

**Tātaki Auckland Unlimited Trust**

# Annual Report

**FOR THE YEAR ENDED 30 JUNE 2022**

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PŪRONGO Ā-TAU MŌ TE TAU  
MUTU I TE 30 O PIPIRI 2022



## STATEMENT OF COMPLIANCE AND RESPONSIBILITY

He kōrero mō ngā mahi tikanga, kawenga hoki

The trustee is responsible for the preparation of the Tātaki Auckland Unlimited Trust (TAUT) financial statements and statement of service performance, and for the judgements made in them.

The trustee of TAUT has the responsibility of establishing and maintaining a system of internal controls designed to provide reasonable assurance as to the integrity and reliability of financial and service reporting.

In the trustee's opinion, these financial statements and statement of service performance fairly reflect the financial position, operations and service performance of TAUT for the year ended 30 June 2022.

SIGNED on 20 September 2022



Mark Franklin

Chair, Tātaki Auckland Unlimited Limited as Trustee of Tātaki Auckland Unlimited Trust

SIGNED on 20 September 2022



Nick Hill

Chief Executive Officer, Tātaki Auckland Unlimited Limited as Trustee of Tātaki Auckland Unlimited Trust

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## Overview

### Tirohangā whānui

On 13 May 2022 Regional Facilities Auckland changed its name to Tātaki Auckland Unlimited Trust (TAUT). Tātaki Auckland Unlimited Trust is a council-controlled organisation (CCO) and a wholly owned subsidiary of Auckland Council (the shareholder). TAUT works in partnership with the council and our key stakeholders to enrich the lives of people in Auckland by engaging them in the arts, the natural environment, sports and a wide range of events through our programmes and in our iconic venues.

Auckland Unlimited Limited continues to be the sole trustee of TAUT which is a charitable trust. Auckland Unlimited Limited changed its name to Tātaki Auckland Unlimited Limited (TAUL) effective 13 May 2022.

TAUL is a 100% owned subsidiary of Auckland Council.

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

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

## Our successes and achievements

### Ā tātou momoho me ngā tutukitanga

TAUT's financial year was once again marked by venue closures, social distancing restrictions, COVID-19 alert level changes, and the impacts of border closures on events such as touring shows and sports events. These restrictions, combined with alert level changes and lockdowns, adversely affected TAUT's visitation numbers.

In the year to 30 June 2022, more than 1.1 million visitors experienced programmes, events and exhibitions at various TAUT facilities across Auckland. A survey of Auckland residents showed over 70 per cent considered that TAUT's programmes, events and exhibitions enriched their lives.

### Enhancing Auckland as a culturally vibrant city for all

TAUT venues and programmes deliver engaging, innovative, and relevant exhibitions and events, with more than 1.1 million visitors during 2021/2022. Sized for COVID-19 impacts and funding constraints, the programmes delivered by TAUT included:

- more than 1,862 event days across TAUT venues
- more than 1,056 performing arts event days in Auckland Live venues
- exhibitions at Auckland Art Gallery Toi o Tāmaki including *Mary Quant: Fashion Revolutionary*
- a programme of free and subsidised experiences delivered by Auckland Live, engaging with more than 870,000 participants

- experiences of natural and cultural heritage for more than 700,000 visitors at Auckland Zoo, Auckland Art Gallery and New Zealand Maritime Museum.

TAUT continued to provide support to the cultural sectors by providing capital funding for renewal works at The Trusts Arena, MOTAT and Stardome. We also continued investment into our own venues including the Zoo, Aotea Centre and our three stadiums.

## Effective social, cultural, and environmental return on Tātaki Auckland Unlimited's investments

TAUT provides an exceptional experience for all visitors and customers by improving its venues, making information more accessible, simplifying processes, and enhancing customer service training and visitor experiences.

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

- delivering subsidised school programmes to more than 22,000 school students, focusing on wildlife conservation, New Zealand's maritime heritage, and the visual and performing arts
- providing venues for more than 126,000 children focused on programmes / events and activities
- delivering educational programmes online and in the Gallery spaces and through the distribution of the *Toi Tū Toi Ora: Contemporary Māori Art* publication to every school in Auckland and kura throughout Aotearoa New Zealand.

### *Auckland Art Gallery Toi o Tāmaki*

*Toi Tū Toi Ora: Contemporary Māori Art* was the largest exhibition ever undertaken by the Auckland Art Gallery. Free to the public, it ran from 6 December 2020 to 9 May 2021. Since the closure of the exhibition, work continued with the publication of a book on contemporary Māori art in February 2022. Online educational resources were also developed as a legacy of the exhibition and expression of ongoing commitment to Te Ao Māori. The pilot employment programme for kaiarahi – bilingual gallery assistants – was completed and evaluated by an independent Kaupapa Māori researcher.

The *Mary Quant: Fashion Revolutionary* exhibition ran from 10 December 2021 to 13 March 2022. This international exhibition from the Victoria and Albert Museum, London, explored the work of legendary fashion designer Mary Quant. More than 22,100 visitors attended the exhibition, although fewer than expected due to COVID-19 restrictions.

*Heavenly Beings: Icons of the Christian Orthodox World* ran from 15 April 2022 to 22 October 2022, and introduced the tradition of devotional art of the Christian Orthodox faith in an exhibition of icons drawn from across the world.

Other events included:

- A major new wānanga toi Māori, *Toi Te Kupu: Whakaahuatanga* was held in Tāmaki Makaurau to coincide with Matariki. It celebrated and showcased the transformative power of mātauranga Māori as expressed through art, exhibition-making and wider creative practices, while increasing the dialogue between Māori artists on what is critically important in contemporary Māori art.
- *Yoga and Art Immersion*, on Sundays from 8 May 2022 (running until 11 December 2022).

- Korean-New Zealand artist Yona Lee exhibition (*An Arrangement for 5 Rooms*) installed in February 2022.
- *The Max Oettli: Visible Evidence, Photographs 1965–1975* exhibition opened in the Upper Grey Gallery.
- The first exhibition by Curator Pacific Art Ane Tonga, *Declaration: A Pacific Feminist Agenda* was opened by the Minister for the Arts Hon. Carmel Sepoloni. It ran from March to July 2022, and brought together 12 prominent artists from across the Pacific. The exhibition spoke to pressing issues including climate change, resilience, sovereignty, activism, and social justice.

#### Diversity and inclusion

- In August 2021, Auckland Art Gallery Toi o Tāmaki received Rainbow Tick accreditation, a significant milestone in its journey towards becoming a more welcoming and inclusive place for staff and visitors. The Rainbow Tick is an external audit and quality improvement programme designed to support organisations in being safe, embracing, and inclusive places for people of diverse gender identity and sexual orientation.
- In gaining the Rainbow Tick, Auckland Art Gallery demonstrated compliance with all five areas of evaluation: Policies, Staff Training, Staff Engagement and Support, External Engagement and Monitoring.
- In September 2021, Auckland Art Gallery joined the Safe Space Alliance – providing a space where the LGBTQI+ community can freely express themselves without fear; and where violence, bullying or hate speech towards this community is not tolerated.

Restoration work is planned to restore and maintain the Gallery’s heritage infrastructure; the work is being scoped and will continue until 2023.

#### *Auckland Zoo*

Auckland Zoo completed its fourth consecutive year of Toitū carbon zero certification – achieving a 36 per cent absolute reduction in greenhouse gas emissions since the 2016 baseline year.

The South-East Asia Jungle Track and the new boardwalk over the Central Lake were completed in December 2021, with tiger, otter and Swamp Forest habitats completed by April 2022. The South-East Asia Jungle Track won the ‘top exhibit’ award at the Australasian Zoo and Aquarium conference.

At the financial year end, about 800 fish of four different Southeast Asian species were in quarantine in the dedicated ‘fish room’ adjoining the Swamp Forest Tropical Dome and will be joined in the new financial year by several thousand more.

Auckland Zoo ran a free Community Ticket programme through January, with 50-100 tickets a day being used.

Anjalee, the younger of the zoo’s two elephants, was successfully relocated to Taronga Western Plains Zoo, in Dubbo, Australia, in early March 2022. The Australian Zoo in Queensland withdrew its offer to accept the transfer of Burma, originally planned for the end of April 2022. Other options were still being considered at financial year end.



## ***Auckland Live***

Auckland Live delivered enhanced digital initiatives to support audience engagement and outreach during the continued COVID-19 restrictions, including the *Pick & Mix* programme for families, and education kits for schools. The kits allowed children to access performing arts-focused learning content across the country, to support meeting curriculum requirements.

Due to an alert level change, the APEC Summit, which was to be delivered at Aotea - Te Pokapū | Aotea Centre at the beginning of November 2021, had to move from an in-person event for 1,700 people to fully digital.

However, during January and February 2022, the Aotea Centre was able to host a stunning and successful exhibition, *Michelangelo – A Different View*, under the red COVID-19 alert setting. The exhibition featured photo-mechanically reproduced copies of 50 of Michelangelo's works. The works were displayed almost in original size and in a way that invited visitors to look at them from a different perspective, with audio guides available on their devices. For example, 'The Genesis', the work enshrined on the ceiling of the Sistine Chapel was laid out on the floor, with visitors looking down rather than up.

The bilingual wayfinding and signage project continued in the Aotea Centre, The Civic Theatre and Auckland Town Hall. By year end, a scoping exercise to extend the project to Mt Smart Stadium and other stadiums operated by TAUT had started. This project will contribute to a plan for future activities that demonstrate TAUT's commitment to support Te Reo Māori being seen, spoken, heard, and learned throughout Tāmaki Makaurau. This will utilise funding from Auckland Council's Long-term Plan allocated to TAUT's capital expenditure activities.

## ***Auckland Stadiums***

Western Springs hosted L.A.B. in January 2022 at Outerfields – the only stadium concert for the 2021/2022 Summer Concert season. It was fortuitous timing ahead of the Government moving the country to a 'red' traffic light setting 24 hours later.

Mt Smart Stadium hosted the Aotearoa Tonga Relief Committee, which was collecting donations of dried goods to support Tonga's response to the volcanic eruption in January. As at year end, 51 containers had been shipped to Tonga.

Super Rugby team Moana Pasifika announced Mt Smart Stadium as its new home base at the end of September 2021 and played matches there during the season.

From 12 to 14 November 2021, Mt Smart Stadium hosted a three-day Pacific peoples-friendly Mega Vax Pacific vaccination event, which materially contributed towards the Government's 90 per cent fully vaccinated target.

## ***New Zealand Maritime Museum Hui Te Ananui a Tangaroa***

New Zealand Maritime Museum's Aramoana Ocean Roads Waka programme (made possible with funding from Foundation North) benefits more than 1,200 Māori, Pacific and south Auckland students and their whānau each year.

The programme elevates their mana through the celebration of mātauranga waka, enabling them to explore their identity and build their sense of pride as people of Aotearoa and the Pacific. Participants discover the

innovative thinking and knowledge their tūpuna brought with them and how this is being used to tackle modern-day issues such as cultural identity and sustainability of our oceans and energy sources.

