
REPORT 6

PERFORMANCE OF COUNCIL CONTROLLED ORGANISATIONS FOR THE QUARTER ENDED 31 DECEMBER 2013

1. Purpose of report

To provide reports from Capacity Infrastructure Services Ltd, Wellington Zoo Trust and Zealandia for the quarter ended 31 December 2013.

2. Executive summary

This report includes the quarterly updates from the above Council Controlled Organisations (CCOs) and affiliated entities for the quarter ended 31 December 2013.

3. Recommendations

Officers recommend that the Economic Growth and Arts Committee:

1. *Receive the information.*
2. *Note any issues for the Chair to raise with the entities covered by this report.*

4. Background

It is a requirement of the Local Government Act 2002 (the Act) that where the Council is a shareholder in a Council Organisation it must regularly undertake performance monitoring of that organisation to evaluate its contribution to the achievement of:

- the Council's objectives for the organisation;
- the desired results, as set out in the organisation's Statement of Intent; and
- the Council's overall aims and outcomes.

The organisations included in this report are:

- Capacity Infrastructure Services Ltd
- Wellington Zoo Trust
- Zealandia

Zealandia is not a CCO, but is included in this report because of the materiality of the Council's financial commitment to the entity and its contribution to Council outcomes.

5. Discussion

If the Committee needs to clarify the information presented or requires additional assistance with its monitoring role, it can ask officers or the Chair of the Committee to seek responses from the Board Chair.

5.1 Consultation and Engagement

The organisations in this report consult with the Council on a wide range of matters as part of our “no surprises” relationship.

5.2 Financial and Long Term Plan considerations

The CCOs work within the context of the Council’s overall Long Term Plan and Annual Plan framework.

5.3 Climate change impacts and considerations

The CCOs work with the Council and other organisations in considering the environmental sustainability of their operations, including with the Council’s Our Living City programme.

6. Conclusion

This report includes quarterly updates from Capacity Infrastructure Services Ltd, Wellington Zoo Trust and Zealandia for the quarter ended 31 December 2013.

Contact Officers: *Warwick Hayes, Portfolio Manager, CCOs and Maree Henwood, Portfolio Manager, CCOs.*

SUPPORTING INFORMATION

1) Strategic fit / Strategic outcome

These entities and projects support the achievement of a range of outcomes across most strategic areas. CCOs are required to state in their Statements of Intent how they contribute to the Council's strategic goals.

2) LTP/Annual Plan reference and long term financial impact

The CCOs work within the context of the Council's overall Long Term Plan and Annual Plan framework. This report raises no new LTP considerations.

3) Treaty of Waitangi considerations

This report raises no new treaty considerations. Where appropriate the entities do consult with the Council's Treaty Relations unit, and with the Tenth Trust, as part of normal operations.

4) Decision-making

This is not a significant decision.

5) Consultation

a) General consultation

Officers have liaised internally with relevant business units in the formation of this report.

b) Consultation with Maori

See section 3, above.

6) Legal implications

A Statement of Intent is a legal requirement for CCOs under the Local Government Act 2002.

7) Consistency with existing policy

This report is consistent with existing WCC policy.

QUARTER PERFORMANCE

- Porirua and Upper Hutt City Councils joined as shareholders, and the outcomes-based business model commenced, in November 2013.
- Work on the asset management plan improvement project is well underway and is expected to be largely complete by year end. The draft Stormwater Service Plan was delivered to WCC in November and is being used as one of two pilot plans.
- As flagged in the SOI, a new risk management framework and processes have been developed to improve company-wide understanding of risk management work undertaken.
- Capacity has undertaken a gap analysis of health and safety management guidelines relative to the recent published MBIE guidelines and is developing a programme to complete any recommended actions identified as a result.

YEAR TO DATE PERFORMANCE

- Of the LTP KPIs, the freshwater sites compliance with MoE guidelines was below target YTD. Investigations have continued and the company has found some faults in the public and private networks, which are being rectified. This also reflects significant rain levels experienced on some sampling days, impacting the result. The bathing beaches compliance KPI was also below target YTD. This also reflects rain levels experienced on or shortly before sampling days.
- At quarter end for WCC, there was a favourable opex variance of \$1.1m (or 5.3% of budget). This was due to a favourable variance related to bulk water levies being lower than budgeted (\$582k), reduced maintenance in the winter months, lower than budgeted contract costs for the wastewater treatment plants, and a delayed start to water network and sewage pollution investigation projects.
- YTD capex spend (\$8.6m) was 22% under-spent relative to budget. This reflects the deferral of the HPOW project and delays in some wastewater projects.

SUMMARY FINANCIALS

\$'000

FINANCIAL PERFORMANCE	Q2 Actual	Q2 Budget	Variance	YTD Actual	YTD Budget	Variance	Annual Budget*
Total Revenue	4,249			6,070			16,570
Total Expenses	2,789			4,622			16,514
Net Surplus	1,460			1,448			56
Operating Surplus	1,460			1,448			56
FINANCIAL POSITION							
Total Assets	4,684			4,684			
Total Liabilities	2,647			2,647			
Equity	2,037			2,037			
CASH FLOWS							
Total Net Cash Flows	2,649			2,639			
Opening Cash	804			814			
Closing Cash	3,453			3,453			
WCC BUDGETS							
Opex**				19,941	21,062	1,121	41,698
Capex				8,601	10,984	2,384	26,025

*Revised budget taking into account PCC and outcomes-based business model. **Excluding stewardship accounts and certain adjustments for C087.

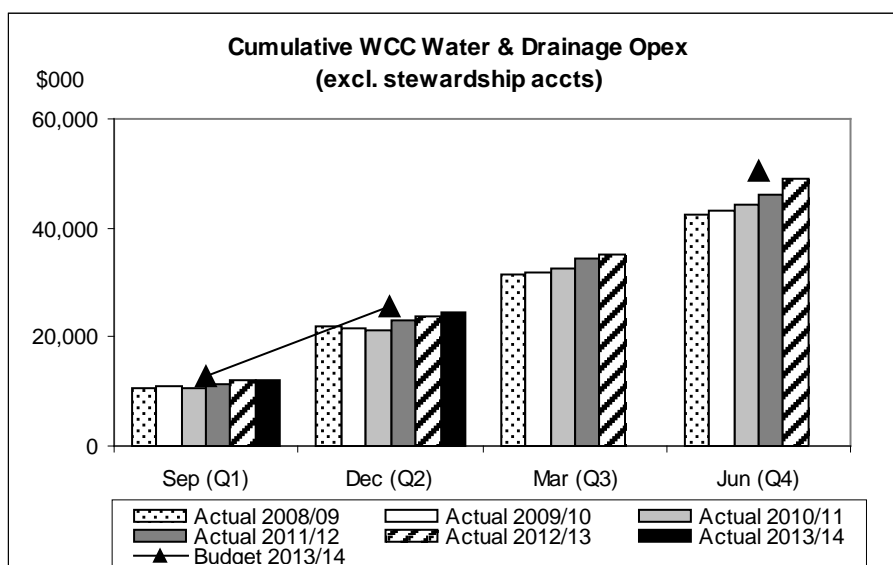
- Capacity budgets for a breakeven result for the year. The H1 surplus is largely due to timing differences between when consultancy fees are received and paid under the outcomes-based business model.
- The net cash flow of \$2.6m for the quarter reflected the PCC and UHCC investments and the transition to the outcomes-based business model, where there may be a timing difference between when Capacity is paid and when they on-pay contractors.

KPI DASHBOARD					
MEASURE	YTD			3 Year	Comments
		31 Dec 13		WCC Trend	
Fewer than four unplanned supply cuts per 1,000 connections	HCC	0.86			Measure since 2011/12.
	PCC	0.84			
	UHCC	0.90			
	WCC	0.55	✓	N/A	
Fewer than 1.2 wastewater incidents reported per km of wastewater reticulation pipeline	HCC	0.36			New measure for WCC for 2013/14.
	PCC	0.21			
	UHCC	0.28			
	WCC	0.29	✓	N/A	
Maintain existing Ministry of Health grades for water supply		Achieved for all councils	✓	Steady →	
Comply with NZ drinking water quality standards		Achieved for all councils	✓	Steady →	
Achieve response time targets in at least 97% of incidents (95% for WCC drainage)	HCC	99.0%		Declining ↘	See details for WCC below.
	PCC	N/A			
	UHCC	99.5%			
	WCC	96.5%	✓✗		
Achieve response time targets in at least 97% of incidents (95% for WCC drainage)	WCC Water	99.2%	✓	Steady →	The YTD wastewater target has not been met, but these drainage results are significantly improved on last year when there were issues with new staff and the contractor's IT reporting system. The wastewater target was achieved for each month from September through December.
	WCC S'water	96.3%	✓	Declining ↘	
	WCC W'water	93.9%	✗	Declining ↘	
Maintain average unmetered water consumption at or below 300L/p/d	HCC	279		Improving ↗	
	PCC	254			
	UHCC	261			
	WCC	263	✓		
No resource consent infringement notices received from GWRC		Achieved for all councils	✓	Steady →	An infringement notice was received for the Western Wastewater Treatment Plant (WCC). This related to a break in the treatment plant's effluent pipeline that allowed fully-treated effluent to enter Karori Stream. Capacity appealed this and, after subsequent investigation, the infringement notice was withdrawn by GWRC and changed to a warning.

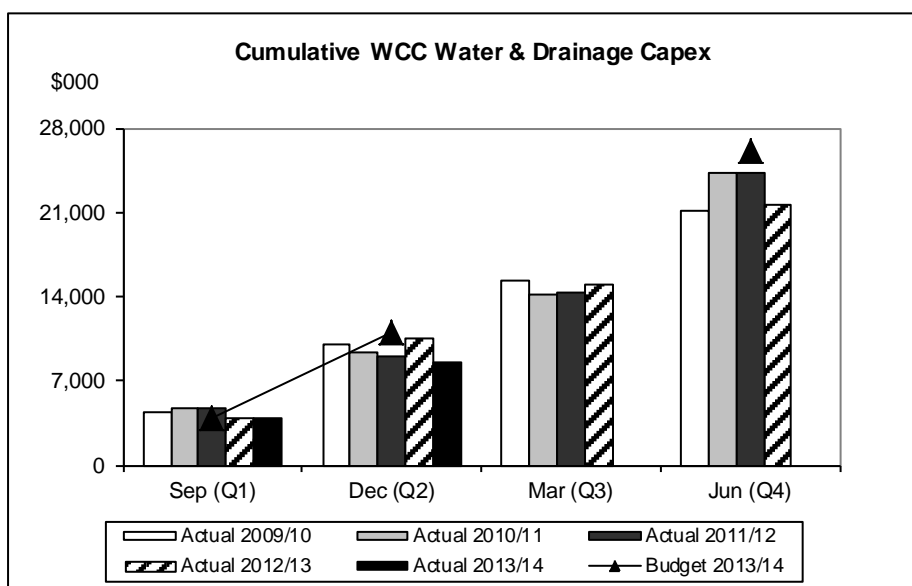
ISSUES & OUTLOOK

- **Opex Forecast:** The opex spend for WCC (excluding stewardship accounts and C087 adjustments) is forecast to be largely in line with budget for the year, with any favourable bulk water levy variance offset by anticipated higher than budgeted levels of reactive maintenance work.
- **Capex Forecast:** A year-end favourable capex variance is anticipated for WCC of approximately \$0.6m (\$0.5m at the end of Q1), relating to the deferral of the HPOW project and the deferral of some treatment plant work under discussion with GWRC.
- **PCC Integration:** The integration of the PCC operations is continuing, with eleven staff having moved across to Capacity.
- **Regional Council:** WCC, HCC and UHCC have agreed in principle (with some conditions and subject to any final decision being made by each of those councils) that they would support Greater Wellington Regional Council joining Capacity. This matter is due to be considered by GWRC on 6 March and, if they wish to proceed, will need to be publically consulted on.

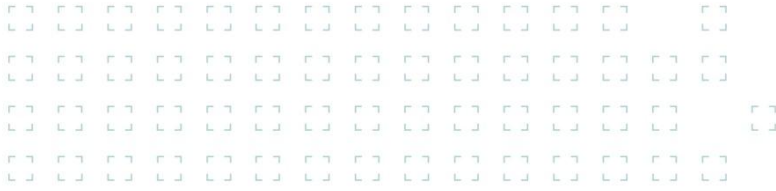
PERFORMANCE



This chart illustrates the YTD WCC opex spend (excluding stewardship accounts) is tracking relative to target and prior years.



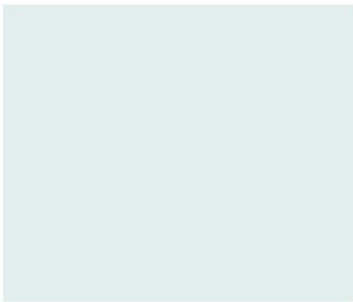
This chart illustrates the WCC capex spend relative to budget and prior years.



Capacity Infrastructure Services Limited

Quarterly report to Shareholders for the six months to 31 December 2013

26 February 2014



Contents	Page
1. Purpose	3
2. Introduction	4
3. Our business objectives	5
4. Our activities	6
5. Contribution to council and community outcomes	8
6. Key performance indicators	10
7. Key performance indicator results to 31 Dec 2013	12
8. Key activities update	26
9. Risk management	30
10. Health and safety	32
11. Financial information	34

1. Purpose

This half-yearly report:

- provides shareholders of Capacity Infrastructure Services Ltd (Capacity) with an update on the progress of activities and intentions set out in Capacity's Statement of Intent 2013–2014
- provides shareholders with performance information for the six months to 31 December 2013
- provides shareholders with financial results for the six months to 31 December 2013.

2. Introduction

Capacity is a council-controlled trading organisation jointly owned by the Hutt, Porirua, Upper Hutt and Wellington city councils. Our purpose is to manage the water supply, wastewater and stormwater infrastructure services for each of our shareholding councils.

We are mindful of the social and financial implications for councils and communities when managing water, stormwater and wastewater infrastructure, and we actively work with each council to deliver and continually improve their water services.

Water services constitute a vital activity in normal times; they are even more critical in times of emergency. We emphasise resilience in infrastructure management and work closely with other regional and national organisations on emergency preparedness.

