

ORDINARY MEETING

OF

COUNCIL CONTROLLED ORGANISATIONS

AGENDA

Time: 9:30 am
Date: Wednesday, 12 April 2017
Venue: Wellington Museum
von Kohorn Room
3 Jervois Quay

MEMBERSHIP

Mayor Lester
Councillor Eagle
Councillor Lee
Councillor Marsh
Councillor Woolf (Chair)

Have your say!

You can make a short presentation to the Councillors at this meeting. Please let us know by noon the working day before the meeting. You can do this either by phoning 803-8334, emailing public.participation@wcc.govt.nz or writing to Democratic Services, Wellington City Council, PO Box 2199, Wellington, giving your name, phone number and the issue you would like to talk about.

AREA OF FOCUS

The Council-Controlled Organisations Subcommittee is responsible for communicating the Council's priorities and strategic outcomes to CCOs and ensuring delivery by CCOs through the development of Statements of Intent and integration of CCO outcomes with the Council's Long-term Plan and Annual Plan funding processes and decisions. The Subcommittee is also responsible for monitoring the financial performance and delivery on strategic outcomes of the Council's CCOs.

Quorum: 3 members

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1 Meeting Conduct

1.1 Apologies

The Chairperson invites notice from members of apologies, including apologies for lateness and early departure from the meeting, where leave of absence has not previously been granted.

1.2 Conflict of Interest Declarations

Members are reminded of the need to be vigilant to stand aside from decision making when a conflict arises between their role as a member and any private or other external interest they might have.

1.3 Confirmation of Minutes

The minutes of the meeting held on 22 March 2017 will be put to the Council Controlled Organisations for confirmation.

1.4 Public Participation

A maximum of 60 minutes is set aside for public participation at the commencement of any meeting of the Council or committee that is open to the public. Under Standing Order 3.23.3 a written, oral or electronic application to address the meeting setting forth the subject, is required to be lodged with the Chief Executive by 12.00 noon of the working day prior to the meeting concerned, and subsequently approved by the Chairperson.

1.5 Items not on the Agenda

The Chairperson will give notice of items not on the agenda as follows:

Matters Requiring Urgent Attention as Determined by Resolution of the Council Controlled Organisations.

1. The reason why the item is not on the agenda; and
2. The reason why discussion of the item cannot be delayed until a subsequent meeting.

Minor Matters relating to the General Business of the Council Controlled Organisations.

No resolution, decision, or recommendation may be made in respect of the item except to refer it to a subsequent meeting of the Council Controlled Organisations for further discussion.

2. General Business

DRAFT STATEMENTS OF INTENT FOR COUNCIL CONTROLLED ORGANISATIONS

Purpose

1. To receive and consider the draft 2017/18 Statement of Intent (SOI) for the following Council Controlled Organisations (CCOs).
 - Basin Reserve Trust
 - Karori Sanctuary Trust
 - Wellington Cable Car Limited
 - Wellington Museums Trust
 - Wellington Zoo Trust

Summary

2. Officers have reviewed the draft SOI for each CCO and assessed that each draft SOI has addressed the issues raised by the respective letter of expectation. Some changes are recommended to the sub-committee and, subject to its approval of these changes and any further items raised by the sub-committee, the sub-committee's views will be communicated to each CCO so it can prepare its final SOI to be presented to this sub-committee at its meeting on 24 May 2017.

Recommendations

That the Council Controlled Organisations Sub-committee:

1. Receive the information.
2. Note any items raised by the sub-committee to be addressed by the Council Controlled Organisations in a final Statement of Intent.
3. Agree that the Basin Reserve Trust, the Karori Sanctuary Trust, Wellington Cable Car Limited, the Wellington Museums Trust and the Wellington Zoo Trust will develop a final Statement of Intent for 2017/18 so as to address the items raised in this report and any further items raised by the committee and will work with Council officers to achieve this.

Background

3. Under the Local Government Act 2002, CCOs are required to submit a draft SOI to the Council by 1 March in the previous financial year. As a matter of good practice, the Council precedes this with a letter of expectation to each entity, which outlines the Council's expectations in respect of the SOI it will receive.
4. The draft SOI process provides both the Council and the CCO with an opportunity to fine-tune respective expectations ahead of submitting a final SOI for approval.

5. The letter of expectation for each entity was agreed by this sub-committee on 14 December 2016 and a draft SOI has been received from each CCO.
6. The draft 2017/18 SOI for Wellington Regional Development Agency Limited was considered by this sub-committee on 22 March 2017 and subsequently the Wellington Regional Strategy Committee on 28 March 2017.
7. The draft 2017/18 SOI for Wellington Water Limited will be considered by the Wellington Water Committee.
8. The Wellington Regional Stadium Trust will provide its draft SOI to officers in May 2017 and will present its draft SOI to the sub-committee at its meeting on 24 May 2017.

Discussion

9. Officers have reviewed the draft SOI received from each entity and acknowledge that they respond constructively to the respective letter of expectation.
10. Officers will work with individual CCOs to address items raised in this report and any further items raised by the sub-committee in each entity's final SOI which will be presented to this sub-committee at its meeting on 24 May 2017.
11. The following pages include summary details of each entity's draft SOI plus, where appropriate, recommendations for certain points to be addressed in the final SOI.
12. Draft SOIs are appended to this report.

13. Basin Reserve Trust

OFFICER SUMMARY

The Basin Reserve Trust has presented its draft Statement Of Intent for 2017/18 (SOI) and it responds positively to the sub-committee's letter of expectations. The SOI identifies the Trust's alignment with Council as one of its core strategic priorities.

The Trust observes the progress achieved by Council to date in terms of the Master Plan for the Basin Reserve and anticipates the completion of various work programmes within the Master Plan during 2017/18 and beyond. At the time of writing the draft SOI, planning a range of individual work programmes was about to begin. It is expected that the final SOI will have more details on the Master Plan works to be undertaken in 2017/18 and beyond.

In the winter months the ground will continue to be used by Wellington Rugby, now with a focus on junior sport rather than senior rugby, which improves the grounds usage while improving preparation of the cricket wickets in the off-season.

The Trust continues to work with complimentary partners outside cricket to increase the utilisation of the Basin Reserve and in February 2017 the ground hosted the Winery Concert Tour which was very favourably received. The ground is expecting to host a wine and food festival in December 2017 and the Trust is working on other complimentary (non-cricket) events for 2018. The SOI targets reflect a steady increase in utilisation for non-cricket events.

To date, the Trust has not secured a naming rights sponsor for the Basin Reserve and this is contrary to some of its earlier commitments. Council's strong expectation is that a suitable sponsor will be secured in response to the delivery on the early Master Plan work programmes. The first significant programme to be delivered is the refurbishment of the RA Vance stand which is due to be completed prior to the 2017/18 season cricket events.

The Trust's financial forecasts show further strengthening of its financial position. The SOI does not anticipate the financial impacts likely to result from Council taking over from the Trust the future maintenance and renewals of the Basin Reserve assets as the maintenance and upgrade works are completed. This will be picked-up in the Council's 2018-28 Ten Year Plan and mirrored in the Trust's next SOI.

Key Performance Indicators are refined in this draft SOI to focus on the utilisation of the Basin Reserve and Officers consider these are appropriate for this purpose.

The SOI does not make reference to the Trust's stakeholder relationships and would be improved by acknowledging the 'no surprises' policy that is expected between Council and the Trust.

SUMMARY FINANCIALS (\$000)

FINANCIAL PERFORMANCE (\$000)					
	Actual	Forecast	Draft SOI	Draft SOI	Draft SOI
30 JUNE	2016	2017	2018	2019	2020
Total Revenue	859	n/a	910	915	1,043
Opex before Depreciation	779	n/a	743	774	849
Depreciation	92	n/a	120	130	150
Net Surplus (Loss)	(12)	n/a	48	11	43
FINANCIAL POSITION					
Total Assets	901	n/a	840	811	862
Total Liabilities	241	n/a	125	85	92
Equity	660	n/a	715	726	769

SUMMARY FINANCIALS (\$000)

CASH FLOWS					
Total Net Cash Flows	61	n/a	56	13	46
Opening Cash	48	n/a	24	80	93
Closing Cash	109	n/a	80	93	139

Baseline forecast financials to 30 June 2017 will be included in the final SOI.