Refurbishment of the Edmiston Gallery at the Maritime Museum was completed in December 2021. The first exhibition in this space was *I Am Island and Sea*, which opened on 26 January 2022.

After being affected by COVID-19 restrictions, school visits had resumed by year end and continue to attract high levels of interest.

The exhibition schedule is confirmed through to 2026, with placeholder titles including:

- *Always Song in the Water*, exploration of the ocean environment with artist Greg O'Brien
- *Our Changing Waterfront*, a history of the evolution of the Auckland waterfront and port
- *Six Feet High and Rising*, exploring new ideas and products designed to address climate change
- *Sentinel*, Aotearoa as the seabird capital of the world (a partnership exhibition with the University of Auckland).

## Our finances

### Ā tātou pūtea

The COVID-19 pandemic and the ensuing economic consequences continue to dominate TAUT's operations, with lockdowns in Auckland. The continued border closures resulted in a suspension of international concerts and sporting events.

TAUT's financial statements reflect the impact of COVID-19. We finished the year with a total other comprehensive income of \$228.6 million, primarily due to gains on property and art revaluations of \$227 million.

We continue to take a range of measures to mitigate the revenue impact, including applying for, and receiving, the government wage subsidies. Expenditure management included a recruitment freeze, reduced or deferred spending in areas such as advertising and deferring unscheduled repairs and maintenance.

TAUT has the privilege of being the kaitiaki (guardian) of some of New Zealand's most loved landmarks – valued by Aucklanders and visitors to the city. We are trusted stewards of more than \$1.8 billion worth of Auckland's cultural and sporting assets. A continued significant focus for TAUT during the year, the capital works programme was impacted by COVID-19 with delays as well as resource and supply shortages.

A major capital works project at Auckland Zoo's South East Asia precinct was completed in April 2022 with the public now enjoying the new facilities and experiences. Work continues on a significant Auckland Art Gallery heritage restoration project due for completion in 2023.

Due to the impact of COVID-19 delaying some capital projects, the unused 2021/2022 capital budget for certain projects has been deferred to the 2022/2023 financial year.

## Future outlook

### Tirohanga whakamua

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

## Impact of COVID

### Pānga o COVID

To mitigate the impact of COVID-19, New Zealand entered a government-directed ‘alert level’ system. The system dictated the level of business activity and societal interaction that could take place, with level 4 being the most restrictive (locked down apart from essential services), and level 1 being closest to a pre-pandemic environment.

Auckland was at alert levels 4 and 3 from 18 August 2021, meaning the closure of all TAUT facilities and venues, the cancellation or postponement of a range of events, and no visitation to Auckland. From 2 December 2021, New Zealand entered a ‘traffic light’ system (COVID-19 Protection Framework) to protect the country from COVID-19, while allowing people greater freedoms. Auckland had the highest levels of infection and the greatest levels of restrictions under the new framework, continuing to impact TAUT events and activities.

Over the course of the 2021/2022 financial year, the Government directed Auckland through the following alert levels:

Auckland Level	From	Comment
L4	17 August 2021, 11.59pm	All of New Zealand
L4	31 August 2021, 11.59pm	Auckland & Northland L4, rest of NZ south of Auckland to L3
L4	2 September 2021, 11.59pm	Auckland L4, rest of NZ at L3
L4	7 September 2021, 11.59pm	Auckland L4, rest of NZ at L2
L3	21 September 2021, 11.59pm	Auckland and Upper Hauraki L3, rest of NZ at L2
L3	25 September 2021, 11.59pm	Auckland L3, Upper Hauraki L2, rest of NZ at L2
L3	3 October 2021, 11.59pm	Auckland L3, Hamilton areas L3, rest of NZ at L2
L3	5 October 2021, 11.59pm	Auckland L3 Step 1, restrictions are eased; Waikato areas L3, rest of NZ at L2
L3	7 October 2021, 11.59pm	Auckland L3 Step 1, restrictions are eased; Waikato areas L3 extended
L3	8 October 2021, 11.59pm	Auckland L3 Step 1, restrictions are eased; Waikato areas L3, Northland to L3, rest of NZ at L2
L3	19 October 2021, 11.59pm	Auckland L3 Step 1, restrictions are eased; Waikato areas L3, Northland to L2, rest of NZ at L2
L3	27 October 2021, 11.59pm	Auckland and Waikato areas, L3 Step 1 restrictions are eased; rest of NZ at L2
L3	2 November 2021, 11:59pm	Auckland L3 Step 1 restrictions are eased; Waikato areas L3 Step 2, Northland to L3, rest of NZ at L2
L3	9 November 2021, 11:59pm	Auckland Step 2

L3	2 December 2021, 11:59pm	COVID-19 Protection Framework - all of NZ at red
Red	23 January 2022, 11:59pm	Traffic light setting - all of New Zealand
Orange	13 April 2022, 11:59pm	Traffic light setting - all of New Zealand

# Financial Statements

## Ngā pūrongo tahua pūtea

### Statement of Comprehensive Revenue and Expenses for the year ended 30 June 2022

#### Pūrongo o ngā Whiwhinga me ngā Whakapaunga pūtea mō te tau mutu a te 30 o Pipiri 2022

	Note	Actual 2022 \$000s	Budget 2022 \$000s	Actual 2021 \$000s
<b>Revenue</b>				
Commercial revenue	1	21,851	49,078	33,011
Finance income	1	495	100	268
<b>Total revenue from exchange transactions</b>	<b>1</b>	<b>22,346</b>	<b>49,178</b>	<b>33,279</b>
Philanthropic revenue		4,217	2,570	5,161
Government subsidies		7,991	244	9,697
Auckland Council funding	1	107,916	120,557	103,092
<b>Total revenue from non-exchange transactions</b>	<b>1</b>	<b>120,124</b>	<b>123,371</b>	<b>117,950</b>
<b>Total revenue</b>	<b>1</b>	<b>142,470</b>	<b>172,549</b>	<b>151,229</b>
<b>Expenditure</b>				
Employee benefits	2	54,154	59,764	54,826
Depreciation expense		36,877	41,744	35,560
Amortisation expense		611	1,000	1,003
Impairment of property, plant, and equipment		-	-	101
Finance expenditure		255	-	(16)
Other expenses	3	48,959	56,623	40,939
<b>Total expenditure</b>		<b>140,856</b>	<b>159,131</b>	<b>132,413</b>
<b>Surplus from continuing operations before tax</b>		<b>1,614</b>	<b>13,418</b>	<b>18,816</b>
<b>Surplus after tax attributable to:</b>				
Tātaki Auckland Unlimited Trust	4	1,614	13,418	18,816
<b>Other comprehensive income</b>				
Gain on property and art revaluations		227,001	-	76,093
<b>Total other comprehensive income</b>		<b>227,001</b>	<b>-</b>	<b>76,093</b>
<b>Total comprehensive income after tax</b>		<b>228,615</b>	<b>13,418</b>	<b>94,909</b>

Explanations of significant variations from budget are detailed in Note 4.  
The accompanying notes form part of these financial statements.

## Statement of Financial Position as at 30 June 2022

### Pūrongo o te Tahua Pūtea i te 30 o Pipiri 2022

	Note	Actual 2022 \$000s	Actual 2021 \$000s
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	34,588	21,300
Receivables	6	38,785	29,732
Prepayments		2,186	1,868
GST receivable		2,051	263
Derivative financial instruments		30	-
Other financial assets	16	34	109
Inventories	7	851	675
<b>Total current assets</b>		<b>78,525</b>	<b>53,947</b>
<b>Non-current assets</b>			
Property, plant and equipment	12	1,551,842	1,327,469
Artwork collections	13	317,604	315,728
Heritage and cultural assets	14	3,679	3,399
Intangible assets	15	787	758
Other financial assets	16	697	831
Receivables		821	-
<b>Total non-current assets</b>		<b>1,875,430</b>	<b>1,648,185</b>
<b>Total assets</b>		<b>1,953,955</b>	<b>1,702,132</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Payables	8	96,641	71,964
Borrowings and other financial liabilities	17	269	1,707
Employee entitlements	9	6,173	5,263
Provisions	10	520	1,095
<b>Total current liabilities</b>		<b>103,603</b>	<b>80,029</b>
<b>Non-current liabilities</b>			
Borrowings and other financial liabilities	17	6,895	7,164
Derivative financial instruments		16	-
<b>Total non-current liabilities</b>		<b>6,911</b>	<b>7,164</b>
<b>Total liabilities</b>		<b>110,514</b>	<b>87,193</b>
<b>NET ASSETS</b>		<b>1,843,441</b>	<b>1,614,939</b>
<b>Equity and reserves</b>			
Contributed capital	19	1,053,532	1,053,532
Accumulated surplus / (deficit)	19	72,687	71,079
Restricted equity	19	3,120	3,227
Asset revaluation reserves	19	714,102	487,101
<b>Total equity</b>		<b>1,843,441</b>	<b>1,614,939</b>

The accompanying notes form part of these financial statements.

## Statement of Changes in Equity as at 30 June 2022

### Pūrongo o te Panoni Rawa Pūtea i te 30 o Pipiri 2022

	Note	Actual 2022 \$000s	Actual 2021 \$000s
<b>Balance 1 July</b>		1,614,939	1,518,787
Total comprehensive revenue and expenses for the year		228,615	94,909
<b>Owner transactions</b>			
Movement in restricted equity		(113)	1,243
<b>Balance at 30 June</b>	19	<b>1,843,441</b>	<b>1,614,939</b>

The accompanying notes form part of these financial statements.

## Statement of Cash Flows for the year ended 30 June 2022

### He Kōrero mō te Kapewhiti Pūtea i te 30 o Pipiri 2022

	Note	Actual 2022 \$000s	Actual 2021 \$000s
<b>Cash flows from operating activities</b>			
Receipts from Auckland Council funding		106,124	106,460
Receipts from commercial revenue		7,196	15,201
Receipts from third parties held in relation to future events		30,543	15,034
Government subsidies received		7,991	9,697
Net GST received / (paid)		(1,789)	39
Interest revenue	1	480	268
Payments to suppliers and employees		(102,481)	(103,321)
Interest paid		(255)	16
<b>Net cash inflow / (outflow) from operating activities</b>		<b>47,809</b>	<b>43,394</b>
<b>Cash flows from investing activities</b>			
Loan repayments received		65	318
Proceeds from sale of asset		2,150	-
Purchase of property, plant and equipment		(36,036)	(47,622)
Purchase of intangible assets		(640)	(709)
<b>Net cash inflow / (outflow) from investing activities</b>		<b>(34,461)</b>	<b>(48,013)</b>
<b>Cash flows from financing activities</b>			
Distributions to / (from) restricted reserves		(60)	108
<b>Net cash inflow / (outflow) from financing activities</b>		<b>(60)</b>	<b>108</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>13,288</b>	<b>(4,511)</b>
Cash and cash equivalents at beginning of the year		21,300	25,811
<b>Cash and cash equivalents at end of the year</b>	5	<b>34,588</b>	<b>21,300</b>

The accompanying notes form part of these financial statements.

