

Third Quarter Report 2016-17

FOR THE QUARTER ENDED 31 MARCH 2017



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EXECUTIVE SUMMARY

Regional Facilities Auckland (RFA) works in partnership with key stakeholders to present exciting, engaging and accessible experiences to those who live in and visit our city. Our innovative and imaginative programming delights people – every single day – and our collections and venues are some of the best in New Zealand.

The third quarter programme included a diverse array of exhibitions, shows and entertainment as people flocked to experience and enjoy RFA's exciting activities and events across Auckland.

Highlights of the third quarter included: major summer stadiums concerts by Adele, Justin Bieber, Guns N' Roses and Bruce Springsteen; the Auckland Art Gallery Toi o Tamaki opening of *The Body Laid Bare: Masterpieces from Tate* featuring internationally renowned artwork from the Tate, London; Auckland Arts Festival and Auckland Fringe performances at RFA venues; the announcement the Royal Shakespeare Company's production of the international blockbuster *Matilda the Musical* will open for an Auckland-exclusive season at The Civic later this year; *Wriggle & Rhyme* sessions in partnership with Auckland Libraries; and Open Late evenings at Auckland Zoo.

RFA's summer holiday programming attracted thousands of visitors including children and families to venues across the city with a varied line-up of shows, exhibitions, educational workshops, live music and theatre, and free events. The Gallery's latest Creative Learning Centre installation, *Once Upon a Time in Art*, was a popular family attraction and can be viewed until the end of September.

The world premiere of *Rushes* as part of the Auckland Fringe Festival in February resulted in extensive positive media interest for Auckland Live. The show – a unique experience where live music, art, theatre, dance and film interact – featured more than 25 dancers and performers from across New Zealand and was awarded Best of Fringe at the 2017 Auckland Fringe Awards, as well as being named first equal for the Auckland Arts Festival Special Prize.

Summer in the Square successfully wrapped up its three-month run of free, family-friendly events in Aotea Square in February. More than 100,000 visitors enjoyed a variety of programmes ranging from DJs and live music by popular Kiwi musicians, gardening workshops, vintage weekends, games and theatrical performances.

Other highlights for the third quarter include the birth of rare giraffe twins at Auckland Zoo on New Year's Eve, the transfer of young 15-month old giraffe Mtundu by sea to his new home at Mogo Zoo in New South Wales as part of the Australasian Zoos' breeding programme, and for only the second time in the history of the Zoo, the successful hatching of a flamingo chick – the Zoo was the first in the world to successfully breed from an entirely hand-reared flock in 2014.

The operational result is in line with the budget. While overall gross external revenue was favourable to budget by \$0.5m due to seven successful stadiums concerts, Auckland Zoo and Auckland Conventions have experienced significant unfavourable revenue variances to budget. This has resulted in net operating revenue being \$1.0m unfavourable to budget. This has been offset by a reduction in costs and deferral of expenditure to the last quarter.

The remaining months of the year are traditionally more challenging and the forecast is for an unfavourable operational variance of approximately \$600k. This is due to Auckland Conventions having significantly less events confirmed for the last quarter than budgeted and the deferred costs to be incurred. Revenue and cost savings initiatives remain in place to improve this overall position.

STRATEGIC THEMES AND FOCUS AREAS

RFA focuses its work around five key themes:

- Engaging our community
- Developing our people
- Building a financially sustainable future
- Enhancing our operations
- Growing our reach and influence

Key initiatives include:

- Delivery of RFA's capital programme. Some of the major items in this programme include Auckland Zoo's major redevelopment, improvements to stadium infrastructure to support the Auckland Stadiums Strategy; external and internal refurbishment of the Aotea Centre, the development and implementation of a customer experience strategy and associated service delivery mechanisms.
- Initiatives to meet our revenue growth goals.

HIGHLIGHTS FOR THE LAST QUARTER

AUCKLAND ART GALLERY TOI O TĀMAKI

The third quarter saw the opening of the Gallery's major exhibition for the year *The Body Laid Bare: Masterpieces from Tate* in mid-March. Featuring more than 100 artworks from one of the foremost art museums internationally, Tate, London, the exhibition brings together masterpieces by renowned artists including Auguste Rodin, JMW Turner, Pablo Picasso, Henri

Matisse, Louise Bourgeois, Cindy Sherman, Sarah Lucas and more.

Nearly 100,000 people visited the *The Maori Portraits: Gottfried Lindauer's New Zealand* before it closed in February, making it the Gallery's most-visited exhibition since reopening in 2011. The Gallery's innovative rooftop music series *Anno Domini*, designed to bring people together through art, music, food and wine, wrapped up for the summer in March delivering a unique social experience for the city.

The annual White Night event was hosted at the Gallery in March. Part of the Auckland Arts Festival, White Night sees the city centre enlivened with a diverse range of free art activities at a range of arts venues from 6pm to midnight. The Gallery hosted a number of free workshops including figure drawing and paper folding inspired by one of the exhibitions.

Lee Mingwei and His Relations: The Art of Participation closed on 19 March after a four-month season. This was the first time the Taiwanese-American artist's highly innovative work had been experienced in Auckland and was the largest retrospective of his art presented in the Southern Hemisphere.