The forecast financial position of the Trust remains sound showing a build-up of cash reserves and corresponding strengthening equity position. The Trust delegates the daily operation of the Trust to Cricket Wellington under a management agreement between the parties.

In future, the Trust will 'hand back' to Council the ongoing maintenance and renewals responsibility for Council's assets located at the Basin Reserve. This transition will align with Council's delivery of various work programmes within the Master Plan and the related funding impacts between the Trust and the Council will be addressed in Council's upcoming Ten Year Plan (2018 – 2028).

KEY PERFORMANCE INDICATORS

	Actual 2016	Forecast 2017	Draft SOI 2018	Draft SOI 2019	Draft SOI 2020
30 JUNE					
Number of event days					
Cricket events (days)	49	n/a	38	38	43
Other sports events (days)	25	n/a	20	22	24
Practice facility usage (days)	101	n/a	85	87	90
Community events (days)	36	n/a	13	15	15
Functions (days)	n/a	n/a	17	19	21
Numbers attending events	49,778	n/a	40,000	42,000	44,000

Key Performance Indicators are refined in this draft SOI to focus on the utilisation of the Basin Reserve. Officers consider the KPIs to be satisfactory for this purpose. The Trust has also introduced a KPI to measure the Basin Reserve's utilisation as a functions venue.

The baseline KPIs to 30 June 2017 will be included in the final SOI.

14. Wellington Cable Car Limited

OFFICER SUMMARY

The Wellington Cable Car Limited has presented its draft Statement of Intent for 2017/18 (SOI) and it responds positively to the sub-committee's letter of expectations.

The company is entering a period of significant change to one of its core activities, with the cessation of trolley bus services scheduled in late 2017. Upon the services terminating, the overhead network will be decommissioned over the ensuing twelve month period.

Overhead Network. Procurement and other negotiations are still a work-in-progress, so the draft SOI contains assumptions relating to the financial impact on the company. The final SOI should reflect the financial position with a higher degree of certainty including the potential for restructuring costs as a result of the overhead network side of the business winding down.

Cable Car. The company is undertaking a business case to ascertain the feasibility of the Cable Car operation becoming part of the Metlink public transport network. The SOI notes that the company is planning to qualify for central and local government public transport subsidies as part of the Metlink network. The final SOI should include expected timeframes or cost/benefit discussions and further details regarding this strategic initiative for the company.

The company's SOI is succinct and informative focussed on the ongoing operation of the Cable Car and on the overhead network decommissioning project. The Council's letter of expectation invited the company to discuss strategic issues and opportunities and the final SOI should respond to the following points.

The company should discuss ways that it can contribute to telling its stories and to promote Wellington as a place to live, work and play.

The company was invited to discuss its strategic options in a future state that does not include the trolley bus network. The potential to become part of the Metlink public transport network is an important strategic initiative intended to address the future costs of maintaining the transport infrastructure. The Cable Car is an iconic part of Wellington's activities and tourist attractions, it serves as a gateway to an important visitor precinct, and a ride on the Cable Car is one that many visitors to Wellington will experience. The final SOI should expand on the future recognising the importance of the Cable Car to the Wellington visitor economy and visitor experience. In recent years, the visitor experience has been enhanced with the development of the Cable Car terminus in Kelburn, the addition of tunnel lights and the refurbishment of Cable Car lane. The company could discuss opportunities to leverage these investments and further enhance the visitor experience.

The company should acknowledge its intention to consider opportunities to utilise the Council's shared service capabilities which are fit for the purpose and scale of the company's activities, as and when these opportunities are presented.

In terms of the board's approach to governance, the 'no surprises' policy is Council's enduring expectation of the company and it should be acknowledged.

SUMMARY FINANCIALS

FINANCIAL PERFORMANCE (\$000)					
	Actual	Forecast	Draft SOI	Draft SOI	Draft SOI
30 JUNE	2016	2017	2018	2019	2020
Total Revenue	8,984	7,555	9,072	5,465	3,420
Operating Surplus/Deficit	(70)	543	390	673	744
Tax & Subventions Payments	(21)	96	116	149	216
Surplus/(Loss)	(49)	447	274	524	528
FINANCIAL POSITION					
Total Assets	11,878	11,448	11,438	11,965	12,558
Total Liabilities	2,528	1,650	1,366	1,369	1,435
Equity	9,350	9,798	10,072	10,596	11,123
CASH FLOWS					
Total Net Cash Flows	722	(351)	1,192	675	477
Opening Cash	1,084	2,100 [^]	1,748	2,940	3,615
Closing Cash	1,806	1,748	2,940	3,615	4,091

[^]Opening cash includes bank deposits plus the company's self-insurance fund.

The company's Statement of Financial Performance notes that the company will incur decommissioning costs of \$4.84m in 2018 and \$1.89m in 2019 but that these figures are still subject to a business case with GWRC. The assumptions are a result of the ongoing discussions with GWRC concerning the decommissioning project, and the final SOI is expected to reflect the agreed position.

The company's total assets recognise that the overhead trolley bus network assets were fully impaired (i.e. written off) in the financial year ended 30 June 2016. No further impairment is expected in relation to the decommissioning of the network.

The ratio of shareholders' funds to total assets as at 30 June 2015 (78%) needs to be updated.

KPI DASHBOARD

The tables contain a selection of KPIs and not a complete list.

		Actual	SOI	SOI	SOI	SOI
		30-Jun-16	30-Jun-17	30-Jun-18	30-Jun-19	30-Jun-20
Passengers	Target	1,010,905	927,646	1,091,928	1,121,417	1,150,928
	Actual	1,047,000	--	--	--	--
*Fare income (\$000)	Target		n/a	2,889	3,177	\$3,345
	Actual	2,731	--	--	--	--
Passenger Satisfaction						
Local passengers: use Cable Car at least 1x per year	Target	n/a	50%	--	--	--
	Actual	n/a	--	--	--	--
Tourist passengers: rate experience >6 on scale of 1 – 10	Target	n/a	90%	--	--	--
	Actual	n/a	--	--	--	--

* This is not a KPI.

KPI DASHBOARD

The SOI table for Cable Car passengers and revenue does not include the baseline (FYE2017) estimate for revenue and while this is not a KPI, the data would help to complete the picture and is recommended.

The company has introduced a Cable Car customer satisfaction measure (KPI) to replace the Council's Residents Awareness Survey. The satisfaction survey is a welcome move by the company toward understanding more about its performance in delivering this core activity. The SOI implies this target is for the 2017/18 year. Officers recommend that a passenger satisfaction measure is forecast for 3 years.

15. Karori Sanctuary Trust

OFFICER SUMMARY

The Karori Sanctuary Trust (trading as Zealandia) has presented its draft Statement of Intent for 2017/18 (SOI) and it responds positively to the sub-committee's letter of expectation. The SOI is a comprehensive document that clearly articulates the Trust's intentions to continue to meet the enduring expectations of Council and to maintain the Trust's alignment with relevant Council policies and strategies.

The Trust is building on its Memorandum of Understanding with the Woodlands & Wetlands Trust in Canberra with a number of staff and trustee exchanges which have led to a number of new opportunities including joint promotion through the Intercontinental Hotel group, growing research relationships with the Australian National University and further staff exchanges. Its relationship with the Woodlands & Wetlands Trust in Canberra provides key opportunities for Zealandia to tell its Wellington stories in Canberra and to leverage the Capital Express initiative.

The scope of Zealandia's activities has a strong focus on education and the Trust notes that its MOU with Victoria University of Wellington underpins a growing programme of multi-disciplinary research. The Trust will continue its efforts to establish a research centre with VUW, based at Zealandia. The provision of programmes for lower decile schools will also continue to develop, along with Zealandia's other school-age programmes.