Capacity ensures all activities under its control are undertaken in an environmentally sensitive and safe manner.

3. Our business objectives

Capacity's principal objectives as set out in our Statement of Intent 2013-14 are:

1. To operate as a cost effective, resilient and successful business, returning benefits to our shareholder councils and their communities.
2. Through our people, to build a reputation for reliability, excellence, effectiveness, efficiency, courtesy and integrity, and as an organisation where people want to work.
3. To develop and deliver sustainable and integrated service delivery and management of our clients' assets.
4. To ensure the people of the Wellington region have safe, reliable drinking water, effective wastewater collection and treatment, clean harbours, healthy streams and protection from flooding.

Section 59 of the Local Government Act 2002 also requires that the principal objectives of a council-controlled trading organisation include the objectives of its shareholders.

In order to meet our objectives we focus our work activity on water infrastructure asset planning and development; capital project management; operations and maintenance management; risk management; staff development; and corporate governance.

4. Our activities

This table summarises the nature and scope of our activities.

Activity	Nature	Scope
Consultation	<p>Capacity specialises in infrastructure-based management services including resource consent procurement.</p> <p>Consultation with our communities ranges from discussions on water conservation to formal submissions on major capital projects.</p>	<ul style="list-style-type: none"> • Resource consent applications • Strategic planning and direction • Policy advice and development • Improvement opportunities • Water conservation planning
Planning	<p>Planning covers everything from asset management to catchment management plans and flood hazard maps.</p>	<ul style="list-style-type: none"> • Asset management planning • Resource consent applications • Risk management plans • Level-of-service development • Strategic planning • Policy advice • Improvement opportunities
Managing	<p>Managing reviews, investigations and assessments of our clients' water supply, wastewater and stormwater services and assets to ensure the best outcomes for both our clients and their residents and ratepayers.</p> <p>We procure and manage contracts for the operation, maintenance, upgrade and replacement of the assets.</p>	<ul style="list-style-type: none"> • Programme management • Project management • Demand management • Maintenance and operations • Improvement opportunities • Customer service

Activity	Nature	Scope
Delivery	To ensure timely and efficient delivery of services to our clients we prepare draft capital works programmes consistent with asset management plans. We manage contracts across multiple clients which enable us to achieve efficiencies in service activities and costs that benefit our clients.	<ul style="list-style-type: none"> • Project management • Service delivery • Improvement opportunities
Monitoring	Monitoring our clients' assets to continuously improve the networks.	<ul style="list-style-type: none"> • Water quality • Environmental effects • Service delivery • Contract performance • Improvement opportunities
Coordination	Support the achievement of an integrated water services network across the Wellington region to improve the region's competitive advantage through the quality of its water services.	<ul style="list-style-type: none"> • Emergency management and preparedness • Codes of practice • Design standards • Regionalisation of water services delivery

5. Capacity's contribution to council and community outcomes

Councils identify and monitor community outcomes through long term plans, strategic plans and reports. These outcomes relate to all aspects of community living, including the environment, the economy, infrastructure, and social and cultural wellbeing.

Capacity contributes to its shareholding councils' visions and community outcomes through high quality, value-for-money management of water supply, stormwater and wastewater infrastructure. Each of these services is essential to resilient communities seeking sustainable growth within a healthy and safe environment, and to that extent all of Capacity's activities contribute to community outcomes.

Outcomes currently expressed by councils are:

Hutt City

1. A safe community
2. A strong and diverse economy
3. An accessible and connected city
4. Healthy people
5. A healthy natural environment
6. Actively engaged in community activities
7. Strong and inclusive communities
8. A healthy built environment
9. A well-governed city

Porirua

1. Well connected & on the move
2. Multicultural & creative
3. Strong families & people, young & old
4. Active & healthy
5. Learning for life
6. Prosperous
7. A safe city
8. Sustainably designed & built
9. A valued natural environment

Upper Hutt City

1. We're a scenic playground
2. We're family
3. We're a gateway to the great outdoors
4. We're ready to grow
5. We're an easy access destination

Wellington City

1. People-centred city
2. Eco-city
3. Connected city
4. Dynamic central city

How Capacity contributes

The outcomes of well managed water supply, wastewater and stormwater networks are essential to the maintenance and sustainable development of urban environments.

Thus Capacity, in carrying out its business activities, supports each of our client councils in working towards council and community outcomes through the provision and operation of critical infrastructure, including:

- efficient and effective delivery of potable water
- clean rivers, streams and seas
- roads and property that are safe from flooding in the event of heavy rains and rising sea levels
- efficient and effective transportation, treatment and disposal of wastewater.

Capacity's mission is "Delivering regional water services at the best possible value."

We do this by identifying and meeting our clients' and their customers' needs, by developing and maintaining the capability to manage network activities on a daily basis and in emergency situations, and by taking an integrated approach to managing the four cities' networks. Our performance in these areas is assessed through a suite of key indicators, arrayed in six service categories.

6. Key performance indicators

Capacity has developed a framework of indicators that allows each council to set individual performance targets as well as providing for common service delivery outcomes (the Outcome Based Business Model).

The present report provides a progress update to shareholders on indicators in the framework as set out in our Statement of Intent 2013-14 (below). Annual indicators and outcomes will be reported on in our Annual Report.

City-specific service level agreements, that incorporate council individual targets and other indicators, are reported in separate documents (“service level agreement reports”) to each council on a quarterly basis.

Outcome-based performance indicators

(From Capacity Infrastructures Services’ Statement of Intent and Business Plan, 2013-2014)

Service category	Performance indicator	
Service quality	1	Fewer than four unplanned supply cuts (pipe burst) per 1000 connections.
	2	Fewer than 1.2 wastewater incidents reported per kilometre of wastewater reticulation pipeline.
	3	Maintain existing Ministry of Health grades for water supply.
	4	Comply with NZ drinking water quality standards.
	5	Complete annual operating and maintenance programmes within budget.
	6	Complete annual capital projects programmes within budget.
	7	Complete annual operating and maintenance programmes within the financial year.
	8	Complete annual capital projects programmes within the financial year.
	9	Maintain network serviceability indicators within agreed tolerances.
Customer focus	10	Achieve A & B response time targets for priority one activities in 97% of incidents or better.

Service category	Performance indicator	
	11	Achieve customer service satisfaction survey targets relating to network performance and activity within Capacity's control, as agreed with each client council.
	12	Achieve customer complaint targets relating to network performance and activity within Capacity's control, as agreed with each client council.
Cost effectiveness	13	Meet client council requirements for operating costs per connection.
	14	Maintain capital projects design and consultancy charges as a percentage of capital expenditure within industry guidelines.
	15	Manage Capacity within budget.
	16	Maintain unaccounted for water (UFW) percentages at or below levels agreed with each client council.
Environmental performance	17	Maintain average unmetered water consumption (normal year) at or below levels agreed with each client council.
	18	No resource consent related infringement notices received from Greater Wellington Regional Council.
	19	Full compliance with all relevant legislation.
Legislative compliance	20	Full compliance with the Health and Safety in Employment Act 1992.
	21	Achieve key milestones for emergency management planning delivered by Capacity.
Process	22	Meet Audit NZ requirements for asset management plans.
	23	Deliver asset management plans, statement of intent, annual report and other agreed documents on time.
	24	Maintain ISO accreditation.

7. Key performance indicator results: to 31 December 2013

7.1 Category: Service quality

7.1.1 *Indicator:* Fewer than **four** unplanned supply cuts (pipe burst) per 1000 connections per year.

	Hutt	Porirua	Upper Hutt	Wellington
Year to date	0.86	0.84	0.90	0.55

7.1.2 *Indicator:* Fewer than **1.2** wastewater incidents reported per kilometre of wastewater reticulation pipeline per year.

	Hutt	Porirua	Upper Hutt	Wellington
Year to date	0.36	0.21	0.28	0.29

7.1.3 *Indicator:* Maintain existing Ministry of Health grades for water supply.

	Hutt	Porirua	Upper Hutt	Wellington
Year to date	Achieved	Achieved	Achieved	Achieved

7.1.4 *Indicator:* Comply with NZ drinking water quality standards.

	Hutt	Porirua	Upper Hutt	Wellington
Year to date	Achieved	Achieved	Achieved	Achieved

7.1.5 Indicator: Complete annual **operating and maintenance programmes** within budget.

The operating and maintenance programmes are under way but year-to-date spend is lower than budgeted. It is anticipated that at year-end there will be a marginal favourable variance of \$118,000. Detailed analyses of the variances are outlined below.

Operating Expenditure (\$000)	YTD Actual	YTD Budget	YTD Variance	Annual Forecast	Annual Budget	Forecast Variance
Hutt City	\$9,811	\$9,961	\$150	\$19,046	\$19,163	\$117
Porirua City	9,189	8,806	-383	16,789	16,789	0
Upper Hutt City	2,953	3,022	69	4,551	4,551	0
Wellington	19,941	21,062	1,121	41,697	41,698	1
Total	\$41,894	\$42,851	\$957	\$82,083	\$82,201	\$118

Hutt City Council

Operational projects have a year-to-date favourable variance of \$150,000 and a forecast year-end favourable variance of \$117,000 due to:

- *Water supply* – Marginal year-to-date variance and no year-end variance anticipated.
- *Stormwater* – Marginal year-to-date variance and no year-end variance anticipated.
- *Wastewater* – Savings in trunk DBO insurance costs and reduced operating contract costs in operating and maintaining the trunk wastewater network have resulted in a year-to-date favourable variance of \$76,000 and this is anticipated to increase to \$117,000 at year end.

Porirua City Council

A year-to-date unfavourable variance of \$383,000 is mainly due to an overpayment of \$250,000 to Capacity on account of consultancy towards the outcome based business model, additional operations work on reservoir seals and unplanned maintenance. No year-end variance is forecast at this stage.

Upper Hutt City Council

Operational projects are under way with a marginal year-to-date favourable variance of \$69,000 across all three waters. No year-end variance is anticipated.

Wellington City Council

Operational projects have a year-to-date favourable variance of \$1.121 million. The budgets are expected to be fully spent and no year-end variance is anticipated at this stage .

- *Water supply* – A year-to-date favourable variance of \$582,000 due to bulk water levies being lower than budgeted, reduced maintenance in the winter months and delayed starts to network investigation projects. At year end, a favourable variance of \$350,000 is anticipated due to lower bulk water levies.
- *Stormwater* – A marginal year-to-date favourable variance with an anticipated unfavourable variance of \$150,000 at year end due to increased reactive maintenance work resulting from rain-related events in September and November.
- *Wastewater* – A year-to-date favourable variance of \$475,000 is partly due to lower-than-budgeted contract costs for the wastewater treatment plants and a delayed start in the sewage pollution elimination and investigation budgets. However, an increase in the volumes of reactive maintenance work is expected to result in a year-end unfavourable variance of \$230,000.

7.1.6 Indicator: Deliver capital projects within budget and timeframes

The capital works programme is behind schedule with a year-to-date favourable variance of \$5.38 million. This will be back on track and at year end a favourable variance of \$1.21 million is anticipated at this stage. A detailed analysis of the variances is outlined below:

Capital Expenditure (\$ 000's)	YTD Actual	YTD Budget	YTD Variance	Annual Forecast	Annual Budget	Forecast Variance
Hutt City	\$1,816	\$3,766	\$1,950	\$9,415	\$9,475	\$60
Porirua City	3,545	4,406	861	11,170	10,778	-393
Upper Hutt City	542	727	185	3,727	3,727	0
Wellington	8,601	10,984	2,384	24,479	26,025	1,547
Total	\$14,504	\$19,883	\$5,380	\$48,791	\$50,005	\$1,214

Hutt City Council

Capital projects are behind schedule with a year-to-date favourable variance of \$1.95 million but the projects are all expected to be completed with a marginal favourable year-end variance.

- Water supply – Delays in the delivery of design work have held up the tendering and construction of renewal projects, resulting in a year-to-date favourable variance of \$851,000. Construction of these projects has been reprogrammed to be completed to budget by mid-June with no year-end variances.
- Stormwater – A year-to-date favourable variance of \$194,000 is due to delays in obtaining the resource consent for the Tawhai Street stormwater project and delay in the design of the Hutt River backflow electrical project. These will be completed by year-end with no variances.
- Wastewater – A year-to-date favourable variance of \$905,000 is mainly due to delays in delivery of designs and tendering process. These projects have been reprogrammed for completion this financial year with a likely favourable variance of \$60,000 at year end.

Porirua City Council

The capital works programme is tracking well in the water and stormwater networks. In the wastewater network, the Cross Harbour Pipeline project is behind schedule. This is on account of delays by Smart Link on pricing and a request from WCC for a review of options. Stage 1 (of 8) is under tender and the rest of the stages are in design stage, resulting in a year-to-date variance of \$861,000. At year end, it is anticipated that some portion of the project will be carried over; this will be quantified and reported in the coming months. Due to a discrepancy in the publication of the water network budgets, it is anticipated that there will be an unfavourable variance at year end of \$393,000.

Upper Hutt City Council

Slight delays due to resource consent issues and defects in procured material have resulted in a marginal year-to-date variance of \$185,000. This will be back on track and all projects will be completed at year end. No year-end variance anticipated.

Wellington City Council

Capital projects were underspent by \$ 2.38 million across all water activities. Although all physical works will be completed to programme, we anticipate at year end that \$1.54 million will be underspent on account of the forward works design project that is yet to start. The suspension of the Hospital Prince Of Wales Reservoir project (HPOW) accounts for \$441,000 of the forecast year end variance.

- Water supply – the year-to-date favourable variance of \$653,000 is mainly due to the HPOW project and delays in consultancy spend on forward designs. The suspension of the HPOW project is likely to lead to a year-end variance of \$441,000, with \$328,000 forecast in consultancy savings.
- Stormwater – A marginal year-to-date favourable variance and anticipated year-end variance of \$169,000 in consultancy.
- Wastewater – The year-to-date favourable variance of \$1.7 million is due to delays in design and tendering processes resulting in delayed construction starts. The budget for physical works will be fully spent although there is likely to be year-end savings in consultancy of \$609,000.