During the quarter, the Gallery's Creative Learning Centre opened its latest family-friendly installation *Once Upon a Time in Art*, drawing on its collection of historical paintings in the Mackelvie Gallery exhibitions to unravel secret codes in the symbols and characters used by artists. The free installation can be viewed until the end of September.

AUCKLAND CONVENTIONS

Auckland Conventions staged 128 events during the third quarter, with highlights including World Women 17, the NZ Cricket Awards 2017, the 2017 Axis Awards Gala Dinner and NZ Institute of Architects Conference – all held at the ANZ Viaduct Events Centre.

The NZ Institute of Architects National Conference, held every two years, was attended by close to 1000 architects, architecture students and members of the public. The NZ Cricket Awards was televised live on SKY Sport and was well-attended by top cricketers and sporting personalities.

The Tāmaki Herenga Waka Festival in January, also held at the ANZ Viaduct Events Centre, offered free family-friendly activities to celebrate traditional and contemporary Māori culture over three days including games, workshops, talks, healing, ta moko and storytelling centred around the stories of Tāmaki Makaurau. More than 16,000 people attended the festival which received national and international media coverage.

AUCKLAND LIVE

The hugely popular Summer in the Square – three months of free family-friendly events in Aotea Square – wrapped up its sixth year having attracted more than 100,000 visitors. The diverse range of activities included the premiere of *Trolleys* by the New Zealand Dance Company, a Vintage Weekend, a Latin Fiesta, free gardening workshops and performances by local musicians including Tiny Ruins, Polyester, NZ Opera and the APO Young Achievers.

The award-winning international production *Matilda the Musical* was announced in early March and will open at The Civic in August for a New Zealand-exclusive season. Performed by The Royal Shakespeare Company, the musical is based on Roald Dahl's bestselling children's novel. Also in March, Auckland Writers Festival announced its 2017 programme – it's most ambitious to date – which will see a record 42 international writers, historians, scientists, radicals and thinkers team with the world's largest showcase of New Zealand literary talent in Auckland from 16-21 May.

Two significant arts festivals were held at RFA venues during the third quarter – Auckland Fringe and Auckland Arts Festival. A highlight of Fringe was the world premiere of the award-winning *Rushes*, a unique experience where live music, art, theatre and film interact. *Rushes* picked up Best of Fringe, Best Ensemble, Best Lighting and AV and was named first equal for the Auckland Arts Festival Special Prize at the 2017 Auckland Fringe Awards.

Auckland Arts Festival highlights included *La Soiree*, *Respect* (covers of Aretha Franklin songs), the sold-out *Raiders of the Lost Ark* at The Civic with innovative interactive theatre *Horror* at The Civic and *Awa: When Two Rivers Collide* at the Auckland Town Hall, the New Zealand premiere of *Rice* by Cloud Gate Dance Theatre, as well as performances by singer songwriter Rufus Wainwright and one of the world's greatest ballerinas, Natalia Osipova.

More than 170 local and international arts professionals, including emerging and established artists and producers, and presenters from venues, festivals and touring agencies, attended the 2017 Performing Arts Network of New Zealand (PANNZ) Arts Market at Aotea Centre. Sixty new works were presented at the three-day industry event – a vital forum for promoting local performing arts.

Other notable highlights during the third quarter included two sold-out shows by the legendary naturalist and television personality Sir David Attenborough and the premiere of *Spirit House* starring iconic New Zealand actor Ian Mune.

AUCKLAND STADIUMS

Auckland's reputation as New Zealand's entertainment capital was further cemented this quarter with RFA's most successful outdoor concert season to date. The mammoth entertainment line-up, which included concerts by Grammy Award-winning Canadian pop superstar Justin Bieber, international rock favourites Guns N' Rose and Bruce Springsteen, and three sold-out concerts by one of the world's best-selling recording artists, Adele, attracted over 300,000 fans and boosted the Auckland economy by more than \$37 million.

Rugby league fans were the first to experience Mt Smart Stadium's new high-definition LED screen which debuted at the Vodafone Warriors' NRL season opener against the Newcastle Knights in early March. Located at the northern end of the ground, the new 212-square-metre installation, the largest permanent stadium screen in New Zealand, provides a live feed of close-up action from the field and adds to the atmosphere and experience of watching live sports at the stadium.

In addition to the opening game of the NRL season, several major sporting events were held at RFA's stadiums in the third quarter. At QBE Stadium, the Blues played the Bulls in the fifth round of the 2017 Investec Super Rugby, and the Wellington Phoenix played their second match of the Hyundai 'A' League season in the lead-up to the winter sport season.

The Colour Run, the happiest five kilometres on the planet, was hosted by QBE Stadium in March for the fifth consecutive year. With millions of people participating across more than 35 countries, this annual phenomenon is now the largest running series in the world.

AUCKLAND ZOO

Auckland Zoo had a busy third quarter hosting several summer events including Wriggle & Rhyme – a 30-minute series of fun, positive movement experiences for babies and toddlers held in partnership with Auckland Libraries, Whio Family Fun Days to highlight the need for blue duck conservation, and a series of Open Late evenings where visitors could experience the Zoo during the evening. The Mayor visited the Zoo at the end of January, meeting volunteers and touring the new Strangely Beautiful Australia precinct.