Zealandia is a strong supporter of the Council's Predator Free Wellington project, in which Council is partnering with Greater Wellington Regional Council and NEXT Foundation to make Wellington, New Zealand's first predator-free city. The Trust has built many partnerships and networks in achieving its successes to date which align with Predator Free Wellington and is very keen to support the Council's project wherever it can.

Last year Zealandia welcomed over 125,000 visitors, helped by Wellington's very warm and dry summer as well as Sirocco's visit which brought an additional 2,900 visitors specifically to see the celebrity bird. Zealandia expects to host over 106,000 visitors in the current financial year ended 30 June 2017. Forecast visitor numbers beyond the current year show steady but modest year on year growth but are tempered below the current year and last year's achievements. Officers agree with the Trust that the SOI forecasts are an acceptable balance given the recent and rapid increases on prior year's visitation figures.

The Trust has made some minor refinements to its conservation KPIs but there are no concerns regarding the refined measures. The satisfaction rating KPI in the draft SOI will be replaced in the final SOI with a clearer measure of visitor satisfaction.

In recent years the Trust's financial performance has improved markedly in response to its improved operational performance and this is demonstrated by the growing strength of the Trust's cash reserves. This marks a significant turnaround in the overall financial sustainability of the Trust and positions Zealandia well to deliver on its own programmes and its strategic alignments with Council.

SUMMARY FINANCIALS

FINANCIAL PERFORMANCE (\$'000)					
	Actual	Forecast	Draft SOI	Draft SOI	Draft SOI
30 JUNE	2016	2017	2018	2019	2020
Total Revenue	4,223	4,305	3,788	3,873	3,953
Opex before Depn	3,550	3,757	3,470	3,549	3,628
EBITDA*	673	548	318	324	325
Net Profit (Loss)	108	(304)	(338)	(267)	(189)
FINANCIAL POSITION					
Total Assets	15,322	6,485	5,883	5,589	5,359
Total Liabilities	11,251	916	643	616	575
Equity	4,072	5,577	5,239	4,973	4,783
CASH FLOWS					
Total Net Cash Flows	(148)	468	12	276	285
Opening Cash	389	241	709	721	997
Closing Cash	241	709	721	997	1,282

*Earnings before Interest, Tax, Depreciation & Amortisation.

Revenue forecasts from 2018 are tempered along with the Trust's visitor number forecasts as the Trust consolidates upon its recent strong performances in 2016 and the current FYE2017. This is a pragmatic response to the recent turnaround achieved by Zealandia and it is appropriate. That said, the Trust is forecasting EBITDA exceeding \$300k per annum which is achieved by careful management of its operating costs and marks the significant turnaround in its financial sustainability.

KPI DASHBOARD

The tables contain a selection of KPIs and not a complete list.

	Actual	Forecast	Forecast	Forecast	Forecast
30 JUNE	2016	2017	2018	2019	2020
Non-financial					
Visitors	125,849	106,574	96,500	99,300	102,200
Individual members	10,572	11,110	10,600	10,800	11,000
Students & education visits	9,478	8,500	8,650	8,800	8,800
Satisfaction rating ^	99%	n/a	>94%^	>95%^	>95%^
Volunteer numbers	417	>400	>430	>450	>470
Financial					
Full cost per visitor*	\$11.34	\$16.91	\$16.51	\$16.11	\$15.79
Average subsidy per visit**	\$6.95	\$9.35	\$9.07	\$8.80	\$8.54
Average revenue per visit***	\$26.03	\$25.96	\$26.22	\$26.48	\$26.74
Non-Council donations & funding	\$402,608	\$250,000	\$265,000	\$270,000	\$275,000

* incl. WCC costs

** total WCC operating grant/visitors

*** excl. grants & interest

KPI DASHBOARD

^ The Trust's draft SOI currently applies a customer satisfaction measure which proposes that Zealandia will achieve satisfied visitors at a rate of 5% above the city benchmark. This KPI will be replaced in the final SOI with the metrics contained in the table above.

Conservation Measures

30 June	2017	2018	2019	2020
Restore species to the wild in accordance with the restoration strategy				
Number of new animal species transferred	0	0	1	0
Number of transferred animal species being actively managed in the wild	11	11	11	11
Number of animal species in the wild being actively monitored	10	11	12	12
Percentage of transferred animal species regarded as self-sustaining	79%	79%	75%	75%
Maintain or Improve the population status of nationally threatened species present				
Number of threatened species present and breeding successfully	4	4	4	4
Manage species held for captive breeding purposes to ensure they remain healthy and breed successfully				
Number of species breeding in captivity	2	2	2	2
Monitor animal pest status, control mice & successfully respond to any incursions				
Mice maintained at levels below or similar to previous years	<10	<10	<10	<10
Percentage of pest animal incursions successfully eradicated	100%	100%	100%	100%
Monitor plant pest status and reduce distribution of environmental weeds (currently 123) within and near the fence perimeter				
Number of pest plant species actively controlled or surveyed	44	44	44	44
Number of pest plant species where control has achieved a decline to low levels of infestation in the sanctuary	52	53	53	53

Zealandia updated its conservation KPI measures two years ago and has refined them slightly this year. The core measures are unchanged and they remain meaningful and measureable and support Zealandia's core purpose and strategic visions for the sanctuary.

The translocation of rifleman to the sanctuary that was scheduled for March 2017 was unfortunately postponed when it was discovered that the population in the Wainuiomata/Orongorongo source site was considerably lower than previously thought.

16. Wellington Museums Trust

OFFICER SUMMARY

The Wellington Museums Trust (now trading as Experience Wellington) has presented its draft Statement of Intent for 2017/18 (SOI) and it responds positively to the sub-committee's letter of expectations. The SOI provides a well presented and concise outline of Experience Wellington's key focus areas and performance measures.

Experience Wellington is forecasting a break-even financial outcome (excluding Space Place) after accounting for depreciation. Some Key Performance Indicators are proposed to change slightly and will provide a more meaningful measure of the performance of its heritage collections. This is a welcome addition to the other measures that the Trust reports against and will help inform the public of the efforts to develop the city's heritage collections and the accessibility of them, as well as the growth in its collections.

Experience Wellington plans to benchmark visits by children and young people and first-time Wellington city resident visits during 2017/18 with a view to introducing a new KPI in 2018/19. The first-time visitor KPI would replace the current repeat visitation measure and help to measure Experience Wellington's performance in attracting new audiences while the repeat visitation measure will be maintained as a management reporting item. Officers are supportive of these changes.

While the SOI is succinct and informative, Experience Wellington's final SOI should respond to the following points.

Space Place. Experience Wellington is forecasting a deficit for Space Place in 2016/17 of \$149,000 which is in-line with the last SOI. In the draft SOI the trading deficit at Space Place is forecast to improve slightly in 2017/18 to a deficit of \$130,000 and again in 2018/19 to \$125,000. The forecast losses align fairly closely with the forecast losses in the last SOI.

The current business model for Space Place has been in place for almost two years and while visitation numbers are broadly in line with expectations, the challenge has been improving revenues and minimising the trading deficit at this activity. Note: Council underwrites any trading deficits at Space Place.

The SOI states that the new Space Place operating model will be fully evaluated during the 2017/18 year. It is appropriate that this activity is reviewed closely and that Council is involved in the review. The final SOI should note the review and that a full range of options will be considered **together with Council**.

The SOI includes reference to a number of strategic investment opportunities including a **Cable Car Precinct – Technology and Science Hub**. The SOI notes that Experience Wellington will investigate the viability of establishing within the Cable Car precinct a technology and science hub as it develops options for the upgrade and potential expansion of the Cable Car Museum and the continual updating of the Space Place experience. The Trust intends to start by reviewing how it can improve on this under-developed part of the Wellington story.

Experience Wellington also intends to present its plans to Council for new visitor experiences at Wellington Museum which will include its earthquake strengthening and developing plans for Capital E's future.

These projects do not currently have funding and officers recommend that the final SOI reflects that work on scoping these projects be undertaken in conjunction with Council with a view to them being considered as part of the 2018-28 Long Term Plan.