7.1.7 Indicator: Complete **annual** operating and maintenance programmes **within the financial year.**

The majority of the operating and maintenance programmes are reactive and are undertaken when required. Other projects that have been undertaken include;

- work to reduce unaccounted water via leak detection
- water conservation activities
- emergency management plan updates
- resource consent compliance activities
- asset management improvement tasks
- asset management plan preparation
- asset condition assessment projects

All programmes that are due to be finished in 2013–14 are on track for completion.

7.1.8 Indicator: Complete **annual** capital projects programmes **within the financial year.**

The current status of capital projects is documented under 7.1.6.

7.1.9 Indicator: Maintain network serviceability indicators within agreed tolerances.

This indicator will be developed and reported on at year end.

7.2 Category: Customer focus

7.2.10 Indicator: Achieve A and B* response time targets for Priority One activities in 97% of incidents or better.

	Hutt	Porirua	Upper Hutt	Wellington
Year-to-date	99.0%	Not available	99.5%	96.5%

Commentary: The City Care response times for drainage jobs for July and August were below target. For the remaining four months they have met the target each month but as the initial results were low the average result is still not at the required standard for wastewater. Note: The WCC target for drainage response in the LTP is 95%.

*Response A:

- The investigation of reports/complaints and requests for service
- The prioritising of works required to return an asset to its normal operating condition
- The notification of the results of the investigation and proposed action to the requestor and other interested parties.

*Response B:

- Time that City Care arrives on site with all necessary resources including equipment to carry out the work and proceeds to return an asset to its normal operating condition in the most efficient manner.

7.2.11 Indicator: Achieve **customer service satisfaction survey targets** relating to network performance and activity within Capacity's control, as agreed with each client council.

Annual indicator -- to be reported in the 2013–2014 Annual Report.

7.2.12 Indicator: Achieve **customer complaint targets** relating to network performance and activity within Capacity's control, as agreed with each client council.

Annual indicator -- to be reported in the 2013–2014 Annual Report.

7.3 Category: Cost effectiveness

7.3.13 Indicator. Meet client council requirements for **operating costs per connection**.

Annual indicator -- to be reported in the 2013–2014 Annual Report.

7.3.14 Indicator. Maintain capital projects **design and consultancy charges** as a percentage of capital expenditure within industry guidelines.

Annual indicator -- to be reported in the 2013–2014 Annual Report.

7.3.15 Indicator. Manage Capacity within budget.

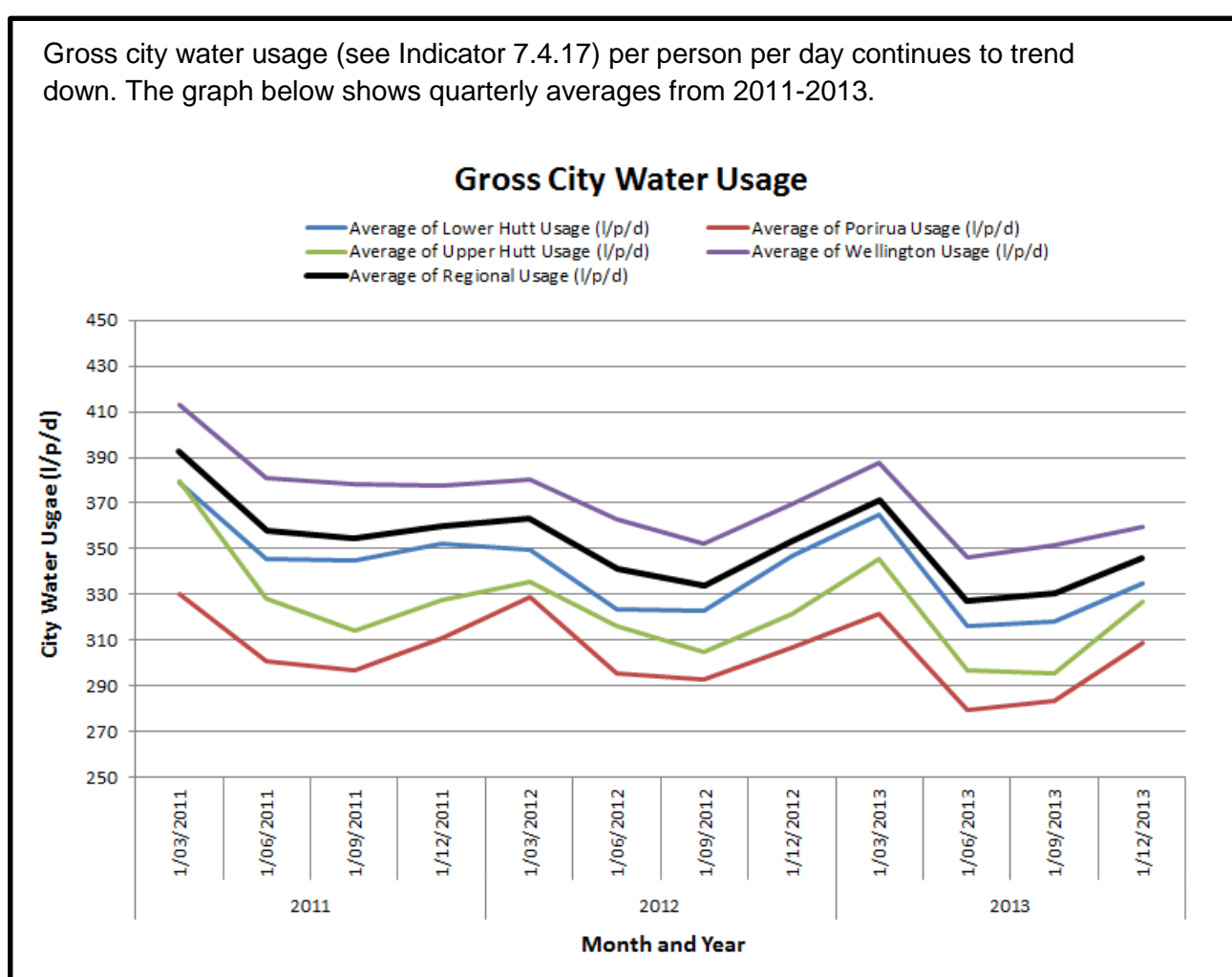
Refer to Section 11.

7.3.16 Indicator: Maintain unaccounted for water (UFW) percentages at or below levels agreed with each client council.

	Hutt	Porirua	Upper Hutt	Wellington
Target	No target established for this measure			14%
Year to date	NA			12%

Commentary: Note that due to small sample sizes for metered residential consumption, the accuracy of this figure is +/- 5%.

Gross city water usage (see Indicator 7.4.17) per person per day continues to trend down. The graph below shows quarterly averages from 2011-2013.

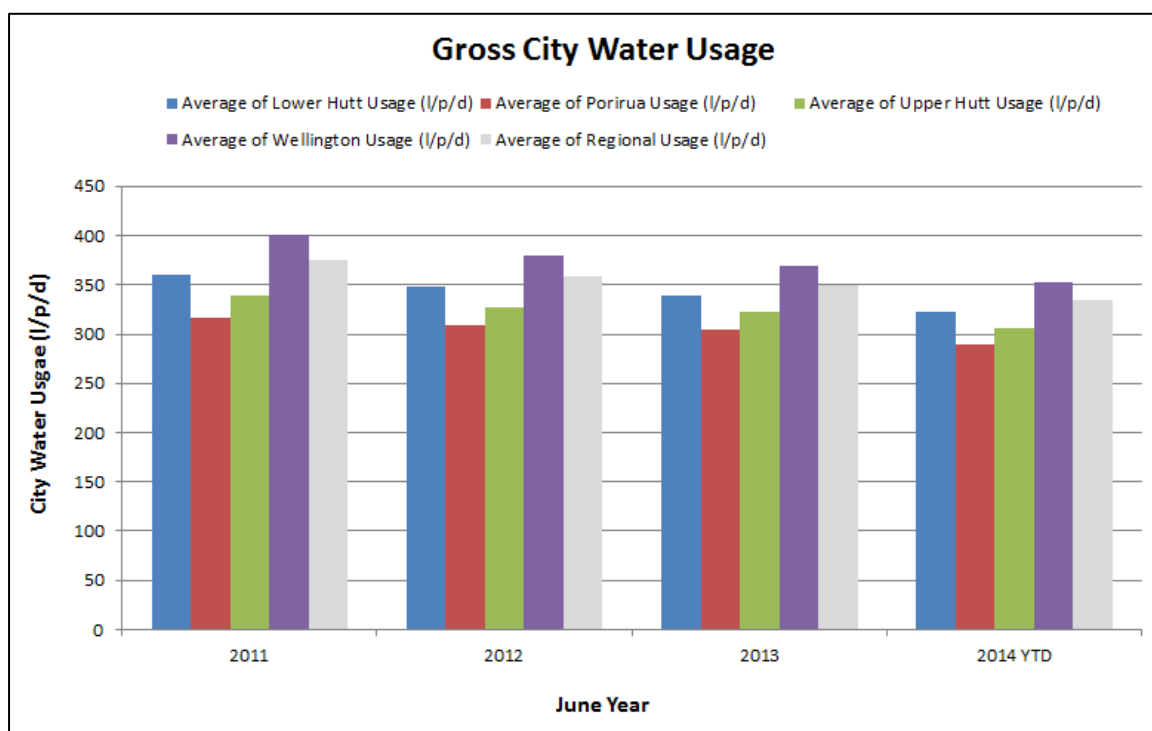


7.4 Category: Environmental performance

7.4.17 Indicator: Maintain average unmetered water consumption (normal year) at or below levels agreed with each client council.

	Hutt	Porirua	Upper Hutt	Wellington
Target	300	300	300	300
Year to date	279	254	261	263

Gross water usage per capita 2011–2014 (total water usage, including commercial, residential and unaccounted for water, divided by population)



7.4.18 Indicator: No resource consent related infringement notices received from Greater Wellington Regional Council

	HCC	PCC	UHCC	WCC
2013–14 target	No infringement notices or prosecutions from GWRC	TBD	No infringement notices or prosecutions from GWRC	No infringement notices or prosecutions from GWRC
Year to date	Achieved	Achieved	Achieved	Achieved

Commentary: One infringement notice was received for the Western Wastewater Treatment Plant (WCC). Capacity appealed this and after subsequent investigation and discussion the infringement notice was withdrawn (5 February 2014).

7.4.19 Indicator: Full compliance with all relevant legislation

Achieved: No compliance issues

7.5 Category: Legislative compliance

7.5.20 Indicator: Full compliance with the Health and Safety in Employment Act 1992.

Commentary: Achieved. Capacity is fully compliant with the Health and Safety in Employment Act 1992

7.5.21 Indicator: Achieve key milestones for emergency management planning delivered by Capacity.

Commentary: Please see table below for the details and progress of the projects in 2013–14:

Hutt City Council

Project Name		Sub Project	Progress
1	Pump station structural assessment for seismic strengthening	<ul style="list-style-type: none"> • Four pump stations - Major/Taita/Taita Boost/Wilkie PS. 	<ul style="list-style-type: none"> • Structural assessments are under way
2	Emergency water supply earthquake mitigation	<ul style="list-style-type: none"> • Emergency tank installation • Review of reservoir seismic strengthening report and preparation of reservoir/pump station pipeline seismic coupling programme 	<ul style="list-style-type: none"> • Both projects are under way. One emergency tank installed.
3	Reservoir auto shut off valve and seismic triggers	<ul style="list-style-type: none"> • Installing auto shut off valve for Titiro Moana Reservoir and seismic triggers for Titiro Moana Reservoir 	<ul style="list-style-type: none"> • Project is in tendering stage.
4	Seismic upgrade of Hutt City critical trunk mains	<ul style="list-style-type: none"> • Kingsley Street Reservoir outlet main renewal • Kelson/Fairway Drive link main renewal • Konini Road Reservoir outlet main renewal 	<ul style="list-style-type: none"> • Will be tendered in third quarter.

Project Name		Sub Project	Progress
5	Pump station renewal	<ul style="list-style-type: none"> • Kelson pump station renewal/seismic upgrade 	<ul style="list-style-type: none"> • Project is under way.

Porirua City Council

Information not yet available.

Upper Hutt City Council

Project Name		Sub Project	Progress @ 31 Dec 13
1	Water telemetry upgrade	<ul style="list-style-type: none"> • Auto shut off valve • Auto shut off valve meter 	<ul style="list-style-type: none"> • Procurement of four trigger switches (for Cruickshank, Trentham, Timberlea and Pinehaven reservoirs) complete. Installation planned for January. • Bulk meter installation for Timberlea and Cruickshank is being scoped.
2	Pressure Management	Establishment of new DMAs for pressure management & leak detection	Design in progress.
3	Water - pump station renewal	Seddon Street emergency bore pumps renewals	Installation of pumps and actuators is in progress and scheduled to complete by Jan 2013.
4	Water main renewals	Water main renewals	Contract awarded and construction in progress.
5	Emergency water storage	Maidstone reservoir tank	Awaiting consent approval before installation

Wellington City Council

Project Name		Sub Project	Progress @ 31 Dec 2013
1	Water reservoir renewals & upgrades	Auto shut off valve - Chester	Complete
		Seismic strengthening <ul style="list-style-type: none"> • Maldive 2 • Johnsonville 1 • Chester 	Complete
		Zone valving	Design
		Seismic coupling installation	Design
		Pump station analysis <ul style="list-style-type: none"> • Townsend Road • Grenada North • Karori Park 	<ul style="list-style-type: none"> • Complete • Complete • Design
		Emergency Water Tanks Installation	3 installations complete 6 installations under way
2	Water main renewals & upgrades		Under way

7.6 Category: Process

7.6.22 Indicator: Meet Audit NZ requirements for asset management plans.

Commentary: All Audit NZ requirements have been met for the previous audits for HCC, UHCC and WCC (2013). Audit NZ assesses asset management plans that are provided to support council long term plans. The next assessment is likely to be in late 2014/early 2015.

