

Second Quarter Report 2016-17

FOR THE QUARTER ENDED 31 DECEMBER 2016



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

Highlights of the second quarter include: the announcement of major stadium concerts by Adele and Justin Bieber in early 2017; the launch of *Summer in the Square* and the Southern Hemisphere's largest LEGO Christmas tree in Aotea Square; the Coldplay concert at Mt Smart Stadium in December; the announcement of the March opening at Auckland Art Gallery Toi o Tamaki of *Body Laid Bare: Masterpieces from Tate*; the annual Auckland City Mission Christmas Lunch at the ANZ Viaduct Events Centre; and Roald Dahl 's *George's Marvellous Medicine* at the Bruce Mason Centre.

RFA's festive season programming attracted thousands of visitors to venues across the city with a varied line-up of entertainment that included live music, theatrical performances, free LEGO workshops, art exhibitions and themed Christmas celebrations designed to appeal to a broad range of audiences.

In December, Auckland Zoo completed the second project of its extensive 10-year redevelopment programme with the opening of *Strangely Beautiful Australia*. The Zoo also presented more than 30,000 signatures to Parliament as part of its *Ask for Choice: Unmask Palm Oil* conservation campaign, which advocated for clear labelling of palm oil in food products to enable consumers to make an informed choice.

Work on the QBE Stadium field redevelopment project commenced in December. The project is due for completion in two stages and will see an outer field turned into two and the installation of new floodlight poles and a new grounds shed. The redeveloped oval will provide much-needed high-performance training capacity at QBE Stadium. This will provide particular benefits to NZ Football and North Harbour Rugby while also providing indirect benefit for community users that will have greater access to our other fields.

Other event highlights for the second quarter includes the season of the musical *Priscilla Queen of the Desert*, the national finals of the *48 Hour Film Festival* and *Show Me Shorts* at The Civic, critically acclaimed exhibitions by Taiwanese-American artist Lee Mingwei and New Zealand photographer Ann Shelton at Auckland Art Gallery, Christmas celebrations at Auckland Zoo and spring graduations and New Zealand citizenship ceremonies at Auckland Town Hall and Aotea Centre.

RFA finished the first half of the financial year with an “accounting” deficit of \$2.1m which is \$5.3m unfavourable to budget. This does 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 operational result is unfavourable to budget by \$0.5m. While costs were under budget by \$1.0m, external revenue was unfavourable to budget by \$1.5m due to poor weather affecting Auckland Zoo revenue, budget phasing of major stadium concerts and challenging revenue targets in Auckland Conventions.

RFA’s diverse and exciting range of activities support social outcomes and economic growth in Auckland by attracting domestic and international visitors.

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 including Auckland Zoo’s major redevelopment and improvements to stadium infrastructure to support the Auckland Stadiums Strategy; development and implementation of a customer experience strategy and associated service delivery mechanisms; and initiatives to meet our revenue growth goals.

HIGHLIGHTS FOR THE LAST QUARTER

AUCKLAND ART GALLERY TOI O TĀMAKI

The second quarter saw the Gallery launch its largest ever Gottfried Lindauer exhibition – *The Maori Portraits: Gottfried Lindauer’s New Zealand*. Featuring over 120 portraits of Māori and Pākehā, including nine newly-discovered works, the exhibition is generating strong interest and welcomed a special visit by Dutch royals King Willem-Alexander and Queen Maxima during their recent tour of New Zealand.

The quarter also saw the announcement of the Gallery’s next major exhibition *The Body Laid Bare: Masterpieces from the Tate*, due to open in March 2017. *The Body Laid Bare* will bring

to New Zealand more than 100 celebrated artworks featuring the human form, including Auguste Rodin's famous sculpture *The Kiss* – seen outside of Europe for the first time.

The November launch of Taiwanese-American artist Lee Mingwei's series of participatory art exhibitions, *His Relations: The Art of Participation*, which included a ballot to spend a night in the Gallery with the artist, letter writing and mending garments – all with active audience participation – received significant media and social media coverage. Opening in the same month was *Ann Shelton: Dark Matter*, the first major review of the Wellington photographer's 20 years of practise, including previously unseen photographs.

The Hole of Yellow Archipelago closed at the end of November. This award-winning creative learning installation, which opened in late 2015, drew more than 200,000 budding young artists and their families.