SUMMARY FINANCIALS

FINANCIAL PERFORMANCE (\$000)					
	Actual	Forecast	Draft SOI	Draft SOI	Draft SOI
30 JUNE	2016	2017	2018	2019	2020
Total Revenue	12,162	12,730	11,911	12,715	12,349
Opex before Depreciation	11,432	12,443	11,631	12,430	12,042
Depreciation	467	436	410	410	427
Net Surplus (Loss)	262	(149)	(130)	(125)	(120)
FINANCIAL POSITION					
Total Assets	7,173	5,957	5,680	5,470	5,330
Total Liabilities	2,435	1,220	1,073	988	968
Equity	4,738	4,737	4,607	4,482	4,362
CASH FLOWS					
Total Net Cash Flows	(1,344)	(657)	(185)	(51)	(90)
Opening Cash	3,066	1,722	1,065	880	830
Closing Cash	1,722	1,065	880	830	740

The financial forecasts present a break-even budget for Experience Wellington's activities excluding Space Place which is expected to operate at a trading deficit of \$130k to 30 June 2018. Overall, the Trust is forecasting a continuation of its sound financial position with adequate levels of cash on hand.

KPI DASHBOARD

The tables contain a selection of KPIs and not a complete list.

* **Museums Wellington** includes the Wellington Museum, the Cable Car Museum and Nairn Street Cottage Museum. As is now standard practice, quarterly reporting will include the fully costed subsidy per visit.

	Actual	Forecast	Draft SOI	Draft SOI	Draft SOI
30 JUNE	2016	2017	2018	2019	2020
Council subsidy per visit					
City Gallery	\$11.53	\$12.87	\$12.50	\$12.65	\$12.80
Museums Wellington*	\$4.29	\$5.34	\$5.18	\$5.00	\$4.95
Capital E	\$16.02	\$14.36	\$14.53	\$14.91	\$14.61
Space Place	\$8.89	\$10.59	\$9.89	\$9.69	\$9.60

Council subsidy per visit is a measure of Council's operating grant per visitor. Council's operating grant is a bulk grant to Experience Wellington and the allocation between institutions is done by the Trust.

The final SOI will include the table of the forecasted full cost per visitor (which is consistent with Wellington Zoo and Zealandia). Full cost per visitor is a measure of the full cost to Council including property ownership and other overhead costs in addition to the operating grant. This measure is effectively 'owned' by Council and cannot be influenced by the Trust. The forecast figures will be available to be included in the Trust's final SOI.

KPI DASHBOARD

30 JUNE	Actual 2016	Forecast 2017	Draft SOI 2018	Draft SOI 2019	Draft SOI 2020
Non-Council Revenue					
City Gallery	610	1,284	607	645	650
Museums Wellington*	672	573	666	680	690
Capital E	1,023	1,534	1,279	1,658	1,285
Space Place	540	588	600	620	637
Sub Total	2,844	3,979	3,152	3,603	3,262
Sub-letting, Interest & Other	205	165	0	0	0
Total Non-Council Revenue	3,049	4,144	3,152	3,603	3,262

Non-council revenue figures from FYE2018 do not appear to include sub-letting, interest or other revenue. The final SOI should address this.

30 JUNE	Actual 2016	Forecast 2017	Draft SOI 2018	Draft SOI 2019	Draft SOI 2020
Spend per visit					
City Gallery	\$1.18	\$4.67	\$1.57	\$1.53	\$1.53
Museums Wellington*	\$1.97	\$1.30	\$1.41	\$1.36	\$1.42
Capital E	\$3.20	\$5.48	\$3.84	\$5.14	\$3.90
Space Place	\$8.39	\$10.38	\$10.12	\$10.10	\$10.14

30 JUNE	Actual 2016	Forecast 2017	Draft SOI 2018	Draft SOI 2019	Draft SOI 2020
Visitation					
City Gallery	178,228	150,000	143,000	170,000	175,000
Wellington Museum	133,470	134,000	137,000	140,000	143,000
Capital E	79,120	105,000	90,000	110,000	95,000
Cable Car Museum	241,638	220,000	237,000	237,000	237,000
Space Place	52,838	46,800	52,000	53,000	54,000
Nairn Street Cottage	2,875	3,200	2,500	2,500	2,700
TOTAL	688,169	659,000	661,500	712,600	706,700

Visitation targets have been set in response to expected interruptions such as the anticipated redevelopment of the City Gallery's entrance and foyer planned to take place in 2017/18.

Capital E visitation reflects the impact of the biennial Capital E National Arts Festival.

17. Wellington Zoo Trust

OFFICER SUMMARY

The Wellington Zoo Trust has presented its draft Statement of Intent for 2017/18 (SOI) and it responds positively to the sub-committee's letter of expectation. The SOI is a concise document that clearly articulates the Trust's intentions to continue meeting the enduring expectations of Council and to maintain the Trust's alignment with relevant Council policies and strategies.

The Zoo is in a sound financial position and is forecasting to steadily grow its annual visitation with a break-even budget. The SOI forecasts continue with a 'normalised' growth in visitation following a particularly strong year in 2016 on the back of Wellington's exceptional summer.

The Zoo expects to continue host over 10,000 students participating in Learning Experiences Outside The Classroom. This comfortably exceeds the Ministry of Education expectations which support this programme and which is due to be renewed in December 2017.

The Zoo's partnership with The Warehouse continues to bring students from low decile schools in the Wellington and Tasman regions to the Zoo for learning sessions (*Zoofari*). Around 1,600 students plus parents and teachers travel each year to visit the Zoo and participate in a range of educational programmes.

Bush Builders is another ongoing unique environmental literacy programme aimed at students from urban schools and has involved over 4,000 students in the region. This programme and *Zoofari* demonstrate the ongoing commitment by Wellington Zoo to environmental education for young people in this region.

The Zoo is closely aligned to the Council's strategic direction and the SOI discusses how the Zoo's actions and activities contribute to Council's *Towards 2040* strategy; specifically *Connected City*, *Eco City*, *People Centred City* and *Dynamic Central City* strategies. The Zoo refines its four core strategies toward 'igniting a zoo revolution' which aims to leverage its reputation and leadership in the sector and deliver 21st century conservation and sustainability programmes and actions, and help to reverse the loss of global biodiversity. This is deliberately ambitious but it represents the culture that underpins how the Zoo approaches its day to day activities to achieve the continuous improvement needed for such goals.

In response to the now completed 10 year Zoo Capital Programme, the Trust has outlined its desired programme of capital projects for the Zoo over the next 10 years. The table is headed Proposed Capital Spend for New Capital Projects. These projects do not have funding and officers recommend that the final SOI reflects this position and that work on scoping these projects could be undertaken with a view to them being considered as part of the 2018-28 Long Term Plan.

SUMMARY FINANCIALS

FINANCIAL PERFORMANCE (\$000)					
	Actual	Forecast	Draft SOI	Draft SOI	Draft SOI
30 JUNE	2016	2017	2018	2019	2020
Total Revenue	7,201	7,256	7,105	7,270	7,455
Total Expenses	6,817	7,256	7,105	7,270	7,455
Net Surplus	384	0	0	0	0
Assets and Liabilities					
Total Assets	3,842	2,880	1,954	1,864	1,886
Total Liabilities	1,516	1,540	1,014	924	946
Trust Funds	2,326	1,340	940	940	940

SUMMARY FINANCIALS

Net Cash Flow	-134	-800	-912	0	22
Opening Cash	3,456	3,456	2,656	1,744	1,744
Closing Cash On Hand	3,322	2,656	1,744	1,744	1,766

The Trust is forecasting a break-even budget while continuing to deliver its activities and services to the high standards which we have become accustomed to.

Vesting (to Council) of the funding received for capital projects (held on the balance sheet as restricted funds) is the reason for the decline in the Trust Funds. In 2017 this is forecast to be \$821k and in 2018 a further \$400k, which combines to account for the forecast reduction in Trust Funds from \$2.3m to \$940k over the period. This programme is also behind the reduction in cash reserves over the same period.

KPI DASHBOARD

The tables contain a selection of KPIs and not a complete list.