7.6.23 Indicator: Deliver asset management plans, statement of intent, annual report and other **agreed documents on time.**

Document	Completed to time?
Capacity Statement of Intent 2013–14	Yes
Capacity Statement of Intent 2014–15	To be completed in June 2014
Capacity Annual Report 2013	Yes
Quarterly SLA Report Q1 2013–14	Yes (for HCC, UHCC and WCC)
Quarterly SLA Report Q2 2013–14	Yes (for HCC, PCC, UHCC and WCC)
HCC – Draft 2014/15 AMPs	To be delivered 28 February 2014
UHCC – Draft 2014/15 AMPs	To be delivered end of March 2014
WCC – Draft Stormwater Service Plan	Yes (18 November 2013)

Commentary: To date all documents have been supplied within the timeframes required.

7.6.24 Indicator: Maintain ISO accreditation

Commentary: Capacity is ISO 9001:2008 accredited – successfully audited in August 2013

8. Key activities update

The specific activities listed below were highlighted in our Statement of Intent 2013–2014 in response to client requirements and guidance provided in the shareholders' Letter of Expectation (December 2012)

8.1 Wastewater management

Network modelling is used for planning work and renewal decisions.

December update:

Hutt City: We have completed a long-list option analysis for Wainuiomata and are ready to begin preferred option analysis, pending funding from HCC.

For the Naenae and Stokes Valley catchments, CCTV, pressure testing and inflow surveys have been undertaken. A number of renewal projects have been identified for future programming.

Porirua City: PCC recently added their process model for the Porirua wastewater treatment plant to their network model. We will shortly commission a hydraulic assessment of the plant so this information can be included in the model.

Upper Hutt City: To meet the modelling strategy developed for Upper Hutt City we are extending and upgrading Upper Hutt's reticulation network model with new asset data collected through on-going monitoring programmes

We are on track to complete the update in the 2014–15 financial year, prior to preparing management and renewal programmes for 2015–16.

Wellington: We have recalibrated the model for Wellington's trunk wastewater system and used the outcomes to produce the Davis Street wastewater investigation report, as required by the global stormwater discharge consent. The catchment targeted modelling for 2013–14 has been placed on hold as directed by WCC.

8.2 Emergency preparedness

Our work in this area includes building resilient infrastructure, such as by strengthening existing network components reservoirs, pipes, valves, pumps and information

management, as well as specific projects to provide additional connections, emergency water supply points and water storage.

Work over the 2013–14 year includes:

- critical pipeline renewals
- seismic assessments and upgrades of critical assets including pump stations and reservoirs (see below)
- installing emergency water storage facilities at key distribution sites
- identifying and procuring additional emergency water sources from ground water (bores and streams)
- preparing an emergency water supply plan that sets out for each council its potential alternative supply sources and the programme and funding requirements to develop these
- identifying options for safe waste disposal.

8.2.1 Seismic strengthening

Seismic assessments of all critical reservoirs and pumping stations are being carried out to improve both the security of supply in a post-earthquake environment and reduce the length of time taken for network restoration.

December update:

Hutt: Design work for the Kelson water pumping station upgrade is under way, as is a seismic assessment review for all reservoirs and reservoir couplings.

Porirua: The upgrade of Porirua Low reservoir was completed in December, under a programme to upgrade major reservoirs that began three years ago and has five more years to run.

Upper Hutt: Design work is scheduled to start for the Pinehaven reservoir upgrade later in 2013–14.

Wellington: Lyndhurst pump station, Karori Park pump station, Linden reservoir, Maupuia reservoir and Maldive reservoir upgrade work are all under design.

8.3 Network operation data

We manage and monitor a supervisory control and data acquisition network (Scada) that consists of over 350 telemetry sites, 12 repeaters, 12 channels and seven base stations. We are planning to upgrade the entire system from analogue to digital in the coming years.

December update:

A draft Scada Management Plan has been prepared outlining the Scada systems for the respective councils, issues, proposed upgrade projects, implementation

programme and funding requirements. The plan will be distributed to councils and GW Water for comment in January. Integrating PCC's Scada network into the Capacity base station has been commissioned enabling real time information to be available to Capacity staff.

8.4 Capital project management

Capital works projects are managed through programmes agreed with individual councils.

December update:

At December 2013 all capital works programmes are on track to be delivered to programme by 30 June 2014.

We have commissioned the development of a Capacity Contracts and Procurement Manual to replace procedures we have been using prior to introducing the outcome based business model. We expect this to be implemented by 1 July 2014.

We have undertaken improvements to our health and safety systems including improved documentation from contractors concerning site-specific health and safety plans, and additional forms and checklists to be used by our staff for contract management.

8.5 Asset management planning

A programme to improve asset management planning practices and outcomes was started in 2012.

December update:

Twelve key areas for improvement were identified and work on these improvement projects is well under way, except for the integrated information management system. We aim to complete these projects by June 2014, subject to funding, with audit sign-off by June 2015.

8.6 Water conservation and leak detection

This activity contributes to the strategic goals of cities by helping reduce per capita water use and deferring the cost of building new storage facilities.

December Update:

Leak detection was carried out in 28 of the 70 zones in Wellington city and eight of the 31 zones in Hutt City (to 15 Dec 2013). In UHCC detection was carried out in all zones at least once. Private leaks are identified through our leak detection contractors and followed up by these contractors as well as Capacity clerks of works.

Water use continues to trend down in all four cities.

Water conservation marketing activity this summer (2014) is again being coordinated with Greater Wellington. We developed a flyer to go in the rates notices of all four cities in January and February 2014, reminding people of the restrictions, and placed billboards in Hutt City.

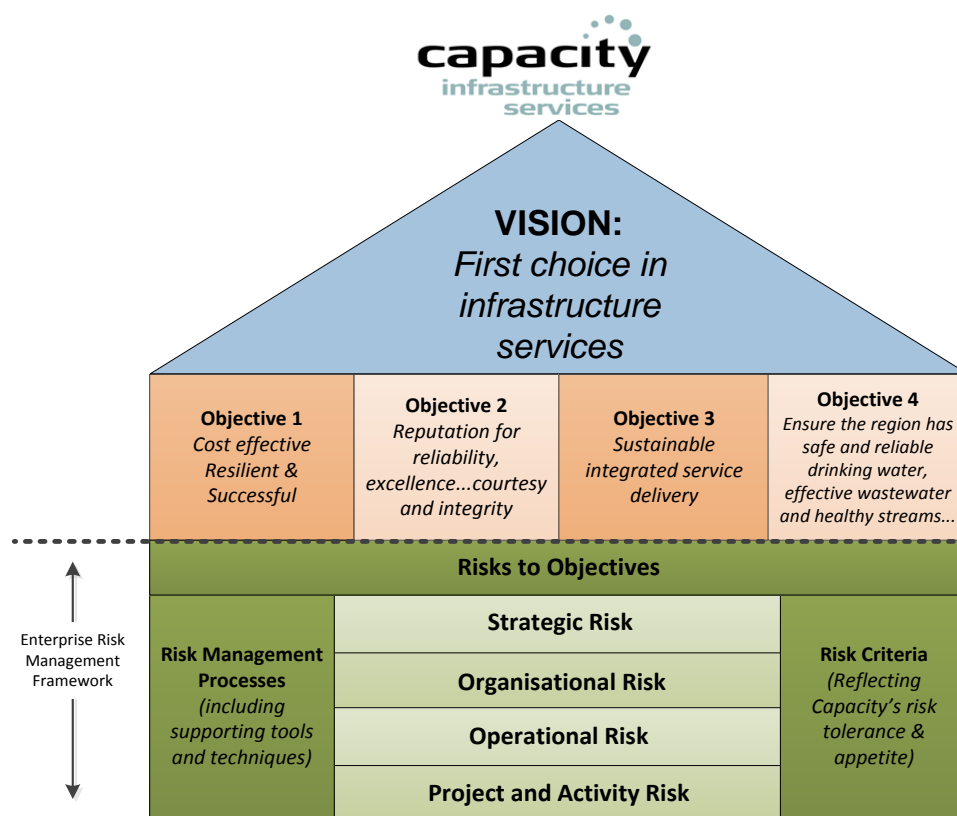
Weather predictions and catchment levels indicate the likelihood of needing to elevate garden watering restrictions above 'base level' (alternate days) this summer is low.

9. Risk management

Risk is the effect of uncertainty on objectives. Understanding and managing risk is an essential element of Capacity's commitment to operating as a cost-effective, resilient organisation. Our risk management practices include a robust process of identifying, analysing, evaluating, treating and communicating uncertainty in achieving our objectives.

In 2013–14 we developed a new risk management framework and processes to ensure our governance and management teams have a better understanding of what work is being done to manage risk. The framework complies with AS/NZS ISO 31000:2009.

The purpose of the framework is to support integrating risk management within the organisation. The following diagram shows the framework and the linkages in terms of Capacity's stated objectives:



Capacity's Risk Management Framework.

The risk management framework supports aligning and communicating our various risk management activities. It ensures that any uncertainty in achieving the organisation's objectives is understood, communicated, and managed appropriately.

The framework also identifies management strategies for all risks. These are reviewed every six months by our Audit and Risk Committee.

An internal programme of planned and random audits is carried out in conjunction with Capacity's ISO 9001:2008 certification requirements. External audits are carried out six-monthly as part of Capacity's quality certification.

Capacity's governance and management teams are committed to continuously improving our risk management activities, and as such an outline of the work currently in progress and still to be undertaken is presented.

10. Health and safety

The safety of the community, contractors and our staff are the top priority for our governance and management teams. We firmly believe that workplace incidents are preventable and will continue our strong emphasis on a high standard of health and safety management practices.

Our Health and Safety Committee oversees the management of health and safety at Capacity. The health and safety process is supported by a comprehensive range of health and safety procedures which are controlled in our ISO 9001:2008 certified quality system.

The health and safety requirements of all staff positions are assessed by management, and training and equipment are provided to ensure staff can carry out their work safely.

Contractors have their health and safety practices independently assessed and must achieve an acceptable standard before they are eligible to be awarded contracts by Capacity. The health and safety performance of our contractors is audited and is taken into account when awarding new contracts.

While there have been no serious injuries, there have been three incidents where an employee was absent from work due to injury for more than one working day, as per the following:

Porirua Wastewater Treatment Plant

In November a staff member at the Porirua wastewater treatment plant suffered an ankle injury while undertaking work duties. This resulted in 40 hours' lost time. The former Porirua City Council treatment plant staff transferred to Capacity employment from 1 November. Treatment plant staff have been informed of Capacity's policy on safe and early return to work and the alternative duties register, to be used by all Capacity staff.

Capacity contractors

A contractor's labourer was attempting to connect a 200mm hydrant tee to a hydrant valve assisted by another employee. One of the fittings rolled over onto the labourer's foot resulting in bruising and swelling of his foot. This injury resulted in two days' lost time. The contractor has instructed employees to lay heavy fittings flat or firmly support them before attempting to connect them.

Drainage worker

A contractor's staff member became dizzy when working in a sewer tunnel and subsequently spent a night in hospital for observation resulting in 11 hours lost time. The hospital was unclear of the cause of the health issue. Work ceased within the tunnel and a detailed investigation was carried out involving Capacity's external Health and Safety advisor. Forced air ventilation of the tunnel was subsequently installed as a precautionary measure at which stage work recommenced.

Training

The equivalent of 24 staff days of health and safety training have been carried out so far this year. This includes confined space, first aid, site safety supervision and site traffic management training. The type and frequency of training undertaken by staff varies depending on individual staff needs.

We have undertaken a gap analysis of our current health and safety management practices relative to the elements identified in the *Good Governance Practices Guidelines for Managing Health and Safety Risks* published jointly by the Ministry of Business, Innovation and Employment (MBIE) and the Institute of Directors in New Zealand Inc. The gaps identified, and recommended actions to close them, were reported to the Board in October 2013. We are developing a programme of works to complete all of the recommended actions.

11. Financial information

Financial results

Budget Revision

A revised budget incorporated the effect of the new outcomes based business model and new contracts from 1 November 2013. The revised budget includes Porirua City Council as a client-council, the revision of the Capacity charge to Upper Hutt, and standard monthly charges for professional services and consultancy.

Income

Revenues for the quarter ending December 2013 include the standard Capacity and consultancy charges on commencement of the outcome based business model from 1 November 2013 for four councils.

Expenditure

Operating expenditure now also includes professional services and consultancy charges in respect of council projects.

Cash flow

Cash inflow was largely the inclusion of the standard consultancy charge. Cash was provided from shares issued to the Porirua and Upper Hutt city councils.

Assets purchased mainly relate to the intranet re-development and the IT server upgrades.

