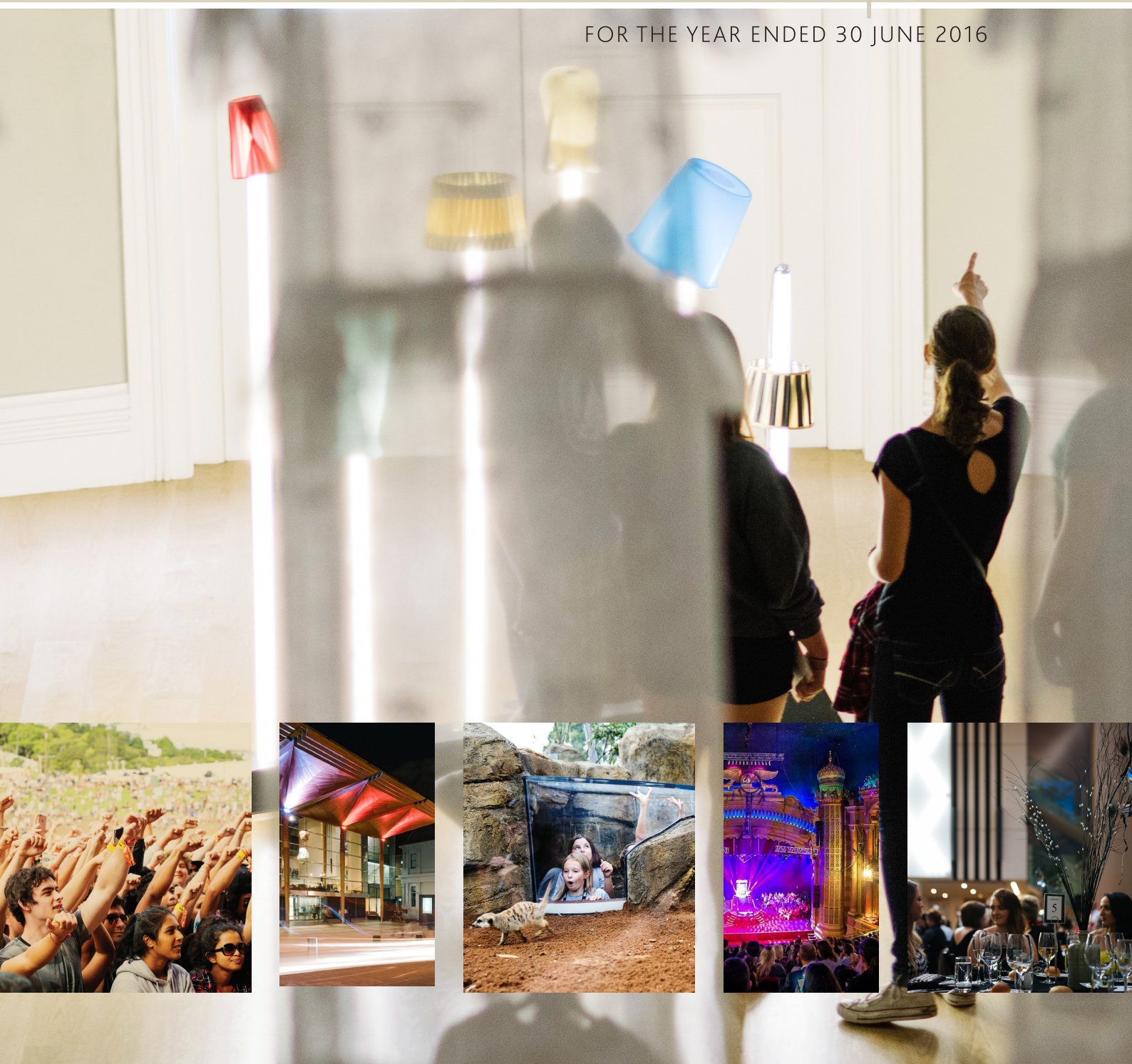


REGIONAL FACILITIES AUCKLAND
annual report

FOR THE YEAR ENDED 30 JUNE 2016



STATEMENT OF COMPLIANCE AND RESPONSIBILITY

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

The trustee of RFA has the responsibility 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 2016.

SIGNED



Sir Don McKinnon

Chair Regional Facilities Auckland Limited on behalf of Regional Facilities Auckland

SIGNED



Chris Brooks

Chief Executive Officer Regional Facilities Auckland

OVERVIEW

Regional Facilities Auckland (RFA) works in partnership with Auckland Council and key stakeholders to achieve the vision of making Auckland the world's most liveable city by 2040. We do this by employing a strategic regional approach to developing Auckland's arts, culture and heritage, sport and entertainment sectors through our innovative programming, strategic partnerships and landmark venues.

Established in 2010 as one of six council-controlled organisations, RFA makes a significant contribution towards growing Auckland's economy, boosting the city's reputation for the depth, quality and diversity of the experiences it offers in art, live entertainment, the natural environment, sport and events.

Presenting exciting, engaging and accessible experiences to those who live in and visit our city, our innovative and imaginative programming delights people – every single day – and our collections and venues are some of the best in New Zealand.

THE YEAR IN REVIEW

RFA surpassed expectations and delivered outstanding results over the 2015/16 financial year. Our people have been instrumental in achieving these results, as they continue to innovate and strategise to create and deliver exceptional programming, experiences and facilities to more than four million visitors every year.

OUR SUCCESSES AND ACHIEVEMENTS

This year has seen RFA achieve a number of records around visitors, new experiences and activities. Some highlights:

- Auckland Art Gallery enjoyed a highly successful year, presenting an exciting programme of work, attracting 446,639 visitors and scooping several significant awards.
- Auckland Conventions had another strong year in revenue generation, delivering more than 700 events across RFA venues.
- Working together, our Auckland Live and Auckland Stadiums teams were instrumental in achieving a record-breaking stadium concert season, which saw a packed summer line-up delivered to fans from around the country. This is the third consecutive year RFA has seen concert activity outstrip all expectations. The unprecedented level of activity – 10 major summer concerts and festivals – attracted more than 170,000 fans and makes a significant contribution to the local economy.
- Auckland Live continued to attract Auckland-exclusive events and enhance its role as a creative leader in arts and entertainment. In total, more than 900,000 people experienced some of the world's best live entertainment on our stages.
- Auckland Stadiums successfully delivered a range of events that attracted more than 600,000 people across Mt Smart, Western Springs and QBE stadiums.
- Auckland Zoo had an exciting year with the commencement of its 10-year capital development plan, and strong visitor numbers of 703,237 – 50,000 more than the previous year. Importantly, the zoo continued its critically vital contribution to conservation efforts in New Zealand and overseas.

OUR ASSETS

We have the privilege of being the kaitiaki of some of New Zealand's much-loved landmark buildings – valued by both Aucklanders and Kiwis across the country.

As trusted stewards of more than \$1.2 billion of iconic regional assets, we completed a number of significant capital upgrade projects this year. These include:

- Improvements at Mt Smart, Western Springs and QBE stadiums to increase concert capacities, enhance the fan experience, and improve the utilisation and financial stability of these venues
- The completion of Auckland Zoo's African savannah project as stage one of a ten-year development plan to address ageing infrastructure and support the zoo's ability to meet international standards around animal welfare and visitor amenities. The next significant phase of the development is the South East Asian precinct, due to commence in 2018
- The planning of significant renewals for Aotea Centre to address weathertightness issues, refresh the foyers and meet current building standards.

OUR FINANCES

RFA finished the year with an unfavourable operational variance of \$0.9 million against budget^[1] and completed 81 per cent of programmed capital renewals for the year, all within budget. We have continued to increase commercial revenue, efficiently manage our operational and employment costs, and minimise the operational funding required from Auckland's ratepayers. In a challenging market where organisations such as RFA are competing for the consumer discretionary spend, our external revenue now accounts for 63 per cent of our total operational revenue.

FUTURE OUTLOOK

The 2016/17 financial year is set to be a busy one with the commencement of key capital projects at QBE Stadium, Auckland Zoo and Aotea Centre. Increasing external revenue to meet the compounding impact of group efficiency savings over the last few years remains a focus for the organisation. Revenue will be heavily influenced by the challenges posed by the central Auckland developments (such as the City Rail Link) and the volatility of the commercial markets in which RFA operates.

The extensive and diverse programme of events and activities confirmed for the 2016/17 financial year highlights our strategic intent to enhance Auckland's reputation for the depth, quality and diversity of the experiences it offers in art, live entertainment, the natural environment, sport and events. We wish to continue to enrich life in Auckland by engaging in these areas, and place Auckland centre stage as a contemporary, dynamic and vibrant city for people to live in and visit.

^[1] *Excludes capital and reserves funded operational costs and non-cash items*

New look for the RFA Annual Report

Regional Facilities Auckland (RFA) is continuously developing its financial reporting. As part of this development, RFA has restructured the financial statements in order to increase focus on what drives RFA's performance.




The disclosure notes have been grouped into sections:

1. Financial Statements and Basis of Reporting
2. Income and Expense
3. Working Capital
4. Long-term Assets
5. Borrowing, Risk and Capital Management
6. Other (Disclosure).

The notes to the financial statements contain the relevant financial information as well as the relevant accounting policies and local government disclosures. The notes form part of the financial statements.

Keys have been used throughout the annual report to improve the clarity of financial reporting and to provide readers with a clearer understanding of key information in the financial report.

In addition to signposting, accounting policies are denoted by the blue shading surrounding the applicable accounting policy, and these policies are now located alongside the relevant notes. Significant judgements applied in the preparation of the financial statements are noted in blue text.