In November, the Gallery welcomed its first painting by Claude Monet. *Le pont japonais (Japanese Bridge) (1918-1924)* depicts Monet's famous waterlily garden and Japanese bridge, and was presented to the Gallery on a five-year loan by Soichiro Fukutake, initiator and owner of the Benesse Art Site in Naoshima, Japan. The Monet is on display as part of the Gallery's current exhibition *Game Changers: International Modernism*.

The summer rooftop music series *Anno Domini* returned to the Gallery. Featuring a line-up of renowned international and Kiwi DJs and producers alongside gourmet food and cocktails, the popular series is located on the Gallery's east terrace and runs until March.

AUCKLAND CONVENTIONS

Auckland Conventions staged 200 events during the second quarter, starting with the 18th annual Auckland on Water Boat Show at the ANZ Viaduct Events Centre. Held over four days, the show is New Zealand's largest on-water boat show and features experts on sailing, fishing, paddle-boarding, water sports and pleasure cruising.

Several major conferences and trade shows were also held at RFA venues during the quarter, including the New Zealand Defence Industry Association (NZDIA) Forum, the Mustang Convention and the annual Whitecliffe Fashion Show at the ANZ Viaduct Events Centre; the 13th WCCM World Congress of Chinese Medicine at Aotea Centre; and spring graduation and New Zealand citizenship ceremonies at Aotea Centre and Auckland Town Hall.

Auckland Conventions hosted the Auckland City Mission Christmas Day Lunch at the ANZ Viaduct Events Centre for the sixth consecutive year, with staff volunteering their time. This important community occasion provides the opportunity for people who would not otherwise be able to do so to celebrate Christmas.

The number of Christmas events were down this year in comparison to prior years as there is strong competition for these profitable events. Corporate Xmas parties tend to seek different venues each year and repeat annual bookings are minimal.

The conventions market is very competitive and the environment for Auckland Conventions remains challenging. Auckland Conventions is at the unique, premium price end of the market and this is the most competitive segment of the industry. As a result, event numbers are down 7% on last year and revenue targets have been affected.

AUCKLAND LIVE

Auckland Live launched into the second quarter with the return of the popular *Summer in the Square* – three months of free family-friendly activities and events in Aotea Square. Highlights include the New Zealand premiere of *Trolleys* by the New Zealand Dance Company, a Vintage Weekend, a Latin Fiesta and performances by Auckland Philharmonia Orchestra's Young Achievers.

The festive season also saw the installation in the square of a two-storey high LEGO Christmas tree – the largest LEGO build in the Southern Hemisphere. The tree generated strong media coverage in New Zealand and Australia, and was a popular seasonal attraction for Aucklanders and visitors to the city.

In December, Auckland Live presented the internationally acclaimed production of *George's Marvellous Medicine*, based on the beloved Roald Dahl children's tale, at the Bruce Mason Centre as part of its summer holiday line-up. The play attracted an audience of more than 7,500 during its short run, with initiatives like "Grandmas Go Free Monday" proving especially popular with theatre goers.

The Auckland Live Green Team introduced 80 new recycling bins to Auckland Town Hall, The Civic and the Herald Theatre in a move to improve waste management and offer patrons better access to green options when it comes to waste disposal.

Other notable event highlights of the quarter include a 6 week season of the award-winning musical *Priscilla Queen of the Desert*, the Auckland Theatre Awards and the final of the *48 Hour Film Festival* and *Show Me Shorts* at The Civic; the annual *Star Jam* and *Variety Dance Show* performances at Bruce Mason Centre; performances of the *The Nutcracker* by the Imperial Russian Ballet Company, the National Youth Theatre Company's *Joseph and the Amazing Technicolour Dreamcoat* and Auckland Philharmonia Orchestra's *Final Symphony* at Aotea Centre; and Kiwi existential comedy *Perplex* at the Herald Theatre.

AUCKLAND STADIUMS

Auckland Stadiums had a very successful second quarter, led by the announcements that international artists Adele and Justin Bieber will both perform at Mt Smart Stadium in March next year. Tickets to the first two Adele concerts sold out in a record-breaking 23 minutes, with tickets to her third concert also selling out quickly.

Coldplay performed at Mt Smart Stadium in December to a crowd of over 40,000, including over 15,000 attendees from outside Auckland. The event contributed \$4.16m to Auckland's GDP.