## Basis of Reporting

### Te Takenga Pūrongo

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#### Reporting entity




Tātaki Auckland Unlimited Trust (TAUT) is a charitable trust incorporated in New Zealand under the Charitable Trusts Act 1957 and domiciled in New Zealand. TAUT was established by deed as a trust with a single corporate trustee, being Tātaki Auckland Unlimited Limited (TAUL) - formerly Regional Facilities Auckland Limited - and started operations on 1 November 2010.

The objectives detailed in the deed of trust are available online at:

<http://www.legislation.govt.nz/regulation/public/2010/0253/11.0/DLM3174949.html>

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

The financial statements of TAUT are for the year ended 30 June 2022. Comparative information is provided for the period from 1 July 2020 to 30 June 2021. The financial statements were authorised for issue by TAUT's Board on 20 September 2022.

Key	Explanation
	Accounting policies
	Significant judgements and estimates
	Local government disclosures

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#### Basis of preparation

**Statement of compliance** – The financial statements of TAUT have been prepared in accordance with the Local Government Act 2002. These financial statements comply with International Public Sector Accounting Standards (IPSAS) and other applicable financial reporting standards as appropriate for public benefit entities designated Tier 1.

The financial statements are presented in New Zealand dollars and all values rounded to the nearest thousand dollars (\$000). The functional currency of TAUT 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 2022, unless otherwise stated.

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

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

**Budget figures** – Those figures are approved in the Tātaki Auckland Unlimited Statement of Intent for 2021-2024, which is published on the Tātaki Auckland Unlimited website at:

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

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

### Other accounting policies and judgements



#### Goods and services tax (GST)

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

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

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

#### Income tax

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

#### **Significant judgements relate to:**

- assessing the recognition of grants revenue received (Note 1)
- determining the appropriate asset classes and useful lives of property, plant and equipment; estimating the depreciated replacement costs and the residual value of certain assets (Note 12)
- determining the discount rate for community loans (Note 16)
- accounting for the operating lease with regard to Spark Arena (Note 21).

### **Implementation of new and amended standards**

#### **Change in frequency of revaluations of property, plant and equipment**

From 1 July 2020 Auckland Council Group changed its accounting policy to revalue its property, plant and equipment held at fair value, at least every five years. Management takes the view that this change in policy provides the group with the flexibility to revalue when it is appropriate, or when there is a material movement given the need to manage our finances prudently. The policy was applied prospectively in 2021, with the full revaluation taking place in the current year.

#### **Impact of COVID-19 on TAUT**

The COVID-19 pandemic continued to impact TAUT in the year to 30 June 2022. While Auckland operated under the COVID-19 traffic light system for a large part of the year, TAUT's commercial revenue was adversely impacted by the border closures. This applied especially to those business units such as the Auckland Art Gallery and the New Zealand Maritime Museum which attract international visitors, as well as Stadiums and Auckland Live which rely on international artists and performers for ticketed income. TAUT was able to assuage the effects of this lost revenue with the assistance of the Government Wage Subsidy, and by focusing on domestic artist programming and customers to drive revenues and visitation.

#### **Use of estimates and judgements**

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

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

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

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

## Revenue and Expense Results for the Year

### Ngā Whiwhinga me ngā Whakapaunga Pūtea o te Tau

Note 1 – Revenue	Actual 2022 \$000s	Actual 2021 \$000s
<b>Pitopito kōrero 1 – Ngā whiwhinga moni</b>		
<b>Commercial revenue from exchange transactions</b>		
Entrance and admission fees	4,792	6,236
Venue hire	3,816	6,158
Food and beverages	2,162	5,112
Membership fees	756	1,590
Sale of goods	1,951	2,606
Rental revenue from property leases	3,632	6,799
Other commercial revenue	4,682	4,496
Gain on disposal of plant and equipment	60	14
<b>Total commercial revenue</b>	<b>21,851</b>	<b>33,011</b>
<b>Finance income</b>		
Interest revenue	480	268
Realised foreign exchange gains	15	-
<b>Total finance income</b>	<b>495</b>	<b>268</b>
<b>Total revenue from exchange transactions</b>	<b>22,346</b>	<b>33,279</b>
<b>Revenue from non-exchange transactions</b>		
Donations and bequests	31	78
Sponsorships	381	235
Grants	2,400	3,368
Gifted artwork and museum collection items	1,405	1,480
<b>Total philanthropic revenue</b>	<b>4,217</b>	<b>5,161</b>
Government subsidies	7,991	9,697
<b>Total other revenue</b>	<b>12,208</b>	<b>14,858</b>
<b>Auckland Council funding</b>		
Operating funding	65,408	56,874
Capital funding	42,508	46,218
<b>Total Auckland Council funding</b>	<b>107,916</b>	<b>103,092</b>
<b>Total revenue from non-exchange transactions</b>	<b>120,124</b>	<b>117,950</b>
<b>Total revenue</b>	<b>142,470</b>	<b>151,229</b>



## Revenue

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

**Auckland Council funding** – TAUT receives operating and capital funding from Auckland Council. Operational funding is recognised as revenue upon entitlement based on the eligibility of expenditure in accordance with the 2021-2024 Statement of Intent between TAUT and the council. Capital funding is a reimbursement for approved capital works as outlined in TAUT’s asset management plan and recognised as a related party receivable at the time the capital expense is incurred by TAUT.

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

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

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

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

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

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

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



### Grants received

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

### Grants

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

Grants include:

- various grants to Auckland Art Gallery of \$1.2 million (2021: \$2.3 million)
- various grants to the New Zealand Maritime Museum of \$0.4 million (2021: \$0.2million).

Note 2 – Employee entitlements	Actual 2022 \$000s	Actual 2021 \$000s
<b>Pitopito kōrero 2 – Ngā tikanga kaimahi</b>		
Salaries and wages	52,095	53,860
Employer contributions to KiwiSaver	1,353	1,306
Other	11	11
Increase / (decrease) in employee holiday pay provision	695	(351)
<b>Total employee benefits</b>	<b>54,154</b>	<b>54,826</b>

Note 3 – Other expenses	Actual 2022 \$000s	Actual 2021 \$000s
<b>Pitopito kōrero 3 – Ētahi atu whakapaunga</b>		
<b>Other expenses include:</b>		
Fees paid to principal auditor:		
– Audit fees for financial statement audit	279	270
– Fees for review engagement	28	27
Assurance services	35	10
Loss on disposal of assets	748	398

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

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

Actual  
2022  
\$000s

<b>Budgeted surplus from continuing operations before tax</b>	<b>13,418</b>
<i>Revenue explanations</i>	
Commercial revenue not achieved	(27,227)
Additional operating funding received from Auckland Council	912
Capital funding not received from Auckland Council due to deferment of capital programme	(13,554)
Government subsidies received	7,747
Additional interest received	396
Other revenue not achieved	(68)
Additional donations and bequests received	2,006
Sponsorship budget not achieved	(291)
<b>Total operating revenue explanations</b>	<b>(30,079)</b>
<i>Expenditure explanations</i>	
Lower depreciation due to capital projects completed	4,867
Additional amortisation not budgeted	389
Staff restructure costs unbudgeted	(146)
Lower staff costs*	5,756
Additional grants awarded not budgeted for	(1,279)
Lower direct costs arising from savings against budget	8,943
Interest paid higher than budgeted for	(255)
<b>Total operating expenditure explanations</b>	<b>18,275</b>
<b>Actual surplus from continuing operations before tax</b>	<b>1,614</b>

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

## Working Capital

### Haupū Pūtea Mahi

Note 5 – Cash and cash equivalents	Actual 2022 \$000s	Actual 2021 \$000s
<b>Pitopito kōrero 5 – Ngā moni me ngā pūtea taurite</b>		
Cash at bank and on hand	80	69
Operating bank account	1,047	882
Ticketing bank account	33,305	20,349
Arts development fund	156	-
<b>Total cash and cash equivalents</b>	<b>34,588</b>	<b>21,300</b>

#### 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 the council and TAUT is set off for debt and interest purposes.

#### Ticketing bank account

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

#### Arts Development Fund

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



#### Restricted cash balances

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

Note 6 – Trade and other receivables	Actual 2022 \$000s	Actual 2021 \$000s
<b>Pitopito kōrero 6 – Ngā tauhokohoko me ngā whiwhinga</b>		
Total trade and other receivables comprise:		
<b>Receivables from exchange transactions</b>		
Receivables from sale and supply of goods and services	4,068	4,131
Provision for impairment of trade receivables	(271)	(364)
Trade receivables net	3,797	3,767
Sundry debtors	1,288	2,092
Accrued income	1,012	545
Total receivables from exchange transactions	6,097	6,404
<b>Receivables from non-exchange transactions</b>		
Related-party receivables	32,688	23,328
Total receivables from non-exchange transactions	32,688	23,328
<b>Total trade and other receivables</b>	<b>38,785</b>	<b>29,732</b>



#### Trade and other receivables

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

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

#### Provision for impairment



#### Provision for impairment of trade receivables

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

#### Impact of COVID-19 on the provision for doubtful debts

A significant number of TAUT's trade receivables are tenants in the hospitality industry or are event-related clients in the entertainment industry. Given the higher financial risk associated with these industries as a result of their reduced operations during lockdown, TAUT has applied a conservative approach in its provisioning of doubtful trade receivables at 30 June 2022.



<b>Note 7 – Inventories</b>	<b>Actual 2022 \$000s</b>	<b>Actual 2021 \$000s</b>
<b>Pitopito kōrero 7 – Rārangi taputapu</b>		
Commercial inventory		
Items held for resale	851	675
<b>Total inventory</b>	<b>851</b>	<b>675</b>

The write-down of commercial inventory to net realisable value amounted to \$37,000 (2021: \$70,000). There have been no reversals of write-downs.



### Inventory

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

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

<b>Note 8 – Payables</b>		<b>Actual 2022 \$000s</b>	<b>Actual 2021 \$000s</b>
<b>Pitopito kōrero 8 – Ngā utunga</b>			
	<i>Note</i>		
Total payables comprise:			
<b>Payables under exchange transactions</b>			
Creditors		10,108	9,626
Revenue received in advance		9,302	6,159
Accrued expenses		13,510	11,533
Amounts due to third parties in relation to future events		30,543	15,034
<b>Total payables under exchange transactions</b>		<b>63,463</b>	<b>42,352</b>
<b>Payables under non-exchange transactions</b>			
Amounts due to related parties	18	33,178	29,612
<b>Total payables under exchange transactions</b>		<b>33,178</b>	<b>29,612</b>
<b>Total payables</b>		<b>96,641</b>	<b>71,964</b>



### Payables

Creditors and accrued expenses are recorded at their face value.