Key	Explanation
	Accounting policies
	Significant judgements and estimates
	Local government disclosures

Contents

OVERVIEW	3
THE YEAR IN REVIEW	3
OUR SUCCESSES AND ACHIEVEMENTS	3
OUR ASSETS.....	4
OUR FINANCES	4
FUTURE OUTLOOK	4
New look for the RFA Annual Report	5
Section 1: Financial Statements	8
Statement of Comprehensive Revenue and Expenses for the year ended 30 June 2016	8
Statement of Financial Position as at 30 June 2016.....	9
Statement of Changes in Equity as at 30 June 2016	10
Statement of Cash Flows for the year ended 30 June 2016	11
Basis of Reporting	12
Other Accounting Policies and Judgements.....	13
Section 2: Revenue and expense results for the year	15
Note 1 – Revenue.....	15
Note 2 – Other gains / (losses).....	17
Note 3 – Employee benefits.....	17
Note 4 – Finance expenditure.....	18
Note 5 – Other expenses	18
Note 6 – Explanations for major variances from RFA’s budget.....	19
Section 3: Working Capital	20
Note 7 – Cash and cash equivalents.....	20
Note 8 – Trade and other receivables.....	21
Note 9 – Inventories	22
Note 10 – Payables	23
Note 11 – Employee entitlements	24
Note 12 – Provisions	25
Note 13 – Reconciliation of net surplus / (deficit) to net cash flow from operating activities	27
Section 4: Long-term Assets	28
Note 14 – Property, Plant and Equipment	28
Note 15 – Intangible assets.....	34
Section 5: Borrowings, Risk and Capital Management	35
Note 16 – Other financial assets	35

Note 17 – Borrowings and other financial liabilities	37
Note 18 – Financial instruments	39
Note 19 – Equity and reserves	42
Note 20 – Capital management	44
Section 6: Other Disclosures	45
Note 21 – Capital commitments and operating leases	45
Note 22 – Contingencies.....	46
Note 23 – Related parties	46
Note 24 – Severance payments	49
Note 25 – Events after balance date.....	49
Statement of Service Performance	50
Strategic Direction	51
Key Deliverables	53
Performance Statements	55
AUCKLAND ART GALLERY TOI O TĀMAKI.....	56
AUCKLAND CONVENTIONS	57
The year in review.....	57
AUCKLAND LIVE.....	58
The year in review.....	58
AUCKLAND STADIUMS	60
The year in review.....	60
AUCKLAND ZOO	61
The year in review.....	61
Major Assets	62
INDEPENDENT AUDITOR’S REPORT	63

Section 1: Financial Statements

Statement of Comprehensive Revenue and Expenses for the year ended 30 June 2016

	Note	Actual 2016 \$000s	Budget 2016 \$000s	Actual 2015 \$000s
Revenue				
Revenue	1	44,167	44,524	46,807
Auckland Council operating subsidy	1	30,867	29,675	31,070
Auckland Council capital subsidy	1	25,994	28,618	22,200
Other grants and subsidies	1	1,667	898	2,086
Finance income	1	1,242	981	2,298
Other revenue		4,584	3,903	4,499
Other gains / (losses)	2	22,996	-	(295)
Total revenue		131,517	108,599	108,665
Expenditure				
Employee benefits	3	39,350	33,500	37,427
Depreciation expense	14	26,440	19,916	24,126
Amortisation expense	15	417	-	303
Impairment of property, plant, equipment and intangible assets		-	-	73
Finance expenditure	4	288	-	1,059
Grant expenses		2,110	9,647	21,823
Other expenses	5	43,654	44,834	46,804
Total expenditure		112,259	107,897	131,615
Surplus from continuing operations before tax		19,257	702	(22,950)
Surplus after tax attributable to:				
Regional Facilities Auckland		19,257	702	(22,950)
Other comprehensive income				
Gain on property and art revaluations	19	162,258	-	585
Total other comprehensive income		162,258	-	585
Total other comprehensive income after tax		181,515	702	(22,365)

Explanations of significant variations are explained in Note 6.
The accompanying notes form part of these financial statements.

Statement of Financial Position as at 30 June 2016

	Note	Actual 2016 \$000s	Actual 2015 \$000s
Assets			
Current assets			
Cash and cash equivalents	7	14,397	33,762
Receivables	8	29,042	29,933
Prepayments		739	786
GST receivable/(payable)		21	80
Other financial assets	16	271	1,150
Inventories	9	793	822
Total current assets		45,263	66,533
Non-current assets			
Property, plant and equipment	14	1,212,471	1,034,260
Intangible assets	15	1,128	523
Other financial assets	16	988	1,117
Total non-current assets		1,214,587	1,035,900
Total assets		1,259,850	1,102,433
Liabilities			
Current liabilities			
Payables	10	45,639	68,200
Borrowings and other financial liabilities	17	1,707	1,731
Employee entitlements	11	3,500	3,137
Provisions	12	425	454
Total current liabilities		51,271	73,522
Non-current liabilities			
Borrowings and other financial liabilities	17	8,011	9,655
Employee entitlements	11	86	86
Provisions	12	-	55
Total non-current liabilities		8,097	9,796
Total liabilities		59,368	83,318
NET ASSETS		1,200,482	1,019,115
Equity and reserves			
Contributed capital	19	1,049,995	1,049,995
Accumulated surplus / (deficit)	19	(46,576)	(65,797)
Restricted equity	19	1,609	1,721
Property revaluation reserve	19	195,454	33,196
Total equity		1,200,482	1,019,115

The accompanying notes form part of these financial statements.

Statement of Changes in Equity as at 30 June 2016

	<i>Note</i>	Actual 2016 \$000s	Actual 2015 \$000s
Balance 1 July		1,019,115	1,043,284
Total comprehensive revenue and expense for the year		181,515	(22,365)
Owner transactions			
Capital contribution		-	(1,716)
Movement in restricted equity		(148)	(88)
Balance at 30 June	<i>19</i>	1,200,482	1,019,115

The accompanying notes form part of these financial statements.

Statement of Cash Flows for the year ended 30 June 2016

	Note	Actual 2016 \$000s	Actual 2015 \$000s
Cash flows from operating activities			
Receipts from grants and subsidies		55,289	42,878
Receipts from customers		50,006	51,241
Net GST received / (paid)		(261)	121
Interest received	1	1,242	2,298
Payments to suppliers and employees		(105,438)	(91,853)
Interest paid	4	(288)	(1,059)
Net cash inflow / (outflow) from operating activities		549	3,626
Cash flows from investing activities			
Proceeds from / (towards) medium-term investments		885	3,776
Loan repayments received		261	250
Purchase of property, plant and equipment		(22,071)	(21,354)
Purchase of intangible assets		(588)	(34)
Proceeds from assets held for resale		2,883	17,467
Net cash inflow / (outflow) from investing activities		(18,630)	105
Cash flows from financing activities			
Proceeds / (repayment) of borrowings		-	(66)
Settlement of operating lease		(750)	-
Proceeds from lease revenue in advance		-	54
Payments of finance lease principal		-	(5)
Distribution from restricted reserves		(534)	-
Net cash inflow / (outflow) from financing activities		1,284	(17)
Net increase / (decrease) in cash and cash equivalents		(19,365)	3,715
Cash and cash equivalents at beginning of the year		33,762	30,047
Cash and cash equivalents at end of the year		14,397	33,762

The accompanying notes form part of these financial statements.

Basis of Reporting

REPORTING ENTITY

Regional Facilities Auckland (RFA) 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 RFA 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) 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 the council's right to appoint the Board of Directors. The ultimate parent of RFA is Auckland Council.

The primary objective of RFA is to provide the optimum governance for use and direction of publicly funded regional facilities to ensure RFA achieves agreed public-good outcomes.



RFA has designated itself as a public benefit entity (PBE) for financial reporting purposes. The financial statements have been prepared in accordance with and comply with Tier 1 PBE accounting standards. RFA applied these standards for the first time in preparing the 30 June 2015 financial statements.

The financial statements of RFA are for the year ended 30 June 2016. Comparative information is provided for the period from 1 July 2014 to 30 June 2015. The financial statements were authorised for issue by RFA's Board on 31 August 2016.

BASIS OF PREPARATION

Statement of compliance – The financial statements of RFA 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 International Public Sector Accounting Standards (IPSAS) and other applicable financial reporting standards as appropriate for public benefit entities.

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



Accounting Policies

Accounting policies are applied in the preparation of these financial statements and are noted in the blue text box alongside the appropriate note. These policies have been consistently applied to the opening statement of financial position and reporting period to 30 June 2016, unless otherwise stated.

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

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

Budget figures – Those figures approved in the Statement of Intent for 2015-2018, which is published on RFA's website.

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.

Other Accounting Policies and Judgements



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.

Goods and services tax (GST)

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

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

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

Income tax

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



Accounting judgements, estimates and assumptions

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

Significant judgement

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

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

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

Section 2: Revenue and expense results for the year

Note 1 – Revenue	Note	Actual 2016 \$000s	Actual 2015 \$000s
Revenue from exchange transactions			
Entrance and admission fees		10,788	10,824
Venue hire		13,369	14,552
Food and beverages		7,653	7,028
Membership fees		1,426	1,307
Goods sold		3,409	3,235
Rental revenue from property leases		726	2,535
Other		10,702	11,098
Total revenue		48,073	50,579
Finance income			
Interest revenue		1,231	2,290
Realised foreign exchange gains		11	8
Total finance income		1,242	2,298
Total revenue from exchange transactions		49,314	52,877
Revenue from non-exchange transactions			
Donations and bequests		56	12
Sponsorships		623	420
Other gains	2	22,996	-
Revenue from non-exchange transactions		23,675	432
Grants and subsidies			
Auckland Council operating subsidy		30,867	31,070
Auckland Council capital subsidy		25,994	22,200
Other grants and subsidies		1,667	2,086
Total Grants and subsidies		58,528	55,356
Total revenue from non-exchange transactions		82,203	55,788
Total revenue		131,517	108,665



Revenue

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

Funding from Auckland Council – RFA receives operational and capital funding from Auckland Council. Operational funding is restricted in its use for the purpose of meeting the objectives specified in the trust deed and is recognised as revenue at point of entitlement. Capital funding is a reimbursement for approved capital works and recognised as a related party receivable at the time the capital expense is incurred by RFA.

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

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

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

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

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

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

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

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

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



Grants received

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

Auckland Council operating subsidy

Auckland Council operating subsidy includes funding from RFA's ultimate parent in relation to activities within RFA. This funding is for RFA to perform specified activities for the current reporting period and, therefore, is recognised as income in the reporting period. RFA receives operational funding from Auckland Council.

Auckland Council capital subsidy

Auckland Council funds the capital programme based on information derived from the asset management plans. This funding largely reflects the capital expenditure incurred during the year.

Other grants and subsidies

Other grants and subsidies include funding from external third parties. While these grants and subsidies indicate that they are to fund particular projects, 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:

- Gifted artwork to Auckland Art Gallery of \$0.8 million (2015 \$1.3 million)
- Various grants to Auckland Art Gallery of \$0.8 million (2015 \$0.1 million).

		Actual 2016 \$000s	Actual 2015 \$000s
Note 2 – Other gains / (losses)	<i>Note</i>		
Other revenue from non-exchange transactions			
Reversal of previous revaluation losses	14	22,274	-
Gain / (loss) on fair value of community loans		139	(295)
Gain on extinguishing of long-term lease		583	-
Total other gains / (losses)		22,996	(295)

Reversal of previous revaluation losses:

As explained in Note 14, the revaluation of buildings gives rise to this gain.

	Actual 2016 \$000s	Actual 2015 \$000s
Note 3 – Employee benefits		
Salaries and wages	38,339	36,602
Defined contribution plans - employer contributions	806	740
Other	10	9
Increase in employee entitlement accruals	195	75
Total employee benefits	39,350	37,427
<i>Employer contributions to defined contribution plans include contributions to KiwiSaver</i>		
<u>Salaries and wages include:</u>		
Indirect salaries and wages	31,272	29,482
Direct salaries and wages (cost of sales)	6,378	6,437
Other	689	683
Total salaries and wages	38,339	36,602

	Actual 2016 \$000s	Actual 2015 \$000s
Note 4 – Finance expenditure		
Finance expense		
Interest expenses - financial liabilities classified as amortised cost:		
- Borrowings	279	644
- Finance leases	-	2
Realised and unrealised foreign exchange gains	9	18
Interest expense - financial assets classified as fair value through profit and loss	-	395
Total finance expense	288	1,059



Finance expenditure

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

Foreign currency transactions – Foreign currency transactions (including those for which forward foreign exchange contracts are held) are translated into the functional currency using the spot 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.

