	23	11	26
Supply of services incurred by RFA (group)	32	27	33	28
<i>Balances outstanding at period end:</i>				
Accounts receivable due to RFA (group)	247	19	247	23
Accounts payable owed by RFA (group)	2	6	2	6
<b>Auckland Waterfront Development Agency Limited</b> (controlled entity of ultimate parent)				
<i>Transactions during the period:</i>				
Revenue from services provided by RFA (group)	14	-	14	-
Supply of services incurred by RFA (group)	35	91	35	91
<i>Balances outstanding at period end:</i>				
Accounts payable owed by RFA (group)*	521	104	521	104
<b>Watercare Services Limited</b> (controlled entity of ultimate parent)				
<i>Transactions during the period:</i>				
Revenue from services provided by RFA (group)	-	-	1	-
Supply of services incurred by RFA (group)	120	68	164	132
<i>Balances outstanding at period end:</i>				
Accounts payable owed by RFA (group)	30	-	-	5
<b>Auckland Museum Trust Board</b>				
<i>Transactions during the period:</i>				
Revenue from interest	90	91	90	91
Principal repayments received	1,000	1,000	1,000	1,000
<i>Balances outstanding at period end:</i>				
Fair value (community) loan due to RFA (group)	907	1,824	907	1,824
<b>Museum of Transport and Technology Trust Board</b> (controlled entity of ultimate parent)				
<i>Transactions during the period:</i>				
Revenue from interest	60	42	60	42
Principal repayments received	56	35	56	35
<i>Balances outstanding at period end:</i>				
Fair value (community) loan due to RFA (group)	634	646	634	646
<b>Auckland Tourism, Events and Economic Development Agency</b> (controlled entity of ultimate parent)				
<i>Transactions during the period:</i>				
Revenue from services provided by RFA (group)	347	-	743	14
Other services expense incurred by RFA (group)	6	-	15	-
<i>Balances outstanding at period end:</i>				
Accounts receivable due to RFA (group)	9	-	9	11
Accounts payable owed by RFA (group)	2		3	
<b>City of Manukau Education Trust</b> (controlled entity of ultimate parent)				
<i>Transactions during the period:</i>				
Revenue from services provided by RFA (group)	-	-	-	2
<b>Auckland Council Property Limited</b> (controlled entity of ultimate parent)				
<i>Transactions during the period:</i>				
Revenue from services provided by RFA (group)	-	-	-	-
Other services expense incurred by RFA (group)	9	-	9	-
<i>Balances outstanding at period end:</i>				
Accounts receivable due to RFA (group)		-	-	-
Accounts payable owed by RFA (group)	9		9	-

\*Rentals held pending final agreements relevant to transfer of funds.



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
- 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.

Key management personnel and other entities that they may be involved with 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 who 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 (parent)	
<b>Board of Directors</b>	
John Avery	Director
Lisa Bates	Director (appointed April 2012)
Hugh Burrett	Director (retired March 2012)
Derek Dallow	Director
Dame Jenny Gibbs	Director
Sir Donald McKinnon	Director
John Roberston	Director
Rukumoana Schaafhausen	Director
Peter Stubbs	Director
Gary Troup	Director
<b>Executive Management</b>	
Robert Domm	Chief Executive Officer (appointed 28 November 2011)
John Brockies	Chief Executive Officer (until November 2011)
Geoff Williams	Chief Operating Officer
Jill McPherson	Chief Strategy and Planning Officer (until January 2012)
Patrick Cleaver	Chief Financial Officer
Paul Brewer	Director, External Relations
Vicki Johnson	Director, Marketing and Communications

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
John Bongard	Trustee
Hamish Crooks	Trustee
Colin Dale	Trustee
Mike Hutcheson	Trustee
Richard Jeffery	Chief Executive Officer
Ted Ngataki	Trustee
Luke Patterson	Trustee
Terry Spragg	Trustee
Maureen Shaddick	Trustee

North Shore Domain and North Harbour Stadium Trust Board (subsidiary)	
Reno Wijinstok	Chairman
Matthew Bellingham	Trustee
Elizabeth Darlow	Trustee
Craig Goodall	Chief Executive Officer
Diane Hale	Trustee
Kevin Mulcahy	Trustee
Rob Picstock	Trustee
Charles Roos	Trustee
Patricia Schnauer	Trustee
Peter White	Trustee

Bruce Mason Centre Board (subsidiary)	
David Poppelwell	Chairman
Mike Atkinson	Trustee
Angela Antony	Trustee
Shane Cortese	Trustee
Graeme Hitch	Trustee
Ken McKay	Trustee
Kevin Schwass	Trustee
Andrew Scott	Chief Executive Officer