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

Note 9 – Employee entitlements	Actual 2022 \$000s	Actual 2021 \$000s
<b>Pitopito kōrero 9 – Ngā tikanga kaimahi</b>		
<b>Current portion</b>		
Accrued salaries and wages	1,006	734
Annual leave	5,105	4,455
Long-service leave	62	74
<b>Total current portion</b>	<b>6,173</b>	<b>5,263</b>
<b>Total employee entitlements</b>	<b>6,173</b>	<b>5,263</b>



#### Employee entitlements

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

Note 10 – Provisions	Actual 2022 \$000s	Actual 2021 \$000s
<b>Pitopito kōrero 10 – Ngā whakarato</b>		
<b>Current portion</b>		
Grant commitment	108	104
Other	412	991
<b>Total current portion</b>	<b>520</b>	<b>1,095</b>
<b>Total provisions</b>	<b>520</b>	<b>1,095</b>

#### Movements for each class of provision

	Actual 2022 \$000s		
	Grant commitment	Other	Total
Previous year opening balance	104	1,259	1,363
Additional provisions made	80	1,412	1,492
Amounts used / unused amounts released	(76)	(2,259)	(2,335)
<b>Closing balance</b>	<b>108</b>	<b>412</b>	<b>520</b>

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



#### Provisions

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

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

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

Note 11 – Reconciliation of net surplus / (deficit) after tax to net cash flow from operating activities	Actual 2022 \$000s	Actual 2021 \$000s
Pitopito kōrero 11 – Aromātai kurutete o te tōpūtanga (tarepa) more mō muri i te utu tāke ki ngā moniwhiwhi more i ngā whakahaere hinonga		
<b>Net surplus / (deficit) after tax</b>	<b>1,614</b>	<b>18,618</b>
<i>Add / (less) non-cash items</i>		
Depreciation	36,877	35,560
Amortisation	611	1,003
Bad debts	69	199
Non-cash lease revenue	-	-
Decrease in allowance for impairment of trade receivables	(142)	68
Net (gains) / losses on other financial assets	(69)	(67)
Other non-cash adjustments	(1,735)	(3,840)
Gifted artworks	(1,405)	(1,480)
<b>Total non-cash items</b>	<b>34,206</b>	<b>31,443</b>
<i>Add / (less) items classified as investing or financing activities</i>		
(Gain) / loss on disposal of property, plant and equipment	748	398
<b>Total items classified as investing or financing activities</b>	<b>748</b>	<b>398</b>
<i>Add / (less) movements in statement of financial position items</i>		
(Increase) / decrease in other receivables	866	(934)
(Increase) / decrease in accrued income	(467)	(531)
(Increase) / decrease in prepayments	(318)	(1,542)
(Increase) / decrease in GST receivable	(1,789)	39
(Increase) / decrease in inventories	(176)	201
Increase / (decrease) in other payables	15,990	(3,971)
Increase / (decrease) in revenue in advance	3,144	(336)
Increase / (decrease) in accrued expenses	715	2,996
Increase / (decrease) in provisions	(575)	288
Increase / (decrease) in employee benefits	910	(1,879)
Increase / (decrease) in capital expenditure accrual	(1,264)	3,657
Increase / (decrease) in net related-party balances	(5,795)	(5,053)
<b>Net movement in working capital items</b>	<b>11,241</b>	<b>(7,065)</b>
<b>Net cash flow from operating activities</b>	<b>47,809</b>	<b>43,394</b>

## Long-term Assets

### Ngā Rawa Motuhake

Note 12 – Property, plant and equipment

Pitopito kōrero 12 – Ngā rawa, ngā whare umanga, me ngā taputapu

Cost or valuation	Actual 2022						
	Opening balance 1 July 2021 \$000s	Additions * \$000s	Disposal / Impairment \$000s	Revaluation \$000s	Transfer (to) / from Auckland Council \$000s	Reclassification between asset classes \$000s	Closing balance 30 June 2022 \$000s
Land	210,353	-	-	5,559	-	-	215,912
Buildings	1,026,562	69,455	(3,146)	190,694	-	97	1,283,662
Plant and equipment	46,664	5,968	-	-	-	(97)	52,535
Office equipment, furniture and fittings	17,272	1,804	-	-	-	-	19,076
Computer equipment	3,717	1,223	-	-	-	-	4,940
Motor vehicles	417	50	-	-	(14)	-	453
Roading and civil structures	2,962	-	-	-	-	-	2,962
Work in progress	63,249	(40,105)	-	-	-	-	23,144
<b>Total cost</b>	<b>1,371,196</b>	<b>38,395</b>	<b>(3,146)</b>	<b>196,253</b>	<b>(14)</b>	<b>-</b>	<b>1,602,684</b>

\* Additions comprise construction costs incurred to existing buildings.

Note 12 (continued)

	Actual 2022						Net book value 30 June 2022 \$000s
	Opening balance 1 July 2021 \$000s	Depreciation expense \$000s	Reversal of accumulated depreciation on revaluation \$000s	Depreciation on disposals \$000s	Transfer (to) / from Auckland Council \$000s	Closing balance 30 June 2022 \$000s	
<b>Accumulated depreciation</b>							
Land	-	-	-	-	-	-	215,912
Buildings	-	29,735	(29,499)	(236)	-	-	1,283,662
Plant and equipment	27,047	5,038	-	(18)	-	32,067	20,468
Office equipment, furniture and fittings	13,050	1,146	-	-	-	14,196	4,880
Computer equipment	2,906	838	-	-	-	3,744	1,196
Motor vehicles	291	37	-	(9)	-	319	134
Roading and civil structures	433	83	-	-	-	516	2,446
Work in progress	-	-	-	-	-	-	23,144
<b>Total cost</b>	<b>43,727</b>	<b>36,877</b>	<b>(29,499)</b>	<b>(263)</b>	<b>-</b>	<b>50,842</b>	<b>1,551,842</b>

Note 12 (continued)

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

Note 12 (continued)

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





## Property, plant and equipment (PPE)

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

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

### Property held to meet service-delivery objectives

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

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

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

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

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

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

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

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

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

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

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



Asset class	Useful life	Rate
Buildings	3 – 100 years	(1.0% – 33%)
Plant and machinery	1 – 39 years	(2.6% – 100%)
Office equipment	1 – 25 years	(4.0% – 100%)
Computer equipment	3 – 8 years	(12.5% – 33%)
Motor vehicles	4 – 10 years	(10.0% – 25%)
Roads and civil structures	3 – 68 years	(1.4% – 33%)

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

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



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



**Estimating useful lives and residual values of PPE** – At each balance date, TAUT reviews the useful lives and residual values of its PPE. Assessing the appropriateness of useful life and residual value estimates requires TAUT to consider a number of factors such as the physical condition of the asset, expected period of our use of the asset, 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. TAUT minimises the risk of this estimation uncertainty by:

- physical inspection of assets
- asset-replacement programmes
- review of second-hand market prices for similar assets
- analysis of prior asset sales.

There are no restrictions over the title over any item of PPE. No items of PPE are secured as security for liability.

### Revaluation of land and buildings

TAUT revalues land and buildings on a five-year cycle unless the fair value assessment requires revaluation of the entire class of land and buildings. These assets are valued at either market value or depreciated replacement cost. Land and buildings were revalued at 30 June 2022 by Beca, independent valuers (30 June 2021 valuation undertaken by TAUT's management based on a material change assessment provided by Beca).

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

Land and buildings were valued at 30 June 2022 by Beca in accordance with Public Benefit Entity International Public Sector Accounting Standard 17 Property, Plant and Equipment (PBE IPSAS 17) and the Property Institute of New Zealand Property and Valuation Standards.

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

### Useful lives of Maritime Museum buildings

The New Zealand Maritime Museum buildings are built on leased land. TAUT is depreciating the value of these buildings over the remaining lease term, which expires on 1 March 2027.

### Fair value

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

### Impairment

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

### Work in progress

Work in progress by asset class is detailed below.

	Actual 2022 \$000s	Actual 2021 \$000s
Buildings	14,917	60,989
Plant and equipment	7,805	2,154
Software	-	43
Other	422	63
	<b>23,144</b>	<b>63,249</b>

## Note 13 – Artwork collections

### Pitopito kōrero 13 – Ngā kohinga toi

TAUT’s fine artwork collections are classified according to the national and cultural significance of the items held, where recognition of the mana and substance of Māori, European and other major cultural heritages are reflected. This is mediated by factors including rarity, provenance, historical connotations and social capital. Public artworks are largely those on display at the Aotea Centre. In some cases, these are attached to, or were specifically commissioned for, the Aotea Centre.

Artwork collections	Moderate significance \$000s	Considerable significance \$000s	Substantial significance \$000s	Public artworks \$000s	Total \$000s
<b>Opening balance 1 July 2020</b>	<b>19,377</b>	<b>66,070</b>	<b>221,956</b>	<b>3,277</b>	<b>310,680</b>
Additions	-	268	146	-	414
Donated / vested	2	478	948	-	1,428
Impairment	-	-	-	-	-
Revaluations	-	3,206	-	-	3,206
Reclassifications	24	(1,538)	1,514	-	-
<b>Balance as at 30 June 2021</b>	<b>19,403</b>	<b>68,484</b>	<b>224,564</b>	<b>3,277</b>	<b>315,728</b>
Additions	27	215	-	-	242
Donated / vested	48	730	415	-	1,193
Impairment	-	-	-	-	-
Revaluations	441	-	-	-	441
Reclassifications	-	-	-	-	-
<b>Balance as at 30 June 2022</b>	<b>19,919</b>	<b>69,429</b>	<b>224,979</b>	<b>3,277</b>	<b>317,604</b>

### Revaluation of artwork collections

TAUT collections are recorded at cost or revaluation. Valuations of the fine art collection held at the Auckland Art Gallery are programmed annually to ensure each class of collection is valued at least once every three years. Acquisitions to collections between revaluations are recorded at cost or at fair value if donated.

As the fine art collections have an indefinite life and are not of a depreciable nature, depreciation is not applied to the collections.

In 2022 a portion of the artwork collection has been revalued as per our revaluation policy. The valuation of the artwork collection was completed on a three-year cycle as follows.

- Items in the moderate significance collection were individually revalued by Auckland Art Gallery staff during the 2021/2022 financial year.
- Items in the considerable significance collection were individually revalued by Auckland Art Gallery staff during the 2020/2021 financial year. The revaluation methodology was externally verified by Coupland Art (Auckland).
- Items in the substantial significance collection were individually revalued by Sotheby’s (London) and Coupland Art (Auckland) during the 2019/2020 financial year.

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

Public artwork has been recognised at fair value on acquisition. The collection largely comprises artwork attached to buildings or commissioned for specific display areas and is not revalued due to the limited market for these pieces.

### Fair value

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

Revaluation of the artwork collection of moderate significance as at 30 June 2022 was carried out by Auckland Art Gallery in-house curators (2021: revaluation of the artwork collection of considerable significance as at 30 June 2021 was carried out by Auckland Art Gallery in-house curators, with methodology reviewed by Coupland Art, Auckland).