A diverse line-up of events at RFA's outdoor venues meant a busy second quarter for the Stadiums team. *Taste of Auckland* returned to Western Springs Stadium in November for the third consecutive year. Featuring sumptuous offerings from some of the city's top restaurants and artisanal producers, more than 20,000 people enjoyed the popular foodie festival's gourmet food, craft beer and boutique wines in beautiful surroundings.

Sporting highlights for the quarter included the All Whites World Cup qualifier against New Caledonia in November and the Mitre 10 Cup Championship at QBE; and the Northern vs WaiBOP National Women's League football game and the Wellington Phoenix FC vs Western Sydney Wanderers FC Hyundai A League game at Mt Smart.

AUCKLAND ZOO

Auckland Zoo's new \$3.2m Australian development opened in December. Strangely Beautiful Australia features more than 20 unique Australian wildlife species including giant monitor lizards, snake-neck turtles, huntsman and red-back spiders, water dragons, goliath stick insects, green and golden bell frogs, three species of rainbow fish, red-necked wallabies, emu, Tasmanian devils and a diversity of Australian birds. The opening is the second project of the Zoo's extensive 10-year redevelopment programme. Construction of the new South-East Asia precinct will commence in late 2017.

The Zoo collected over 30,000 signatures to present to Parliament for the *Ask for Choice: Unmask Palm Oil* consumer campaign, which called for clear labelling of all food products containing palm oil. Palm oil that has not been sustainably produced is a threat to critically endangered species such as Sumatran tigers and orangutans, as large areas of their habitat are cleared to make way for palm oil plantations in South East Asia.

As part of the festive season, the Zoo held *Christmas at the Zoo*, a special event featuring live music, a Kiwiana Christmas show, food, drink and family-friendly activities including special animal encounters and face painting. Santa's Grotto at the Wildzone gift shop was also a popular destination during December.

The Zoo continued its important conservation efforts, including performing life-saving surgery on a Kiwi chick which will be released on Rotoroa Island once it has made a full recovery. Spring was breeding season for many New Zealand native birds including kiwi, kōkako and pāteke. The Zoo has been actively working with conservation partners including DOC to find and protect nests and young, to help preserve these endangered species for future generations.

The Zoo's admission revenue has been affected by a record number of wet weather days this year in comparison to last year. In addition to inclement weather, there is strong competition for the leisure dollar in Auckland. There are many free events over the summer period and an increased number of options available. As a result, Zoo revenue is down \$434k on budget year to date.

FUTURE OUTLOOK

The New Year will see an exciting and diverse range of events and activities across RFA.

Auckland Live's third quarter line-up includes the St Petersburg Ballet Theatre's performance of *Swan Lake* and the world premiere screening of New Zealand film *Pork Pie* at The Civic; Australian rock icon Jimmy Barnes' first-ever "spoken word" tour, award-winning UK musician *Passenger*, and a concert featuring 90s pop groups B*witched, Atomic Kitten, S Club 3 and Liberty X at Aotea Centre.

Auckland Arts Festival will showcase theatre, music, cabaret, dance and visual arts over 18 days in March. Notable highlights include award-winning international variety show *La Soirée*, featuring a mix of cabaret, new burlesque, circus sideshow and contemporary vaudeville in the *Spiegeltent* in Aotea Square, and Cloud Gate Dance Theatre's contemporary Taiwanese dance performance *Rice* at the Aotea Centre.

Auckland Stadiums has a massive line-up of major stadium concerts over the summer, including much-anticipated shows by Guns N' Roses at Western Springs Stadium and Bruce Springsteen and Justin Bieber at Mt Smart Stadium. One of the world's best-selling recording artists, Adele, will perform three concerts at Mt Smart in March in her first-ever New Zealand tour.

Wellington Phoenix will play the second match of the Hyundai 'A' League season at QBE Stadium in March in the lead-up to the winter sport season, while the New Zealand Warriors open the NRL season with a home game at Mt Smart Stadium in early March.

Auckland Zoo will begin the third phase of its 10-year redevelopment plan after the second quarter opening of *Strangely Beautiful Australia*. Construction work for the renewal of the South East Asia precinct, the biggest project of the development so far, is expected to commence in late 2017.

The annual *Whio Family Fun Days* at the Zoo will run over the weekend of 4/5 March. A highlight of the Zoo calendar, this popular family-friendly programme is a unique opportunity to learn about whio (blue duck) conservation. More than 3,000 students from low decile schools in Auckland and Northland will participate in free educational experiences at the Zoo as part of the ongoing *The Warehouse School Zoofari* programme in 2017.