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

Key management personnel compensation	Parent		Group	
	Actual	Actual 8 months	Actual	Actual 8 months
	2012 \$000s	2011 \$000s	2012 \$000s	2011 \$000s
Salaries and other short-term employee benefits	1,715	1,752	2,253	2,249
Post-employment benefits	-	-	-	-
Other long-term benefits	-	-	-	-
Termination benefits	-	287	9	287
<b>Total key management personnel compensation</b>	<b>1,715</b>	<b>2,039</b>	<b>2,262</b>	<b>2,536</b>

Key management personnel includes the directors of Regional Facilities Auckland Limited and the Executive Leadership Team. The prior eight-month period included business unit directors who are no longer included in the current year.



24 SEVERANCE PAYMENTS

For the period ended 30 June 2012, RFA made one severance payment to an employee totalling \$11,500.

In addition to this, other group entities made two severance payments to employees totalling \$13,000.

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
- 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 intergenerational equity, which is a principle promoted in the Act and applied by the parent. Intergenerational equity requires today's ratepayers to meet the costs of utilising the parent's assets and to not expect 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 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 party other 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 group and parent'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; they are risk averse and seek 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.

Liquidity risk is monitored through the development of future rolling cash flow forecasts.

Fair value risk is monitored through reviewing the contractual interest rates on community loans carried at fair value through profit and loss, against the market interest rates for instruments with similar terms and conditions as at commencement date, as well as allowing for any expected fluctuations.

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.

Financial instruments by category	Parent			Group		
	Loans and receivables	Fair Value through Other Comprehensive Income	Total	Loans and receivables	Fair Value through Other Comprehensive Income	Total
Financial assets	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
As at 30 June 2012						
Cash and cash equivalents	7,536	-	7,536	10,216	-	10,216
Trade and other receivables	21,375	-	21,375	22,378	-	22,378
Other financial assets	-	3,478	3,478	4,365	3,478	7,843
	28,911	3,478	32,389	36,959	3,478	40,437
As at 30 June 2011						
Cash and cash equivalents	4,274	-	4,274	6,094	-	6,094
Trade and other receivables	24,906	-	24,906	26,417	-	26,417
Other financial assets	-	4,339	4,339	4,417	4,339	8,756
	29,180	4,339	33,519	36,928	4,339	41,267

Financial liabilities	Parent		Group	
	Amortised cost \$000s	Total \$000s	Amortised cost \$000s	Total \$000s
As at 30 June 2012				
Trade and other payables	34,667	34,667	37,631	37,631
Borrowings	170,673	170,673	172,198	172,198
	205,340	205,340	209,829	209,829
As at 30 June 2011				
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 group and parent do not hold any credit derivatives to offset its 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 ratings of at least 'AA-'. The maturities of funds invested on term deposit are staggered so as to mitigate surplus funds held by counter-parties for extended periods of time.

Maximum credit risk exposure for each class of financial instrument	Parent		Group	
	2012 \$000s	2011 \$000s	2012 \$000s	2011 \$000s
Cash and cash equivalents	7,536	4,274	10,216	6,094
Trade and other receivables	21,375	24,906	22,378	26,417
Other financial assets	3,478	4,339	7,843	8,756
Total credit risk	32,389	33,519	40,437	41,267



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 rates.

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates on 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 year ended 30 June 2012 would have been:

- An increase/(decrease) of \$32,251 for the parent (2011: eight months to 30 June, \$191,832)
- An increase/(decrease) of \$84,251 for the group (2011: eight months to 30 June, \$158,838).

Liquidity risk

Liquidity risk is the risk that the parent and 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.

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 maturities of funds invested on term deposit are staggered so as to mitigate surplus funds being held by counter-parties for extended periods of time.

Contractual maturity analysis of financial liabilities

The table below analyses the parent 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	Total carrying value \$000s	Total contractual \$000s	On demand \$000s	0–6 months \$000s	6–12 months \$000s	12–24 months \$000s	24+ months \$000s
2012								
Trade and other payables	0.0%	34,667	34,667	-	34,667	-	-	-
Borrowings	5.2%	170,673	190,397	-	2,508	2,508	45,961	139,420
Total		205,340	225,064	-	37,175	2,508	45,961	139,420
2011								
Trade and other payables	0.0%	25,562	25,562	-	25,562	-	-	-
Borrowings	5.2%	151,072	161,617	-	2,508	2,508	5,016	151,585
Total		176,634	187,179	-	28,070	2,508	5,016	151,585