Total fair value of artworks valued by each valuer for the reporting period ending at 30 June:

Name of valuer	Type of valuer	Date performed	Asset class	\$000s
Auckland Art Gallery	In-house curators	June 2022	Artworks in moderate significance collection	19,919
<b>Total 30 June 2022</b>				<b>19,919</b>
Auckland Art Gallery	In-house curators; Coupland Art (Auckland)	June 2021	Artworks in considerable significance collection	68,484
<b>Total 30 June 2021</b>				<b>68,484</b>

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

## Note 14 – Historical and cultural collections

### Pitopito kōrero 14 – Ngā kohinga tuku iho, ahurea hoki

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

Heritage and cultural assets	Actual 2022 \$000s	Actual 2021 \$000s
Opening balance	3,399	3,438
Additions	68	21
Donated / vested	212	52
Impairment	-	(112)
<b>Closing balance</b>	<b>3,679</b>	<b>3,399</b>



#### Heritage and cultural assets

Heritage and cultural assets are carried at cost with any new collection items recognised at cost as additions to the collection, or in the case of donated collection items at fair value on acquisition. Due to the nature of the collection no depreciation will be recognised; however, an impairment assessment will be completed each reporting period. An impairment assessment was completed in June 2022 and no impairment was identified.

Note 15 – Intangible assets	Actual 2022 \$000s	Actual 2021 \$000s
<b>Pitopito kōrero 15 – Ngā rawa ōkiko kore</b>		
<b>Computer software at cost</b>		
Previous year opening balance	4,981	4,710
Additions	1,626	709
Disposals	(986)	(438)
Closing balance	5,621	4,981
<b>Accumulated amortisation and impairment</b>		
Previous year opening balance	4,223	3,443
Amortisation charge	611	1,003
Amortisation on disposals	-	(223)
Closing balance	4,834	4,223
<b>Carrying amount</b>	<b>787</b>	<b>758</b>

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



#### Intangibles

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

### **Software acquisition and development**

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

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

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

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

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

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

### **Amortisation**

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

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



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

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

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

## Borrowings, Risk and Capital Management

### Ngā minonga, Whakatūpato me ngā Whakahaere Haupū Rawa

Note 16 – Other financial assets	Actual 2022 \$000s	Actual 2021 \$000s
<b>Pitopito kōrero 16 – Ētahi atu taputapu ā-pūtea</b>		
<b>Current portion</b>		
Community loans	34	109
Total current portion	34	109
<b>Non-current portion</b>		
Community loans	697	831
Total non-current loan portion	697	831
<b>Total other financial assets</b>	<b>731</b>	<b>940</b>

#### Fair value

**Community loans** – The purpose of the loans is to develop community assets used for recreational or educational purposes on council-owned land. Fair value on recognition has been determined using cash flows discounted at a rate of 10.53% (2021: 8.84%), based on the ASB bank's business lending rate at 30 June 2022 of 4.53% (2021: 2.84%), plus the loan recipients' financial risk factor of 6% (2021: 6%).

#### Community loans

	Actual 2022 \$000s	Actual 2021 \$000s
Fair value of the loans at the beginning of the period	940	1,204
Loans repaid during the period	(34)	(49)
Loans waived during the period	(106)	(284)
Fair value gain recognised in current year	(69)	69
Fair value of the loans at the end of the period	<b>731</b>	<b>940</b>



#### Community loans

Loans to community organisations made at nil or below-market interest rates are initially recognised at their expected future cash flows, discounted at the current market rate of return for a similar asset or investment. The difference between the face value and present value of expected future cash flows of the loan is recognised in the statement of comprehensive income as a fair value impairment. Community loans are subsequently measured at amortised cost using the effective interest method less impairment, if any.



Discount rate of 10.53% (2021: 8.84%) for community loans.

Community loans adjusted for fair value are \$730,000 (2021: \$940,000). They have stated interest rates of between 4.5% and 5.0% and mature within 50 years. The face value of the community loans is \$1,690,000 (2021: \$1,864,000).



Note 17 – Borrowings and other financial liabilities	Actual 2022 \$000s	Actual 2021 \$000s
<b>Pitopito kōrero 17 – Ngā minonga me ērā atu take ā-pūtea</b>		
<b>Current portion</b>		
Unsecured loans	-	1,438
Lease revenue in advance	269	269
<b>Total current portion</b>	<b>269</b>	<b>1,707</b>
<b>Non-current portion</b>		
Lease revenue in advance	6,895	7,164
<b>Total non-current portion</b>	<b>6,895</b>	<b>7,164</b>
<b>Total borrowings</b>	<b>7,164</b>	<b>8,871</b>



### Borrowings

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

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

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

### Unsecured loans

This balance related to funding received from Auckland Council in relation to a historical capital expenditure project to be undertaken by TAUT. The unsecured loan was settled in June 2022 (2021: \$1,438,000). The terms of the advance were that it was non-interest bearing. There were no covenants attached to the advance and the loan was unsecured.

### Lease revenue in advance

The contribution by the third-party operator of Spark Arena has been recognised as lease revenue in advance (refer Note 21). Lease revenue from this leasing arrangement is recognised as revenue on a straight-line basis over the period of the lease. The remaining period of the lease is 25 years.

## Note 18 – Financial instruments

### Pitopito kōrero 18 – Taputapu ā-pūtea

#### Financial instrument categories

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

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



#### Financial instruments

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

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

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

#### Financial instruments by category

##### Financial assets through other comprehensive revenue and expenses

##### Loans and receivables

Cash and cash equivalents (Note 5)	34,588	21,300
Receivables (Note 6)	38,785	29,732
Community loans (Note 16)	731	940
<b>Total loans and receivables</b>	<b>74,104</b>	<b>51,972</b>

##### Financial liabilities measured at amortised cost

Payables (excluding income in advance, GST payable and grants) (Note 8)	54,161	36,193
Amounts due to related parties (Note 8)	33,178	29,612
Borrowings (Note 17)	7,416	8,871
<b>Total borrowings and payables</b>	<b>94,755</b>	<b>74,676</b>

#### Financial instrument risk

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

## Classification and measurement of financial instruments

TAUT classifies its financial instruments in the following categories:

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

Note 19 – Equity and reserves	Actual 2022 \$000s	Actual 2021 \$000s
<b>Pitopito kōrero 19 – Ngā ōritenga me ngā mea rāhuitia</b>		
<b>Contributed capital</b>		
Balance at 1 July	1,053,532	1,053,532
Previously unrecognised assets	-	-
Balance at 30 June	1,053,532	1,053,532
<b>Accumulated surplus / (deficit)</b>		
Balance at 1 July	71,079	52,267
Surplus / (deficit) for the year	1,614	18,816
Transfers to restricted equity	(6)	(4)
Balance at 30 June	72,687	71,079
<b>Restricted equity</b>		
Balance at 1 July	3,227	1,979
Transfers from accumulated surplus	6	5
Contributions received / (distributions made)	(113)	1,243
Balance at 30 June	3,120	3,227
<b>Asset revaluation reserves</b>		
Balance at 1 July	487,101	411,008
Revaluations gains / (losses) through comprehensive income	227,001	76,093
Balance at 30 June	714,102	487,101
<b>Total equity</b>	<b>1,843,441</b>	<b>1,614,939</b>

Changes in the carrying value of TAUT'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 TAUT on its incorporation on 1 November 2010 as a result of the disestablishment of previous Auckland councils and council-controlled entities, and establishment of Auckland Council and its newly created council-controlled entities.

#### Accumulated surplus / (deficit)

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

#### Restricted equity

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

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

#### Asset revaluation reserve

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

	Actual 2022 \$000s	Actual 2021 \$000s
<b>Asset revaluation reserves consist of:</b>		
Artwork collection classified as moderate significance	1,725	1,725
Artwork collection classified as considerable significance	9,535	9,095
Artwork collection classified as substantial significance	33,047	33,047
Total artwork collections	44,307	43,867
Land	103,096	97,537
Buildings	566,699	345,697
<b>Total asset revaluation reserves</b>	<b>714,102</b>	<b>487,101</b>

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

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



### Equity

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

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

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

Restricted reserves are those subject to specific conditions accepted as binding by TAUT and which we may not revise 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 TAUT's decision.

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

## Note 20 – Capital management

### Pitopito kōrero 20 – Ngā whakahaere ā-pūtea

The capital structure of TAUT 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 TAUT 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. TAUT's funds are largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments and general financial dealings.

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



The Act requires the ultimate parent (Auckland Council) to make adequate and effective provision in its long-term plan (LTP) and annual plan (where applicable) to meet the expenditure needs of those plans. The Act sets out the factors that TAUT 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.

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

## Other Disclosures

### Ētahi atu whakaaturanga

Note 21 – Capital commitments and operating leases

Pitopito kōrero 21 – Ngā taputapu matua me ngā rihi whakahaere

	Actual 2022 \$000s	Actual 2021 \$000s
<b>Capital commitments</b>		
Buildings	24,921	20,032
Plant and equipment	1,875	824
Intangibles	204	103
<b>Total capital commitments</b>	<b>27,000</b>	<b>20,959</b>

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

#### Operating leases as lessees

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

	Actual 2022 \$000s	Actual 2021 \$000s
Not later than one year	1,116	2,444
Later than one year and not later than five years	2,683	3,419
Later than five years	-	421
	<b>3,799</b>	<b>6,284</b>

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

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

#### Operating leases as lessors

TAUT leases property in the normal course of its business. Most of these leases have non-cancellable terms of six months to nine years. The contribution by the third-party operator of Spark Arena has been recognised as an operating lease, and the remaining period of the lease is 25 years. The future aggregate minimum lease payments receivable under non-cancellable operating leases are as follows.

	Actual 2022 \$000s	Actual 2021 \$000s
Not later than one year	2,015	3,130
Later than one year and not later than five years	6,535	7,075
Later than five years	5,196	6,467
	<b>13,746</b>	<b>16,672</b>



## Operating leases

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

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

### Significant judgement

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

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

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

## Note 22 – Contingencies

### Pitopito kōrero 22 – Tikanga tūpono

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#### Contingent liabilities 2022

There are no contingent liabilities in 2022 (2021: nil).

#### Contingent assets 2022

New Zealand Centre for Conservation and Medicine

Certain leases and subleases for land and a building between the Auckland Zoo and Auckland Zoological Park Charitable Trust (Inc) started on 6 July 2007 for 34 years and 363 days. The building, owned by the Trust, is used by the 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 TAUT. 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 TAUT’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 selected works of art by Julian and Josie Robertson (donors) to the Auckland Art Gallery. The works of art were held by the Donors for their own and other's enjoyment; and TAUT will gain possession of the art on the contribution date specified in the agreement. No value has been included in the financial statements.

2021: The same contingency existed for the New Zealand Centre for Conservation and Medicine. Architectural and building services claim

TAUT has issued a claim against a consultant for the Aotea Centre development project relating to project design faults. The final claim amount at 30 June 2022 has not yet been quantified.