	Actual 2016	Forecast 2017	Draft SOI 2018	Draft SOI 2019	Draft SOI 2020
30 JUNE					
Non-financial					
Visitors	260,809		242,000	244,420	246,864
No. Students participating in LEOTC sessions	11,413		10,500	10,750	11,000
Contact animals meeting visitors in Zoo	1,286		1,100	1,100	1,100
People participating in close encounters	3,677		4,000	4,000	4,000
Financial					
% Operating costs generated by the Trust	60%				
Ratio Trust generated income as % Council grant	138%		116%	116%	116%
Income per visitor from Trust generated revenue	\$14.90		\$15.79	\$15.98	\$16.22
Council subsidy per visitor	\$10.79				
Full cost per visitor	\$19.01	TBA	TBA	TBA	TBA

The Trust did not include baseline KPIs to 30 June 2017 in the SOI but these will be included in the final SOI.

The Trust has previously reported on the quantum (as a percentage) of its operating costs that are met by Trust generated revenues. The draft SOI does not include this KPI but it is recommended that this KPI is retained and included in the final SOI.

Average Council subsidy per visitor represents the council's operating grant per visitor. While this can be measured by Council, it is useful that the Trust continues to report this KPI and it is recommended that this is retained in the final SOI. The KPI has some consistency in its reporting between other CCOs and it is important that it is retained.

Full cost per visitor is a measure of the full cost to Council including property ownership and other overhead costs in addition to the operating grant. This measure is effectively 'owned' by Council and cannot be influenced by the Trust. The forecast figures will be available to be included in the Trust's final SOI.

The SOI does not include quarterly visitor number forecasts. These are generally provided to Council on request. However, the Zoo's SOI will be improved by including its quarterly visitor forecasts.

Attachments

Attachment 1.	Basin Reserve Trust draft SOI 2017/18	Page 24
Attachment 2.	Karori Sanctuary Trust draft SOI 2017/18	Page 46
Attachment 3.	Wellington Cable Car Ltd draft SOI 2017/18	Page 84
Attachment 4.	Wellington Museums Trust draft SOI 2017/18	Page 121
Attachment 5.	Wellington Zoo Trust draft SOI 2017/18	Page 151

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Authoriser	Danny McComb, Manager CCOs & City Growth Projects Derek Fry, Director City Growth & Partnerships

SUPPORTING INFORMATION

Engagement and Consultation

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

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.

Financial implications

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

Policy and legislative implications

This report complies with the legislative requirements of the Local Government Act (2002) and is consistent with existing Council policy.

Risks / legal

Not applicable.

Climate Change impact 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.

Communications Plan

Not applicable.

Health and Safety Impact considered

Not relevant.



Draft Statement of Intent 2017-18 Basin Reserve Trust

Presented to the Wellington Council Controlled Organisations Sub-Committee
pursuant to Schedule 8 of the Local Government Act (2002)

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Introduction

The Basin Reserve Trust continues a busy programme of activity as befitting the premier Test cricket ground in New Zealand, the Basin Reserve. In coordination with the Westpac Stadium Trust, the Basin has played host to a busy international calendar in 2016-17, including two Test Matches against Bangladesh and South Africa. Complementing this has been a full schedule of Domestic Cricket capped off by the Wellington Firebirds successful run to the Super Smash Twenty20 title. Outside of cricket, the Basin again played host to a music concert, but this time on a smaller scale to Robbie Williams in 2016-17. The Winery Tour concert was a very popular event and provided a good model for the type of events capable at the Basin Reserve.

Looking ahead, international cricket is already locked in for the 2017-18 season and a bidding process will soon begin for matches in the following three seasons. The Trust is working with the WREDA's events team to ensure a steady stream of non-cricket event bookings that complement an already busy schedule. In the winter months, the ground will continue to be used by Wellington Rugby, now with a focus upon junior sport rather than seniors. By doing so, usage of the Basin will be increased significantly, while at the same time improving preparation of the cricket wickets in the off-season.

Momentum continues to build for the Basin Reserve Masterplan and the Trust is pleased to note that the RA Vance Stand has undergone significant works to date. Over the winter months, it is expected the stand will become fully functional and present at a high standard. As planning for the remaining major works progresses, the Trust looks forward to several smaller projects being completed over the winter. While it will take several years for the Masterplan project be considered complete, the Trust anticipates a venue that looks significantly improved in 2017-18.

Strategic Direction

Core Purpose

The objectives of the trust are stated in the Trust Deed as agreed between the Wellington City Council and the Basin Reserve Trust and are highlighted below:

1. to contribute to the Wellington City Council's vision of Creative Wellington - Innovative Capital - positioning Wellington as an affordable, internationally competitive city.
2. to manage, administer, plan, develop, maintain, promote and operate the Basin Reserve for recreation and leisure activities and for the playing of cricket for the benefit of the inhabitants of Wellington
3. to establish a long term policy for the further development of the value of the Basin Reserve as a recreational facility and as a facility for the playing of cricket, other sports and as a venue for other community based activities;
4. to enter into management agreements and other contracts that are necessary or desirable to achieve the objects of the Trust;
5. to promote and co-ordinate the raising of funds to assist the management, administration, maintenance planning, promotion and further development of the Basin Reserve - in a manner consistent with the achievement of council objectives;
6. generally to do all acts, matters and things that the Trustees consider necessary or conducive to further or attain the objects of the Trust set out above for the benefit of the public of Wellington;
7. to operate as a successful undertaking, managed on a not-for-profit basis;
8. to preserve and enhance the significant and recognised heritage value of the Basin Reserve;
9. to comply with all legislative and regulatory provisions relating to its operation and performance including statutory and general Council objectives for Council controlled organisations, and to acknowledge the Councils contribution where appropriate;

Basin Reserve Trust – Statement of Intent 2017/18

Nature and Scope of Activities

The Basin Reserve Trust (the Trust) is a charitable trust, and operates on a not-for profit basis. The Trustees are appointed by Cricket Wellington (2) and the Wellington City Council (2).

The Trust operates under the Basin Reserve Trust Deed, which has the following objectives:

- Manage, develop and promote the Basin Reserve for recreation, leisure and cricket games
- Preserve the heritage value of the Basin Reserve and its assets
- Organise fundraising to help promote and further develop the Basin Reserve.

Board's Approach to Governance

The Trustees are responsible for setting the strategic direction for the Trust, and approving the Statement of Intent and Annual Business Plan. The Trustees monitor the organisational performance and ensures that the ongoing viability of the organisation is maintained.

The Trust delegates the daily operation of the Trust to Cricket Wellington Incorporated, pursuant to a Management Agreement between the two parties.

Trust Membership

- Sir John Anderson KBE (Chair)
- Mike Horsley
- Cr Simon Woolf
- Mr John Greenwood

Trust Operations

The Trust meets bi-monthly, and considers a Management Report submitted by Cricket Wellington as Manager. Additional meetings are called as required.

Performance Management

The performance of the Trust is measured in part by achievement of agreed KPI's, in regards to operational activities. The Chair of the Board will undertake an annual evaluation of Trustee performance. Further, the individual performance of Trustees is monitored by the Wellington City Council (in respect of the two Council- appointed Trustees), and Cricket Wellington (in regards to the two Cricket Wellington-appointed Trustees).

The Trust acknowledges the need for ongoing professional development opportunities for Trustees, and encourages the undertaking of specialist training for identified needs. The Board will on an annual basis implement a programme that supports the identified needs. This may include programmes such as that offered by the NZ Institute of Directors (or similar) or specialist knowledge building from appropriate agencies.

Operating Environment Update

Events

The Basin Reserve continues to deliver a calendar of high quality events that balance the needs of both cricket and non-cricket alike. In terms of cricket, the ground is half-way through a two-year contract cycle that has New Zealand Cricket locked into three Test Matches and a One Dayer. Shortly, New Zealand Cricket will look to engage with the Trust, Westpac Stadium Trust and Wellington City Council on another three year contract cycle. This next period will see the high profile Indian and Australian teams touring, which underlines the importance of the city presenting a strong regional case. Below the international level, domestic cricket sees the resurgence of the Twenty20 format at the Basin Reserve, moving to a more fan friendly window in the season.