Young adult giraffe Mtundu was transferred to Mogo Zoo in New South Wales as part of the Zoo's ongoing commitment to the Australasian Zoos' breeding programme. Mtundu's journey was shared on social media and received positive feedback from around the country. Rare twin baby giraffes were born at the Zoo on New Year's Eve. Unfortunately, as is often the case with giraffe twins, one of the babies did not survive but the remaining calf is thriving and took her first steps towards the end of January.

The Zoo's flock of flamingos made media headlines with the hatching of a chick – only the second in the Zoo's history. In 2014, the Zoo was the first in Australasia to breed Greater Flamingo chicks, and was the first zoo in the world to successfully breed from an entirely hand-reared flock. The summer breeding boom continued with five kaka chicks hatched towards the end of last year, and the release of Zoo-raised kiwi chicks to predator-free Rotoroa Island in January.

FUTURE OUTLOOK

The 2017 winter season will see an exciting and diverse range of events and activities across RFA.

Auckland Live's fourth quarter line-up includes *West Side Story* at The Civic, the Royal New Zealand Ballet's *Carmen* at Aotea Centre, *Joseph and the Amazing Technicolor Dreamcoat* at The Civic, children's play *The 13-Storey Treehouse* (based on the bestselling novel) at the Bruce Mason Centre, the *Mountainfilm on Tour* international film festival at The Civic and the Auckland Writers' Festival at Aotea Centre.

Construction work for Auckland Zoo's renewal of the South-east Asia precinct, the biggest

project of the Zoo's redevelopment programme to date, is expected to commence in late 2017. The \$38 million development will significantly upgrade facilities for a range of South-east Asian species including tigers and orangutans. In addition, the Zoo's discovery and play area, KidZone, will be extended to provide a dedicated learning space for early childhood education programmes. Work will commence in the second quarter of 2017/18 on the two year project to refurbish the external (including the roof) and internal of the Aotea centre.

Both the Zoo and Auckland Art Gallery will run a series of family-friendly events and workshops for children during the April school holidays including *Once Upon a Time in Art*, based upon the current Creative Learning Centre installation at the Gallery and *Discover Aotearoa's Natural Treasures*, an educational exploration of the Te Wao Nui native New Zealand wildlife precinct at Auckland Zoo. The Gallery will also hold performances of *The physical garden*, a series of shows accompanying Ann Shelton's *jane says* photography series – based around plant histories and the legacy of women's use of plants for fertility and birth control, in April.

The start of the winter sport season during the fourth quarter will see matches played across RFA stadiums including NRL games by the Warriors at their home ground of Mt Smart Stadium, and Super Rugby matches at QBE Stadium. RFA will continue to work alongside Council staff to secure a long term sustainable venue that can accommodate Auckland's speedway organisations.

KEY DELIVERABLES

| PROJECT | DELIVERABLE | STATUS | PROGRESS |
|---------------------------|--|---------|--|
| INFLUENCING SECTOR CHANGE | <p>Close collaboration with the Auckland Council and the museums, stadiums and arts and cultural sectors to improve the financial sustainability, standards of service delivery, and cultural and economic benefits to the Auckland community.</p> | Ongoing | <p>RFA continues to work closely with Auckland Council and the museums, providing advice to Auckland Council as and when required. The annual levies for AWMM and MOTAT were agreed with Auckland Council in March.</p> <p>RFA supports the proposed independent review of the major cultural heritage institutions and will work with Auckland Council and the museums as this review progresses.</p> |
| STAKEHOLDER ENGAGEMENT | <p>RFA will continue to work with Auckland Council and Local Boards in a collaborative way to ensure that key strategies and policies are adhered to and that decisions represent the best interests of the Council group and ultimately the ratepayer. Key to achieving this is:</p> <ul style="list-style-type: none"> Engage where appropriate with the Councils Group's Alternate Financing initiative. Working with Auckland Tourism Events and Economic Development (ATEED) to develop and deliver significant events for the region and where possible reduce ratepayer funded events and venues competing against each other. Collaborate with sector stakeholders to provide thought leadership and drive overall creative vision. | Ongoing | <p>RFA works with ATEED to ensure that event planning is coordinated across the city. These activities range from cost effective management of large events, sharing of resources and reducing duplication of effort. Examples of collaboration are Diwali Festival, and the planned use of Aotea Square for the NRL9's Launch in early 2017.</p> |
| HEALTH AND SAFETY CULTURE | <p>RFA is committed to driving a strategy that aims to improve the health and safety of our employees, visitors, contractors, clients and patrons, and maintain the well-being of all our employees. We will do this by:</p> <ul style="list-style-type: none"> Reducing employee injuries by 25% over five years and reviewing incidences to the public to identify hazards and prevent recurrence. Active involvement and commitment of leaders in management of health and safety through behavioural safety and personal responsibility. Increased worker engagement through adopting behavioural safety and personal responsibilities. Aligning our health and safety management system to industry best practise. | Ongoing | <p>RFA has reviewed and revised its Health & Safety Strategy as required each year. A number of key objectives have been identified and annual targets set for measuring progress. The revised Health and Safety Strategy has been approved by the RFA Board. Monthly reports against targets are provided to the Executive Leadership Team and the Board. The Health, Safety & Risk Committee of the Board meets quarterly and is provided with more in-depth information. Board site visits of RFA venues have been undertaken over the last 6 months and will continue. The ACC audit for RFA was successfully undertaken and the secondary level accreditation achieved.</p> |