## **Note 23 – Related party transactions**

### **Pitopito kōrero 23 – Ngā kurutete a te hunga hāngai**

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

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

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

#### **Related party transactions required to be disclosed**

The ultimate parent of TAUT is Auckland Council (100%). Transactions arising from operational and capital funding between TAUT and the Auckland Council Group are at arm's length.

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

	Actual 2022	Actual 2021
<b>Remuneration</b>		
Number of full-time employees	514	494
Number of all other employees	530	563
Full-time equivalent (FTE) number of all other employees	96	108
Number of employees receiving total annual remuneration of less than \$60,000	647	680

Note: the above numbers reflect full-time employees and casual employees as at 30 June 2022 and 30 June 2021.

The full-time equivalent (FTE) numbers of all other employees are those casual and part-time employees who were contracted at 30 June 2022.

### Employee numbers and remuneration bands

Total annual remuneration by band for employees as at 30 June 2022 is detailed below as per the banding stipulated in the Local Government Act 2002.

	Actual 2022 \$000s	Actual 2021 \$000s
< \$60,000	647	680
\$60,000 – \$79,999	210	193
\$80,000 – \$99,999	88	89
\$100,000 – \$119,999	38	38
\$120,000 – \$139,999	24	17
\$140,000 – \$159,999	16	16
\$160,000 – \$179,999	6	6
\$180,000 – \$219,999	7	7
\$220,000 – \$379,999	8	11
<b>Total employees</b>	<b>1,044</b>	<b>1,057</b>

### Director fees and key management personnel

Tātaki Auckland Unlimited Limited (formerly Auckland Unlimited Limited), as the corporate trustee of Tātaki Auckland Unlimited Trust (formerly Regional Facilities Auckland), merged with Auckland Tourism, Events and Economic Development on 1 December 2020. As a result of this merger, a decision was made to disclose the director fees and key management personnel (executive leadership team) remuneration in Tātaki Auckland Unlimited Limited, not Tātaki Auckland Unlimited Trust from 1 July 2021.

A trustee fee is now recognised in Tātaki Auckland Unlimited Trust to reflect the share of costs relating to the Tātaki Auckland Unlimited Directors (trustee fees 2022: \$221,026; 2021: \$283,580).

The change to the key management personnel structure became effective 1 July 2021 with the key management personnel disclosed in the Annual Report for the financial year ended 30 June 2021 now report to the Tātaki Auckland Unlimited Limited executive leadership team. They are no longer considered to be key management personnel for the purposes of the Tātaki Auckland Unlimited Trust key management personnel disclosure. A management fee from Tātaki Auckland Unlimited Limited for the share of the costs of the members of the Tātaki Auckland Unlimited Limited executive leadership team is now recognised in Tātaki Auckland Unlimited Trust (management fee 2022: \$1,966,000; 2021: total remuneration costs \$3,982,000, FTE: 12).

## **Note 24 – Severance payments**

### **Pitopito kōrero 24 – Ngā utu tapahitanga**

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For the year ended 30 June 2022, TAUT made three payments totalling \$108,207 (2021: eight payments totalling \$245,303).

## **Note 25 – Subsequent events occurring after balance date**

### **Pitopito kōrero 25 – Ngā tūāhuatanga whai muri i te rā tapeke**

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Auckland is currently operating under traffic light level 'orange', which allows a certain level of freedom under COVID-19 regulations. A change in the traffic light level to 'red' or any future COVID-19 lockdowns, would anticipate a reduction in commercial revenue for TAUT. It is also expected that the reduction in visitor admissions arising from any change in traffic light to 'red' will adversely affect key performance indicators, in particular those relating to visitation numbers and event participants.

While the Recovery Budget 2022-2032 anticipated a level of ongoing COVID-19 disruption over the next three years and some allowances were made for this possibility, the potential adverse financial impacts on TAUT in the upcoming year may exceed those assumed in the Recovery Budget.

TAUT management acknowledge the passing of Mr Julian Robertson in late August 2022. Mr Robertson was a significant supporter of the Auckland Art Gallery and on 24 March 2009 signed an Agreement to Contribute Works of Art to the Gallery in which a selection of works of art from the Robertson collection were to be donated to the Gallery on the event of Mr Robertson's death. While Mr Robertson's donation is substantial the works of art have not been received by the Gallery and the current value is yet to be determined.

## Statement of Service Performance






### He kōrero mō ngā mahi ratonga

The *Tātaki Auckland Unlimited Statement of Intent (SOI) 2021-2024* dated 1 August 2021 was approved by Auckland Council for Tātaki Auckland Unlimited, including Tātaki Auckland Unlimited Limited (TAUL) and Tātaki Auckland Unlimited Trust (TAUT). The non-financial performance measures contained in this Statement of Service Performance reflects those of Tātaki Auckland Unlimited Trust.

Results for the TAUL KPIs are presented separately in the Tātaki Auckland Unlimited Limited Annual Report.

#### Performance Status

KPIs have been assessed for 2021/22 according to the criteria below. Tātaki Auckland Unlimited's performance against the KPIs is set out in the following pages, along with commentary regarding the results, measurement methods, and previous year's performance as appropriate.

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

In summary, of the seven KPIs:

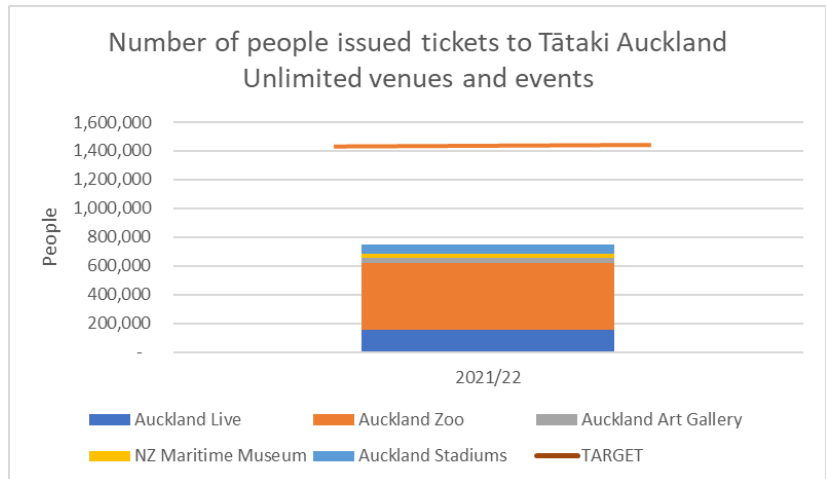
- four were achieved
- three were not achieved

The number of people who are issued tickets to attend Auckland Live, Auckland Zoo, Auckland Art Gallery, NZ Maritime Museum and Auckland Stadiums venues and events

2020/21 Result	2021/22 Target	2021/22 Result	2021/22 Status
Not measured	1.44m	751,857	✘

**Result**

Over 2021/22, 751,857 people were issued tickets to attend Auckland Live, Auckland Zoo, Auckland Art Gallery, NZ Maritime Museum or Auckland Stadiums venues and events. The largest shares of tickets were issued for Auckland Zoo (62%) and Auckland Live venues (20%). This result is 48% below the target of 1.44 million. The primary reason for not achieving the target was the impact of COVID -19 restrictions which caused major disruptions to our



operations. Auckland Live venues, Auckland Zoo, Auckland Art Gallery, the NZ Maritime Museum and Auckland Stadiums were either completely closed or operating under restrictions on visitor/attendee numbers for much of the year. While visitor numbers returned towards the end of the year, as restrictions eased, this did not make up for lost numbers earlier in the year.

**Why do we measure this?**

Tātaki Auckland Unlimited manages and supports four cultural organisations (Auckland Zoo, Auckland Art Gallery, NZ Maritime Museum, Auckland Stadiums) and a range of venues for live shows and events (through Auckland Live). Our programmes, exhibitions and events across these venues cover the fields of the visual and performing arts, sports, conservation and our cultural and natural heritage, and are aimed at engaging and being accessible to as wide a community as possible. As such, the number of tickets issued to attend these venues and events is appropriate measure of our success in reaching a wide audience of Auckland resident and visitors.

**How do we measure this?**

Ticketed attendance is measured across our venues as follows:

- Auckland Zoo: entrance tickets purchased online and at the entrance.
- Auckland Art Gallery: tickets purchased by international visitors, ticketed public event attendees and tickets issued for ticketed exhibitions.
- New Zealand Maritime Museum: tickets issued to all Aucklanders and non-Aucklanders at the entrance.
- Auckland Live: tickets sold or issued including through Ticketmaster, Moshtix and other.
- Auckland Stadiums: tickets sold through Ticketmaster, Ticketek or the hirers ticketing agency of choice for concerts and sporting events.

Tickets are counted regardless of value (including free tickets), but those who purchased or received a ticket, but did not attend the venue or event are excluded.

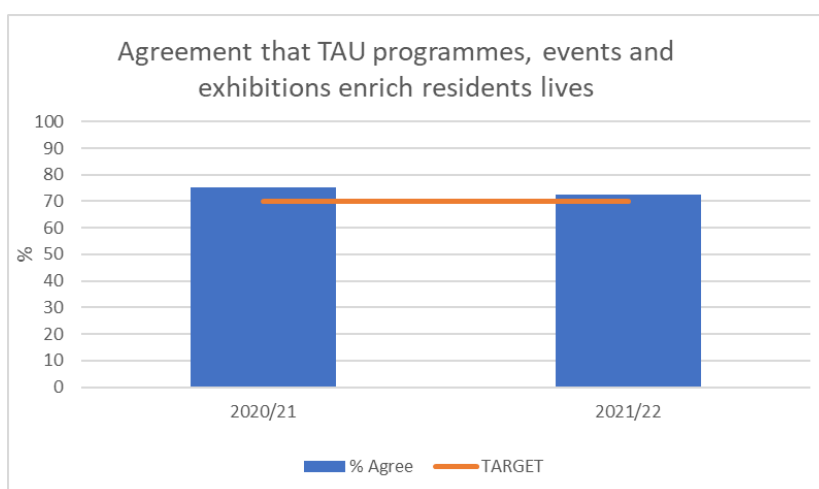
It is important to note that ticketed attendance only represents a proportion of the total audience we reach. Some of our venues do not require tickets for entry (e.g. domestic visitors to Auckland Art Gallery) and similarly a number of the free events and programmes we provide are un-ticketed. As such, ticketed attendance is an undercount of the total number of people who experience our programmes, exhibitions, venues and events.

**Percentage of Auckland residents surveyed who consider that Auckland Unlimited Trust’s programmes, events and exhibition enrich their lives.**

2020/21 Result	2021/22 Target	2021/22 Result	2021/22 Status
75.2%	70%	72.6%	✓

**Result**

Over 2021/22, 72.6% of Auckland residents agree that Tātaki Auckland Unlimited venues and the events organised at those venues offer enriching life experiences for Aucklanders. This is above the target of 70% and slightly down on last year’s result of 75.2% (although within the margin of error – see below). The venues for which the highest proportion of Aucklanders agree are Auckland Zoo, Auckland Art Gallery – Toi o Tamaki and The Civic. The venues which have the lowest levels of agreement are the Bruce Mason Centre and North Harbour Stadium.