Outside of cricket, the Trust has been actively working with several key partners to make the ground available in a way that is complimentary to the cricket season. In February 2017, this saw the ground host the Winery Tour Concert which was met very favourably by the public. Looking ahead to 2017-18, the venue will host a Wine and Food Festival in December and we are currently working towards more events in early 2018.

Masterplan Project Rollout

The Trust is supportive of the continued Masterplan work, both in terms of the planning phase and interim refurbishment of the RA Vance Stand. By the completion of 2016-17, it is expected that the works will be completed with both the exterior and interior fit outs bringing the RA Vance Stand back up to a high level. As this part of the project nears completion, the Trust is anxious to see momentum continued into the next phase. Smaller projects have been identified for action over the winter of 2017 that should see the ground presenting well in the following cricket season.

Operational Maintenance Work

Working closely with the Masterplan project, the Trust has endeavoured to complement its rollout with general repairs, maintenance and small improvements to the functionality of the venue. Of particular note is the addition of a CCTV security system that improves both its event operations and the monitoring of after-hours vandalism. This addition has been well received so far and has enabled police to more accurately identify trends in the area.

Performance Measurements

Non-financial Performance Measures 2017-20

Measure	Frequency	Measurement	2017-18	2018-19	2019-20
Number of event days	Quarterly				
• Cricket Events		Cricket days	38	38	43
• Other Sports Events		Sports days	20	22	24
• Practice facility usage		Practice days	85	87	90
• Community Events		Other days	13	14	15
• Functions		Function days	17	19	21
Numbers attending events		Attendance figures	40,000	42,000	44,000

Non-financial Performance Measures 2017-18

Measure	Frequency	Measurement	2017-18				2017-18 Total
			Q1	Q2	Q3	Q4	
Number of event days	Quarterly						
• Cricket Events		Cricket days	0	21	17	0	38
• Other Sports Events		Sports days	8	2	2	8	20
• Practice facility usage		Practice days	15	35	35	0	85
• Community Events		Other days	2	3	3	5	13
• Functions		Function days	4	3	3	6	17
Numbers attending events		Attendance figures	1,500	25,000	12,000	1,500	40,000

Basin Reserve Trust – Statement of Intent 2017/18

Financial Performance Measures

Item 2.1 Attachment 1

Additional Information

Response to other specific Letter of Expectation matters (if applicable)

Maintenance Responsibilities for the Basin Reserve

The Trust acknowledges the Council's desire to ensure ongoing maintenance of the venue is carried out by the Council's own team and will work to ensure that this is a successful arrangement. At the same time, the Trust believes it is important that the governance and responsibility for operational management of the Basin Reserve remains untouched. The Trust has built the venue's capability and credibility over the past 12 years, due in large part to its appreciation of the ground's unique status and heritage. It is important that this work continues, particularly as the Masterplan work unfolds.

Naming Rights Sponsor

With the Masterplan timetable close to being confirmed, the Trust now has a greater degree of certainty on what benefits can be provided to a Naming Rights Sponsor. The Trust remains confident that a new Naming Rights partner will be recruited ahead of next summer. In the short term, the Trust will engage a third party specialist to assist in identifying suitable partners. This third party will work with the Trust in developing sponsorship collateral for prospective partners, and pursue targets on a commission basis.

Performance Review

The Trust acknowledges the Council's expectation that a review of the Trustees performance be undertaken. The Trust will work with Council to ensure this expectation is addressed through the course of 2017-18

Health and Safety

The Basin Reserve Trustees are very cognisant of their obligations under the new Health and Safety legislation, and are committed to ensuring the Trust complies with requirements in a best practice approach. The Trust has made significant strides in the past 12 months, particularly in respect of Emergency Management Planning and compliance of third party contractors at events. The Trust is continuing to monitor and evaluate best practice in the area of Health and Safety.

Ratio of trustee equity to total assets

0.84 : 1.00

Basin Reserve Trust – Statement of Intent 2017/18

Estimate of amount intended for distribution

There is no intention to pay out reserves to stakeholders.

Acquisition procedures

There is no intention to make any acquisitions.

Activities for which the board seeks compensation from a local authority

None.

Estimate of commercial value of stakeholder's investment

The net value of the Stakeholder's investment in the trust is estimated to be valued at \$766,000 as at 30 June 2017.

Other matters (if applicable) e.g. water supply services LGA requirements

None.

Supplementary information the entity wishes to include

None.

Organisational Health, Capability and Risk Assessment

The Trust undertakes the following measures to manage identified risks.

Financial and Legal Risks	<ul style="list-style-type: none"> • External audit and review of financial accounts (undertaken by Audit NZ) • Interests Register documented at each Trust meeting • Fraud Policy adopted by the Trust (detailing the Trust's policy for fraud prevention) • The Trust's financial matters are managed by an external Accountant, whom also sits on Trust meetings and partakes in business discussions and decision-making (as a non-voting member of the Trust's Executive)
Health & Safety	<ul style="list-style-type: none"> • Health & Safety policy in place, reviewed bi-annually • Evacuation Procedures in place • Meet all building WOF requirements and act in the required manner on IQP reports
Operating Risks	<ul style="list-style-type: none"> • Routine Maintenance Plan in place to ensure facility meets a necessary standard • For cricket-specific events, the Trust meets or exceeds NZC and/or ICC set criteria

Basin Reserve Trust – Statement of Intent 2017/18

Appendix: Accounting Policies

Item 2.1 Attachment 1

8. APPENDIX: ACCOUNTING POLICIES

BASIN RESERVE TRUST STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2018

ACCOUNTING POLICIES APPLIED

BASIS OF PREPARATION

The Board has elected to apply PBE SFR-A (PS) Public Benefit Entity Simple Format Reporting - Accrual (Public Sector) on the basis that the Trust does not have public accountability (as defined) and has total annual expenses of less than \$2 million.

All transactions in the financial statements are reported using the accrual basis of accounting.

The financial statements are prepared on the assumption that the Trust will continue to operate in the foreseeable future.

The accounts have been prepared in accordance with Tier 3 standards, using accounting policies that are consistent with those adopted by the Board in preparing these financial statements.

GOODS AND SERVICES TAX

The Trust is registered for GST. All amounts in the financial statements are recorded exclusive of GST, except for debtors and creditors, which are stated inclusive of GST.

INCOME TAX

The Trust is registered with the Charities Commission and is thus exempt from income tax under the Income Tax Act 2007. The Trust is not exempt from the need to comply with indirect tax obligations such as Goods and Services, Fringe Benefit and Entertainment and accordingly complies with those obligations that are applicable.

SIGNIFICANT ACCOUNTING POLICIES

Revenue

Grants

Council grants are recognised as revenue when the funding is received unless there is an obligation to return the funds if the conditions of the grant are not met ("use or return condition"). If there is such an obligation, the grant is initially recorded as a liability and recognised as revenue when conditions of the grant are satisfied.

Sale of goods

Revenue from the sale of goods is recognised when the goods are sold to the customer.

Sale of services

Revenue from the sale of services is recognised by reference to the stage of completion of the services delivered at balance date as a percentage of the total services to be provided.

**BASIN RESERVE TRUST
STATEMENT OF ACCOUNTING POLICIES
FOR THE YEAR ENDED 30 JUNE 2018**

Donated Assets

Revenue from donated assets is recognised upon receipt of the asset if the asset has a useful life of 12 months or more, and the value of the asset is readily obtainable and significant.

Interest revenue

Interest revenue is recorded as it is earned during the year.

Administration and overhead costs

These are expensed when the related service has been received.

Bank accounts and cash

Bank accounts and cash comprise cash on hand, cheque or savings accounts, and deposits held at call with banks.

Debtors

Debtors are initially recorded at the amount owed. When it is likely the amount owed (or some portion) will not be collected, a provision for impairment is recognised and the loss is recorded as a bad debt expense.

Property, plant and equipment

Property, plant and equipment is recorded at cost, less accumulated depreciation and impairment losses.