	Actual 2016 \$000s	Actual 2015 \$000s
Note 5 – Other expenses		
Other expenses include:		
Fees paid to principal auditor:		
- Audit fees for financial statement audit	217	190
- Fees for review engagement	30	20
- Additional fees in relation to audit of 2015 financial statements	49	-
Fees paid to other auditors:		
- Fees for other assurance services (internal audit)	111	96
Contractor and consultancy costs	2,028	1,527
Insurance premiums	793	1,026
Consultants and legal fees	131	80
Cost of goods sold	11,086	11,683
Repairs and maintenance	3,134	4,200
Loss on disposal	67	1,428
Occupancy and utilities	6,110	7,038
Shared services with Auckland Council	5,639	5,666
Impairment of receivables	-	3
Operating lease expense	89	82
Other	14,170	13,765
Total	43,654	46,804



Other expenditure

Cost of services received – Service costs are expensed when the related service has been rendered.

Discretionary grants – Discretionary grants are those grants where RFA has 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. Grants are provided in line with signed investment plans with entities whose objectives align with those of RFAs.

Note 6 – Explanations for major variances from RFA's budget

Actual
2016
\$000s

Statement of comprehensive revenue and expense for the year ending 30 June 2016

Budgeted (Deficit) / Surplus from continuing operations before tax	702
---	------------

Revenue explanations

Capital subsidies not received from Auckland Council due to deferment of capital programme	(2,623)
Reversal of previously recognised impairment arising on revaluation of buildings	22,274
Gain on extinguishing of long-term lease	583
Additional operational funding received from Auckland Council including contribution to animal acquisition costs	1,192
Additional grants received not budgeted for	769
Gain on fair value of community loans	139
Interest received higher than budgeted for	261
Additional commercial revenue generated	325
Total operating revenue explanations	22,918

Expenditure explanations

Manukau Trust grant accounted for in prior year but budgeted in current year	(8,000)
Higher depreciation costs due to amalgamation of subsidiaries in prior years not budgeted, and increased capital spend in current year	6,523
Direct salary recoveries related to events accounted as cost of sales	6,369
Additional grants awarded not budgeted for	463
Operational savings achieved	(993)
Total operating expenditure explanations	4,362

Actual (Deficit) / Surplus from continuing operations before tax	19,257
---	---------------

Section 3: Working Capital

	Actual 2016 \$000s	Actual 2015 \$000s
Note 7 – Cash and cash equivalents		
Cash at bank and on hand	2,096	7,181
Operating bank account	726	710
Ticketing bank account	11,476	25,219
Arts development fund	99	109
Term deposits with maturities less than 3 months	-	543
Total cash and cash equivalents	14,397	33,762



Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, bank overdrafts and 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.

Cash

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

Operating bank account

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

Ticketing bank account

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

Arts Development Fund

This represents funds held within an 'Arts Development Fund', which are treated and disclosed separately. Use of this fund is governed by an Arts Development Trust Deed.



Restricted cash balances

In accordance with the Local Government Act 2002, RFA operates three restricted bank accounts, a ticketing bank account, a joint bank account in conjunction with a promoter for a specified performance 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 are thus considered to be restricted funds.

	Actual 2016 \$000s	Actual 2015 \$000s
Note 8 – Trade and other receivables		
Current		
Trade receivables	2,935	5,125
Provision for impairment of trade receivables	(220)	(289)
Trade receivables net	2,715	4,836
Related party receivables	25,155	21,917
Sundry debtors	751	2,883
Accrued income	420	297
	26,326	25,097
Total trade and other receivables	29,042	29,933

	Actual 2016 \$000s	Actual 2015 \$000s
Total trade and other receivables comprise:		
Receivables from exchange transactions		
Receivables from sale and supply of goods and services	2,715	4,837
Sundry debtors	751	2,883
Accrued income	420	296
Total receivables from exchange transactions	3,886	8,016
Receivables from non-exchange transactions		
Related-party receivables	25,155	21,917
Total receivables from non-exchange transactions	25,155	21,917
Total Trade and other receivables	29,042	29,933



Trade and other receivables

Trade and other receivables are recorded at their face value, less any provision for impairment.

There is no concentration of credit risk with respect to trade receivables as there are a large number of customers.

Related-party receivables are predominantly with entities within the Auckland Council (ultimate parent) group structure. RFA does not hold any collateral or other credit enhancements over these balances as security.

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 days. Therefore, the carrying value of trade receivables and related-party receivables approximates their fair value. All receivables greater than 30 days are considered past due.

	Actual 2016 \$000s	Actual 2015 \$000s
Ageing profile of non-impaired receivables at year end		
Not past due	28,266	25,190
Past due one - 60 days	776	4,434
Past due 61 - 120 days	-	266
Past due > 120 days	-	43
Total receivables net of impairment	29,042	29,933
Age of impaired receivables		
Past due one - 60 days	139	14
Past due 61 - 120 days	57	232
Past due > 120 days	24	43
Total	220	289
Movement in the allowance for impairment of trade receivables		
Opening balance	289	17
Additional allowances made during year	-	269
Allowance reversed during year	(69)	-
Impaired receivables written off during year	-	3
Total impaired receivables	220	289

	Actual 2016 \$000s	Actual 2015 \$000s
Note 9 – Inventories		
Commercial inventory		
Items held for resale	793	822
Total inventory	793	822

No inventories are pledged as securities (2015: nil).

The write-down of commercial inventory to net realisable value amounted to \$30,588 (2015: \$21,196). There have been no reversals of write-downs.

	Actual 2016 \$000s	Actual 2015 \$000s
Write-down of commercial inventory	31	21



Inventory

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

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

	Actual 2016 \$000s	Actual 2015 \$000s
Note 10 – Payables		
Trade creditors	4,745	4,156
Sundry payables	10,297	22,448
Amounts due to related parties (note 23)	21,636	22,502
Revenue received in advance	3,855	5,220
Accrued expenses	5,106	13,874
Total current portion	45,639	68,200
Total payables comprise:		
Payables under exchange transactions		
Creditors	4,745	4,156
Revenue received in advance	3,855	5,220
Accrued expenses	5,106	13,874
Other payables	10,297	14,448
Total payables under exchange transactions	24,003	37,698
Payables under non-exchange transactions		
Amounts due to related parties (note 23)	21,636	22,502
Grants payable	-	8,000
Total payables under exchange transactions	21,636	30,502
Total payables	45,639	68,200



Payables

Trade creditors and other financial liabilities are recorded at their face value.

Revenue in advance is recognised to the statement of comprehensive revenue and expense as income in the period the income is earned.

Grants payable are recognised to the statement of comprehensive revenue and expense as an expense in the period that the grant has been awarded, but not yet settled.

Fair value

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.

	Actual 2016 \$000s	Actual 2015 \$000s
Note 11 – Employee entitlements		
Current portion		
Accrued salaries and wages	1,212	1,037
Annual leave	2,169	1,991
Long-service leave	120	110
Total current portion	3,500	3,137
Non-current portion		
Long-service leave	86	86
Total non-current portion	86	86
Total employee benefits	3,586	3,223



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.

A liability and an expense are recognised for bonuses where RFA 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 – Annual leave, vested long-service leave, and non-vested long-service leave and retirement gratuities expected to be settled within 12 months of reporting date, are classified as a current liability. All other employee entitlements are classified as non-current liabilities.



Key assumptions in measuring retirement and long-service leave obligations

Two key assumptions used in calculating the liability include the discount rate and the salary inflation rate. The weighted average discount rate of 5.57% (2015: 5.69%) and an inflation factor of 3% (2015: 3%) were used in calculating the long-term leave and retirement gratuity liabilities. Any changes in these assumptions will affect the carrying amount of the liability.

	Actual 2016 \$000s	Actual 2015 \$000s
Note 12 – Provisions		
Current portion		
Restructuring	-	79
Other	425	375
Total current portion	425	454
Non-current portion		
Restructuring	-	55
Total non-current portion	-	55
Total provisions	425	509

Movements for each class of provision

Previous year opening balance
Additional provisions made
Amounts used
Closing balance

Actual 2016 \$000s		
Restructuring	Other	Total
163	346	509
-	79	79
(163)	-	(163)
-	425	425

Previous year opening balance
Additional provisions made
Closing balance

Actual 2015 \$000s		
Restructuring	Other	Total
105	84	189
58	262	320
163	346	509

Restructuring provision

The approved restructuring plan is based on the annual organisational review. The provision represents the estimated cost for redundancy payments arising from the restructure.



Provisions

Provisions are recognised when all of the following are true:

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

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

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

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

Note 13 – Reconciliation of net surplus / (deficit) to net cash flow from operating activities	Actual 2016 \$000s	Actual 2015 \$000s
Net surplus / (deficit) after tax	19,257	(22,950)
<i>Add / (less) non-cash items</i>		
Depreciation	26,439	24,126
Amortisation	417	303
Bad debts	-	3
Non-cash lease revenue	(269)	-
Increase / (decrease) in allowance for impairment of trade receivables	(69)	269
Impairment of property, plant and equipment	-	73
Impairment of other financial assets	(139)	295
Reversal of previous revaluation losses	(22,274)	-
Gain on extinguishing of long-term lease	(583)	-
Other non-cash adjustments	(132)	67
Gifted artworks	(769)	(1,380)
Total non-cash items	2,622	23,756
<i>Add / (less) items classified as investing or financing activities</i>		
(Gains) / loss on disposal of property, plant and equipment	3,325	346
Total items classified as investing or financing activities	3,325	346
<i>Add / (less) movements in statement of financial position items</i>		
(Increase) / decrease in other receivables	1,439	(2,158)
(Increase) / decrease in accrued income	(123)	1,163
(Increase) / decrease in prepayments	46	154
(Increase) / decrease in GST receivable	63	(90)
(Increase) / decrease in inventories	28	(30)
Increase / (decrease) in other payables	(12,148)	(6,257)
Increase / (decrease) in revenue in advance	(1,365)	660
Increase / (decrease) in accrued expenses	(9,355)	8,350
Increase / (decrease) in provisions	(84)	320
Increase / (decrease) in employee benefits	363	384
Increase / (decrease) in capital expenditure accrual	586	499
Increase / (decrease) in net related-party balances	(4,105)	(521)
Net movement in working capital items	(24,654)	2,474
Net cash flow from operating activities	549	3,626