**Why do we measure this?**

The core purpose of Tātaki Auckland Unlimited’s activities is on enriching cultural and economic life in Tāmaki Makaurau – including creating unique, engaging and educative experiences for Aucklanders and visitors to Tāmaki Makaurau. We build social cohesion, provide lifelong learning opportunities, inspire our young people, tell our stories and connect Auckland’s culture with the global community. As such, it is appropriate that we measure the impact of our venues and the experiences we offer within them beyond the numbers of people they attract to also consider their broader impact on enriching the lives of Auckland residents, whether they are direct users of them or not.

**How do we measure this?**

This indicator is measured through a survey of Auckland residents undertaken using the Auckland Council People’s Panel. An email survey was sent to 4,998 panel members and 532 responses were received over a five day period in May 2022 – a response rate of 11%. Based on this sample size, the margin of error on results is +/- 4.2%.

Respondents were asked which of a pre-defined list of venues they have heard of. Of those they had heard of, respondents were asked the extent to which they agree or disagree that the venue, and the events organised at the venue, offer enriching life experiences for Aucklanders. Those who answered ‘don’t know’ are excluded from the

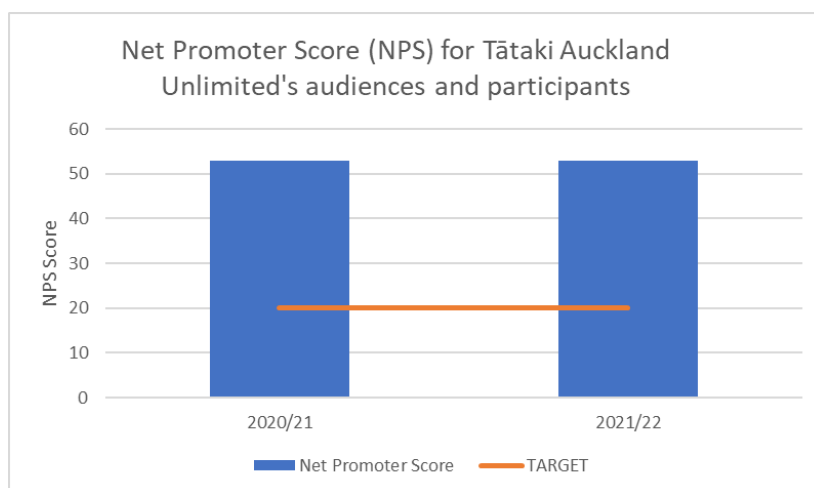
final calculation. The final result represents the share of those who agreed or strongly agreed with the statement across all Tātaki Auckland Unlimited venues.

### The net promoter score for Auckland Unlimited’s audiences and participants

2020/21 Result	2021/22 Target	2021/22 Result	2021/22 Status
53	20	54	✓

#### Result

Over 2021/22 the net promoter score for Auckland Unlimited’s audiences and participants was 54. This is one point higher than last year and exceeds our target of 20. Our average net promoter score was slightly higher among audiences and participants at Auckland Zoo and the New Zealand Maritime Museum and slightly lower at Auckland Stadiums.



#### Why do we measure this?

Net Promoter or Net Promoter Score (NPS) is a tool that can be used to gauge the loyalty of customer relationships. It serves as an alternative to traditional customer satisfaction that aims to measure the loyalty that exists between a provider and a consumer. An NPS can be as low as -100 (every respondent is a "detractor") or as high as +100 (every respondent is a "promoter"). Tātaki Auckland Unlimited aims to provide a high-quality customer experience and NPS has been chosen as the key tool to gauge this.

#### How do we measure this?

Data is collected using two main methodologies;

- Exit self-completion interviews (tablet-assisted self-completion surveys) for data collected at the Auckland Zoo, Auckland Art Gallery and Maritime Museum.
- An email survey to ticket-buyers of shows or events at Auckland Stadiums or Auckland Live venues, including free but ticketed shows or events.

The Net Promoter Score is calculated based on responses to a single question: *How likely are you to recommend a visit to <venue> to others?* The scoring for this answer is based on a 0 to 10 scale. Those who respond with a score of 9 to 10 are called Promoters and are considered likely to exhibit value-creating behaviours. Those who respond with a score of 0 to 6 are labelled Detractors, and they are believed to be less likely to exhibit the value-creating behaviours. Responses of 7 and 8 are labelled Passives. The Net Promoter Score is calculated by subtracting the percentage of customers who are Detractors from the percentage of customers who are Promoters.

For the purposes of this measure, all responses collected across the year across all Tātaki Auckland Unlimited venues are collated and a Net Promoter Score is calculated for each venue. These scores are then weighted according to ticketed attendance at each venue, except for the Art Gallery where a broader measure of admissions

is used to derive the weighting. For 2021/22, results are calculated based on a total of 6,697 responses across all venues over the year. The margin of error on this aggregated sample size is +/- 1.2%.

For 2021/22 changes have been made to the methodology for calculating the final aggregated NPS. These changes have been made to improve the overall accuracy of the measure. These changes are:

- No longer carrying forward data from previous quarters when data has not been collected (e.g. as a result of COVID-19 triggered venue closures).
- Weighting of results by venue to reflect relative visitation.
- Collation of data such that small sample sizes do not have an undue impact on the final result.

We have not recalculated the 2020/21 result using the new methodology. Direct comparisons with last years' result should therefore be treated with caution.

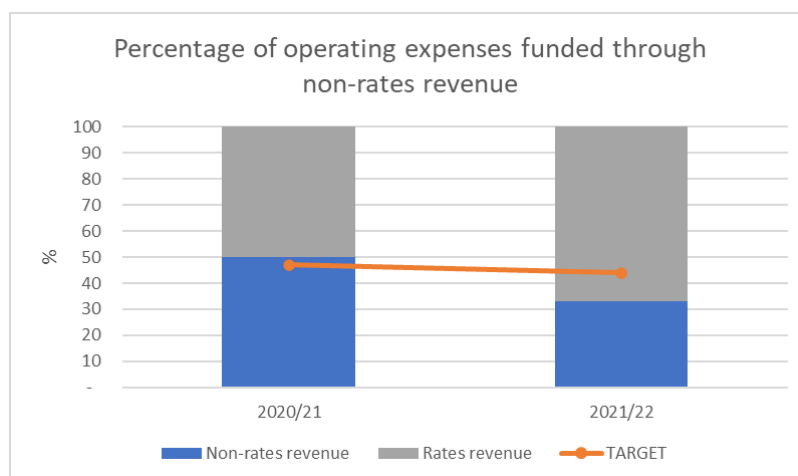


## The percentage of operating expenses funded through non-rates revenues

2020/21 Result	2021/22 Target	2021/22 Result	2020/21 Status
50%	44%	33%	✘

### Result

Over 2021/22, 33% of Tātaki Auckland Unlimited Trusts' operating expenses were funded through non-rates revenue. This is a decrease on last year's result (50%) and below our target of 44%. The primary reason for not achieving target was the impact of COVID-19 restrictions which caused major disruptions to our operations. Auckland Live venues, Auckland Zoo, Auckland Art Gallery, the NZ Maritime Museum and Auckland Stadiums were either completely closed or operating under restrictions on visitor/attendee numbers for much of the year. This had a significant impact on the revenue through commercial activities such as admission charges and ticket sales, venue hire, event-related services, and property rental.



### Why do we measure this?

Tātaki Auckland Unlimited operates a diverse business model with external revenue earned from commercial activities such as admission charges, venue hire, event-related services, and property rental and from other non-commercial sources. In the context of a constrained financial environment across the council group, Tātaki Auckland Unlimited is committed to demonstrating value for money across all expenditure and to growing existing and building new revenue streams to leverage ratepayer funding. We do this through ensuring we maximise current revenue opportunities, develop new products and services, work in partnership with the private sector to build corporate sponsorship and philanthropic support, develop industry funding mechanisms, explore public private partnerships and partner with central government on programmes to support cultural and economic outcomes for Tāmaki Makaurau Auckland. Measurement of the percentage of operating expenses funded through non-rates revenues is a direct measure of our success in growing these non-rates revenue streams.

### How do we measure this?

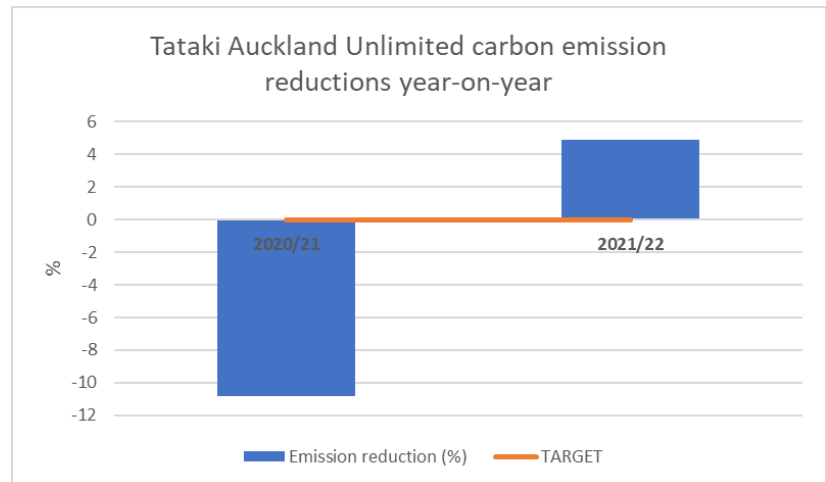
The percentage of operating expenses funded through non-rates revenues is a financial measure taken directly from our audited financial accounts. In 2021/22 \$33.39m of operating expenses were funded through non-rates revenue, from total operating expenses of \$102.04m – a 33% share.

## Carbon emission reductions (year on year)

2020/21 Result	2021/22 Target	2021/22 Result	2021/22 Status
-10.8%	0% <sup>1</sup>	4.9%	✘

### Result

Over 2021/22 the carbon emissions for TAU's venues increased by 4.9% compared to last year, which is above the 0% target. The increase is partially due to additional non-mandatory emissions sources which were measured this year as a result of the new ISO standards such as animal feed, staff commute emissions and working from home emissions. In addition, our venues were significantly impacted by COVID-19 related lockdowns levels and border closures during 2020/21 and 2021/22 which, combined with a change in measurement standards this year, makes it difficult to make true comparison between this year and last.



Note: In the chart above, a reduction in emissions is shown as a negative percentage and an increase is shown as a positive percentage

### Why do we measure this?

Tātaki Auckland Unlimited is committed to aligning to Te Tāruke-ā-Tāwhiri: Auckland's Climate Plan and Auckland Council group's commitment to reduce emissions by 50% by 2030. This target is in line with limiting climate change to 1.5 degrees of warming and is a milestone to the long-term target of net zero emissions by 2050. Reduction in carbon emissions is also part of the organisation's commitment to gain Toitū carbonreduce certification. As such, it is appropriate that Tātaki Auckland Unlimited measures the emission reductions it achieves each year.