	Group							
	Weighted average effective interest rate	Total carrying value \$000s	Total contractual \$000s	On demand \$000s	0–6 months \$000s	6–12 months \$000s	12–24 months \$000s	24+ months \$000s
2012								
Trade and other payables	0.0%	37,631	37,631	-	37,631	-	-	-
Borrowings	5.2%	172,198	193,734	93	2,578	2,578	46,229	142,256
Total		209,829	231,365	93	40,209	2,578	46,229	142,256
2011								
Trade and other payables	0.0%	28,875	28,875	-	28,875	-	-	-
Borrowings	5.2%	152,528	164,997	-	2,578	2,578	5,288	154,553
Total		181,403	193,872	-	31,453	2,578	5,288	154,553

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 parent and group are exposed to fair value interest rate risk through their community loans, which have fixed rates of 4.5% to 5.2% (2011: 4.5% to 7.4%) which are below the current market rates for similar instruments.

The fair value has been determined using cash flows discounted at a rate based on the market borrowing rate of 16% (2011: 16%). This rate was based on the Reserve Bank of New Zealand base business lending rate as at 30 June 2012 of 10% (2011: 10%) plus an unsecured risk premium of 6% (2011: 6%).

Fair value interest rate sensitivity analysis

The sensitivity analyses below have been determined based on movements in the market borrowing rate which would impact upon 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					
	-3.0% \$000s	-2.0% \$000s	-1.0% \$000s	+1.0% \$000s	+2.0% \$000s	+3.0% \$000s
2012: Impact on profit and loss, and equity – increase/(decrease)	342	221	107	(101)	(196)	(285)
2011: Impact on profit and loss, and equity – increase/(decrease)	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 and Group – 2012				
Financial assets at fair value through profit or loss				
Other financial assets – community loans	3,478	-	-	3,478
Total	3,478	-	-	3,478
Parent and Group – 2011				
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 above – Fair value interest rate sensitivity analysis.

Significant fair value valuation techniques for community loans are outlined in note 26 above – 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		Group	
	Actual 2012 \$000s	Actual 2011 \$000s	Actual 2012 \$000s	Actual 2011 \$000s
<b>Balance at 1 July 2011</b>	4,339	5,101	4,339	5,101
Gains/(Losses) recognised in the surplus or deficit	325	162	325	162
Repayments	(1,186)	(1,098)	(1,186)	(1,098)
Advances	-	174	-	174
<b>Balance at 30 June 2012</b>	<b>3,478</b>	<b>4,339</b>	<b>3,478</b>	<b>4,339</b>

**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**

The Counties Manukau Pacific Trust will cease to be a subsidiary of RFA with effect from 1 July 2012. The funding agreement which gave rise to RFA being deemed to have control of the trust under NZ IAS 27: Consolidated and Separate Financial Statements, expired on 30 June 2012 and was not renewed. Consequently the Trust’s financial statements for 2012/13 onwards will not be consolidated into the financial statements for RFA and the group.

**28 MAJOR BUDGET VARIANCES**

Explanations for major variances from RFA’s budgeted figures in the 30 June 2012 statement of intent are as follows:

Statement of comprehensive income	Parent
	2012 \$000s
<b>Operating surplus per budget</b>	<b>14</b>
Revenue is higher than budget due to record admission numbers at Auckland Zoo, opening of the Viaduct Events Centre and higher-than-anticipated revenue from Centre of Performing Arts and Auckland Conventions events	5,642
Auckland Council operating subsidy is below budget due to the change in accounting treatment of statutory levies – now recorded directly by receiving entities rather than through RFA. In addition, the renewals funding is now accounted for as debt rather than revenue in accordance with Auckland Council group policy	(49,041)
Employee benefits are higher than budget due to direct staff costs required to generate the additional revenue and staff costs under-budgeted for in the refurbished Auckland Art Gallery	(4,481)
Finance costs are lower than budget due to interest rates obtained being significantly more favourable than anticipated	3,218
Impairment was not budgeted for in this financial period. Buildings were revalued during the year resulting in a write-down	(30,617)
Other expenses have a favourable variance to budget due to the accounting treatment of statutory levies mentioned above	39,827
Other movements	2,382
<b>Actual – operating deficit</b>	<b>(33,056)</b>
<b>Net other comprehensive income per budget</b>	
Land and artworks were revalued during the year resulting in an increase which was not budgeted for	21,501
<b>Actual – other comprehensive income</b>	<b>21,501</b>
<b>Surplus/(Deficit) before taxation</b>	<b>(11,555)</b>

**Statement of financial position**

The variance in current assets and liabilities is due to timing differences, which are largely offset.