Section 4: Long-term Assets

Note 14 – Property, Plant and Equipment

Cost or valuation	Actual 2016						Closing Balance 30 June 2016 \$000s
	Opening Balance 1 July 2015 \$000s	Additions \$000s	Revaluation / (impairment) \$000s	Disposals \$000s	Transfers to Auckland Council \$000s	Reclassification / net movement \$000s	
Land	139,857		6,934	(3)	-	(1,008)	145,780
Buildings	622,220	21,412	133,190	(2,096)	(1,491)	4,031	777,266
Plant and equipment	15,477	3,550	-	(2,496)	(9)	2	16,524
Office equipment, furniture and fittings	13,833	1,570	-	(3,039)	(84)	1	12,281
Computer equipment	1,801	1,021	-	(1,451)	-	-	1,371
Art	260,527	1,122	630	(1,169)	-	-	261,110
Motor vehicles	313	253	-	-	-	-	566
Roading and civil structures	4,813	185	790	-	-	(3,026)	2,762
Under construction	15,317	(6,456)	-	-	-	-	8,861
Total cost	1,074,158	22,657	141,544	(10,254)	(1,584)	-	1,226,524

Accumulated depreciation	Actual 2016						Net Book value 30 June 2016 \$000s
	Opening Balance 1 July 2015 \$000s	Depreciation expense \$000s	Revaluation /Impairment expense \$000s	Depreciation on disposals \$000s	Other adjustments \$000s	Closing Balance 30 June 2016 \$000s	
Land	-	-	-	-	-	-	145,780
Buildings	23,867	21,123	(45,085)	(522)	617	-	777,267
Plant and equipment	9,013	2,271	-	(2,115)	-	9,169	7,356
Office equipment, furniture and fittings	4,823	2,273	-	(3,001)	-	4,095	8,184
Computer equipment	1,563	424	-	(1,404)	-	583	788
Art	-	-	-	-	-	-	261,110
Motor vehicles	131	72	-	-	-	203	363,
Roading and civil structures	499	277	(159)	-	(617)	-	2,762
Under construction	-	-	-	-	-	-	8,861
Total cost	39,898	26,440	(45,244)	(7,042)	-	14,051	1,212,471

Note 14 continued

Cost or valuation	Actual 2015					
	Opening Balance 1 July 2014 \$000s	Additions \$000s	Revaluation / (impairment) \$000s	Disposals \$000s	Other adjustments \$000s	Closing Balance 30 June 2015 \$000s
Land	139,857	-	-	-	-	139,857
Buildings	609,286	14,363	-	(342)	(1,325)	622,220
Plant and equipment	13,375	2,272	-	(31)	-	15,477
Office equipment, furniture and fittings	12,113	1,836	-	(16)	-	13,833
Computer equipment	1,674	127	-	-	-	1,801
Art	258,179	1,763	585	-	-	260,527
Motor vehicles	244	68	-	-	-	313
Roading and civil structures	1,777	3,036	-	-	-	4,813
Under construction	15,848	(531)	-	-	-	15,317
Total cost	1,052,353	22,934	585	(389)	(1,325)	1,074,158

	Actual 2015						
	Opening Balance 1 July 2014 \$000s	Depreciation expense \$000s	Revaluation / Impairment expense \$000s	Depreciation on disposals \$000s	Other adjustments \$000s	Closing Balance 30 June 2015 \$000s	Net Book value 30 June 2015 \$000s
Accumulated depreciation							
Land	-	-	-	-	-	-	139,857
Buildings	79	20,402	6	(15)	3,395	23,867	598,353
Plant and equipment	6,800	2,235	-	(22)	-	9,013	6,464
Office equipment, furniture and fittings	6,086	1,057	-	(6)	(2,313)	4,824	9,009
Computer equipment	1,396	168	-	-	(1)	1,563	238
Art	-	-	-	-	-	-	260,527
Motor vehicles	96	35	-	-	-	131	182
Roading and civil structures	271	228	-	-	-	499	4,314
Under construction	-	-	-	-	-	-	15,317
Total cost	14,728	24,126	6	(43)	1,081	39,898	1,034,260



Property, plant and equipment (PPE)

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

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

Property held to meet service-delivery objectives

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

As a result, properties leased to third parties under operating leases are not classified as investment property because one of the following is the case:

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

Initial recognition – PPE are initially shown at cost or fair value 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 on establishment at 1 November 2010, cost was the carrying value of the assets by the previously owning council and CCO.

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

Revaluation – Revaluations of PPE are accounted for on a class-of-asset basis. Land, buildings and artworks 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. Depreciation rates are adjusted on building revaluations.

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

Work in progress is recognised at cost less impairment and is not depreciated. The total cost of a project is transferred to the relevant asset class on its completion and then depreciated. Each item of PPE is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

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

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



Asset Class	Useful Life	Rate
Buildings	3 – 100 years	(1.0% – 33%)
Plant and machinery	1 – 39 years	(2.6% – 100%)
Office equipment	1 – 25 years	(4.0% – 100%)
Computer equipment	3 – 8 years	(12.5% – 33%)
Motor vehicles	4 – 10 years	(10.0% – 25%)
Roads and civil structures, 3 – 53 years	(1.9% – 33%)	

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.



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



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

An incorrect estimate of the useful life or residual value will affect the depreciable amount of an asset, therefore affecting the depreciation expense recognised in the surplus or deficit and the asset's carrying amount. RFA minimises the risk of this estimation uncertainty by:

- Physical inspection of assets
- Asset-replacement programmes
- Review of second hand market prices for similar assets; and
- Analysis of prior asset sales.

As part of the 2016 revaluation of buildings, useful lives have been assessed and where necessary revised to align with current industry standards as well as to reflect the estimation of remaining useful lives based on asset condition. The effect of this change in estimated lives is an increase in asset values by approximately \$60 million at 30 June 2016, which is included in the recognised revaluation gain.

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

Revaluation of land and buildings

Land and buildings were revalued as at 30 June 2016 consistent with Auckland Council group accounting policy. RFA revalues land and buildings on a three-year cycle unless the fair value assessment requires revaluation of the entire class of land and buildings. These assets are valued at either market value or depreciated replacement cost. In the event a revaluation is required, it is performed by qualified independent valuers.

The building revaluation reserve at the beginning of the year was nil, reflecting the prior years' revaluation impairments in this asset category. The current year's building revaluation gave rise to revaluation gains of \$177,406,575, of which \$22,294,000 was taken to the statement of comprehensive revenue and expenses as a reversal of previous impairment.

Revaluation of artwork

In 2016 a portion of the art asset class has been revalued as per RFA's revaluation policy. The valuation of artwork is completed on a three-year cycle as follows:

- Items each worth up to \$9,999 were individually revalued by Auckland Art Gallery staff during the 2015/16 financial year. The revaluation methodology was externally verified by Mossgreen Webb's (Auckland).
- Items each worth from \$10,000 to \$99,999 were individually revalued by Auckland Art Gallery staff during the 2014/15 financial year. The revaluation methodology was externally verified by Webb's (Auckland).
- Items each worth over \$100,000 were individually revalued by Christie's London and Webb's (Auckland) during the 2013/14 financial year.

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

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 the artworks 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.

Fair value

The fair value for each asset class for RFA is represented by the net book value.

The fair value of assets not valued during the financial period has been assessed and is not materially different from the net book value.

Revaluation of artwork as at 30 June 2016 was carried out by Auckland Art Gallery staff and land and buildings by Beca (2015: Artworks: Auckland Art Gallery staff).

Total fair value of property, plant and equipment valued by each valuer for the reporting period ending at 30 June 2016:

Name of valuer	Type of valuer	Date performed	Asset class	2016 \$000s
Auckland Art Gallery	In-house curators	June 2016	Artworks <\$9,999	17,712
Beca	Registered Valuers	June 2016	Land	145,780
Beca	Registered Valuers	June 2016	Buildings	780,030
Total				943,522

Name of valuer	Type of valuer	Date performed	Asset class	2015 \$000s
Auckland Art Gallery	In-house curators	June 2015	Artworks \$10,000 to \$99,999	53,851
Total				53,851

	Actual 2016 \$000s	Actual 2015 \$000s
Note 15 – Intangible assets		
Acquired computer software at cost		
Previous year opening balance	2,494	3,232
Additions	588	34
Disposals	(1,572)	(1)
Reclassification	591	(770)
Closing balance	2,101	2,494
Accumulated amortisation and impairment		
Previous year opening balance	1,971	2,440
Amortisation charge	417	302
Amortisation on disposals	(1,459)	(1)
Other movements	43	(770)
Closing balance	973	1,971
Carrying amount	1,128	523

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



Intangibles

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

Software acquisition and development

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

Costs 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.

Other intangible assets

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.

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:

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

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

Section 5: Borrowings, Risk and Capital Management

	Actual 2016 \$000s	Actual 2015 \$000s
Note 16 – Other financial assets		
Current portion		
Community loans	271	265
Term deposits (mature within 4 - 12 months)	-	885
Total current portion	271	1,150
Non-current portion		
Community loans	988	1,117
Total non-current loans	988	1,117
Total other financial assets	1,259	2,267

Fair value

Term deposits – The carrying amount of term deposits with maturities of less than 12 months approximates their fair value.

Community loans – Fair value on recognition has been determined using cash flows discounted at a rate of 11.24% (2015: 11.96%), based on the Reserve Bank of New Zealand's Business Lending Rate at 30 June 2016 of 5.24%, plus the loan recipients' financial risk factor of 6% (2015: 6%).

Community loans

	Actual 2016 \$000s	Actual 2015 \$000s
Nominal value of the loans at the beginning of the period	1,381	3,644
Fair value adjustment on initial recognition	-	(1,718)
Loans repaid during the period	(261)	(250)
Impairment losses recognised current year	139	(295)
Nominal value of the loans at the end of the period	1,259	1,381



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 fair value impairment. Community loans are subsequently measured at amortised cost using the effective interest method less impairment, if any.



Discount rate of 11.24% for community loans.

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

Community loans adjusted for fair value are \$1,259,000 (2015: \$1,381,000). They have stated interest rates of between 4.50% and 5.00% and mature within 2 to 57 years. The face value of the community loans is \$3,133,000 (\$2015: \$3,394,000).

	Actual 2016 \$000s	Actual 2015 \$000s
Note 17 – Borrowings and other financial liabilities		
Current portion		
Unsecured loans	1,438	1,438
Lease revenue in advance	269	269
Finance leases	-	24
Total current portion	1,707	1,731
Non-current portion		
Lease revenue in advance	8,011	8,334
Finance leases	-	1,321
Total non-current portion	8,011	9,655
Total borrowings	9,718	11,386



Borrowings

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

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

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

Unsecured loans

These balances relate to funding received from the ultimate parent (Auckland Council) in relation to capital expenditure projects undertaken by RFA. The face value of the advances as at 30 June 2016 is \$1,438,000 (2015: \$1,438,000). 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.

Lease revenue in advance

The contribution by the third-party operator of Vector Arena has been recognised as lease revenue in advance. Lease revenue from this leasing arrangement is recognised as revenue on a straight-line basis over the period of the lease. The remaining period of the lease is 32 years.