| PROJECT | DELIVERABLE | STATUS | PROGRESS |
|---|---|---------|---|
| EXTERNAL REVENUE MAXIMISATION | <p>RFA will continue to identify, develop and implement opportunities for increasing external revenue to minimise the cost to ratepayers of delivering activities that enhance Auckland's cultural capital. Key to this strategy is:</p> <ul style="list-style-type: none"> • Exploring other revenue opportunities through closer collaboration across the sectors we operate in, partnering with private businesses, and leveraging Council Group initiatives. • Enriching events programming and driving revenue growth through pursuing investment opportunities utilising the Production Investment Fund. • Working with ATEED to develop and deliver significant events for the region and where possible reduce ratepayer funded events and venues competing with each other. • Working with various sectors and our business partners to develop philanthropic and sponsorship activities. • Enhancing the customer experience by gaining further customer market intelligence and market insight to connect to new audiences. • Strategic capital investment into existing facilities. • Growing the depth and breadth of our revenue base. | Ongoing | <p>Significant progress has been made on a number of these aspects, including:</p> <ul style="list-style-type: none"> • Auckland Art Gallery Toi o Tamaki closed its largest-ever Gottfried Lindauer exhibition <i>The Maori Portraits</i>. The exhibition involved collaboration with ATEED to deliver an exhibition that has significance to New Zealand and Maori. • Retail sales associated with the Lindauer exhibition were very strong; and a second print run was required of the exhibition catalogue (unusual for art publishing) • Auckland Stadiums' and Auckland Live's most successful season of outdoor concerts, including Justin Bieber, Guns n Roses, Bruce Springsteen and Adele, attracting over 300,000 attendees. • Announcement and commencement of ticket sales for the blockbuster Matilda musical, opening at The Civic in August 2017. This has utilised the approved Event Facility Fund. • Strategic capital investment into Mt Smart Stadium to meet the needs of current and future hirers. |
| ENHANCING THE OPERATIONAL BRANDS | Investment in digital media by identifying business requirements including CRM, digital platforms and growing social media to connect with new audiences. | Ongoing | <p>Achievements to date include working with a lead web development partner and establishing a delivery model to quicken the release of digital initiatives.</p> <p>Focus for the remainder of the current financial year is the further enhancement of the Auckland Zoo's new website, including online ticket sales.</p> |
| DELIVERY OF KEY CAPITAL PROJECTS In addition to the delivery of essential renewals work to ensure RFA venues are fit for purpose for hirers and the Auckland community, there are three capital investment areas | <p>AUCKLAND STADIUMS</p> <p>Strategic investment into Auckland Stadiums by exploring opportunities to increase utilisation and financial sustainability through investment into Western Springs, QBE North Harbour Stadium and Mt Smart Stadium.</p> | Ongoing | <p>Active progress has been made in advancing the capital works across QBE Stadium and Mt Smart Stadium. Major projects underway (or completed) at Mt Smart include:</p> <ul style="list-style-type: none"> • Installation of a new LED screen (rather than hiring) • Renewal of player and official facilities and media facilities • Renewal of entry gates • Installation of new LED floodlights, making Mt Smart the first stadium in NZ with broadcast-standard LED lights and further contributing to RFA's ongoing sustainability improvements. |

| PROJECT | DELIVERABLE | STATUS | PROGRESS |
|--|---|---------|--|
| <i>Continued</i> DELIVERY OF KEY CAPITAL PROJECTS | | | Development of the outer oval at QBE Stadium into fit for purpose floodlit training fields is underway. The field area has been opened now and the floodlight installation is due for completion in April. A full business case for the potential redevelopment of Western Springs will be tabled to the RFA Board for consideration by June 2017. |
| | AOTEA CENTRE Strategic capital investment into the Aotea Precinct with external parties to enliven and grow the cultural activity of Auckland. An arts and cultural hub seeks synergies in clustering and generates new retail and commercial investment and improves the customer experience. | Ongoing | Development of a full business case to expand the Aotea Centre is underway and will be presented to the RFA Board for consideration in by June 2017. The external and internal refurbishment of the Aotea Centre will commence in late 2017 and completed by February 2019. |
| | AUCKLAND ZOO Invest in Auckland Zoo's aging infrastructure to cater for increasing international standards of animal care, health and safety and improved visitor experience. | Ongoing | The Zoo is in the second year of a major capital renewal programme to address its aging infrastructure. Major projects underway or completed include: <ul style="list-style-type: none"> • The Australian precinct was completed and opened to visitors on 17 December 2016. • Concept design for the South East Asia precinct is complete, all relevant project contractors are engaged and a more detailed design process is underway. This project significantly upgrades facilities for a range of species including orangutans and tigers. Construction is expected to commence late 2017. |