The movement in non-current assets and liabilities is due to the budget being prepared at a time of transition; therefore, it has been subject to considerable change, including the opening of Viaduct Events Centre, the refurbished Auckland Art Gallery and regular review of the treatment of assets and liabilities transferred to RFA under the Auckland local government reorganisation.

**Statement of movements in equity**

The variances to budget are due to the unbudgeted deficit for the year largely offset by increases in land values.





# INDEPENDENT AUDITOR'S REPORT

To the readers of Regional Facilities Auckland and group's financial statements and statement of service performance for the year ended 30 June 2012

The Auditor-General is the auditor of Regional Facilities Auckland (the Trust) 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 the Trust and group on her behalf.

We have audited:

- the financial statements of the Trust and group on pages 55 to 92, that comprise the statement of financial position as at 30 June 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the statement of service performance of the Trust and group on pages 43 to 49.

## Opinion

In our opinion:

- the financial statements of the Trust and group on pages 55 to 92:
  - comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect the Trust and group's:
    - financial position as at 30 June 2012; and
    - financial performance and cash flows for the year ended on that date; and
- the statement of service performance of the Trust and group on pages 43 to 49:
  - complies with generally accepted accounting practice in New Zealand; and
  - fairly reflects the Trust and group's service performance achievements measured against the performance targets adopted for the year ended 30 June 2012.

Our audit was completed on 29 August 2012. 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 the Trust 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 the Trust and group's financial position, financial performance and cash flows; and
- fairly reflect the Trust 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 the Trust or any of its subsidiaries.



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

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## MATTERS RELATING TO THE ELECTRONIC PRESENTATION OF THE AUDITED FINANCIAL STATEMENTS AND STATEMENT OF SERVICE PERFORMANCE

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This audit report relates to the financial statements and statement of service performance of Regional Facilities Auckland and group for the year ended 30 June 2012 included on Auckland Live's website. The Regional Facilities Auckland's Board of Directors is responsible for the maintenance and integrity of Auckland Live's website. We have not been engaged to report on the integrity of Auckland Live'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 August 2012 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.



## IMAGE CREDITS

### FRONT COVER



- *Calendar Girls*, Auckland Theatre Company

### INSIDE FRONT COVER



- *SOAP – The Show*, Circle of Eleven  
PHOTOGRAPHY BY LUTSKE VEENSTRA

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- Choi Jeong Hwa. *Red* 2011. Plastic flowers, wire, dead tree. Auckland Art Gallery Toi o Tāmaki, commissioned 2011. Generously supported by Molly Morpeth Canaday Trust

### PAGE 4



- Choi Jeong Hwa. *Flower Chandelier* 2011. Fabric, fibre-enforced plastic, petal, motors LED. Auckland Art Gallery Toi o Tāmaki, commissioned 2011. Generously supported by Molly Morpeth Canaday Trust

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- *The Topp Twins and the APO: An Encore*  
PHOTOGRAPHY BY TODD EYRE FOR  
*THE AUSTRALIAN WOMEN'S WEEKLY*



- Auckland Art Gallery Toi o Tāmaki  
PHOTOGRAPHY BY PATRICK REYNOLDS

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- *Daniel Malone. Black Market Next to My Name* 2007. Mixed media – series of materials including books, records, tapes, ephemera. Chartwell Collection, Auckland Art Gallery Toi o Tāmaki



- Choi Jeong Hwa. *Flower Chandelier* 2011. Fabric, fibre-enforced plastic, petal, motors LED. Auckland Art Gallery Toi o Tāmaki, commissioned 2011. Generously supported by Molly Morpeth Canaday Trust

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- *The Māori Troilus & Cressida – Ko Toroihi rāua ko Kāhira*, Ngākau Toa  
PHOTOGRAPHY BY JOHN MCDERMOTT



- *SOAP – The Show*, Circle of Eleven  
PHOTOGRAPHY BY DAVID MOIR, REUTERS



- *Riverdance Farewell Tour*  
PHOTOGRAPHY BY JACK HARTIN

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- *The Sleeping Beauty*, Royal New Zealand Ballet  
PHOTOGRAPHY BY EVAN LI



- *Jersey Boys – The Story of Frankie Valli and the Four Seasons*  
PHOTOGRAPHY BY JEFF BUSBY

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- PHOTOGRAPHY BY XAVIER WALLACH

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- Auckland Art Gallery Toi o Tāmaki  
PHOTOGRAPHY BY JENNIFER FRENCH

### PAGE 26



- *NYC: Three Short Ballets from the Big Apple*, Royal New Zealand Ballet  
PHOTOGRAPHY BY ROSS BROWN

### PAGE 40



- *We Built This City*, Polyglot Theatre  
PHOTOGRAPHY BY WENDY KIMPTON