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.

Finance leases – material leasing arrangement

In January 2016 the long-term finance lease arrangement with Vector Limited was extinguished when RFA purchased the leased flood lighting and HT reticulation system at QBE Stadium. The flood lighting and HT system were purchased for \$750,000 (2015: material finance lease \$1,345,000). Finance lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

Finance leases – Total minimum lease payments payable

Current

Not later than one year

Total current

Non-current

Later than one year and not later than five years

Later than five years

Total non-current

Actual 2016 \$000s		
Future minimum lease payments	Interest	Present value of minimum lease payments
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-

Finance leases – Total minimum lease payments payable

Current

Not later than one year

Total current

Non-current

Later than one year and not later than five years

Later than five years

Total non-current

Actual 2015 \$000s		
Future minimum lease payments	Interest	Present value of minimum lease payments
130	106	24
130	106	24
520	401	119
2,177	975	1,202
2,697	1,376	1,321

Fair value

The carrying amounts of borrowing repayable within one year approximate their fair value.

The fair value of finance leases is \$nil (2015: \$1,345,000). Fair value has been calculated using the present value of cash flows in the lease.



Leases classification

Determining whether a lease agreement is a finance lease or an operating lease requires judgement as to whether the agreement transfers substantially all the risks and rewards of ownership to RFA. Judgement is required on various aspects that include, but are not limited to, the fair value of the leased asset, the economic life of the leased asset, whether or not to include renewal options in the lease term, and determining an appropriate discount rate to calculate the present value of the minimum lease payments. Classification as a finance lease means the asset is recognised in the statement of financial position as property, plant, and equipment, whereas for an operating lease no such asset is recognised. RFA has exercised its judgement on the appropriate classification of equipment leases, and has determined a number of lease arrangements are finance leases.

Note 18 – Financial instruments

1. Financial Instrument Categories

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

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



Financial Instruments

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

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

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

Financial instruments by category

	Actual 2016 \$000s	Actual 2015 \$000s
Financial assets through other comprehensive revenue and expense		
Loans and receivables		
Cash and cash equivalents (note 7)	14,397	33,762
Receivables (note 8)	29,042	29,933
Other financial assets (note 16)		
- Term deposits	-	885
- Community loans	1,259	1,382
Total loans and receivables	44,698	65,962
Financial liabilities measured at amortised cost		
Payables (excluding income in advance, taxes payable and grants) (note 10)	41,783	54,980
Borrowings (note 17)	1,438	1,438
Finance leases (note 17)	-	1,346
Total loans and receivables	43,221	57,764

2. Financial instrument risk

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

2a. Market risk

The only market risk to which RFA is subject is interest rate risk. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in the market interest rates. RFA's exposure to interest rate risk arises on borrowings and term deposits, therefore the exposure to such risk is limited.

Borrowings arise on capital advances from Auckland Council.

Term deposits are made for periods less than, equal to, or greater than three months, depending on our cash requirements, and earn interest at respective short-term deposit rates.

Sensitivity analysis

As at 30 June 2016, if the average interest rate on interest-bearing deposits over the year had been 50 basis points higher or lower, with all other variables held constant, the (deficit) / surplus for the 12 months would have been \$72,000 (2015: \$169,000) higher, \$72,000 (2015: -\$169,000) lower.

2b. Credit risk

Credit risk represents the risk that a third party will default on its obligations to RFA, causing it to incur a loss. Financial instruments which subject RFA to credit risk consist of bank balances, bank term deposits and trade and other receivables.

For each of these, maximum credit exposure is best represented by the carrying amount in the statement of financial position. Ongoing credit evaluation is performed on the financial condition of customers and the ageing of their existing outstanding balances. Cash and deposits are held with Bank of New Zealand and Westpac Bank,

which are registered banks in New Zealand, and are respectively rated Moody's Aa3 and Standard & Poor's AA- for their long-term credit rating.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard & Poor's credit ratings (if available) or to historical information about counter-party default rates.

Counter parties with credit ratings for cash and cash equivalents (AA-) 2016 \$14,397,000 (2015: \$33,762,000) and term deposits (AA-) 2016 nil (2015: \$885,000).

Counter parties without credit ratings for receivables 2016 \$29,042,000 (2015: \$29,993,000) and community loans 2016 \$1,259,000 (2015: \$1,382,000).

2c. Liquidity risk

Liquidity risk represents RFA's ability to meet its contractual obligations associated with financial liabilities. 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. RFA mostly manages liquid risk by continuously monitoring forecast and actual cash flow requirements.

RFA's creditors are mainly those reported as trade and other payable, and operating leases on the balance sheet. RFA aims to pay these within normal commercial terms.

RFA has cash and other short-term deposits that it can use to meet its ongoing payment obligations.

Contractual maturity analysis of financial liabilities

As RFA's creditors are mainly those reported as trade and other payables, RFA will pay these within six months of incurring the liability.

	Actual 2016 \$000s	Actual 2015 \$000s
Note 19 – Equity and reserves		
Contributed capital		
Balance at 1 July	1,049,995	1,051,711
Repayment of capital	-	(1,716)
Balance at 30 June	1,049,995	1,049,995
Accumulated surplus / (deficit)		
Balance 1 July	(65,797)	(42,781)
Surplus / (deficit) for the year	19,257	(22,950)
Transfers to restricted equity	(36)	(66)
Balance at 30 June	(46,576)	(65,797)
Restricted equity		
Balance at 1 July	1,721	1,743
Transfers from accumulated surplus	36	66
Distributions made	(148)	(88)
Balance at 30 June	1,609	1,721
Property revaluation reserves		
Balance at 1 July	33,196	32,611
Revaluations gains / (losses) through comprehensive income	162,258	585
Balance at 30 June	195,454	33,196
Total equity	1,200,482	1,019,115

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

Contributed capital

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

Accumulated surplus / (deficit)

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

Restricted equity

RFA sets aside specific amounts of retained surpluses in relation to their operations at Auckland Zoo. Specifically, restricted equity has been set aside for Auckland Zoo's activities relating to animal transportation costs upon initial acquisition and conservation initiatives. As costs are incurred, they are recognised through profit and 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.

Property revaluation reserve

RFA operates an asset revaluation reserve to hold movements upon the revaluation of property, plant and equipment.

Property revaluation reserves consist of:

Land

Buildings

Art

Total property revaluation reserves

Actual 2016 \$000s	Actual 2015 \$000s
33,614	26,680
155,407	-
6,433	6,516
195,454	33,196

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 PBE IPSAS 17.

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 is not offset by any remaining revaluation reserve of other classes of property, plant and equipment in accordance with PBE IPSAS 17.



Equity

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

- Contributed capital
- Accumulated surplus / (deficit)
- Restricted equity
- Property revaluation reserve.

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

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

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

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

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

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

Restricted reserves include those restricted by RFA's decision.

The parent may alter restricted reserves without reference to any third party or the courts. Transfers to and from these reserves are at the discretion of the parent. RFA's objectives, policies and processes for managing capital are explained in note 20.

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

Note 20 – Capital management

RFA manages its capital to ensure that it will be able to continue as going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of RFA consists of net debt (borrowings as detailed in note 17 offset by cash and cash equivalents) and equity, which comprises:

- Contributed equity
- Accumulated surplus / (deficit)
- Restricted equity
- Property revaluation reserve.

Equity is represented by net assets.



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

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



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

RFA has only one lender of debt, which is its ultimate parent (Auckland Council). The Auckland Transition Authority established a single banking arrangement with BNZ and a debt arrangement with each CCO ratified by its board. The debt agreement precludes borrowing from any party other than Auckland Council.

Section 6: Other Disclosures

	Actual 2016 \$000s	Actual 2015 \$000s
Note 21 – Capital commitments and operating leases		
Capital commitments		
Buildings	4,484	6,149
Plant and equipment	399	526
Total capital commitments	4,883	6,675

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

Operating leases as lessees

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

	Actual 2016 \$000s	Actual 2015 \$000s
Not later than one year	429	81
Later than one year and not later than five years	1,287	196
Later than five years	138	-
	1,854	277

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 Auckland Zoological Park.

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

Operating leases as lessors

RFA leases property, plant and equipment in the normal course of its business. The majority of these leases have non-cancellable terms of 24 to 60 months. The contribution by the third party operator of Vector Arena has been recognised as an operating lease, and the remaining period of the lease is 36 years. The future aggregate minimum lease payments payable under non-cancellable operating leases are as follows:

	Actual 2016 \$000s	Actual 2015 \$000s
Not later than one year	568	529
Later than one year and not later than five years	1,308	1,316
Later than five years	6,982	7,273
	8,858	9,118



Operating leases

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

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

Note 22 – Contingencies

Contingent liabilities

2016

There are no contingent liabilities in 2016 (2015: nil).

Contingent assets

2016

New Zealand Centre for Conservation and Medicine

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

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 on the contribution date specified in the agreement. No value is included under Intangible assets.

(2015: The same contingencies existed as at 30 June 2015).

Note 23 – Related parties



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

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

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

Related party transactions required to be disclosed

The ultimate parent of RFA is Auckland Council (100%). Transactions between RFA and the Council Group are at arm's length, except for the unsecured loan relating to funding received from the ultimate parent in relation to capital expenditure projects undertaken by RFA (2016 is \$1,438,000; 2015: \$1,438,000). As this loan is interest free, it is not considered at arm's length.

	Actual 2016	Actual 2015
Remuneration		
Number of full-time employees	379	376
Number of all other employees	574	542
Full-time equivalent (FTE) number of all other employees	100	96
Number of employees receiving total annual remuneration of less than \$60,000	752	753

Note: the above numbers reflect full-time employees and casual employees as at 30 June 2016 and 30 June 2015. The full-time equivalent (FTE) numbers of all other employees are those casual and part-time employees who were contracted at 30 June 2016.

Employee numbers and remuneration bands

Total annual remuneration by band for employees as at 30 June 2016 are detailed below as per the banding stipulated in the LGA 2002

	Actual 2016	Actual 2015
< \$60,000	752	753
\$60,000 - \$79,999	121	92
\$80,000 - \$99,999	39	39
\$100,000 - \$119,999	14	13
\$120,000 - \$139,999	9	8
\$140,000 - \$159,999	7	7
\$160,000 - \$199,999	4	5
\$200,000 - \$239,999	4	3
\$240,000 - \$419,999	3	2
Total number of employees who received >\$59,999	201	169

Key management personnel

Board of Directors		Executive Management	
Sir Donald McKinnon	Chairman	Chris Brooks	Chief Executive Officer
John Avery	Director	Simon Tran	Chief Finance Officer
Lisa Bates	Director	Vicki Johnson	Director, Marketing and Communications
Geoff Clews	Director	Paul Brewer	Director, External Relations
Dame Jenny Gibbs	Deputy Chair	Rhana Devenport	Director, Auckland Art Gallery Toi o Tāmaki
John Robertson	Director	Jonathan Wilcken	Director, Auckland Zoo
Rukumoana Schaafhausen	Director	Mohamed Mansour	Director, Auckland Conventions
Gary Troup	Director	Robbie Macrae	Director, Auckland Live
Andrew Collow	Director	Paul Nisbet	Director, Auckland Stadiums
		Penn Trevella	Director, Customer Experience
		Doug Cole	Director, Strategic Partnerships
		Maree Laurent	Director, Cultural Partnerships
		Kirsty Dent	Director, People and Culture

	Actual 2016 \$000s	Actual 2015 \$000s
Key management personnel compensation		
Board members		
Total remuneration	431	421
Headcount	9	10
Executive management		
Total remuneration	2,758	2,540
Full-time equivalent members	13	12
Total key management personnel compensation	3,189	2,961
Total full-time equivalent members	22	22

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

Note 24 – Severance payments

For the year ended 30 June 2016, RFA made one non-taxable payment of \$50,000; all other were taxable (2015: \$110,993).