Financial statements

Statement of Comprehensive Income

For the period ended 31 December 2013

	Sept 2013 Quarter \$000	Dec 2013 Quarter \$000	YTD Actual 31 Dec 2013 \$000	Forecast to Year End \$000	13/14 SOI Full Year Budget \$000	13/14 Revised Full Year Budget (Incl OBBM) \$000
REVENUE						
Capacity and Consultancy Charge	1,816	4,235	6,051	16,488	7,612	16,490
Interest	5	14	19	82	0	80
TOTAL REVENUE	1,821	4,249	6,070	16,570	7,612	16,570
EXPENDITURE						
Operating Expenditure	386	942	1,328	8,740	1,703	10,036
Personnel Expenditure	1,399	1,794	3,193	6,780	5,581	6,154
Directors' Fees	27	26	53	123	135	155
Depreciation	20	27	47	1	134	135
Interest Expense	1	0	1	125	2	2
Audit Fees	0	0	0	32	32	32
TOTAL EXPENDITURE	1,833	2,789	4,622	15,801	7,587	16,514
NET SURPLUS/(DEFICIT) BEFORE TAXATION	(12)	1,460	1,448	769	25	56
Tax Expense	0	0	0	0	0	0
NET SURPLUS/(DEFICIT) AFTER TAXATION	(12)	1,460	1,448	769	25	56

Statement of movements in equity

For the period ended 31 December 2013

	Half year to 31 Dec 2013 \$000	FY 30 June 2013 \$000
NET SURPLUS/(DEFICIT) FOR THE YEAR	1,421	53
TOTAL COMPREHENSIVE INCOME	<u>1,421</u>	<u>53</u>
EQUITY AT BEGINNING OF YEAR	416	363
SHARE CAPITAL PAID	200	0
EQUITY AT END OF PERIOD	<u>2,037</u>	<u>416</u>

Statement of financial position

As at 31 December 2013

	31 Dec 2013 \$000	30 June 2013 \$000
CURRENT ASSETS		
Bank	3,453	814
Accounts Receivable	957	944
Sundry Debtors & Prepayments	(80)	123
	<u>4,330</u>	<u>1,881</u>
NON CURRENT ASSETS		
Work in Progress	31	
Intangible Assets	110	64
Property, Plant & Equipment	121	123
	<u>262</u>	<u>187</u>
Deferred Tax Asset	92	92
	<u>92</u>	<u>92</u>
TOTAL ASSETS	<u>4,684</u>	<u>2,160</u>
CURRENT LIABILITIES		
Accounts Payable	1,996	1,293
Provision for Taxation	3	9
Payroll Liability & Annual Leave	648	442
	<u>2,647</u>	<u>1,744</u>
NON CURRENT LIABILITIES		
Finance leases	-	-
	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>2,647</u>	<u>1,744</u>
NET WORKING CAPITAL	<u>2,037</u>	<u>416</u>
Share Capital	800	600
Retained Earnings	1,237	(184)
EQUITY	<u>2,037</u>	<u>416</u>

Statement of cash flows

As at 31 December 2013

	Quarter Ended 31 Dec 2013 \$000	Half Year Ended 31 Dec 2013 \$000	Prior FY 30 June 2013 \$000
Cash flows from operating activities			
Cash was provided from:			
Operating Receipts	1,971	3,904	7,871
Consultancy Charge	2,124	2,124	0
Interest Received	14	19	(18)
GST	382	305	0
Cash was disbursed to:			
Payments to Suppliers	(1,954)	(3,786)	(7,319)
Payments of Tax	(4)	(5)	(2)
Interest Paid	(0)	(1)	0
Net cash inflow/(outflow) from operating activities	<u>2,533</u>	<u>2,560</u>	<u>532</u>
Cash flows from investing activities			
Cash was applied to:			
Purchase of Property, Plant & Equipment	(4)	(40)	(68)
Purchase of Intangible Assets & WIP	(80)	(80)	(29)
Net cash inflow (outflow) from investing activities	<u>(84)</u>	<u>(121)</u>	<u>(97)</u>
Cash flows from financing activities			
Cash was provided from:			
Shares issued	200	200	0
Cash was applied to:			
Finance lease repayments	0	0	0
Net cash inflow from financing activities	<u>200</u>	<u>200</u>	<u>0</u>
Net Increase (Decrease) in Cash held	2,649	2,639	435
Opening Cash Balance	804	814	379
Closing Cash Balance	<u>3,453</u>	<u>3,453</u>	<u>814</u>
Made up of:			
Cash	3,453	3,453	814
Short term deposits	0	0	0
Closing Cash Balance	<u>3,453</u>	<u>3,453</u>	<u>814</u>

QUARTER PERFORMANCE

- A new partnership with The Warehouse, Zoofari, was launched to help the regions' low decile schools cover transport costs to visit the Zoo for conservation-based learning programmes. \$25k was raised in two weeks for this program.
- A 3-year conservation MOU was signed with the Golden Lion Tamarin Association in Brazil, as part of the arrangement for holding the animals at the Zoo.
- The Zoo was approved for membership of the Sustainable Business Council.
- The Chief Executive presented a paper on Wellington Zoo's carboNZero certification at the World Association of Zoos and Aquariums conference.

YEAR TO DATE PERFORMANCE

- Q2 visitors were in line with target and 4% below last year (a record year for visitation). YTD visitors were 3% below target.
- The Tasmanian Devils enclosure within the *Neighbours* Australia Precinct was opened in December. The redevelopment of this precinct has been part of the 10-year Zoo Capital Plan (ZCP). As part of the ZCP, the Zoo is now working on the Servals exhibit and the design of the Meet the Locals Precinct.
- Tasmanian Devils are endangered from a viral facial tumour disease and zoo conservation breeding has successfully ensured a population will be future-proofed. As part of this work, the Zoo became partners with the Save the Tasmanian Devil Program, a Tasmanian Government initiative, through the Zoo and Aquarium Association.
- The Zoo is participating in ZooAction, a research project at Wellington, Taronga and Bronx Zoos through University of Queensland.

SUMMARY FINANCIALS

\$'000

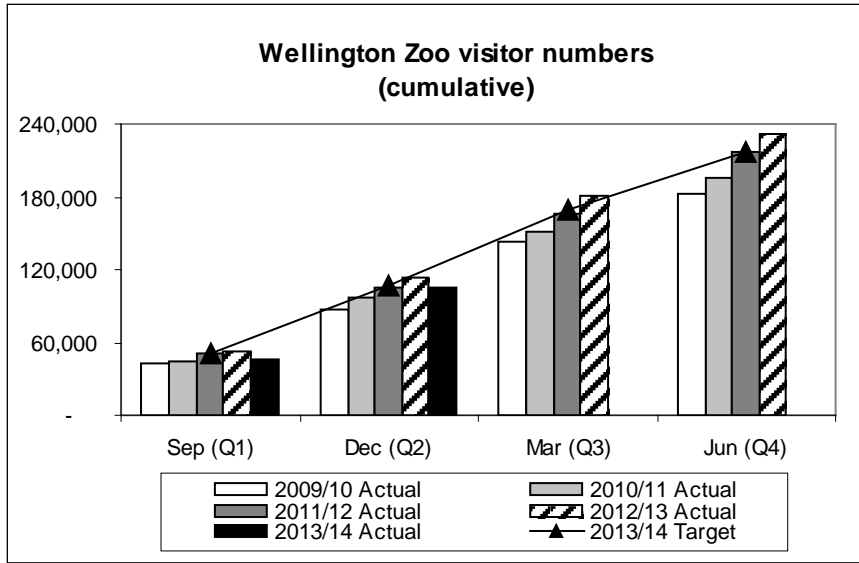
FINANCIAL PERFORMANCE	Q2 Actual	Q2 Budget	Variance	YTD Actual	YTD Budget	Variance	Annual Budget
Total Revenue	1,592	1,580	12	2,959	2,931	28	6,329
Total Expenses	1,424	1,486	62	2,878	3,021	143	6,329
Net Surplus	168	94	74	81	(90)	171	0
Operating Surplus	154	94	60	3	(90)	93	0
FINANCIAL POSITION							
Total Assets	2,345	1,530	815	2,345	1,530	815	1,663
Total Liabilities	1,447	877	(570)	1,447	877	(570)	920
Equity	898	653	245	898	653	245	743
CASH FLOWS							
Total Net Cash Flows	(722)	(580)	(142)	80	(39)	119	105
Opening Cash	2,633	1,920	713	1,831	1,379	452	1,379
Closing Cash	1,911	1,340	571	1,911	1,340	571	1,484

- Trading income of \$1.3m YTD is effectively in line with budget (\$1.35m), but 7.6% below last year's very strong result. On a per visitor basis, it is in line with last year (and materially higher than prior years).
- Total YTD revenue is largely in line with budget and YTD expenses are tracking 5% below budget. This reflects lower than budgeted other operating expenses, which is largely a timing difference relating to marketing expenses.
- Accordingly, the YTD operating surplus (normalised for capital donations) is \$3k, well ahead of the budgeted YTD deficit of \$90k.
- The Trust's cash balance as at 31 December was \$1.9m.

KPI DASHBOARD					
MEASURE	Q2		YTD	3 Year	Comments
	31 Dec 13	31 Dec 13	31 Dec 13	Trend	
Visitors	Target	57,194	107,480	Improving	Q2 visitors met target and were 4% below the prior period (a record year for visitation). YTD visitors are tracking 2.8% below target.
	Actual	58,007 ✓	104,483 ✗	↗	
Average income per visitor (excl. WCC grant)	Target	\$15.75	\$14.64	Steady	The YTD average income per visitor was within 1% of the YTD target.
	Actual	\$15.50 ✗	\$14.58 ✗	→	
Ratio of trust generated income as % WCC grant	Target	133%	116%	Improving	The Q2 result was effectively in line with target and the YTD result is tracking within 4% of the YTD target.
	Actual	132% ✗	112% ✗	↗	
Average WCC subsidy per visitor	Target	\$11.87	\$12.63	Improving	
	Actual	\$11.71 ✓	\$13.00 ✗	↗	
Fully Costed Average WCC subsidy per visitor	Actual		\$21.13		<u>This is not a KPI of the Trust.</u> This measure is included at the request of the Committee and reflects all costs incorporated in the Council's accounts (including depreciation, interest allocations and overhead allocations).
Staff turnover	Annual target	<15%		Steady	
	Actual YTD	13.8%			
Collection in managed programmes	Target		41%	Steady	Requirement set by ZAA; invertebrate and reptile species for Hero HQ are not in managed programmes. Tasmanian Devils were added to managed programmes.
	Actual		40.4% ✗		
Volunteer hours	Annual target	9600 hrs		Declining	A replacement Volunteer Manager commenced in the role in December 2013. This role was without a full-time person for some time, impacting the 2012/13 result and the 3-year trend.
	Actual YTD	3059 hrs			

ISSUES & OUTLOOK

- Visitor numbers: Q2 visitors more than met target; however, YTD visitors are tracking 2.8% below target (reflecting the record visitation year last year). The Trust is continuing to focus on providing a high-quality, fun and educational visitor experience. It has also trialled a new initiative, Wellington Zoo Twilights, on Wednesday evenings in February.
- Zoo Capital Plan: The Council's YTD 2013/14 capital upgrade budget for the Zoo is currently under-spent relative to budget. This largely reflects delays in the procurement process relative to the targeted timeline for the Meet the Locals project. The Zoo received resource consent for this project in January and is working on the detailed design for the precinct. Demolition of the old aviaries occurred in December. Construction of the first phase of Meet the Locals is likely to start in Q4 2013/14 and will continue into 2014/15. Work on the new Servals enclosure will commence in February 2014. Fundraising for the Zoo Capital Plan (the Zoo Trust needs to contribute 25%) continues to track to expectations.
- Animals: The Zoo is hoping for a number of major animal acquisitions over the remainder of the year, including a giraffe from Auckland Zoo, and one or two tigers; however, these are still subject to finalisation.





To: Wellington City Council Environment Committee
From: Wellington Zoo Trust
Date: 31 December 2013

Second Quarter Report 2013/14 Financial Year

Highlights

- A specifically constructed exhibit within the Australia Precinct 'Neighbours' welcomed the arrival of four Tasmanian Devils on December 5. This is the first time we've had Tasmanian Devils in Wellington since the 1920s and this was celebrated with an official opening of the exhibit on 13 December. These animals are endangered with viral facial tumour disease raging across Tasmania. Zoo conservation breeding has successfully ensured a population will be future proofed for future release once the virus has run its course.
- A three year MOU was signed with the Golden Lion Tamarin (GLT) Association in Brazil. This field conservation project will pay for a communications intern to help them further engage their community with GLTs. This is part of the arrangement for holding GLTs at Wellington Zoo.
- A new partnership was launched with The Warehouse. *Zoofari* is a programme, to help Wellington and Tasman regions' low decile schools visit the Zoo for conservation-based learning programmes. \$25,000 was raised by Warehouse stores in just two weeks for this project.
- We welcomed 27 Eastern Otago Skinks as part of an ongoing collaboration with the Department of Conservation's Grand and Otago Skink Recovery Programme. The rare lizards were housed at the Zoo for a 30 day quarantine period, after which they were released at the Orokonui Ecosanctuary, north of Dunedin – providing a predator-free environment for the skinks to breed.
- The Zoo was proud to be approved for membership of the Sustainable Business Council, a CEO led group of companies that catalyses the New Zealand business community to have a leading role in creating a sustainable future for business, society and the environment.
- The Chief Executive presented a paper on Wellington Zoo's carboNZero certification at the World Association of Zoos and Aquariums Congress in October in Florida.



Australian High Commissioner Michael Potts, Wellington Zoo Trust Chair Ross Martin, Minister of Conservation Hon Dr Nick Smith, Her Worship the Mayor Celia Wade-Brown and Save the Tasmanian Devil Program Director Howell Williams get some help cutting the ribbon at the opening of the new Tasmanian Devils exhibit.



One of the four new Tasmanian Devils checks out their new home.

1. Outstanding, intimate and unique visitor experiences

1.1 Visitors and events

Visitation for 2013-2014 for the quarter ended December is above target by 813.

Visitor Attendance for the quarter ended 31 December 2013

ACTUAL	58,007
TARGET	57,194
DIFFERENCE	+813

- New talk programme was in operation for the school holidays starting 20 December including a daily Tasmanian Devil talk.
- Visitor Events planning underway for Neighbours BBQ, Valentine's Night, Zoo Twilights and our Australia Day Gala.
- Concept designs completed for the next stage of Conservation Connection theme roll out.

LEOTC Numbers

	Target (learners)	December 12/13	YTD 12/13	December 13/14	YTD 13/14
Zoo School (LEOTC)	9,000	1,571	6,601	1,243	6,760
Holiday Programme	1,300	0	764	0	654
Total	10,300	1,571	7,365	1,243	7,414

- A Conservation Challenge was run for intermediate schools. Their brief was to identify an environmental issue and design and implement a solution. The winners, Seatoun School, enjoyed a unique New Zealand Native Animals encounter.



Winners of the Conservation Challenge

Volunteer Hours

	Target	December 12/13	YTD 12/13	December 13/14	YTD 13/14
Volunteer hours	9600	776.75	5059.25	480.5	3059
Corporate groups	36	4	31	3	17

- We have recruited a replacement Volunteer Manager who commenced in the role in December 2013. We were without a full time person in this role for six months.
- Eighteen new volunteers have been recruited to the programme and further information sessions and volunteer recruitment is planned for 2014.

Contact Animal Hours

	Target	December 12/13	YTD 12/13	December 13/14	YTD 13/14
Ranger Hours	1000	74 hrs 43 mins	412 hrs 18 mins	83 hrs 35 mins	454 hrs 31 mins
Total Zoo	1000	113 hrs 4 mins	663 hrs 44 mins	107 hrs	583 hrs 56 mins

- Contact animal hours are on track to achieve annual target, and some new species introduced to the programme including Scheltopusik (Legless Lizards) and stick insects from Hero HQ.