Donated assets are recognised upon receipt of the asset if the asset has a useful life of 12 months or more, and the current value of the asset is readily obtainable and significant. Significant donated assets for which current values are not readily obtainable are not recognised.

For an asset to be sold, the asset is impaired if the market price for an equivalent asset falls below its carrying amounts.

For an asset to be used by the Trust, the asset is impaired if the value to the Trust in using the asset falls below the carrying amount of the asset.

Depreciation is provided on a straight-line basis at rates that will write off the cost of the assets over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Leasehold improvements	1.5 to 45.5 years	(2.20% to 66.70%)
Drainage works	14 to 18 years	(5.50% - 7.20%)
Furniture & fittings	2.5 to 8.5 years	(12.00% - 48.00%)
Plant	3 to 6.5 years	(16.20% - 33.00%)

Creditors and accrued expenses

Creditors and accrued expenses are measured at the amount owed.

**BASIN RESERVE TRUST
STATEMENT OF ACCOUNTING POLICIES
FOR THE YEAR ENDED 30 JUNE 2018**

Budget figures

The budget figures are derived from the statement of intent as approved by the Board at the beginning of the financial year. The budget figures have been prepared in accordance with Tier 3 standards, using accounting policies that are consistent with those adopted by the Board in preparing these financial statements.

Tier 2 PBE Accounting Standards applied

The Trust has not applied any Tier 2 Accounting Standards in preparing its financial statements.

CHANGES IN ACCOUNTING POLICIES AND TRANSITION TO THE NEW PBE SFR-A (PS) STANDARD

This is the third set of financial statements prepared using the new PBE SFR-A (PS) standard, and there have been no changes in accounting policies from the previous financial year.

9. APPENDIX: FORECAST FINANCIAL STATEMENTS

BASIN RESERVE TRUST

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEARS ENDING

	30 June 2018 \$'s	30 June 2019 \$'s	30 June 2020 \$'s
Revenue			
Council funding	628,993	656,900	686,043
Sales of goods and services	278,000	255,000	353,000
Interest revenue	3,500	3,500	3,500
Total Revenue	910,493	915,400	1,042,543
Expenses			
Depreciation of property, plant and equipment	120,000	130,000	150,000
Costs related to providing goods and services	608,300	639,000	708,800
Other expenses	134,625	135,125	140,625
Total Expenses	862,925	904,125	999,425
Surplus for the year	47,568	11,275	43,118

BASIN RESERVE TRUST

STATEMENT OF FINANCIAL POSITION AS AT

	30 June 2018 \$'s	30 June 2019 \$'s	30 June 2020 \$'s
Assets			
Current Assets			
Bank accounts and cash	79,633	92,898	138,616
Debtors and prepayments	166,137	194,057	223,637
Total Current Assets	245,770	286,955	362,253
Non-Current Assets			
Property, plant and equipment	594,429	524,429	499,429
Total Non-Current Assets	594,429	524,429	499,429
Total Assets	840,199	811,384	861,682
Liabilities			
Current Liabilities			
Creditors and accrued expenses	125,360	85,270	92,450
Total Current Liabilities	125,360	85,270	92,450
Total Liabilities	125,360	85,270	92,450
Total Assets less Total Liabilities	714,839	726,114	769,232
Trust Equity			
Contributed capital	100	100	100
Accumulated surpluses	714,739	726,014	769,132
Total Trust Equity	714,839	726,114	769,232

BASIN RESERVE TRUST

STATEMENT OF CASH FLOWS FOR THE YEARS ENDING

	30 June 2018 \$'s	30 June 2019 \$'s	30 June 2020 \$'s
Cash Flows from Operating Activities			
Receipts of council funding	578,993	601,900	626,043
Receipts from sale of goods and services	178,000	155,000	253,000
Interest receipts	3,500	3,500	3,500
Payments to suppliers and employees	(612,925)	(639,125)	(709,425)
GST (net)	(42,060)	(48,010)	(52,400)
Net Cash Flows from Operating Activities	105,508	73,265	120,718
Cash Flows from Investing and Financing Activities			
Payments to acquire property, plant and equipment	(50,000)	(60,000)	(75,000)
Net Cash Flows from Investing and Financing Activities	(50,000)	(60,000)	(75,000)
Net Increase/(Decrease) in Cash for the Year	55,508	13,265	45,718
Add opening bank accounts and cash	24,125	79,633	92,898
Closing Bank Accounts and Cash	79,633	92,898	138,616

9. APPENDIX: FORECAST FINANCIAL STATEMENTS

BASIN RESERVE TRUST

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2018

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
Revenue					
Council funding	274,497	50,000	249,496	55,000	628,993
Sales of goods and services	24,000	133,000	98,000	23,000	278,000
Interest revenue	1,400	600	900	600	3,500
Total Revenue	299,897	183,600	348,396	78,600	910,493
Expenses					
Depreciation of property, plant and equipment	30,000	30,000	30,000	30,000	120,000
Costs related to providing goods and services	155,600	183,550	165,500	103,650	608,300
Other expenses	20,280	35,270	35,270	43,805	134,625
Total Expenses	205,880	248,820	230,770	177,455	862,925
Surplus (Deficit) for the year	94,017	(65,220)	117,626	(98,855)	47,568

BASIN RESERVE TRUST

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
Assets					
Current Assets					
Bank accounts and cash	158,850	19,000	111,458	79,833	79,833
Debtors and prepayments	122,500	172,839	163,269	166,137	166,137
Total Current Assets	279,350	191,839	274,725	245,770	245,770
Non-Current Assets					
Property, plant and equipment	634,429	629,429	624,429	594,429	594,429
Total Non-Current Assets	634,429	629,429	624,429	594,429	594,429
Total Assets	913,779	821,268	899,154	840,199	840,199
Liabilities					
Current Liabilities					
Creditors and accrued expenses	152,491	125,200	85,460	125,360	125,360
Total Current Liabilities	152,491	125,200	85,460	125,360	125,360
Total Liabilities	152,491	125,200	85,460	125,360	125,360
Total Assets less Total Liabilities	761,288	696,068	813,694	714,839	714,839
Trust Equity					
Contributed capital	100	100	100	100	100
Accumulated surpluses	761,188	695,968	813,594	714,739	714,739
Total Trust Equity	761,288	696,068	813,694	714,839	714,839

BASIN RESERVE TRUST

STATEMENT OF CASH FLOWS FOR THE YEAR ENDING 30 JUNE 2018

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
Cash Flows from Operating Activities					
Receipts of council funding	229,487	62,110	228,996	59,400	578,993
Receipts from sale of goods and services	18,100	38,500	52,250	69,150	178,000
Interest receipts	1,400	800	900	800	3,500
Payments to suppliers and employees	(127,412)	(175,600)	(162,500)	(127,413)	(612,925)
GST (net)	11,150	(38,480)	17,810	(32,560)	(42,080)
Net Cash Flows from Operating Activities	132,725	(112,850)	117,456	(31,623)	105,508
Cash Flows from Investing and Financing Activities					
Payments to acquire property, plant and equipment	-	(25,000)	(25,000)	-	(50,000)
Net Cash Flows from Investing and Financing Activities	-	(25,000)	(25,000)	-	(50,000)
Net Increase/(Decrease) in Cash for the Year	132,725	(137,850)	92,456	(31,623)	55,508
Add opening bank accounts and cash	24,125	156,850	19,000	111,456	24,125
Closing Bank Accounts and Cash	156,850	19,000	111,456	79,633	79,633

Statement of Intent 2017-2018
Karori Sanctuary Trust

Presented to the Environment Committee
pursuant to Schedule 8 of the Local Government Act (2002)

DRAFT

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Appendices

Appendix A: Accounting Policies

Appendix B: ZEALANDIA 2017/18 Budget

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1. Introduction

Our 2016/17 Statement of Intent spoke about the consultation underway to develop our second generation strategy – ZEALANDIA’s next 20 years of endeavour. In December 2016 we launched Living with Nature: Tiaki Taiao, Tiaki Taonga – our strategy for 2016-2035.