Note 25 – Events after balance date

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

Statement of Service Performance

Regional Facilities Auckland (RFA) works for Auckland in partnership with public stakeholders and private enterprises to engage people in the arts, live entertainment, the natural environment, sport and events through its innovative and diverse programmes and by providing enriching and life-enhancing experiences.

RFA works in partnership with Auckland Council and other key stakeholders to achieve the vision of making Auckland the world's most liveable city by 2040. It does this by employing a strategic regional approach to developing Auckland's arts, culture and heritage, sport and entertainment sectors through its strategic partnerships, programming and landmark venues.

The kaitiaki (caretaker) of \$1.2 billion worth of iconic venues and facilities across the Auckland region, RFA's portfolio includes the ANZ Viaduct Events Centre, Aotea Centre, Aotea Square, Auckland Art Gallery Toi o Tāmaki, Auckland Town Hall, Auckland Zoo, Bruce Mason Centre, Mt Smart Stadium, QBE Stadium, The Civic, Vector Arena and Western Springs Stadium. Its five operating divisions – Auckland Art Gallery Toi o Tāmaki, Auckland Conventions, Auckland Live, Auckland Stadiums and Auckland Zoo – deliver exceptional experiences to more than three million people every year.

In addition, RFA provides funding and/or community loans to Stardome Observatory and Planetarium, Vodafone Events Centre, MOTAT, New Zealand Maritime Museum, North Shore Events Centre and The Trusts Arena for operational and capital investments, and advises Auckland Council on levy setting and governance for Auckland War Memorial Museum and MOTAT.

RFA continues to build collaborative relationships across the Auckland Council Group to grow external revenue streams, implement cost-saving initiatives through an integrated approach, accelerate the prospects of Auckland's children and young people, and deliver value for money to the Auckland community.

Through all of this, RFA has seen another busy financial year, achieving or substantially achieving the majority of its performance targets and expectations. These successes are measured against the performance measures contained in the Statement of Intent 2015-18 (SOI). The Statement of Service Performance section reports RFA's performance against criteria set out in this SOI.

Strategic Direction

RFA plays a vital role in contributing to Auckland's liveability. Its overarching strategic priorities are to:

- Advance the social and cultural wellbeing of the people of Auckland. Our venues and collections will be irresistible, enriching and accessible.
- Grow the economy of the region. We will seek alternative revenue streams across RFA's business to minimise rates funding.
- We are trusted stewards of our assets. We will ensure that our venues are fit-for-purpose and remain relevant for future generations of Aucklanders.

AUCKLAND'S VISION						
THE WORLD'S MOST LIVEABLE CITY						
OUTCOMES: WHAT THE VISION MEANS IN 2040						
A fair, safe and healthy Auckland	A green Auckland	An Auckland of prosperity and opportunity	A well connected and accessible Auckland	A beautiful Auckland that is loved by its people	A culturally rich and creative Auckland	A Māori identity that is Auckland's difference in the world
TRANSFORMATIONAL SHIFTS TO ACHIEVE THE OUTCOMES						
Dramatically accelerate the prospects of Auckland's children and young people	Strongly commit to environmental action and green growth	Move to outstanding public transport within one network	Radically improve the quality of urban living	Substantially raise living standards for all Aucklanders and focus on those most in need	Significantly lift Māori social and economic well-being	

Regional Facilities Auckland plays a critical role in delivering on this vision through both primary and secondary contributions. These are outlined in the table below.

SHIFTS TO ACHIEVE OUTCOME	DEGREE OF CONTRIBUTION	HOW RFA CONTRIBUTES
Children and young people	Primary	RFA acts as a regional voice for arts, culture, leisure, sports and entertainment events and activities. Our stadiums are available and are used by community organisations including school athletics and other sporting clubs for organised and social sport. Auckland Zoo, Auckland Art Gallery and Auckland Live all provide a range of educational and free programming events to the public and youth of Auckland.
Environmental action and green growth	Secondary	Auckland Zoo contributes to local and international breeding, conservation and educational programmes to build understanding of wildlife and conservation. Establishment of partnerships (academic and NGO) to develop conservation training initiatives for Rotorua Island. RFA's businesses are committed to reducing the use of water, electricity and associated waste across our venues.
Outstanding public transport	Secondary	RFA recognises the importance of accessibility to its venues, including by public transport. Where development of venues is planned, transport interfaces are a priority. When major events are staged at RFA venues, our management works with Auckland Transport to ensure that efficient transport options are available to patrons, often as part of their ticketing. RFA is also planning for the impact of the City Rail Link on its CBD venues.
Quality urban living	Primary	RFA undertakes development with a regional perspective, providing a range of fit-for-purpose arts, culture and heritage, leisure, sport, entertainment and events venues that are attractive and readily accessible to the residents and businesses of the region, and its visitors.
Raised living standards	Secondary	RFA regards its contribution as improving quality of life. It aims to grow the market for facilities through an events strategy developed in partnership with Auckland Tourism, Events and Economic Development (ATEED) and Auckland Council. We advocate, coordinate and lead strategic thinking for investing in new collections and arts, culture, heritage, sports and entertainment facilities for Auckland.
Māori social and economic well-being	Secondary	RFA has implemented a Māori engagement strategy, which aligns with the Auckland Council Group Māori Responsiveness Framework. This strategy aims to enhance existing relationships with iwi and enter into business relationships in order to create meaningful engagement. This may create employment, and be either cost neutral or generate a profit, while positively increasing the visibility of iwi and enhancing the RFA brand. The increased visibility of iwi in terms of a business, tourism and reputational perspective is consistent with the focus of the Independent Māori Statutory Board. RFA remains committed to continuing to develop programmes to support Māori visibility at regional facilities, support Māori businesses to engage with RFA and support Māori cultural expression.

Degree of contribution: Primary / Secondary / Not applicable

Key Deliverables

The Statement of Intent highlighted key areas of focus and key deliverables for the next three financial years to ensure RFA achieves its overarching strategic priorities: advance the social and cultural wellbeing of Aucklanders; grow the Auckland economy; and provide trusted stewardship of Auckland's landmark venues and collections.

The progress on these areas is as follows:

DELIVERABLE	PROGRESS
Museums Sector Close collaboration with the Auckland museums sector and Auckland Council to improve the financial sustainability, standards of service delivery, and cultural and economic benefits to the Auckland community.	RFA worked closely with Auckland Council and the museums sector on the long-term strategy for enhanced delivery of cultural and economic benefits, improved financial sustainability, and improved standards of delivery. Outcomes for the current year included ongoing implementation of agreed strategic priorities and review of the funding framework.
Stadiums Sector Close collaboration with the Auckland stadiums sector and Auckland Council to improve the financial sustainability, standards of service delivery, and cultural and economic benefits to the Auckland community.	RFA collaborated with the stadiums sector, sporting codes and Auckland Council through late 2015 and early 2016. Immediate results included the retention of the New Zealand Warriors at Mt Smart until 2028 and the development of a high performance training facility at QBE Stadium. The broader strategy is still under review as a result of the stakeholder collaboration. The collaboration has included discussions with existing RFA tenants, venue hirers and promoters as well as national and regional sports organisations, local franchises, relevant CCOs and council officers.
Arts and Cultural Sector Close collaboration with the Auckland arts and cultural sector and Auckland Council to improve the financial sustainability, standards of service delivery, and cultural and economic benefits to the Auckland community. RFA has planned strategic capital investment into the Aotea Precinct with external parties to enliven and grow the cultural activity of Auckland. An arts and cultural hub seeks synergies in clustering and generates new retail and commercial investment.	RFA is currently working alongside a number of organisations, including national and regional arts and cultural groups, tertiary institutions and Auckland Council, on the proposed expansion of the existing arts precinct facilities and services at the Aotea Centre and surrounds. Significant creative synergies would be created if such groups were co-located in a combined arts and cultural hub. RFA's contribution to the arts and cultural industry in Auckland already generates significant economic benefit to Auckland and New Zealand. The proposed precinct expansion has the potential to further increase the economic benefits and improve the operational and financial sustainability of the user groups and the venues. The expansion is at a concept stage and will be subject to more detailed needs analysis, demand analysis and subsequent business case development in due course. The expansion concept is also being considered in the border development context occurring in and around central Auckland, in particular the City Rail Link development and the potential redevelopment of the Civic Administration Building complex.
The Civic Completion of renewals to The Civic parapet to maintain the structural integrity of the building FY16 and FY17.	Remedial work commenced in 2015/16 and is 89% complete at the end of June. The project is on course for completion by August / September 2016.
Aotea Centre <ul style="list-style-type: none"> Planning and scoping of the Aotea Precinct and Cultural Hub Weathertightness and foyer upgrades FY17 to FY19 This will generate new retail and	Physical construction works on the centre to address weathertightness issues and foyer upgrades is planned to commence in the 2016/17 financial year. The merits of expanding the Aotea Centre is being considered, with concept proposal work underway for the centre to become a major arts and cultural hub. The concept stage demand analysis will also consider the demand for new retail and commercial activities.