UNAUDITED FINANCIAL PERFORMANCE

| | YTD ACTUAL MAR 2017 \$000s | YTD BUDGET MAR 2017 \$000s | VAR \$ \$000s | VAR % | FULL YEAR ANNUAL PLAN 2017 \$000s |
|--|----------------------------------|----------------------------------|------------------|---------------|--|
| OPERATIONAL | | | | | |
| REVENUE | | | | | |
| Opex funding from Auckland Council | 19,288 | 19,288 | 0 | 0% | 25,718 |
| Capital funding from Auckland Council ¹ | 19,215 | 30,334 | (11,120) | (37%) | 40,446 |
| Fees and user charges | 33,850 | 34,363 | (513) | (1%) | 45,907 |
| Subsidies and grants | 2,065 | 351 | 1,715 | 489% | 518 |
| Development and financial contributions | 0 | 0 | 0 | 0% | 0 |
| Vested assets (non-Crown) | 0 | 0 | 0 | 0% | 0 |
| Other revenue | 7,800 | 5,443 | 2,357 | 43% | 7,083 |
| TOTAL REVENUE | 82,219 | 89,780 | (7,561) | (8%) | 119,673 |
| EXPENDITURE | | | | | |
| Employee benefits ² | 26,925 | 25,962 | (962) | (4%) | 34,871 |
| Depreciation and amortisation | 19,764 | 18,615 | (1,149) | (6%) | 24,888 |
| Grants, contributions and sponsorship | 1,032 | 1,039 | 7 | 1% | 1,379 |
| Other operating expenses | 38,526 | 33,596 | (4,930) | (15%) | 43,801 |
| TOTAL EXPENSES | 86,247 | 79,211 | (7,035) | (9%) | 104,940 |
| Finance income | 723 | 846 | (122) | (14%) | 1,076 |
| Finance expense | 273 | 189 | (84) | (45%) | 252 |
| NET OPERATING INCOME | (3,578) | 11,225 | (14,803) | (132%) | 15,557 |
| CAPITAL EXPENDITURE | | | | | |
| Total capital expenditure | 19,215 | 30,334 | 11,120 | 37% | 40,446 |

¹ Includes approved deferrals

² Actual employee costs include direct payroll costs relating to event delivery. These are budgeted under 'other operating expenses'

RFA OPERATIONAL

RFA finished the third quarter with an accounting deficit of \$3.6m which is \$14.8m unfavourable to a budgeted Annual Plan surplus of \$11.2m. The leading factor for the adverse result is the timing of capital delivery across the organisation.

These figures do not reflect the core operations of the organisation as it includes abnormal or non-cash items such as donated assets, asset write offs, funding for capital works and depreciation.

The major accounting variances are presented in the table below.

| | YEAR TO DATE VARIANCE \$000s | COMMENTS |
|--------------------------|------------------------------------|---|
| CAPITAL FUNDING | (11,120) | Capital programme is behind budget due to timing of projects at Aotea Centre, Stadiums and the Auckland Zoo redevelopment programme. This has resulted in a corresponding reduction in funding. |
| FEES AND USER CHARGES | (513) | Strong revenue from major stadium concerts offset by lower Zoo admission revenue and Conventions events. Auckland Zoo revenue impacted by several factors, including wet weather, capital construction schedule and an increased number of options available for leisure events. Challenging revenue targets for Auckland Conventions and timing of events. |
| SUBSIDIES AND GRANTS | 1,715 | Artwork donated to the Auckland Art Gallery is not budgeted due to the nature of gifts. Gifted artwork is not accounted as revenue in the operational trading result below. |
| OTHER REVENUE | 2,375 | On charges of direct costs relating to stadium events. |
| DEPRECIATION | (1,149) | Increased cost resulting from prior year asset revaluations. |
| OTHER OPERATING EXPENSES | (4,930) | Major component is cost of sales relating to stadium concerts |

The operational trading result is in line with budget. Major variances on revenue and expenditure are noted below.

- External revenue was \$0.5m favourable to budget – a significant turnaround to the previous quarter – mainly due to unbudgeted major stadium concerts, including Bruce Springsteen, Justin Bieber and three sold out Adele concerts.
- Auckland Live also enjoyed success with the Auckland Arts Festival as it experienced stronger ticket sales (up 34%) and food and beverage sales compared to prior years. In February they hosted David Attenborough at the Civic in two sold out (and unbudgeted) events. Their revenue was \$0.6m favourable to budget.
- The high revenue yield from stadium events in this past quarter was stemmed by lower revenue in other areas. Auckland Zoo revenue was \$1.3m unfavourable to budget. Main drivers are unusually high rainfall in March impacting the visitation numbers, tours and personal encounters affected by construction and resourcing matters, scaling back of translocation activity in the Rotoroa Island wildlife programme, lower than anticipated

membership revenue and low sponsorship activity. The Zoo is tracking unfavourably compared to last year and this may be a result of a 'wetter' quarter. This quarter experienced 24 'rain days' compared to 17 during the same period last year. This has a flow on effect on shop, food and beverage sales.