Newcomer to the contact animals programme, Carlos the Scheltopusik, meets Zoo visitors

2. Integrated conservation and sustainability

- With the arrival of our Tasmanian Devils we became proud partners with the Save the Tasmanian Devil Program, a Tasmanian government initiative that was established in 2003 in response to the threat of Devil Facial Tumour Disease.
- The Visitor Experience Manager has drafted a unifying message document for all Kiwi holders in NZ at the request of the DOC Kiwi Recovery Team.
- The Chief Executive presented a paper on Wellington Zoo's carboNZero certification at the World Association of Zoos and Aquariums Congress and she also attended the IUCN Conservation Breeding Specialist Group Conference in October.
- Thanks to the Wellington Zoo Conservation Fund and our Conservation Leave the following field conservation work was implemented:
 - Two Zoo staff members went to work with our partners at Free the Bears in Cambodia and Laos to assist with strategic planning and visitor experience.
 - Bird keeper Ryan Carlidge spent 10 days in the South Island assisting the Kea Conservation Trust.
 - Primate keeper Jacqui Hooper travelled to South Africa to Chimp Eden, to learn about the chimpanzees there and to foster a strong relationship between our two organisations to look at possible keeper exchanges etc.
 - Keeper Joakim Liman spent five days conservation leave working on a restoration project in Miramar, Te Motu Kairangi.
 - Database and Administration Advisor Rachel Boaden travelled to Stewart Island to volunteer with the Stewart Island/Rakiura Community & Environment Trust (SIRCET) – a non-profit organisation that works to control threats to the bush and bird life around the township in Halfmoon Bay.
- We donated some of our penguin nest box materials to Places for Penguins enabling the construction of 73 nest boxes for placement on Matiu Somes Island.
- ZooAction (a research project at Wellington, Taronga and Bronx zoos through the Australian Research Council and University of Queensland) is in first phase. 115 visitors were recruited on site, and asked to participate on the ZooAction website around pledging to help Little Blue Penguins (Kororā).
- A Little Spotted Kiwi chick from ZEALANDIA received a full health check at The Nest Te Kōhanga, after being discovered foraging during the day.



Primates Keeper Jacqui Hooper with Chimp Eden Keepers

3. Capital projects

Servals

- The new Serval area project plan has been agreed and will commence in February 2014.

Meet the Locals

- The site has been cleared and significant trees retained.
- The procurement process is now complete and the consultant team is on board.
- Resource consent was approved in January 2014.

4. Industry Leadership

- Veterinary Science Manager co-convened organisation of the scientific programme for the NZ Veterinary Association Wildlife Society Annual Conference held in November.

4.1 Veterinary Statistics – native animals brought to The Nest Te Kōhanga in the last year

Veterinary Statistics

	October	November	December	YTD 2013/14
Collection Animal Cases	44	34	45	418
Native Wildlife Cases	58	30	51	417
Post Mortems	5	4	3	56
Lab Cases internal	98	63	95	1105

Native Animal Admission Statistics

	2012	2013
January	44	47
February	26	41
March	41	19
April	24	25
May	14	24
June	15	47
July	14	36
August	16	22
September	13	17
October	23	58
November	27	30
December	27	51

4.2 Animal Collection additions

Species	Gender	Status	Due
Nyala	Males and possibly a female	From USA	When available
Blue Tongue Skink	unsexed	From SPCA	Arrived November 2013
Giraffe	female	From Auckland Zoo	During 2014
Caracal	2 females	From Copenhagen Zoo	Due June/July 2014
Sumatran Tiger	female	From Mogo Zoo	Due Early April 2014
Sumatran Tiger	male	From USA	Due later in 2014
African Wild Dogs	males and females	To be confirmed	to be confirmed
Giant African Millipedes	20	From Santa Ana Zoo in the USA	Arrived November 2013
Cheetah	2 males	From Orana Wildlife Park, or South Africa, or Australia	During 2014 after births occur
Bongo	1 female	From Singapore Zoo	Due during April/May 2014
Sun Conure	1 female	From Brooklands Zoo	Arrived October 2013
Tasmanian Devils	1 male and 3 females	From Trowunna Wildlife Park in Tasmania	Arrived December 2013



Giant African Millipedes arrived in November

5. Financial Sustainability

The result for the six months to 31 December 2013 shows an actual operating surplus of **\$3,291** against a budgeted operating deficit of **\$89,285**. Revenue is below budget by \$51K but due to timing of spend yet to happen, expenditure is below budget YTD December by \$143K.

6. Business and Relationship Development

- The World Wildlife Fund (WWF) awarded a grant of \$4K for purchase of material for Bush Builders.
- A successful application was made to CANON NZ Ltd's in kind fund for Environmental and Community projects. Our Bush Builders programme will be receiving several digital cameras for the children's use, a high spec CANON 7000S for the Bush Builders Educators and two pairs of Binoculars.
- Tasmanian Devils were used as an example of Wellington Zoo's conservation work in our Christmas Appeal mailout to around 3,000 supporters.
- New signage and interpretation design concepts installed in the Zoo shop.

7. Valued and motivated staff

Learning Sessions

- A consultant from the Employer Chamber of Commerce delivered a session focused on the different types of hazards found in our workplace, different ways of identifying hazards and how we all have an important role to play in identifying, controlling, eliminating, isolating or minimising hazards
- One of our keepers delivered a session on designing and outfitting a species specific exhibit. The session explored how to optimise design to best meet the needs of the species inhabiting it whilst also minimising wasted space and ensuring that enclosure remain attractive from a visitors perspective.
- "School Room What School Room?" was a highly interactive learning session delivered by our Learning manager. It provided an excellent overview of the LEOTC programme, how we utilise the entire Zoo as a learning space and participants had the opportunity to simulate a learning session based around animal legends

Valued and Motivated Staff

- We used the expertise of a Stanford MBA intern to develop a HR metrics dashboard. This tool provides an overview of the HR factors impacting on our environment as well as enabling us to drill down into the data and readily identify and report on trends and provide more comprehensive information to inform decision making. Information from the dashboard and external data and statistics were used to present a strategic discussion session with the Board in December. The Stanford programme is only available to alumni of the Stanford programme. The Chief Executive studied at Stanford in 2009.

- We have ratified a new collective agreement with the Central Amalgamated workers Union which runs from 1 December 2013 to 1 December 2016.
- 'The Great HoB Enrichment Challenge' was a staff organised event which brought teams together from across the Zoo and challenged them to work together creatively in making enrichment items for the chimps. From an educational and team building perspective the event was a huge success.



Zoo staff looking on as the chimps enjoy their creativity.

8. Lasting community support and participation

- All Bush Builders Schools have completed their action phases for 2013: Karori West Normal School, Rewa Rewa School, Epuni School, Russell School and Wellington Home Schools. These action phases include building bird houses, weta hotels, planting etc.
- Several new schools are seeking enrolment as Bush Builders schools.
- Established the Wellington Zoo Tumblr account as a way to communicate stories of staff on Conservation Leave.
- Veterinary Science Manager wrote a guest blog for Te Papa Tongarewa about the 650 storm wrecked prions in 2011.

9. Nature Connections – Wellington Regional Amenity Fund Project

- All participating sites (including the Zoo) conducted visitor research to assess current level of messaging etc.
- Key staff from all participating sites in Nature Connections attended a two day workshop launched by the CE of Wellington Zoo and the CE of Zealandia at the Zoo on 28th and 29th November. This workshop was run by John Pastorelli who was one of the interpretive specialist involved in the development of Bridge Climb in Sydney.



Ross Martin
Chairperson, Wellington Zoo Trust Board

Appendix 1 – Wellington Zoo Strategy Framework 2013-14

Measures

MEASURE	TARGET 2012/13	TRACKING YTD	NOTES
OUTSTANDING, INTIMATE & UNIQUE VISITOR EXPERIENCES			
Meeting ZCP project timing and budget programme	Completion of Dingoes, Wallabies (Neighbours), Servals and Tasmanian Devil's Start Meet the Locals (MTL)	Dingoes, Wallabies, and Tasmanian Devils completed. Servals project plan agreed. MTL consultant procurement completed.	Tasmanian Devils completed December 2013 Servals to follow but will push into first quarter of 2014. MTL demolition completed in November 2013.
FINANCIAL SUSTAINABILITY			
25% vesting target achieved	25% of CAPEX spend from CX340	\$64,286	We have changed the way we state this measure from fundraising targets to vesting target to better reflect the measure
Increase total admissions by 2% each year on base year 2005/06 (170,116 visitors) as per Business Plan	216,890	104,483	Visitor numbers are below target YTD December by 3,525 visitors
Average income per visitor (excluding WCC grant)	≥ \$14.82	\$14.58	
Ratio of Trust generated income as % of WCC grant	118%	112%	
Average WCC subsidy per visitor	≤ \$12.52	\$12.99	
VALUED AND MOTIVATED STAFF			
Staff turnover (not including casual and fixed term roles)	<15%	13.79%	
INTEGRATE CONSERVATION AND SUSTAINABILITY			
Collection in managed programmes (% of total Collection)	41%	40.4%	Tasmanian Devils added to managed programmes.
In the wild conservation projects supported	≥4	5	Kea Conservation Trust, Free the Bears, 21 st Century Tiger, Golden Lion Tamarins, Cotton Top Tamarins
LASTING COMMUNITY SUPPORT AND PARTICIPATION			
Measure visitor feedback and satisfaction	1 research project		A visitor research project is planned in the first half of 2014.
Volunteer hours (9600 hours = 5 FTE)	>5FTE	3059 hours	Since the last quarterly report we have recruited a full time Volunteer Manager and increased our pool of volunteers.

Appendix 2 – Financial Statements

CCO: Wellington Zoo Trust			
Quarter Two 2013/14		\$NZ000's	
Actual	EARNINGS STATEMENT	Actual	Budget
30-Jun-13		31-Dec-13	31-Dec-13
	Revenue		
2814	Trading Income	1312	1348
2799	WCC Grants	1358	1358
82	Other Grants	41	42
135	Sponsorships and Donations-Operational	102	124
407	Sponsorships and Donations-Capital	78	0
80	Investment Income	32	14
97	Other Income	36	45
6,414	Total Revenue	2,959	2,931
	Expenditure		
3,887	Employee Costs	1,922	1969
1,951	Other Operating Expenses	946	1042
20	Depreciation	10	10
	Interest		
462	Vested Assets		
6,320	Total Expenditure	2,878	3,021
94	Net Surplus/(Deficit) before Taxation	81	(90)
0	Taxation Expense		
8	Operating Surplus (Deficit)	3	(90)
94	Net Surplus/(Deficit)	81	(90)
0.1%	Operating Margin	0.1%	-3.1%

Actual 30-Jun-13	STATEMENT OF FINANCIAL POSITION	Actual 31-Dec-13	Budget 31-Dec-13
	Shareholder/Trust Funds		
0	Share Capital/Settled Funds	0	0
0	Revaluation Reserves	0	0
522	Restricted Funds	522	436
295	Retained Earnings	376	217
817	Total Shareholder/Trust Funds	898	653
	Current Assets		
1,831	Cash and Bank	1,911	1,340
485	Accounts Receivable	22	60
130	Other Current Assets	48	60
2,446	Total Current Assets	1,981	1,460
	Investments		
0	Deposits on Call	0	0
0	Other Investments	0	0
0	Total Investments	0	0
	Non-Current Assets		
91	Fixed Assets	364	70
0	Other Non-current Assets	0	0
91	Total Non-current Assets	364	70
2,537	Total Assets	2,345	1,530
	Current Liabilities		
1,110	Accounts Payable and Accruals	329	400
	Provisions		0
598	Other Current Liabilities	1,106	429
1,708	Total Current Liabilities	1,435	829
	Non-Current Liabilities		
0	Loans - WCC	0	0
0	Loans - Other	0	0
12	Other Non-Current Liabilities	12	48
12	Total Non-Current Liabilities	12	48
817	Net Assets	898	653
1.4	Current Ratio	1.4	1.8
32.2%	Equity Ratio	38.3%	42.7%

Actual 30-Jun-13	STATEMENT OF CASH FLOWS	Actual Dec-13	Budget Dec-13
	<i>Cash provided from:</i>		
2814	Trading Receipts	1,312	1,348
2799	WCC Grants	1358	1,399
82	Other Grants	41	42
940	Sponsorships and Donations	180	124
80	Investment Income	32	14
	Other Income	1,673	45
6715		4,596	2,972
	<i>Cash applied to:</i>		
3,887	Payments to Employees	1,813	1,969
1,869	Payments to Suppliers	2,703	1,042
-5	Net GST Cashflow		
462	Other Operating Costs (VESTING)		
	Interest Paid	0	0
6213		4,516	3,011
502	Total Operating Cash Flow	80	(39)
	Investing Cash Flow		
	<i>Cash provided from:</i>		
	Sale of Fixed Assets		
	Other		
0		0	0
	<i>Cash applied to:</i>		
13	Purchase of Fixed Assets		
	Other -vesting Cash for Capital Projects	0	0
13		0	0
(13)	Total Investing Cash Flow	0	0

Actual 30-Jun-13	STATEMENT OF CASH FLOWS (CONT)	Actual 31-Dec-13	Budget 31-Dec-13
	Financing Cash Flow		
	<i>Cash provided from:</i>		
	Drawdown of Loans		
	Other		
0		0	0
	<i>Cash applied to:</i>		
	Repayment of Loans		
	Other		
0		0	0
0	Total Financing Cash Flow	0	0
489	Net Increase/(Decrease) in Cash Held	80	(39)
1,342	Opening Cash Equivalents	1,831	1,379
1,831	Closing Cash Equivalents	1,911	1,340

Actual 30-Jun-13	CASH FLOW RECONCILIATION	Actual 31-Dec-13	Budget 31-Dec-13
94	Operating Surplus/(Deficit) for the Year	81	(90)
	Add Non Cash Items		
20	Depreciation	10	10
	Other (Gifted Hospital Assets)		
114		91	(80)
	Movements in Working Capital		
187	(Increase)/Decrease in Receivables	463	0
0	(Increase)/Decrease in Other Current Assets	82	0
207	Increase/(Decrease) in Accounts Payable	(781)	12
(6)	Increase/(Decrease) in Other Current Liabilities	508	29
388		272	41
	Net Gain/(Loss) on Sale:		
0	Fixed Assets	(283)	0
	Investments	0	0
0		(283)	0
502	Net Cash Flow from Operations	80	(39)

Appendix 3

- carboNZero case study on Wellington Zoo Trust
- Article on Stuff.co.nz "Walking the talk"

Wellington Zoo Trust



Wellington Zoo is New Zealand's first Zoo, having been established in 1906. As well as being one of Wellington's leading tourist attractions, Wellington Zoo actively contributes to animal conservation projects (locally and internationally) and is a leader in environmental sustainability in the community.