Auckland Conventions will host the annual New Zealand Cricket Awards at the ANZ Viaduct Events Centre at the end of March. The prestigious event will be widely attended by sporting stars, media and industry.

New Zealand artist Judy Millar's new installation for Auckland Art Gallery's south atrium is on track to be unveiled in early 2017. The installation was commissioned through funds raised by the Auckland Art Gallery Foundation. Opening in March, the much anticipated *The Body Laid Bare: Masterpieces from the Tate*, features more than 100 celebrated artworks from one of the world's leading art museums, including Auguste Rodin's famous sculpture *The Kiss* – seen for the first time outside of Europe.

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 as and when required in relation to the respective museums' annual plans and legislation.</p> <p>The draft Annual Plans for the Auckland War Memorial Museum and Museum of Transport and Technology (MOTAT) were received and advice was provided as required to Auckland Council.</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>Auckland Zoo is working with Brian Ireland (Taranaki Whanui Te Ati Awa) to develop educational programmes within the Zoo.</p> <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 opened its largest-ever Gottfried Lindauer exhibition <i>The Maori Portraits</i>. This exhibition which opened in October 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) • Launch of the new online shop for Auckland Art Gallery • Auckland Zoo completed the second project of its extensive 10-year redevelopment programme with the opening of <i>Strangely Beautiful Australia</i> on 17 December. • Completion of the detailed planning phase for the refurbishment works at the Aotea Centre. Physical works are expected to be carried out from February 2018 to February 2019.
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 the redevelopment of the Auckland Live website and the launch of Auckland Art Gallery's online shop.</p> <p>Focus for the current financial year has been the development of a strategic approach for customer experience and digital activities including planning for RFA's remaining websites.</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 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
DELIVERY OF KEY CAPITAL PROJECTS <i>continued</i>			<p>Development of the outer oval at QBE Stadium into fit for purpose floodlit training fields is underway. Earthworks and construction commenced this quarter. Completion of the field area is due in March.</p> <p>A full business case for the redevelopment of Western Springs will be tabled to the RFA Board for consideration by June 2017.</p>
	<p>AOTEA CENTRE</p> <p>Strategic capital investment into the Aotea Precinct with external parties to enliven and grow the cultural activity of Auckland.</p> <p>An arts and cultural hub seeks synergies in clustering and generates new retail and commercial investment and improves the customer experience.</p>	Ongoing	<p>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.</p>
	<p>AUCKLAND ZOO</p> <p>Invest in Auckland Zoo's aging infrastructure to cater for increasing international standards of animal care, health and safety and improved visitor experience.</p>	Ongoing	<p>The Zoo is in the second year of a major capital renewal programme to address its aging infrastructure.</p> <p>Major projects underway include:</p> <ul style="list-style-type: none"> • The Australian precinct was completed and opened to visitors on 17 December 2016. • Concept and design work is underway for the South East Asia precinct and is due to be completed in February. 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 DEC 2016 \$000s	YTD BUDGET DEC 2016 \$000s	VAR \$ \$000s	VAR %	FULL YEAR ANNUAL PLAN 2017 \$000s
OPERATIONAL					
REVENUE					
Opex funding from Auckland Council	12,859	12,859	0	0%	25,718
Capital funding from Auckland Council ¹	13,177	16,295	(3,118)	(19%)	40,446
Fees and user charges	19,972	21,345	(1,374)	(6%)	45,907
Subsidies and grants	1,688	241	1,447	601%	518
Development and financial contributions	0	0	0	0%	0
Vested assets (non-Crown)	0	0	0	0%	0
Other revenue	3,717	3,442	275	8%	7,083
TOTAL REVENUE	51,413	54,182	(2,769)	(5%)	119,673
EXPENDITURE					
Employee benefits ²	17,951	17,343	(608)	(4%)	34,871
Depreciation and amortisation	13,104	12,292	(812)	(7%)	24,888
Grants, contributions and sponsorship	662	693	32	5%	1,379
Other operating expenses	22,097	21,077	(1,020)	(5%)	43,801
TOTAL EXPENSES	53,814	51,407	(2,407)	(5%)	104,940
Finance income	433	574	(141)	(25%)	1,076
Finance expense	121	126	5	4%	252
NET OPERATING INCOME	(2,089)	3,223	(5,312)	(165%)	15,557
CAPITAL EXPENDITURE					
Total capital expenditure	13,177	16,295	3,118	19%	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 half year with an accounting deficit of \$2.1m which is \$5.3m unfavourable to a budgeted Annual Plan surplus of \$3.2m. These figures does 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	(3,118)	Capital programme is behind budget due to timing of projects at Aotea Centre, Stadiums and the Auckland Zoo redevelopment programme.
FEES AND USER CHARGES	(1,374)	<ul style="list-style-type: none"> Timing differences of major stadiums concert revenue; Auckland Zoo admission revenue down due to wet weather conditions affecting visitation numbers; and Challenging revenue targets for Auckland Conventions and timing of events.
SUBSIDIES AND GRANTS	1,447	Artwork donated to the Auckland Art Gallery (in Q1) is not budgeted for annually. Gifted artwork is not accounted for as revenue in the operational trading result below.
DEPRECIATION	(812)	Increased cost from prior year asset revaluations.
OTHER OPERATING EXPENSES	(1,020)	Unfavourable variance a result of sales expenses to support revenue and associated operational costs.