- Auckland Conventions revenue is unfavourable to budget by \$1.0m as a result of lower event numbers, less profitable events and strong or market competition. The availability of Aotea Centre for Auckland Conventions events was also affected this past quarter due to larger events, such as the Auckland Festival, resulting in the space not being available to hire as conventions space during this period.
- The external revenue shortfall in some areas was mitigated by lower expenditure. Total operational expenditure was \$1.6m favourable to budget mainly in repairs and maintenance and advertising and marketing expenditure. Reductions on expenditure needs to be in areas that will not have a counter-productive impact on ability to increase revenue.

The forecast for the year is an unfavourable variance of approximately \$600k, primarily due to the unfavourable variances in revenue from Auckland Zoo and Auckland Conventions.

RFA CAPITAL

The delivery of capital projects across the organisation is behind the annual plan target by \$11.2m but is expected to largely be on budget by the end of the year. In addition to the Key projects outlined in the "Key Deliverables" section the following projects are underway:

- The Plant Shared Services Building project is expected to house equipment that will meet the HVAC and other service requirements for Town Hall and Aotea Centre. Currently these are being supplied from the basement and top floor of the former Council Administration Building (CAB) and due for decommissioning in 2018. Enabling works that are currently underway for Aotea Centre and RFA is working with Auckland Council corporate property on a permanent solution for services to Town Hall.
- There is a customer focused online project underway, which endeavours to develop websites across the business units. Development of the Auckland Zoo website has commenced and expected to be completed by June 2017. Preliminary work has started on the Auckland Live and Auckland Conventions websites. The Auckland Art Gallery component is complete and website is now live.
- The Aotea Centre refurbishment of both the interior and exterior is planned to be undertaken between February 2018 and February 2019. The LTP currently provides funding across 10 years to address weather tightness issues on series of "patch and repair" projects. This has now been brought forward as part of the Annual Plan refresh. This ensures minimum business interruption and ensures are more effective an efficient outcome.

PERFORMANCE MEASURES

RFA has an agreed set of performance measures and targets which form the basis for accountability for delivering our key strategic objectives and priorities. The framework for measuring key outcomes aligns to the measures agreed as part of the Long Term Plan 2015-2025 and Annual Plan 2016/17.

- On target
- Behind target due to timing and will be achieved by year end
- Behind target and an area of focus for management
- Unlikely to meet year and target and requires intervention

| WHAT WE DO (LEVEL OF SERVICE) | HOW WE WILL MEASURE SUCCESS (PERFORMANCE MEASURE) | ANNUAL TARGET 2016/17 | DEC 2016 YTD ACTUAL | MAR 2017 YTD ACTUAL | PROGRESS |
|---|---|--------------------------|---------------------------|---------------------------|----------|
| We provide live arts and entertainment experiences for Aucklanders and visitors to our city. Leader of arts and entertainment events in New Zealand | Number of publically available performing arts performances programmed by Auckland Live Venues include: Aotea Centre, Auckland Town Hall, The Civic, Aotea Square, Bruce Mason Centre | 825 | 770 | 931 | ■ |
| | Visitor satisfaction with experiences at Auckland Live events Venues include: Aotea Centre, Auckland Town Hall, The Civic, Aotea Square, Bruce Mason Centre | 90% | 90% | 90% | ■ |
| | Percentage of patrons who believe Auckland Live provides them with a rich choice of arts and entertainment options | 76% | 77% | 78% | ■ |
| We bring people together and help provide identity through memorable stadium events | Number of commercial event days at stadiums Venues include: Mt Smart Stadium, QBE North Harbour Stadium, Western Springs Stadium | 443 | 202 | 314 | ■ |
| | Number of community event days at stadiums Venues include: Mt Smart Stadium, QBE North Harbour Stadium, Western Springs Stadium | 645 | 274 | 387 | ■ |
| | Visitor satisfaction with experiences at Auckland Stadium venues | 88% | 82% | 83% | ■ |

| WHAT WE DO (LEVEL OF SERVICE) | HOW WE WILL MEASURE SUCCESS (PERFORMANCE MEASURE) | ANNUAL TARGET 2016/17 | DEC 2016 YTD ACTUAL | MAR 2017 YTD ACTUAL | PROGRESS |
|--|---|-----------------------|---------------------|---------------------|----------|
| We care for our collections for current and future generations to enjoy and to bring cultural awareness of art and wildlife to Auckland and its visitors | Total number of visitors to Auckland Zoo | 720,000 | 315,977 | 504,149 | ■ |
| | Total number of visitors to Auckland Art Gallery | 450,000 | 244,837 | 346,095 | ■ |
| | Visitor satisfaction with experiences at Auckland Zoo | 90% | 88% | 89% | ■ |
| | Visitor satisfaction with experiences at Auckland Art Gallery | 90% | 89% | 91% | ■ |
| | Number of Maori programmes annually at Auckland Art Gallery | 10 | 12 | 16 | ■ |
| | Percentage of visitors reporting an enhanced appreciation of wildlife | 80% | 79% | 82% | ■ |
| We manage our physical building assets in a way that ensures their long-term existences as a valued part of Auckland's social infrastructure | Visitor satisfaction on the condition our facilities | 90% | 83% | 85% | ■ |
| | Percentage of Mana Whenua satisfaction with quality of engagement | New Measure | N/A | N/A | |
| Minimising the financial burden on Auckland ratepayers | Percentage of operating costs met through external revenue (excluding Council funding and depreciation) | 61% | 63% | 67% | ■ |

CONTRIBUTION TO MĀORI OUTCOMES

RFA's Māori Engagement Strategy aims to enhance existing relationships with iwi and enter into business relationships in order to create meaningful engagement. This may create employment, and be either cost neutral or generate a profit, while positively increasing the visibility of iwi and enhancing the RFA brands.