What triggered the Zoo's interest in greenhouse emissions management?

Conservation is at the heart of everything we do at Wellington Zoo. We take our commitment to minimising the environmental impact of our organisation very seriously and have been working on making our day to day operations more sustainable for the past five years – from reducing our power usage, to collecting rainwater and minimising waste to landfill.

Becoming carbonZero certified was a natural step for Wellington Zoo as we continued to work on minimising our environmental impact. We've been making great strides in the sustainability space for the last five years, but we haven't necessarily been great at talking about it. We knew we were doing great things, but to have it independently ratified through carbonZero certification really shows how our hard work and commitment have paid off.

NUMBERS

509

Animals, comprised of

102

Different species

230,000

Annual visitors

0.9

tCO₂e per 1000 visitors

“ Wellington Zoo appreciates that we play a significant part in leading and motivating visitors and our wider community towards more environmentally aware behaviours and sustainable outcomes. ”

Amy Hughes, General Manager Community Engagement



What value do you think carboNZero certification add to the Zoo?

As so many people from our community visit Wellington Zoo, we are in a unique position to showcase sustainability and inspire our community to take action to reduce their individual ecological footprint. Becoming carboNZero certified is a big part of this. Achieving carboNZero certification has given us a great platform to talk more widely about what we are doing in the sustainability space and inspiring other to take action. We can align ourselves with other world leading organisations in New Zealand and overseas that have become carboNZero certified.

One of the great things about reducing our greenhouse gas emissions is that environmental sustainability goes hand in hand with financial sustainability, which is very important to us as a charitable trust. Also, it has been relatively painless for us to reduce our waste, manage our power usage and conserve water – everybody in the organisation is involved which makes it easy.

How did carboNZero certification differ from your existing sustainability efforts?

The Zoo's Environmental Management System and the vast majority of the data collection systems were set up in 2006 but the carbon neutral feasibility study didn't begin until January 2013. We signed up with carboNZero in February and were audit ready by the end of April. Once we decided to go for it, it all happened really quickly – not even a couple of months.

The guidance and reporting tools provided by carboNZero were instrumental in getting audit ready as quickly as we did. On the large part the software is relatively user friendly and the report templates make meeting the necessary standards simple and straight forward. I found programme staff very reliable and quick to respond to my enquiries.

What advice would you give to anyone else starting out on the carboNZero certification journey?

Ask for help from either carboNZero staff or an experienced consultant. Making the decision to pursue certification and getting certified for the first time is the most difficult part of the journey. By getting as much support possible during this time makes things much quicker, easier and less stressful.

The key learning from this whole experience is that for small to medium sized businesses, getting certified is easier and more affordable than expected, especially if the systems to record data, such as waste, are already in place.

“ Wellington Zoo prides itself in being a trend setter in the community for best practice environmental activities. carboNZero certification was the natural next step. ”

Amy Hughes, General Manager
Community Engagement





Walking the talk

CATHERINE MASTERS Last updated 05:00 05/02/2014

Not only does Wellington Zoo educate the public every chance it gets about the importance of sustainability, over the past few years it has also put in place a wide range of measures to make sure it's putting its money where its mouth is.

That might be anything from buying fair trade bananas for the monkeys to the installation of grey tanks to collect rainwater, used for cleaning and in the visitor toilets.

The zoo has been recognised in this year's Sustainable 60 awards for initiatives across a range of sectors from conservation and education to tourism.

Also this year it became the world's first carboNZero certified zoo, which is a great way to spread the word about their environmental initiatives, says Amy Hughes, general manager for community engagement.

"We really do feel we have to walk the talk. We can't ask people to change their behaviours unless we are exhibiting those behaviours ourselves."

One way of getting school children excited and educated about sustainability is an animal-free, interactive exhibit called Green Zoo Green You.

Here, school children and other visitors learn what the zoo is doing to be green and how they can be green themselves.

There are displays about waste management, water conservation and energy use, and at the end visitors are asked to make a pledge to carry out an environmental action.

One wall is made entirely of plastic, there is a water area where water recycles, and there is a "rubbish monster" - made of rubbish, of course.

"We designed it with kids in mind - how we could get kids to interact with the space, how we could get family learning happening," Hughes says.

The pledges people make are often small - some may decide not to drive as much or will plant a native tree, she says.

Another fun way the zoo educates children is through an environmental literacy programme called Bush Builders, where schools come to the zoo to learn about scientific surveying techniques then assess their own environment.

"The idea is to connect urban kids with the environment around them, to really highlight to them that nature is all around them," Hughes says.

Schools might decide to plant native trees, or build weta hotels or bird houses.

The zoo's sustainable journey began about six years ago when it carried out a waste audit, followed by initiatives which have reduced its waste to landfill by 97 per cent.

There is an on-site composter and energy efficient appliances and buildings have been retro-fitted with insulation. The zoo has switched to fuel-efficient cars, and has a sustainable procurement plan which looks at what it buys, how it buys it and whether deliveries to its site can be minimised.

Sustainable 60 judge Phil O'Reilly praises Wellington Zoo's holistic approach.

"If you want to be truly good at sustainability you've got to be a great business - and being good at

sustainability will tend to help you get to be a great business," he says.

The Sustainable 60 is an annual award programme celebrating companies that are leading the way in developing sustainable business practices. Unlimited Magazine has profiled several of the winners and will be showcasing them one-by-one over the coming days.

- Unlimited



QUARTER IN REVIEW	YEAR TO DATE PERFORMANCE
<p>On Oct 20th the Trust announced its spring re-launch with lower admission and membership prices. Hilary Beaton (CEO) started on 22 October 2013.</p> <p>November and December 2013 recorded the largest visitor numbers for these months and Zealandia hosted 1862 function guests during the quarter.</p> <p>Highlights for the quarter</p> <ul style="list-style-type: none"> • Paid visitor numbers were up 20% against budget. • Admission revenue was up 33% against budget. • 22% increase in memberships compared to last year. • Percentage of visitors who would definitely return again was up from 58% before the re-launch to 75% afterwards. <p>The Trust benefitted from 9,029 volunteer hours service during the quarter.</p>	<p>Total visitor numbers are ahead of budget YTD following the successful pricing re-launch in October 2013.</p> <p>The spring re-launch was based upon resetting the price for memberships and admissions. In addition, the Trust has also focussed on improving its communications and brand.</p> <p>A fundraising manager was appointed in October and a more focussed fundraising programme for the Trust has begun.</p> <p>In the lead up to Christmas, the Trust also focussed its efforts on growing its membership and increased engagement with members through briefings and its AGM/ Members' Day.</p> <p>New signage was installed in the visitor centre. This has improved visitor flow and retail has been busy with a good level of sales.</p> <p>Update to 31 Jan 2013.</p> <ul style="list-style-type: none"> • Prior to January 2014, Zealandia's highest number of visits in a single month was 14,495 in October 2010 – this included gold coin donation visits. In January 2014 the trust had 11,750 visitors. • Paying general admissions were 19% ahead of budget and 29% ahead of January 2014.

SUMMARY FINANCIALS

FINANCIAL PERFORMANCE	Q2 Budget	Q2 Actual	Variance	YTD Budget	YTD Actual	Variance	FY Budget
(\$'000)	31 Dec 13	31 Dec 13	31 Dec 13	31 Dec 13	31 Dec 13	31 Dec 13	30 Jun 14
Total Revenue	761	756	-6	1,673	1,719	46	3,345
Op. Expenses (excl. depn)	(867)	(911)	-45	(1,639)	(1,603)	36	(3,344)
Depreciation	(238)	(312)	-74	(474)	(721)	-247	(927)
Net Surplus	(344)	(466)	-122	(439)	(606)	-167	(926)
FINANCIAL POSITION							
Total Assets	17,468	17,044	-424	17,468	17,044	-424	16,915
Total Liabilities	11,514	12,019	505	11,514	12,019	505	11,445
Equity	5,954	5,028	-926	5,954	5,028	-926	5,469
CASH FLOWS							
Total Net Cash Flows	(57)	(210)	-153	(11)	19	30	(141)
Opening Cash	781	964	183	735	735	0	735
Closing Cash	724	754	30	724	754	30	594

Operating revenue was \$6k below budget for the quarter but YTD is tracking \$46k above budget. YTD expense are \$36k below budget, despite slightly higher than forecast operating expenses in Q2 (above budget by \$45k) due to timing differences.

Net cash flows in Q2 were \$153k below budget as a result of timing differences. However, despite lower operating cash in Q2 than forecast, the Trust's cash on hand is still \$30k above target for the YTD and the Trust expects to meet its budget for the 2013/14 year.

While the Trust's total assets are \$424k below budget, the difference is a higher level of depreciation on fixed assets than forecast. On the liabilities side, the Trust has recorded grants received in advance (\$500k) as a current liability but its budget did not do this. The balance sheet variances between budget and actual are not material and based on current trading performance are expected to normalise by year end.

KPI DASHBOARD

✓ Achieved ✗ Not Achieved. The 3 Year Trend = year on year actual/nominal performance → Steady ↗ Improving ↘ Declining

The table contains a selection of KPIs and is not a complete list.

MEASURE		Q2	YTD	3 Year	Comments
		31 Dec 13	31 Dec 13	Trend	
Visitors	Actual	24,823 ✓	43,009 ✓	↘	Q2 visitor numbers reflect the success of the re-launched pricing in October 2013. However, this is against a general trend of reduced visitation.
	Target	22,073	42,023		
Council subsidy (\$/visit)	Actual	8.81 ✓		↗	Higher visitation in Q2 helped the Trust exceed its target. The 3 year trend is improving (reflecting reduced council subsidy per visitor over this time).
	Target	9.91			
Average revenue* (\$/visit)	Actual	28.38 ✓		↗	Despite a jump in Q2 visitors the Trust still met its Q2 KPI. The 3 year trend has been steadily increasing revenue per visitor.
	Target	27.79			
Students & education visits	Actual	2,509 ✗	5,008 ✗	↗	Although the Trust is below its Q2 forecast, student visitation has been a strong growth area for Zealandia in recent years.
	Target	2,699	5,460		
Annual measures to 30 Jun 14					
Satisfaction rating (out of 10)	Actual	9.4 ✓	9.4 ✓	→	The Trust receives a consistently high satisfaction rating which it has maintained above its KPI.
	Target	9.0	9.0		
Volunteer numbers	Actual	>400 ✓	>400 ✓	→	The Trust has a loyal volunteer base that it maintains above 400 members.
	Target	>400	>400		

* Revenue per visit excludes interest, Council and government grants.

The FYE2014 target is 4,950 membership units (includes families) or 11,000 individual Zealandia members. Although the Trust's membership has been in decline, it has received a strong increase in membership renewals and new memberships in response to its pricing re-launch.

- During the quarter paid visitor admissions were 20% (or 2,344) visits above target and member visits 8% (or 653) above target.
- The number of new and renewed memberships (which include family passes) for the quarter is 18% (or 219) ahead of the same quarter last year. The number of new and renewed members for the quarter is 24% or 700 ahead of the same quarter last year.

ISSUES & OUTLOOK

The Trust is working with Council to resolve long term deferred maintenance of the administration building that the Trust leases from Council to house its administration and head office staff.

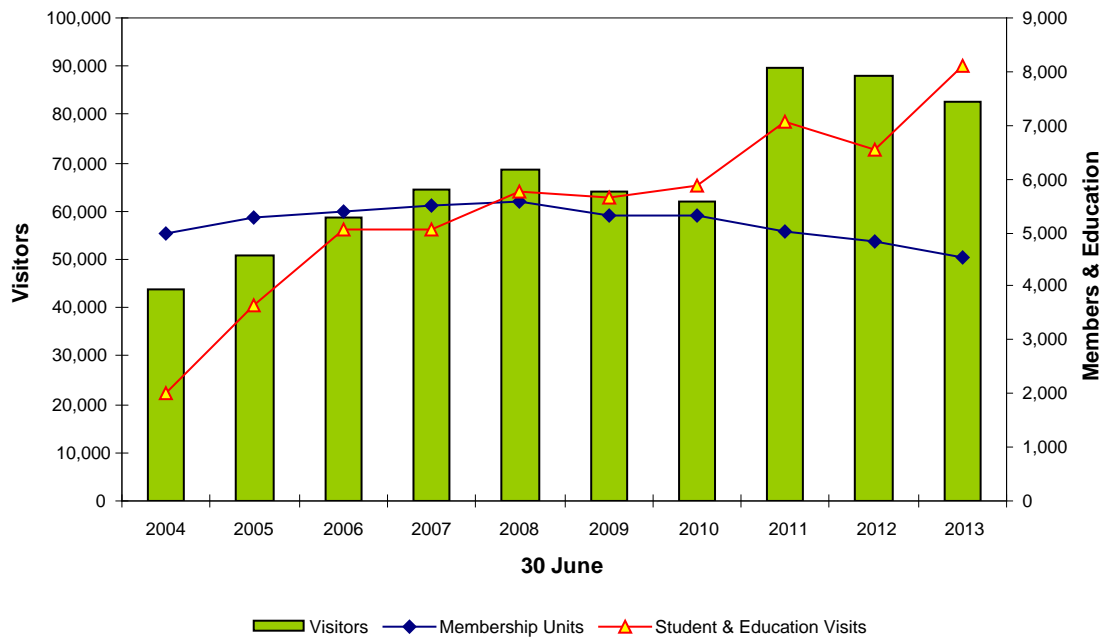
During Q2, Council facilitated the replacement of the Trust's core IT infrastructure including its aging EFTPOS terminals. Assisting the Trust to upgrade its IT is ongoing. Upgrading the desktop environment is expected to be the next material upgrade task.