commercial investment.	
<p>Auckland Zoo</p> <p>Upgrade infrastructure to international best practice standards at Auckland Zoo including planning for replacement exhibits.</p> <ul style="list-style-type: none"> ▪ Pridelands (African Savannah) FY16 and FY17 ▪ SE Asia FY17 and FY18 ▪ Upgrade visitor facilities FY16 through to FY19. <p>This will generate new retail and commercial investment.</p>	<p>The African Savannah was completed and opened to the public in March 2016, resulting in visitation of over 70,000 – the highest-ever March visitation in the zoo’s history.</p> <p>Concept and design work is underway for the South East Asia development and upgrade of visitor facilities including cafes and meeting spaces. The project is on track for construction to commence at the end of the next financial year.</p>
<p>Western Springs Stadium</p> <p>Commence strategic capital investment (including external party funding) to increase financial sustainability and activity at the stadium.</p>	<p>No strategic capital investment expenditure was programmed this year in the long-term plan. Only essential renewals were undertaken.</p> <p>Western Springs is part of the overall Stadium Strategy, which is still under review. In the short term, planning is underway to upgrade toilet facilities in FY16/17.</p>
<p>QBE Stadium</p> <p>Commence strategic capital investment in QBE Stadium to enhance the capability and capacity of the stadium to attract more events FY16 and FY17.</p>	<p>The strategic capital investment in QBE Stadium is currently under review as part of the overall Stadiums Strategy.</p> <p>Only essential renewals were undertaken.</p> <p>As part of the overall Stadium Strategy, planning is underway for capital investment for a national technical training centre in FY16/17.</p>
<p>Mt Smart Stadium</p> <p>Commence strategic capital investment (including external party funding) to increase financial sustainability and activity at the stadium.</p>	<p>Capital investment completed in FY15/16 included the change facilities in Arena 2 to service the athletics track.</p> <p>An update of the Stadiums Strategy has resulted in the New Zealand Warriors remaining at Mt Smart until 2028.</p> <p>Planned capital investment in FY16/17 will address public access and improved seating and media facilities to address contracted tenancy obligations.</p>
<p>Renewals</p> <p>Deliver essential renewals work according to prescribed asset management plans to ensure RFA venues are fit-for-purpose for hirers and the Auckland community.</p>	<p>Essential renewals have been delivered in accordance with the Asset Management Plan.</p>
<p>Continued focus on exploring and growing alternative revenue streams across the business.</p>	<p>RFA has supported the production and investment of new shows and events in our venues which otherwise would not come to New Zealand. Examples of these are Le-Noir – The dark side of Cirque, and investment into Aotea Square activation to increase visitation and commercial revenue.</p>
<p>Continue to support the work undertaken by the council’s CCO Review.</p>	<p>Auckland Council undertook a review of the CCO framework in 2015. RFA successfully worked with the council during the review, which resulted in no change to RFA’s activities.</p>

Performance Statements




This section brings together the key areas of focus and priorities for the organisation during the 2015/16 financial year, along with performance measures that measure RFA's success and progress.

RFA has performed well for the current year of operation. Our organisation has attracted new audiences, grown the region's economy and hosted a record number of outstanding events for the year.

These results align with the positive trend from previous years' performances around delivering public-good activities.



In reading the progress on key deliverables and performance against Statement of Intent results for 2015/16, the following should be noted:

Where available, a target has been specified and we have indicated with:

-  Met
-  Substantially met [2%]
-  Not met

The performance for each RFA operational business unit is provided in detail in the tables below.

RFA WIDE

Measure	Actual 2015	Actual 2016	Target 2016	
Percentage of operating costs met through external revenue (excluding council funding and depreciation)	63% ^[1]	61% ^[2]	60% ^[1]	
Percentage of RFA's assets assessed as in good / very good condition grading (NAMMS)	-*	85%	84%	
Percentage of mana whenua satisfied with quality of engagement ^[3]	-	-	-	N/A

* New measure added in 2016

[1] Excludes grant funding for WERO project

[2] Excludes other gains

[3] Not recorded this financial year. RFA is working with Auckland Council to develop a common measure to track CCO engagement with mana whenua. The council recommended and offered to run a qualitative survey on behalf of RFA, however this did not occur.

RFA achieved or substantially achieved the majority of its performance targets for the year. Market volatility of RFA's commercial revenue, combined with unforeseen costs associated with venue maintenance, has resulted in RFA's operational performance being marginally unfavourable to budget.

Visitor satisfaction results have reduced across all areas of RFA's businesses, with patrons providing feedback on venue accessibility, quality, general aesthetics and customer service experience. This is a difficult measure as a number of the issues are outside of RFA's control.

RFA continued to attract new audiences and make a significant contribution to the region's economy through our diverse range of events and offerings.

The following tables illustrate how each of RFA's operational business units directly contributed towards achieving Auckland Plan outcomes of an Auckland of prosperity and opportunity, and a culturally rich and creative Auckland.

AUCKLAND ART GALLERY TOI O TĀMAKI

Measure	Actual 2015	Actual 2016	Target 2016	
Number of visitors to Auckland Art Gallery Toi o Tāmaki	533,556	446,639 ^[1]	450,000	
Percentage of visitors satisfied with their experiences at Auckland Art Gallery Toi o Tāmaki	94%	90%	90%	
Number of Māori collaborations annually at Auckland Art Gallery	*	12	10	
Number of volunteer hours at Auckland Art Gallery	*	2,104	1,840 ^[2]	
Number of participants in education and public programmes at Auckland Art Gallery Toi o Tāmaki	40,294	45,373	40,000 ^[2]	
Satisfaction of users with the condition of the facility	96%	91%	90%	

* New measure added in 2016

[1] Result is within 2% of target and has been recorded as substantially met

[2] These measures were combined in the Statement of Intent but separated for the annual report.

Auckland Art Gallery Toi o Tāmaki is an award-winning internationally recognised art museum, holding New Zealand's most extensive and pre-eminent collection of national and international art, with over 16,000 works in its collections dating from the 11th century. Through the presentation of memorable exhibitions, public programmes and thought leadership, the gallery is a catalyst for art and ideas that strengthen and enrich our communities.

The year in review



The visitation for the year of 446,639 and visitor satisfaction rate of 90 per cent reflect the normal operations of the gallery. The 2015 visitor numbers were greater than the current year due to the hugely successful Light Show.

Exhibition highlights this year included *The Story of Rama: Indian Miniatures from the National Museum, Delhi*, which drew strong audiences; *Yang Fudong: Filmscapes*, which showcased one of China's foremost moving-image artists; *Lisa Reihana: in Pursuit of Venus [infected]*, which drew wide acclaim and became the most visited exhibition by a solo New Zealand artist; and *Adorned Histories*, highlighting the gallery's *Lindauer* collection. This programme generated significant increases in the attendance of Indian, Chinese and Pacific audiences over the year. *Billy Apple®: The Artist Has to Live Like Everybody Else*; *Freedom and Structure: Cubism and New Zealand Art 1930-1960*; and *Wunderrūma: New Zealand Jewellery* also generated critical success.

School holiday programmes offered a range of free daily activities and were hugely successful. Ninety per cent of the workshops were booked to capacity. Especially successful was *Hole of Yellow Archipelago* in the Creative Learning Centre (CLC), an exhibition developed with artist Judy Darragh, AUT and Balmoral Primary School that exceeded all previous visitation levels to a CLC project.

The AAG Foundation was successfully relaunched in May 2016 and the gallery continued to receive recognition for its achievements. The marketing campaign for *Light Show* was a finalist in the Best Design Awards as was the gallery's publication *Lisa Reihana: in Pursuit of Venus [infected]*, which won Gold. The gallery's conservation programme included a successfully restored Frances Hodgkins painting, *Still life: Anemones and Hyacinths*, which had been in storage for 60 years. Gallery director Rhana Devenport was appointed curator working with artist Lisa Reihana as New Zealand's official representation at the 57th Venice Art Biennale in 2017 – the world's largest and most prestigious international contemporary art exhibition.

AUCKLAND CONVENTIONS

Measure	Actual 2015	Actual 2016	Target 2016	
Satisfaction of users with the experiences at the Viaduct Events Centre	92% *	91%	90%	
Satisfaction of users with the condition of the Viaduct Events Centre	94%	90%	90%	

* Unaudited result as measure first reported in 2016

These measures are not in the Statement of Intent, but are included here for completeness.

Auckland Conventions offers New Zealand's greatest 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 are iconic Auckland landmarks: ANZ Viaduct Events Centre, Aotea Centre, Auckland Art Gallery, Auckland Town Hall, Auckland Zoo, Bruce Mason Centre, The Civic, Mt Smart Stadium and QBE Stadium Function Centre. Auckland Conventions also provides complete conference solutions through a range of in-house services and is considered a leader in the Meetings, Incentives, Conventions and Exhibitions (MICE) sector.

The revenue generated by Auckland Conventions is applied to the community activities of RFA to minimise the financial cost to ratepayers and contribute to public-good activities.

The year in review













Auckland Conventions had a solid year of performance, hosting well over 700 events and drawing more than 350,000 people to its venues.

Highlights for 2015/16 included hosting the International Australian and New Zealand College of Anaesthetists, which drew more than 1500 delegates to the Aotea Centre over five days. This event made a significant contribution to the local economy, with 75 per cent of delegates from overseas.

Other successful events included hosting the conference of the well-known real estate company, Harcourts, in the Aotea Centre. Regular activities managed by Auckland Conventions include regular university graduation ceremonies, citizenship ceremonies, cocktail parties and gala dinners.

The Bruce Mason Centre is the home of Barfoot and Thompson auctions. The ANZ Viaduct Events Centre is the home of several high-profile events such as the Auckland on Water Boat Show, New Zealand Fashion Week and the Auckland Seafood Festival.

AUCKLAND LIVE

Measure	Actual 2015	Actual 2016	Target 2016	
Number of publicly available performing arts performances programmed by Auckland Live	1,572 *	1,264	820	
Venues include: Aotea Centre, Auckland Town Hall, The Civic theatre, Aotea Square, Bruce Mason Centre				
Visitor satisfaction with experiences at Auckland Live				
Venues:				
Auckland Town Hall	91% *	90%	90%	
Aotea Centre	93% *	91%	90%	
The Civic	94% *	91%	90%	
Aotea Square	-	-	90%	N/A
Bruce Mason Centre	88% *	85%	90%	
Satisfaction of users with the condition of our facilities				
Auckland Town Hall	91%	84%	90%	
Aotea Centre	92%	88%	90%	
The Civic	93%	90%	90%	
Bruce Mason Centre	89%	84%	90%	
Percentage of patrons who believe Auckland Live provides them with a rich choice of arts and entertainment options	**	67%	75%	
Number of events exclusive to Auckland Live venues	**	76	50	
Number of free or low cost (\$5 or less) performances available to Aucklanders programmed by Auckland Live	**	280	240	

* Unaudited result as measure first reported in 2016

** New measure added in 2016

[1] Aotea Square is a public space and is not measured.

Auckland Live champions live arts and entertainment across the Auckland region and actively contributes to the vibrancy and creativity of the city. It attracts and presents live music, opera, ballet, dance, drama, physical theatre and festivals across RFA's iconic venues including Aotea Centre, The Civic, Auckland Town Hall, Aotea Square and the Bruce Mason Centre. It promotes Auckland internationally to secure national and international shows and events, while also nurturing and developing New Zealand talent. Auckland Live works closely with both Auckland Stadiums and Auckland Conventions as part of an integrated approach and strategy to deliver outstanding experiences.

The year in review

Auckland Live delivered more than 1 260 performances to the public of Auckland. The range of entertainment on offer attracted over 900,000 attendances.





Free and low-cost events available to the public included Auckland Live's innovative programme of Pick n Mix giving families and young people a taste of performing arts, music and dance. The inaugural Summer in the Square programme in Aotea Square proved very popular to audiences – the free family-friendly programming featured a broad range of fun activities, from busking and dancing to artists and gardening workshops.