The increased visibility of iwi in terms of a business, tourism and reputational perspective is consistent with the focus of the Independent Māori Statutory Board and Council's Te Toa Takitini approach.

RFA is committed to continuing to develop programmes and initiatives to support Maori visibility at regional facilities, support Maori businesses to engage with RFA, and support tikanga Maori cultural expression. These include Auckland Zoo's Maori science programme, Auckland Art Gallery's Maori Advisory Group, Auckland Art Gallery's Lindauer exhibition, and Auckland Conventions' support for the Tamaki Herenga Waka Festival on Anniversary Day 2017.

As part of RFA's overall renewals and capital works programme, bi-lingual signage and incorporation of Maori identity and Te Aranga design principals are being incorporated where appropriate in accordance with Auckland Council's Te Reo Maori Framework.

In 2016, RFA commenced a significant internal initiative to build on our existing organisational capability in Te Reo and tikanga and to ensure that biculturalism is reflected in our everyday work practices.

These and other initiatives form part of RFA's operations rather than specific and discrete projects. However, the following are examples of specific projects for the 2016/17 financial year which align with the goals of RFA's approved Maori Engagement Framework.

| INITIATIVE | CONTRIBUTION TO MĀORI OUTCOMES |
|--|---|
| <p>Auckland Zoo regularly consults with a range of iwi with respect to planned animal translocations, to gain support for the zoo's applications to receive or release native wildlife. The zoo also seeks iwi advice on, and assistance with, the appropriate tikanga associated such animal movements or exhibit openings at the zoo.</p> <p>Auckland Zoo has engaged Brian Ireland (Taranaki Whanui, Te Ati Awa), who has worked in the education teams of both Auckland Zoo and Zealandia Eco Sanctuary, to develop a Maori Science programme. The programme will be used primarily by the Zoo's education team and later by the Zoo's visitor engagement team for visiting tours and targeting tourists.</p> <p>Te Wao Nui has developed Māori stories and is continuing to enhance this significant component of the experience which is also being actively promoted to international visitors and includes bi-cultural signage.</p> | <p>Celebration of Auckland's Māori identity as its point of difference in the world for its visitors.</p> |
| <p>The Auckland Art Gallery Māori advisory group, Haereawa, was established in 1994 to assist with the implementation of those aspects of the Gallery's strategic plan relevant to Māori and to be an advisory and support group to Gallery management.</p> <p>A major exhibition featuring over 120 works based on the 19th century artist Gottfried Lindauer ("The Māori Portraits: Gottfried Lindauer's New Zealand") opened at Auckland Art Gallery on 22 October 2016 and closed in February 2017. This was the most significant and largest exhibition of his work to date.</p> <p>Lindauer is renowned for his life-like portraits of Māori and depictions of typical Māori scenes. The Lindauer paintings are among the most loved and admired works in the Gallery's collection with local and international visitors gravitating to the space permanently dedicated to showing Māori portraits.</p> <p>The Māori Portraits: Gottfried Lindauer's New Zealand closed with a total of 99,167 visitors in just over four months. It is now the most visited exhibition in this developed Gallery eclipsing Degas to Dali in 2012. The Lindauer exhibition averaged 909 visitors per day.</p> <p>The exhibition also offered iwi Māori and community tours in <i>te reo Māori</i> from our two descendant co-ordinators whom were employed specially to cater for the influx of Māori and portrait descendant audiences. This was enhanced by a four-month programme of Māori descendant floor talks and tours – which also proved extremely successful breaking all previous records for floor talk attendance numbers with a total of 54 floor talks with over 5,000 people attending. Finally a special <i>poroporaki</i> (closing event) took place on Sunday 19 Feb, in keeping with Māori protocols, and was attended by descendants and supporters of the exhibition.</p> <p>In March, the Gallery opened the exhibition <i>Charles F Goldie: Revealing the Painter and the Subject</i>. The exhibition includes the long term loan of the portrait of Chief Wharekauri Tahuna of Te Arawa, a painting that recently garnered New Zealand's greatest auction sale of \$1.2m and is now invested on long term loan to the Auckland Art Gallery.</p> <p>Lisa Reihana's <i>In Pursuit of Venus</i> has been selected to represent New Zealand at the next 'Olympics' of the international art world – the very prestigious 2017 Venice Biennale, opening in May.</p> | <p>As New Zealand's leading visual art institution, it is Auckland Art Gallery's role to showcase New Zealand art and culture. The extraordinary paintings in <i>The Māori Portraits: Gottfried Lindauer's New Zealand</i> also highlight the complex and particular cultural exchanges between Māori and Pākehā taking place in New Zealand more than a century ago. By sharing these works we hope to expand understanding and knowledge of New Zealand's unique culture worldwide.</p> |