The operational trading result is \$0.5m unfavourable to budget. The trading result is a direct result of lower external revenue of \$1.8m due to:

- Admission revenue at Auckland Zoo was \$434k unfavourable to budget and \$125k down on YTD last year due to lower visitation numbers. Visitation is heavily affected when there are showers or rain days. To December YTD, rain days were up 8% on the same period last year. In addition, the most profitable 'peak' days are during school holidays and weekends which were also affected by 8 more rain days in comparison to the same period last year.
- In the first half of FY16 there was 3 concerts in comparison to one concert for the same period in FY17. The budget was prepared in line with the prior year's phasing and as a result, there is a timing difference of major stadium concert revenue. The timing difference in the first half of the year will be recouped in the second half of the financial year with a strong line-up of six concerts planned.
- Auckland Conventions revenue is down \$635k on budget and \$836k on YTD last year with lower event numbers, less profitable events and strong market competition. Total events for the six months to December 2016 were 382; down 7% on the same period last year. The more profitable event types of cocktail events, Christmas parties and international conventions were also down at 41 (67 last year). While Auckland Conventions has a strong portfolio of unique venues and packages, there is strong competition in the conventions market which has affected revenue targets.

The external revenue shortfall is partly offset against favourable operational expenditure. Timing of lower repairs and maintenance and advertising and marketing expenditure contributed to the favourable variance.

RFA CAPITAL

The delivery of RFA's capital programme is behind target by \$3.1m due to timing of projects at Aotea Centre, Stadiums and Auckland Zoo.

AUCKLAND ZOO

The Australia II project (*Strangely Beautiful Australia*) at Auckland Zoo officially opened on December 17 and was in line with the \$3.2m budget.

The next phase of the 10 year redevelopment programme is the South East Asia precinct. The concept design has taken longer than expected due to the complexity of the project and is due in early February. Construction is expected to commence late 2017.

STADIUMS

A number of capital projects are underway across Auckland Stadiums to deliver a better customer experience and carry out essential renewals at Mt Smart Stadium and QBE Stadium, including:

- Redevelopment of the Outer Oval at QBE Stadium to convert one field into two training fields, including the installation of LED floodlights to enable greater public use of the grounds;
- The LED screen at Mt Smart Stadium completed at the end of January; and
- Entry gates, player and official facilities, media and broadcast facilities at Mt Smart Stadium are being upgraded. This project commenced at the end of December and will be completed by June 2017.

OTHER

Minor capital items delivered in the last quarter include:









- street lighting was installed on the O'Rourke Street entrance to Mt Smart Stadium to provide greater visibility and security for the public entering the venue; and
- containerised bar units, associated marquee covers and portable turf protection for the summer stadium concert series was delivered and successfully utilised at the Coldplay concert in December.

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	SEP 2016 YTD ACTUAL	DEC 2016 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	439	770	■
	Visitor satisfaction with experiences at Auckland Live events Venues include: Aotea Centre, Auckland Town Hall, The Civic, Aotea Square, Bruce Mason Centre	90%	92%	90%	■
	Percentage of patrons who believe Auckland Live provides them with a rich choice of arts and entertainment options	76%	72%	77%	■
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	132	202	■
	Number of community event days at stadiums Venues include: Mt Smart Stadium, QBE North Harbour Stadium, Western Springs Stadium	645	158	274	■
	Visitor satisfaction with experiences at Auckland Stadium venues	88%	83%	82%	■