### How do we measure this?

TAU accounts for all carbon emissions and/or removals from facilities over which it has operational control and for its portion of emissions and/or removals from other facilities (e.g. operated but not owned). Venues that TAU does not have direct operational control, but rather acts as a conduit for utility on-charging, funding and/or advisory are excluded from the carbon emissions reporting.

TAU's GHG emissions inventory has been prepared in accordance with the requirements of the Toitū carbonreduce certification programme, which is based on the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) and ISO 14064-1:2018 Specification with Guidance at the Organization Level for Quantification and Reporting of Greenhouse Gas Emissions and Removals. Data is collated and analysed by the internal TAU Climate Innovation and Sustainability team, supported by team members and representatives from across the business. Once collected, collated and analysed, results are then audited and certified by Toitū Envirocare. Auckland Zoo is

<sup>1</sup> In the July 2021 approved Tātaki Auckland Unlimited Statement of Intent 2021-24, the target for year-on-year emission reduction was "tbc". The target of 0% year-on-year emission reduction was subsequently approved at the November 2021 Tātaki Auckland Unlimited Board meeting.

under the Toitū carbonzero certification which involves an additional step to purchase carbon credits to offset mandatory emissions sources to become carbon neutral.

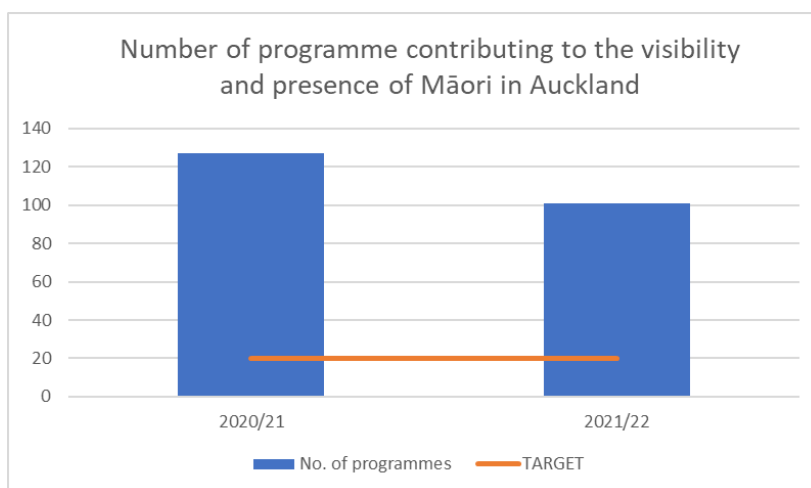
**The number of programmes contributing to the visibility and presence of Māori in Auckland, Tāmaki Makaurau**

2020/21 Result	2021/22 Target	2021/22 Result	2021/22 Status
127	20	101	✓

**Result**

Over 2021/22 TAU delivered 101 programmes that contributed to the visibility and presence of Māori in Auckland, Tāmaki Makaurau. This is significantly above the target of 20, but slightly less than the result achieved last year. The reason that last year’s result was not achieved were the numerous programmes associated with last year’s Toi Tu Toi Ora exhibition at the Auckland Art Gallery. The largest contributors to this year’s results were programmes

related to exhibitions and events promoting Māori artists and/or te ao Māori, the use of te reo Māori and te ao Māori in educational programmes, information in te reo Māori on signage, collateral and online content, and programmes aimed at improving staff competency including incorporation of Māori tikanga into day-to-day practices and Matariki and Maori Language Week celebrations and events.



**Why do we measure this?**

In 2013, Auckland Council adopted Whiria te Muka Tangata the Māori Responsiveness Framework outlining council’s commitment to provide for Māori Outcomes and to give effect to strategic objectives and statutory responsibilities. Tātaki Auckland Unlimited is committed to adhering to the common expectations for CCOs’ contribution to Auckland Council’s objectives and priorities relating to Improving Outcomes for Māori. *Te Mahere Aronga 2021–2024*, our Māori Outcomes Plan, outlines how Tātaki Auckland Unlimited will align with this framework. As such, it is appropriate that TAU measures the number of programmes that contribute to this objective.


**How do we measure this?**

The number of programmes contributing to the visibility and presence of Māori in Auckland is measured via an internal process. The programmes run by the Auckland Art Gallery Toi o Tāmaki, Auckland Zoo, New Zealand Maritime Museum, Auckland Live and Conventions and Auckland Stadiums are captured on a quarterly basis according to a set of pre-determined criteria. Through these criteria programmes may contribute to raising the visibility and presence of Māori in Auckland either directly (e.g. through directly showcasing to or educating our customers/members of the public) or indirectly via our staff (e.g. through building staff capability and knowledge).

Examples include the incorporation of Māori tikanga into day-to-day practices, programmes or exhibitions that highlight te ao Māori, incorporation of Māori design elements into collateral and or building / exhibition design, and

the use of te reo Māori in public facing signage, marketing collateral, online content, educational programmes etc. Activities that occur on an ongoing basis throughout the year are only counted once, and multiple activities that are part of one programme are only counted once, unless there are multiple elements of a public facing programme that reach different audiences. Programmes that have a Māori component but are not strictly contributing to the visibility or presence of Māori are not included.

**Percentage of customer complaints resolved within 10 working days.**

2020/21 Result	2021/22 Target	2021/22 Result	2021/22 Status
Not measured	Develop policy, process and benchmark	Achieved	

**Result**

Over 2021, work was undertaken across Tātaki Auckland Unlimited to understand how complaints were handled and to undertake a stock take of policies, processes and complaints data. This work found that while there was a strong culture of complaint resolution across Tātaki Auckland Unlimited, there was no formal or consistent process or approach to handling complaints. Key recommendations were that Tātaki Auckland Unlimited:

- establish a complaints policy and framework that also includes broader feedback such as compliments and suggestions,
- develop a complaints handling process that would allow enough flexibility to reflect necessary operational differences across the organisation and
- develop a standardised system for recording complaints, feedback and compliments that would allow easy collation and reporting on them.

A complaints policy, framework and process was developed over 2021/22 in the form of new “*Guidelines and Procedures for the Management of Customer Feedback*”. These Guidelines and Procedures were developed in alignment with the Auckland Council Formal Complaints Policy and Framework, taking into account existing processes and procedures, as appropriate and designed to cover all forms of feedback, including complaints, compliments and suggestions.

In addition a standardised system for recording complaints, feedback and compliments has been developed. This has been designed as a form that is accessed via our intranet. In addition to capturing general feedback and complaint data the system also prompts complaint owners to assist with prompt resolution. Further, the system has been designed for easy analysis and reporting on complaints.

Finally a benchmark has been set for future reporting at 80% complaint resolution within 10 working days and this has been reflected in our latest Statement of Intent 2022-25. This target also aligns with the Auckland Council target.

**Why do we measure this?**

Tātaki Auckland Unlimited is committed to the principles of manaakitanga, being welcoming, accessible and responsive to all customers. Feedback is a gift and we are committed to ensuring customers, citizens, ratepayers and visitors have the best possible experience with us. We take all feedback seriously, work to resolve the issue if it is a complaint, and will use complaints, compliments and suggestions as an opportunity to learn and improve our services, programmes and facilities.

In addition, the CCO Review, recommended that all CCOs report regularly on the nature of the complaints they receive and how long they take to resolve them and that CCO’s statements of intent contain a key performance indicator on complaint-handling. As such, it is appropriate that complaint resolution is measured across the organisation.

**How do we measure this?**

This year’s result has been measured through the successful adoption of the new *Guidelines and Procedures for the Management of Customer Feedback* and the development and adoption of the new complaints handling tool. Moving forward, the proportion of complaints resolved within 10 working days will be measured through the collection of complaints data in the new tool and the recording of complaint resolution.

## Independent Auditor's Report

### To the readers of Tātaki Auckland Unlimited Trust's financial statements and performance information for the year ended 30 June 2022

The Auditor-General is the auditor of Tātaki Auckland Unlimited Trust (the Trust). The Auditor-General has appointed me, David Walker, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and performance information of the Trust on his behalf.

#### Opinion

We have audited:

- the financial statements of the Trust on pages 13 to 51, that comprise the statement of financial position as at 30 June 2022, the statement of comprehensive revenue and expenses, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the Trust on pages 52 to 61.

In our opinion:

- the financial statements of the Trust on pages 13 to 51:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2022; 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 Reporting Standards; and
- the performance information of the Trust on pages 52 to 61 presents fairly, in all material respects, the Trust's actual performance compared against the performance targets and other measures by which performance was judged in relation to the Trust's objectives for the year ended 30 June 2022.

Our audit was completed on 20 September 2022. This is the date at which our opinion is expressed.

The basis for our opinion is explained below, and we draw attention to other matters. In addition, we outline the responsibilities of the Trustee and our responsibilities relating to the financial statements and the performance information, we comment on other information, and we explain our independence.

## **Emphasis of matters**

Without modifying our opinion, we draw attention to the following disclosures.

### ***Ongoing impact of Covid-19***

The *Impact of Covid-19 on the Trust* note on page 18, and the performance information on pages 53 and 57 about the significant impact that the Covid-19 pandemic is having on the Trust's operations.

### ***Inherent uncertainties in the measurement of carbon emission reductions***

The Trust has chosen to include a measure of its carbon emission reductions in its performance information. In considering the public interest in climate change related information, we draw attention to carbon emission reductions disclosure on page 58 of the annual report, which outlines the uncertainty in the reported carbon emission reductions. Quantifying carbon emission reductions is subject to inherent uncertainty because the scientific knowledge and methodologies to determine the emissions factors and processes to calculate or estimate quantities of carbon emission sources are still evolving, as are the reporting and assurance standards.

## **Basis for our opinion**

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

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

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

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

The Trustee is responsible on behalf of the Trust for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand. The Trustee is also responsible for preparing the performance information for the Trust.

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

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

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



## **Responsibilities of the auditor for the audit of the financial statements and the performance information**

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of these financial statements and the performance information.

For the budget information reported in the financial statements and the performance information, our procedures were limited to checking that the information agreed to the Trust's statement of intent.

We did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustee.
- We evaluate the appropriateness of the reported performance information within the Trust's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Trustee and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.



- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Trustee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

### Other information

The Trustee is responsible for the other information. The other information comprises the information included on pages 2 to 12, but does not include the financial statements and the performance information, and our auditor's report thereon.

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

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

### Independence

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

In addition to the audit, we have carried out a review engagement in respect of the Trust's six-monthly reporting as at 31 December 2021 to Auckland Council, which is compatible with those independence requirements.

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



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



## Our Portfolio



Auckland Art Gallery  
Toi o Tāmaki



Auckland  
Conventions



Auckland  
Live



Auckland  
Stadiums



Auckland  
Zoo



New Zealand  
Maritime Museum  
Hui Te Ananui  
A Tangaroa

## Our Venues

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