| INITIATIVE | CONTRIBUTION TO MĀORI OUTCOMES |
|---|---|
| <p>Auckland Stadiums provides Māori cultural experiences at major events and continues to actively seek iwi events.</p> <p>Bi-cultural signage has been implemented at Auckland Stadiums in accordance with its regular renewals programme.</p> | <p>Celebration of Auckland's Māori identity as its point of difference in the world for its visitors.</p> |
| <p>The Focus for this period has been delivering planned projects in the context of Summer in the Square, Pride Festival and Auckland Arts Festival. For Pride, Auckland Live presented Hot Brown Honey on the ASB stage featuring a number of Maori and Pacifika artists. This project delivered a number of positive engagement outcomes with a focus of social inclusion including a Bloc party at Summer in the Square, appearances at Pride Gala and delivering a Diversity Hui in partnership with New Zealand Equity. There was a strong representation from Maori and Pacifika audiences, many of which were first time attendees to Auckland Live venues.</p> <p>Over the Summer in the Square, kai gardening workshops were delivered and over Waitangi Weekend, a Te Reo Maori metal band Alien Weaponry performed alongside acclaimed Maori DJ Linda T.</p> <p>Auckland Live played host to the Festival Garden on Aotea Square, where both paid and free events with a Maori focus were presented. This resulted in strong attendances across the three week period.</p> | <p>Celebration of Auckland's Māori identity as its point of difference in the world for its visitors.</p> <p>Understanding and recognition of Te Ao Māori.</p> |
| <p>Auckland Conventions refers internal conference organisers to Ngati Whatua o Orakei and Auckland Museum for the opportunity to include authentic Maori powhiri in conventions and event packages.</p> <p>The ANZ Viaduct Events Centre was the venue for this year's Tamaki Herenga Waka Festival which took place over Auckland Anniversary weekend. This was a public event managed and funded by ATEED and supported by RFA with the venue provided free of charge.</p> | <p>Celebration of Auckland's Māori identity as its point of difference in the world for its visitors.</p> <p>RFA embracing the benefits arising from economic partnerships with Māori.</p> |
| <p>Ngati Whatua o Orakei, Tainui, and RFA have had initial meetings to explore opportunities to collaborate on initiatives to further Maori economic, cultural and social outcomes across the Auckland region.</p> | <p>Celebration of Auckland's Māori identity as its point of difference in the world for its visitors.</p> <p>RFA embracing the benefits arising from economic, social and cultural partnerships with Māori.</p> |
| <p>The IMSB and local Iwi are recognised as key stakeholders in RFA's Aotea Arts and Cultural Precinct and will be consulted as part of any overall development.</p> | <p>Celebration of Auckland's Māori identity as its point of difference in the world for its visitors.</p> |

LOCAL BOARD ENGAGEMENT

Presentations have been made to six local boards to give members an overview of RFA facilities, activities and developments. While particularly valuable as an introduction to new board members the presentations also provide an update for returning members, and are an opportunity for feedback and questions. There have been queries relating to a range of RFA activities arising from most board visits. For instance, Takapuna-Devonport Local Board have, at their request, received detailed information about community use of the Bruce Mason Centre.

In February, CEO, Chris Brooks, and members of the senior management team were supported by the local board engagement manager at the Auckland Council symposium for elected members. Presentations by Chris Brooks, were very well received, and there were

opportunities throughout the day to talk informally with local board members and arrange further visits to board workshops and meetings.

The local board engagement manager is working with board members and advisors to ensure that RFA activities are included in the three year local board plans currently under development. Where there are regional facilities within a board area, it is particularly important to identify the ways that RFA makes a contribution to the goals and key outcomes of the board's plans.

During the quarter there has been regular liaison with the Waitemata Local Board, responding to a range of queries, and progressing work on the Western Springs precinct plan. There have been presentations to the Board by MOTAT, TAPAC, and Western Springs College, and further meetings and presentations are planned for the coming months in relation to this project.

RISK MANAGEMENT

RFA's Enterprise Risk Management Framework sets out the principles and process for risk management. Quarterly risk workshops are undertaken with each of RFA's business units, recorded in RFA's risk database and reported through to the RFA Board and the Health, Safety and Risk Committee on a quarterly basis. Any risks assessed as high are required to have mitigations identified and these are reported to the Board.

RFA's Capital Projects Sub-Committee also provides the Board with appropriate oversight of projects considered high public interest or risk.

No major changes have been made in the last quarter to RFA's risk management, internal audit and external audit approaches. No new risks assessed as high have been identified since the last quarter. RFA is currently undertaking a strategic risk review.

RFA management is currently addressing improvements identified in internal and external audit findings, and progress is reported to RFA's Audit Committee. The current audit issues do not impose any significant financial implications on the Auckland Council Group. Further, in accordance with the continuous disclosure requirement, there are no material items in this period that would require disclosure.