The Trust will finalise its Ten Year Outlook to define its ongoing funding needs and initiate discussions with Council in May 2015 as part of its engagement with Council's Long Term Plan.

EFFECTIVENESS INDICATORS

EFFECTIVENESS 30 JUNE	2007	2008	2009	2010	2011	2012	2013
Visitors	64,348	68,553	64,097	62,054	89,643	87,897	82,749
Membership units	5,489	5,561	5,300	5,314	5,034	4,830	4,527
Student & education visits	5,061	5,750	5,665	5,859	7,068	6,556	8,121
Admissions revenue / total visitors	5.12	6.44	8.65	10.03	9.20	10.60	10.36

VISITATION



The trends are self explanatory (and are mentioned above). The chart is presented here to give some context to the comments and to show the strong student and education visitation figures.

The strategic focus of the board has been to reverse the negative trend in memberships and total visitation. This has been addressed by the pricing re-launch in October and the immediate impact is positive. However, this will take some more time before it is reflected in the annual figures shown here.



Report to the Wellington City Council CCO Performance Committee Second quarter ended December 2013

KEY HIGHLIGHTS

- On 20th October 2013, Zealandia began a Spring Relaunch with lower admission and membership prices, aiming to improve our public profile with local Wellington residents and to increase our visitor numbers and membership.
- The Spring Relaunch has so far been a success. We have already seen increases in visitor numbers and membership, revenue growth and satisfaction.
- November and December 2013 were our largest recorded visitor numbers for those months.
- Paid visitor numbers are up 20% against budget.
- Admission revenue is up 33% against budget.
- 22% increase in memberships compared to last year.
- Percentage of visitors who would definitely return again is up from 58% pre-relaunch to 75%.
- The appointment of our new CEO, Hilary Beaton, who started at Zealandia on 22 October 2013.
- Appointment of a dedicated fundraiser in October to enable greater donor care and a proactive approach to sourcing new support.
- We continue working with the Council IT department on shared network administration.
- Breeding season continues

VISITORS / MEMBERSHIPS

Even with the reduction in admission prices, our visitor numbers were well ahead of our targets.

We have increased visitor numbers in paid admissions (20% or 2,344 visits above target) and member visits (8% or 653 visits above target).

The number of new and renewed memberships for the quarter is 18% or 219 ahead of the same quarter last year. The number of new and renewed members for the quarter is 24% or 700 ahead of the same quarter last year.

This increase in membership is attributed to our active engagement with members and promotional offers and indicates that people are re-engaging with us and seeing Zealandia in a positive light.

EDUCATION

Education team welcomed 2509 students to its programmes (2% below budget) during the quarter.

FLORA & FAUNA

Takahē



The takahē didn't nest this season (probably due to age as T2 is now almost 19 years old, and Puffin a year younger). They remain healthy and continue to perform their role well as ambassadors for the takahē, interacting with visitors.

Tuatara



Ten juveniles in 2 display enclosures continue to be highly visible on warm days. The third enclosure has been dismantled to investigate unexpected deterioration – the 5 tuatara from this enclosure are being housed at Victoria University temporarily. Tuatara females have been observed digging nest burrows November/December to lay their eggs, a good sign that the habitat, even without seabirds, is conducive to good survival and breeding.

Bellbirds, hihi, and kakariki:

Monitoring of survival and nesting success of bellbirds, hihi, kakariki and kaka is ongoing. A record number of hihi (26) and kakariki (at least 17) have attempted to breed this season. Bellbirds continue to decline in numbers with only 4 pairs detected inside the sanctuary at the beginning of the season.

Kaka:

Over 100 kaka chicks are expected to be banded this season. In November the public were given a peak at kaka chicks inside a selection of kaka nestboxes on two "kaka Sundays" and we hope this will become an annual event.

The first transfer of nestlings to Pukaha-Mt Bruce in November occurred, (destined for release at Boundary stream in Hawkes Bay). However, one of the two chicks was subsequently diagnosed with lead poisoning and treated successfully at Massey University. Follow-up tests for lead were done late November on 9 more nestlings in the sanctuary (the 3 siblings of the transferred chick that had tested positive for lead, 3 siblings of 2 chicks that had died in the nest and 3 chicks where one was much smaller than its siblings). The 3 surviving siblings of the two that died were found to have highly toxic levels of lead in their blood even though they appeared to be healthy and were immediately taken to Massey University for treatment. These chicks will be released at Boundary Stream assuming treatment is successful. Lead has been identified as a cause of death or illness of sub-adult and adult kaka in Wellington and the detection of lead in healthy looking nestlings has highlighted how little is known about the prevalence of lead poisoning and risk to the kaka population. Ingestion from lead-head nails was found to have been an issue for kea in the South Island and is likely to be a factor in Wellington, so discouraging feeding kaka at home is probably necessary to reduce risk.

VOLUNTEERS

Total volunteer hours for the December quarter were 9,029 hours excluding pro bono services.

FUNCTIONS/CAFE

Rata Café has continued to increase its revenue and customer base over the quarter.

The café was very busy throughout December and the New Year period, with a mix of tourists, cruise ship customers and many locals bringing their families for lunch.

A total of 1862 function guests visited this quarter. This was a mixture of meeting room hires, corporate dinners and conferences, Christmas parties and weddings.

At this point in the year the café and function business is ahead of budget by 6.6% revenue and 18.5% gross profit.

RETAIL

This quarter has been busy and consistent with considerable increase in visitor numbers leading to good retail sales.

There has been very positive ambience around the visitor centre thanks to the increase in visitors. Visitor feedback has been thoroughly positive to the pricing changes from the Spring Relaunch in October.

New signage around the VC building has notably improved visitor flow and added a little more personality to the space. We have introduced 4 new team members to the Visitor Centre front of house team all of which have integrated very successfully and are performing as desired. The Zealandia Shuttle has also continued to do very well, with record numbers on cruise ship days and over Christmas

RESEARCH

Research being undertaken in the valley currently includes:

Institution	Qualification	Dates:	Topic/actions
Auckland University	-	ongoing	Epiphytic planting trials for Northern rata - attached to Hinau, rewarewa & pine in several locations
VUW	-	October 2006- 2046	Effect of climate change on herbivore
VUW	PhD	Feb 2011- 2014	Inbreeding and ecology of Little spotted kiwi
GNS Science	-	March 2012-May 2014	Development of a paleothermometer using bacterial remains for assessing past climate changes
VUW	MSc	March 2012-May 2014	Seasonal cycle of bacterial lipids in NZ lakes
Massey Univ	Post Doc	September 2012- February 2014	Genetic study of inbreeding rates of tree fuchsia at several sites with different levels of pollinating birds
VUW	PhD	September 2012- November 2014	Trophic interactions between a predator-parasite-host assemblage in NZ forests
VUW	MSc	September 2012- November 2013	Role of kiwi and mice in frog survival following transfer
VUW	PhD	September 2013-2015	Population viability of tuatara at 3 mainland translocation sites
VUW	PhD	June 2013- April 2016	Foraging behaviour of kaka
Zoological Society, London	-	May 2011- May 2014	Inbreeding, genetic drift and genetic management in hihi

MEASUREMENT AGAINST TARGETS IN SOI

High level outcome measures

Measure	Frequency	Dec Qtr Actual	Dec Qtr Target	Annual Target 2013/14
Visitation numbers	Quarterly	24,823	22,073	89,365
* Members units	Annually	annual	annual	4,956
Individual members				11,001
** Number of school student visits	Half yearly	2,509	2,666	8,445
Total native plant species in the Sanctuary	Annually	annual	annual	171

Total number of species to be planted	Annually	annual	annual	30
Total adventives plant species in the Sanctuary	Annually	annual	annual	211
Number of exotic plant species targeted for control / monitoring	Annually	annual	annual	34
Total native fauna species in the Sanctuary	Annually	annual	annual	43
Number of native fauna species released	Annually	annual	annual	3

*** Numbers included in total visitation numbers above.*

Cost effectiveness measures

Measure	Frequency	Dec Qtr Actual	Dec Qtr Target	Annual Target 2013/14
Average subsidy per visit.	Quarterly	\$8.81	\$9.91	\$ 9.79
Average revenue per visitation (excludes Council & Government grants and interest received).	Quarterly	\$28.38	\$27.99	\$ 27.64

Organisational health and capability measures

Measure	Frequency	Dec Qtr Actual	Annual Target 2013/14
Overall satisfaction (out of scale of 10)	Quarterly	9.4	≥ 9
Volunteer numbers	Quarterly	> 400	> 400
% of School visits rate their overall satisfaction as being good to excellent	Annually	≥ 98%	≥ 98%
Qualmark accredited	Two yearly	achieved	achieved

FINANCIALS

Financial Performance

- Total Revenue for the quarter was \$755K; this was \$4K below budget. Trading income was \$87k above budget, but this was offset by \$91K below budget in Other Income. We had strong revenue growth in Admissions, Memberships, Café and Retail areas for the quarter due to our Spring Relaunch.
We budgeted to get \$75K of new sponsorship, however we are still planning a comprehensive donor and grant program for later in the year. We did not run our annual Street appeal in October 2013, to focus our resources on the Spring Relaunch. The street appeal generally brings in \$15K of revenue each year.
- Total Expenditure for the quarter of \$911K, was \$45K above budget of \$866K. This was due higher marketing costs for the Spring relaunch than budgeted for, use of contractors to improve our visitor experience and increased costs in licences, maintenance and stock purchases
- For the quarter, deficit before depreciation of -\$155k was \$49K below budget of -\$106K.

Karori Sanctuary Trust Statement of Financial Performance For quarter ended 31st December 2013

	December Qtr Actual \$	December Qtr Budget \$	YTD Actual \$	YTD Budget \$	Full Yr Budget \$
REVENUE					
Trading Income	704,508	617,773	1,128,419	1,019,648	2,072,938
WCC Grant	0	0	437,500	437,500	875,000
Other Income	51,419	142,659	152,761	215,864	397,184
TOTAL REVENUE	755,927	760,432	1,718,679	1,673,012	3,345,122
EXPENDITURE					
Personnel Costs	485,539	469,271	884,367	942,677	1,861,750
Other Costs	425,603	397,246	719,056	695,654	1,482,204
TOTAL EXPENDITURE	911,141	866,517	1,603,423	1,638,331	3,343,954
Surplus / (Deficit) before Depn	(155,214)	(106,085)	115,256	34,681	1,168
Depreciation	310,934	237,643	720,833	473,616	926,753
Surplus / (Deficit)	(466,148)	(343,728)	(605,577)	(438,935)	(925,585)

Financial Position

Karori Sanctuary Trust Statement of Financial Position As at 31st December 2013

	Actual 31 December 2013 \$	Budget 31 December 2013 \$	Budget 30 June 2013 \$
<u>EQUITY</u>			
Accumulated Funds	<u>5,024,696</u>	<u>5,953,576</u>	<u>5,469,329</u>
<u>CURRENT ASSETS</u>			
Cash and Bank	754,052	723,785	594,321
Accounts Receivable	618,830	40,000	40,000
Prepayments	0	42,522	42,522
Stock on Hand	<u>79,334</u>	<u>54,967</u>	<u>54,967</u>
TOTAL CURRENT ASSETS	1,452,216	861,274	731,810
<u>NON CURRENT ASSETS</u>			
Fixed Assets	<u>15,591,591</u>	<u>16,606,314</u>	<u>16,182,777</u>
TOTAL NON CURRENT ASSETS	15,591,591	16,606,314	16,182,777
<u>TOTAL ASSETS</u>	<u>17,043,808</u>	<u>17,467,588</u>	<u>16,914,587</u>
<u>CURRENT LIABILITIES</u>			
Unearned Income	209,059	178,715	178,715
Holiday Pay Accrued	99,254	97,712	97,712
Creditors	168,469	240,894	222,142
GST to Pay / (GST Refund)	42,515	0	0
Grants Received in Advance	503,125	0	0
CTW	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>
TOTAL CURRENT LIABILITIES	1,122,422	617,321	598,569
<u>TERM LIABILITIES</u>			
Community Trust Loan	550,000	550,002	500,000
Limited Recourse WCC Loan	<u>10,346,689</u>	<u>10,346,689</u>	<u>10,346,689</u>
TOTAL TERM LIABILITIES	10,896,689	10,896,691	10,846,689
<u>TOTAL LIABILITIES</u>	<u>12,019,111</u>	<u>11,514,012</u>	<u>11,445,258</u>
<u>NET ASSETS</u>	<u>5,024,696</u>	<u>5,953,576</u>	<u>5,469,329</u>

Karori Sanctuary Trust
Statement of Cash Flows
For quarter ended 31st December 2013

	December Qtr Actual \$	December Qtr Budget \$	YTD Actual \$	YTD Budget \$	Full Yr Budget \$
Operating Activities					
Operating Surplus / (Deficit)	(154,258)	(102,245)	121,312	44,505	21,971
Working Capital Movement	(5,864)	83,464	(28,554)	15,117	5,270
Net Cash from Operating Activities	(160,122)	(18,781)	92,758	59,622	27,241
Investing Activities					
Purchase of Assets	(15,805)	(9,700)	(17,534)	(10,900)	(47,000)
Net Cash from Investing Activities	(15,805)	(9,700)	(17,534)	(10,900)	(47,000)
Financing Activities					
Interest Received	8,087	5,200	12,365	8,600	14,400
Interest Expense	(9,040)	(9,040)	(18,421)	(18,420)	(35,203)
Repayment of CTW Loan	(25,000)	(24,999)	(50,000)	(50,001)	(100,000)
Net Cash from Financing Activities	(34,040)	(28,839)	(56,056)	(59,821)	(120,803)
Net Increase / (Decrease) in Cash	(209,968)	(57,320)	19,168	(11,099)	(140,562)
Net Cash at Beginning Cash at End of Period	964,020	781,105	734,884	734,884	734,884
	754,052	723,785	754,052	723,785	594,322