Commercial activities were strong with over 900,000 attendees at a diverse mix of musicals, which included Cats, Michael Flatley's Lord of the Dance, Phantom of the Opera and Flashdance. Other notable highlights saw high-profile entertainers appearing in our venues, including Dawn French, John Cleese, Eric Idle and Prince. Auckland Live venues are also home to the Auckland Philharmonia Orchestra, New Zealand Opera, the Royal New Zealand Ballet, the International Film Festival, Auckland Writers Festival, and others.

In late 2014 Auckland Live changed its name from THE EDGE to better reflect the scope and leadership role it plays in the live arts entertainment sector. To help measure the impact of Auckland Live's success, the key measure "percentage of patrons who believe Auckland Live provides them with a rich choice of arts and entertainment options" was surveyed, but the measure did not achieve the intended purpose. The measure will be revised next year to reflect refined methodology and outcomes that are more meaningful for RFA and the public.

Capital renewals in our venues are planned for in the next two years to improve the overall patron experience and satisfaction with the condition of the venues. The renewals are planned to improve venue accessibility, wayfinding and perception of value for money and to refresh the venues.

AUCKLAND STADIUMS

Measure	Actual 2015	Actual 2016	Target 2016	
Number of commercial event days at Auckland Stadiums	- *	478 ^[1]	779	
Venues include: Mt Smart Stadium, QBE Stadium, Western Springs				
Number of community event days at Auckland Stadiums	- *	675 ^[1]	960	
Venues include: Mt Smart Stadium, QBE Stadium, Western Springs				
Satisfaction of users with the experiences at Auckland Stadiums venues:				
Western Springs	85% **	82% ^[2]	88%	
Mt Smart Stadium	89% **	84% ^[2]	88%	
QBE Stadium	88% **	80% ^[2]	88%	
Satisfaction of users with the condition of the facilities:				
Western Springs	81%	73% ^[2]	90%	
Mt Smart Stadium	85%	79% ^[2]	90%	
QBE North Harbour Stadium	90%	82% ^[2]	90%	

* New measure added in 2016

** Unaudited result as measure first reported in 2016

[1] The level of service has not changed. Improvements to data capture methodology after targets have been set reflect a more accurate level of event days. Refreshed targets have been developed for FY2016/2017.

[2] Satisfaction levels behind target. This is expected to improve as the long-term renewals and investment programmes commence in 2016/17.

Auckland Stadiums manages, operates and promotes Mt Smart Stadium, QBE Stadium and Western Springs Stadium, through an integrated approach realising significant business benefits, while delivering improved value-for-money to Aucklanders.

Auckland Stadiums venues host world-class shows, concerts and festivals while also providing facilities for sporting and entertainment events. These venues support high-performance sport organisations and provide facilities for a number of community sports programmes for local and regional clubs.







The year in review

A wide range of events was hosted by Auckland Stadiums during the year. The events included a strong summer concert programme, the inaugural Auckland City Limits music festival and AC/DC at Western Springs, the internationally acclaimed Colour Run at QBE Stadium, Ed Sheeran and Our House at Mt Smart Stadium. Around 70,000 fans attended Fleetwood Mac over two nights at Mt Smart Stadium in November with 45 per cent of ticket sales from outside Auckland, generating over 40,000 visitor nights and contributing \$4 million to the local economy.

Auckland Stadiums is also home to various community groups such as Athletics Auckland, Marist North Harbour Rugby, Oceania Football Confederation and Ponsonby Rugby Football Club.

RFA has a comprehensive capital investment and renewals programme in place to improve venue conditions and accessibility to these venues. For major concert events in our stadiums, RFA works with Auckland Transport to provide options for accessible transport for patrons attending these events.

AUCKLAND ZOO

Measure	Actual 2015	Actual 2016	Target 2016	
Number of visitors to the Auckland Zoo	650,159	703,237	720,000	
Percentage of visitors satisfied with experiences at the zoo	93%	91%	95%	
Number of visitors to educational programmes at Auckland Zoo	46,321	53,493	50,000 ^[3]	
Satisfaction of users with the condition of the Auckland Zoo	93%	89% ^[1]	90%	
Percentage of visitors reporting an enhanced appreciation of wildlife	- *	81%	80%	
Number of volunteer hours at the Auckland Zoo	- *	38,865 ^[2]	41,160 ^[3]	

* New measure added in 2016

[1] Plans to manage customer experience during construction phase at the zoo have been introduced. Satisfaction with the condition of the facility is rounded to 2% of target and has been recorded as substantially met.

[2] Revised workforce planning resulted in a temporary reduction in volunteer hours. These should revert back to levels seen in previous years.

[3] These measures were combined in the Statement of Intent but separated for the annual report.

Auckland Zoo believes in a future where people value wildlife and species are safe from extinction. As a leading centre for wildlife conservation Auckland Zoo is home to the largest collection of native and exotic species in New Zealand. The zoo aims to bring people together to build a future for wildlife. It does this through: caring for wildlife; inspiring our community to value wildlife; conserving wildlife in wild places; and developing a high-performance organisation. The zoo also has a strong culture of collaboration and partnership as it links in with like-minded businesses and organisations, and Auckland's communities, including volunteers, members and supporters.

The year in review

The current long-term plan approved a 10-year redevelopment programme at Auckland Zoo which is the biggest initiative in the zoo's history. Marking the start of the redevelopment programme, the new African Savannah was officially opened to the public by Prime Minister John Key in March.

At the end of April, Auckland Zoo was on track for a record year for visitor numbers. Contributing to this result were activities such as late-night openings, a concert series and a range of daytime events during the summer months. Two very wet months in May and June, with more than 40 rain-affected days, meant visitation for the year was marginally under target by 2.3%.

Zoo education programmes welcomed children from Northland and Auckland low-decile schools. An innovation made possible by partnering with The Warehouse and support from Ritchie Transport enabled children to experience conservation-based learning programmes.

Auckland Zoo is actively involved in contributing to global and local breeding and conservation programmes. This includes programmes for native species such as kiwi, wetapunga, rare orange-fronted parakeets, skinks and geckos. Young giraffes were transported to Christchurch's Orana Park and Wellington Zoo. Bornean orangutan transferred to America and Nepalese red panda transferred to Australian zoos to assist with breeding programmes vital to the preservation of these endangered species.

Auckland Zoo has commenced a 10-year capital renewal programme to address issues of ageing infrastructure, increased international standards of animal welfare, and improved visitor experience. The next major development planned is the South East Asia precinct due to commence in 2017, with construction work planned to be delivered in a way to positively engage patrons in the development experience.

Major Assets

RFA is responsible for \$1.2 billion worth of assets. The following table demonstrates the diversity of our asset portfolio and the condition of our assets as outlined in our Asset Management Plans.

Assets	Management	Condition	Issues/Risks
Auckland Art Gallery – Building	RFA owned and operated	Very good	Underwent a significant refurbishment and re-opened in 2011. The renewals programme ensures that the building is maintained to its current high levels of service for Aucklanders and its visitors
Auckland Art Gallery – Art Collection	RFA owned and operated	Good	Providing appropriate security and climate control to ensure safety of collection
Auckland Zoo – Building and Enclosures	RFA owned and operated	Average	Auckland Zoo's infrastructure is over 90 years old. A 10-year capital renewal programme was approved within the Auckland Council Long-Term Plan 2015-2025 to cater for increasing international standards of animal care, health and safety and to improve visitor experience and services
Mt Smart Stadium	RFA owned and operated	Average	This stadium is included in RFA's Stadiums Strategy, which involves strategic capital investment to improve the state of all stadium facilities to enhance the customer experience
Western Springs Stadium – Land and Buildings	RFA owned and operated	Average	This stadium is included in RFA's Stadiums Strategy, which involves strategic capital investment to improve the state of all stadium facilities to enhance the customer experience
Aotea Centre	RFA owned and operated	Average	The centre is approximately 30 years old and currently has construction work planned to commence in 2016/17 to address weathertightness issues and refurbishment of the foyers. Further development of the venue will take into account RFA's strategy to develop an arts and cultural precinct surrounding Aotea Square
The Civic	RFA owned and operated	Good	The Civic is an iconic heritage Auckland building – as a result, capital works on the building are inherently difficult and costly.
Viaduct Events Centre	RFA owned and operated	Good	The centre opened in 2011. A planned renewals programme is being delivered to ensure that the building retains its current high level of service for Aucklanders and its visitors
QBE Stadium – Land and Buildings	RFA owned and operated	Good	This stadium is included in RFA's Stadiums Strategy, which involves strategic capital investment to improve the state of all stadium facilities to enhance the customer experience
Bruce Mason Centre	RFA owned and operated	Average	Bruce Mason Centre has weathertightness issues to resolve in the next two years. An appropriate renewal programme for the interior is now in place.
Vector Arena	RFA owned and operated by third party	Very good	Capital renewals on the facility are conducted in accordance with an approved Asset Management Plan and are managed by the operator of the venue.
North Shore Events Centre Auckland Town Hall The Trusts Arena Vodafone Events Centre	Independently owned and RFA relationship management only	Various	Some of these assets sit on RFA/Auckland Council land and operations or failure will affect RFA/Auckland Council

Independent Auditor's Report

To the readers of Regional Facilities Auckland's financial statements and performance information for the year ended 30 June 2016

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

Opinion on the financial statements and the performance information

We have audited:

- the financial statements of the Trust on pages 8 to 49, that comprise the statement of financial position as at 30 June 2016, the statement of comprehensive revenue and expenses, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the Trust on pages 50 to 61.

In our opinion:

- the financial statements of the Trust:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2016; and
 - its financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Standards; and
- the performance information of the Trust presents fairly, in all material respects, the Trust's actual performance compared against the performance targets and other measures by which performance was judged in relation to the Trust's objectives for the year ended 30 June 2016.

Our audit was completed on 31 August 2016. 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 Trustees and our responsibilities, and 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 the performance information are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements and the performance information. 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 in the performance information. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and the performance information, whether due to fraud or error. In making those risk

assessments, we consider internal control relevant to the preparation of the Trust's financial statements and performance information in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.

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 Trustees;
- the appropriateness of the reported performance information within the Trust's framework for reporting performance;
- the adequacy of the disclosures in the financial statements and in the performance information; and
- the overall presentation of the financial statements and the performance information.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and the performance information. Also, we did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

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

Responsibilities of the Trustees

The Trustees are responsible for the preparation and fair presentation of financial statements for the Trust that comply with generally accepted accounting practice in New Zealand. The Trustees are also responsible for preparation of the performance information for the Trust.

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

The Trustees are responsible for such internal control as it determines is necessary to enable the preparation of financial statements and performance information that are free from material misstatement, whether due to fraud or error. The Trustees are also responsible for the publication of the financial statements and the performance information, whether in printed or electronic form.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and the performance information and reporting that opinion to you based on our audit. Our responsibility arises from 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 External Reporting Board.

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



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