WHAT WE DO (LEVEL OF SERVICE)	HOW WE WILL MEASURE SUCCESS (PERFORMANCE MEASURE)	ANNUAL TARGET 2016/17	SEP 2016 YTD ACTUAL	DEC 2016 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	137,410	315,977	
	Total number of visitors to Auckland Art Gallery	450,000	116,672	244,837	
	Visitor satisfaction with experiences at Auckland Zoo	90%	89%	88%	
	Visitor satisfaction with experiences at Auckland Art Gallery	90%	91%	89%	
	Number of Maori programmes annually at Auckland Art Gallery	10	1	12	
	Percentage of visitors reporting an enhanced appreciation of wildlife	80%	80%	79%	
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%	83%	
	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%	62%	63%	

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, Auckland Live's co-presentation with Wellington's Tawata Productions of The Beautiful One in the Aotea Centre in November, 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>

INITIATIVE	CONTRIBUTION TO MĀORI OUTCOMES
<p>The Auckland Art Gallery Māori advisory group, Haerewa, 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 140 works based on the 19th century artist Gottfried Lindauer ("Gottfried Lindauer's New Zealand") opened at Auckland Art Gallery on 22 October 2016. This is the most significant and largest exhibition of his work to date and forecast to be viewed by over 90,000 visitors. The Descendant talks related to the portraits have deepened relationships with extended Maori networks.</p> <p>The exhibition He Iwi Rangatira closed at the beginning of September 2016. Through the 19th century, Rangatira provided a guiding presence that helped the country's many iwi to maintain strength in the face of rapid cultural and political upheaval. This Exhibition examined the lifelike way master portraitists Charles F Goldie and Gottfried Lindauer depicted some of our Country's eminent Maori Leaders during this period.</p> <p>Lisa Reihana's In Pursuit of Venus has been selected to represent New Zealand at the next 'Olympics' of the international art world – the very prestigious 2017 Venice Biennale.</p> <p>The Auckland Art Gallery Toi O Tāmaki hosted a one day of First Nations Cultural Exchange Indigenous Curators Programme on the 12th December 2016.</p>	<p>Lindauer is renowned for his life-like portraits of Māori and depictions of typical Māori scenes.</p> <p>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>As New Zealand's leading visual art institution, it is Auckland Art Gallery's role to showcase New Zealand art and culture. These precious taonga give insight to our indigenous history, and by sharing these works we hope to expand understanding and knowledge of New Zealand's unique culture worldwide.</p> <p>These extraordinary paintings also highlight the complex and particular cultural exchanges between Europe and Māori taking place in New Zealand a century ago.</p>
<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>A number of the Auckland Live Programme Development team attended the National Maori Hui, which was held in Auckland in September. This provided a new platform for Auckland Live staff members to be a part of the conversation of the needs of Maori practitioners nationally.</p> <p>Auckland Live co presented The Beautiful Ones for eight performances in the Aotea Centre in November. This project was an ambitious work and received strong critical success from the industry and attendees.</p> <p>The project highlighted opportunities to develop Auckland Live's approach to supporting Maori work and representatives of the team met with stakeholders in Wellington to look at future opportunities as a part of their 10-year strategy to tour Maori work to Auckland.</p> <p>Auckland Live offered use of space for the working group of Te Kupenga Toi o Tamaki in order to prepare for a February 2017 Auckland Hui.</p> <p>A number of projects for early 2017 have been programmed including a presentation of Hot Brown Honey for Pride Festival featuring Maori and Pacifica artists and Summer in the Square which featured activities including kai gardening workshops and over Waitangi Weekend, a Te Reo Maori metal band Alien Weaponry.</p> <p>These activities support Auckland Live's goals of ensuring Maori cultural expression and visibility are represented in its high profile central city performing arts venues.</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 Quarter 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

November and December have been busy months for engagement with the new local boards following the local government elections in October. With 56 new elected board members and the majority of boards choosing new chairs and deputy chairs, it is important to ensure that all board members are well informed about RFA activities and developments.

All local board members have received the quarterly RFA newsletter and the quarterly report. Several boards have placed the report on a formal meeting agenda. Members have also received a media release regarding the summer stadium concerts, the RFA 'Our Year' publication, and the Summer in the Square programme.

There have been meetings with the Waitemata, Upper Harbour and Otara-Papatoetoe boards. An active working relationship with Waitemata Board is well established for this term of Council, and discussions for moving forward with the Western Springs precinct plan are underway.

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.