Living with Nature articulates our vision for nature-rich communities where people and nature flourish and the wider Wellington region is internationally recognised as the most nature connected urban area in the world.

Picking up the ‘beyond the fence’ theme highlighted in the 2016/17 SOI, ZEALANDIA will harness its knowledge, energy and connections, working with others to transform how we live with nature, and to reshape the places in which we live. We will do this by focussing on four major themes:

- **Treasuring:** with a focus on the continued restoration of the sanctuary valley, and the further strengthening and development of our organisation and people.
- **Engaging:** it is through collaboration and partnerships outside our sanctuary fence, along with a greater depth of interaction with our visitors, that we will be able to achieve the range of impact desired over the next 20 years.
- **Learning:** continuing to extend the breadth and depth of learning that takes place at ZEALANDIA and as a consequence of our outreach programmes, from early school education levels to high level academic research programmes.
- **Empowering:** equipping everyone who has contact with us to take their own actions to improve the way we live with nature.

Next steps in 2017/18

Our partnership with Wellington City Council remains an essential and central component of all our activity and ZEALANDIA aims to enhance significantly our contribution to Wellington’s reputation as a liveable and living city.

This Statement of Intent sets out our proposals for how this partnership, along with other key relationships with, for example, Victoria University of Wellington, will be expressed in 2017/18. Whilst aligning with the Council’s 2015-25 Ten Year Plan overall, we will also focus on our contribution to Our Natural Capital: Wellington’s Biodiversity Strategy, the Our Living City Project, and the Wellington Region Economic Growth Agenda.

Internationally, we will continue to build strong strategic relationships with like-minded organisations. Our MOU with the Woodlands and Wetlands Trust in Canberra is one of those and we will continue to seek ways of leveraging the Capital Express facility through our links in both Canberra and Singapore.

We are excited at the opportunities presented by the Predator-free Wellington initiative and will continue working closely with the project to facilitate the eradication of pest species and grow ‘backyard biodiversity’, creating nature-rich communities in Wellington. Major, multi-year projects such as Sanctuary to Sea and Enhancing the Halo which are already being planned will contribute to this objective.

Our work across all levels of education and learning remains one of our core areas of activity, as highlighted in our Living with Nature strategy. Through strong and growing partnerships we will continue to develop and grow opportunities at all levels. Our provision of programmes for lower decile schools will continue to develop, along with other school-age programmes. Our MOU with Victoria University underpins a growing programme of multi-disciplinary research and we are progressing the establishment of a research centre based at ZEALANDIA.

We recognise the importance of robust and sustainable infrastructure, and welcome the Council's support in assisting ZEALANDIA in developing and maintaining fit-for-purpose infrastructure. We are working on planning documents to present to Council for developments in the 2017/18 year and beyond. Aligned with this is maintaining and growing strong organisational capability, another key element highlighted in Living with Nature.

There are multiple opportunities for ZEALANDIA to grow its influence and positive impact, and tell our stories for the benefit of our city, and we look forward to working with the Council and all our other key partners to deliver a range of exciting initiatives in 2017/18.

Denise Church
Chair, Karori Sanctuary Trust,

Paul Atkins
Chief Executive, Karori Sanctuary Trust

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2. The Strategic Partnership with Wellington City Council

During 2016, the Karori Sanctuary Trust (KST) formally became a Council Controlled Organisation (CCO). Wellington City Council (WCC) is a key strategic partner of the Trust and is a major funder, its grant comprising approximately 21% of total revenue. The Council also owns the land and Visitors Centre on which the Trust Board operates ZEALANDIA. The strategic priorities of the City form an important part of the strategic context for ZEALANDIA and our goals are closely aligned to meeting many of the City's priorities as described later in this document

The ZEALANDIA Visitors Centre ownership transfer to WCC was completed on 7 October 2016. The transfer is an important step in deepening the practical partnership with WCC and ensuring that ZEALANDIA is well positioned as a sustainable, long term contributor to Wellington's continued growth as an exciting, vibrant and liveable city.

In December 2016, we launched our strategy for 2016-2035, Living with Nature: Tiaki Taiao, Tiaki Tangata. We were delighted that Hon Nicky Wagner and Mayor Justin Lester were able to attend as our guest speakers, and many of our key partners from across Wellington were there. The launch was the culmination of many months of workshops and conversations with members, volunteers, Board, Guardians, staff, and our key stakeholders from partner organisations. The relationship with conservation and parks staff at WCC remains strong and continues to grow as ZEALANDIA and WCC staff work increasingly closely together to develop new projects.

Already we have a powerful platform in Wellington with our partners, a biodiversity action plan and committed councils, communities, schools and universities. ZEALANDIA is now seeking to enrich urban biodiversity across an ever-expanding landscape in the context of New Zealand's 2050 predator-free goal. This is an uncharted journey for all, and the learning opportunities we actively build into everything we do, and new knowledge generated, will be of national and international significance.

Through our deepening relationship with Council and other partners our impact and influence beyond the fence will be leveraged for the benefit of our community and further afield. Our strategy will enable us to continue to contribute significantly to Wellington as a great place to live, work, visit, and learn – a nature rich city that is globally influential in restoring people's connection with our natural heritage.

As a CCO, we will implement the living wage policy for our employees as required by WCC, and anticipate that the Council will support funding the additional cost associated with this.

2.1 Wellington City 2015-2025 Ten Year Plan

Under its 2015-2025 Ten Year Plan, the Council commits to part fund ZEALANDIA as a conservation visitor attraction. The rationale for this investment is that ZEALANDIA will inform and educate people on the importance of conservation and biodiversity, attract visitors, and restore and protect native flora and fauna.

Amongst Council's outcome indicators in the Ten Year Plan, those of most relevance for ZEALANDIA are:

- residents' usage of the city's open spaces
- high value biodiversity sites are covered by integrated animal pest control or weed control
- the success of Council's investment in visitor attractions:

	2016-17 forecast	2017-18	2018-19	2019-20
ZEALANDIA visitors	106,577	96,500	99,300	102,200

2.2 Wellington Towards 2040: Smart Capital

Wellington's Strategic Vision, "Wellington Towards 2040: Smart Capital" is supported by four goals – people-centred city, connected city, eco-city and dynamic central city. The eco-city goal recognises the importance of Wellington taking an environmental leadership role.

Research has shown that Wellingtonians have a deep appreciation of nature. The city currently has over 4,000 hectares of reserve lands, including parks and reserves for recreation, wildlife, and scenery. Wellington also has over sixty community conservation groups which participate in planting native species in reserve lands, weed work, clearing and maintaining waterways, and pest control.

ZEALANDIA makes a significant contribution to the city through not only our unique amenity value, but increasingly as the source of the resurgence of native fauna now being experienced throughout the city and suburbs. Additionally, many of our programmes further the environmental leadership role through, for example:

- Education, teaching and learning: These have always been key programmes for ZEALANDIA. Our annual programme of school visits is delivered in partnership with the Ministry of Education's Learning Experiences Outside the Classroom programme (LEOTC). Youth engagement with nature is funded through numerous community organisations including the Mana Trust and Rotary. Another significant and growing arm of learning is through access to our sanctuary by academic researchers, locally and nationally.
- Research: An integrated programme of multi-disciplinary, long-term research is being developed with multi-organisational input. Victoria University of Wellington is a principal partner in this, under our Memorandum of Understanding with the university. We are working towards the establishment of a research centre located at ZEALANDIA as a nationally and internationally recognised centre of research excellence. Through cutting-edge research we will generate the data, information, knowledge and understanding required to transform how we live well with nature and reshape the places in which we live.

2.3 Our Living City

Biophilic cities contain abundant nature. They care about, and seek to protect, restore and grow this nature, and strive to foster deep connections and daily contact with the natural world. In a biophilic city nature is not something optional, but essential to living a happy, healthy and meaningful life.

Over 50% of the world's population lives in urban areas and from United Nations projections this is expected to reach 70% by 2050. Our challenge as urban centres become increasingly populated is how to ensure that we don't lose our connection to nature.

There is now a significant body of research demonstrating how human health can benefit from exposure to green environments, nature and wildlife, in relation to both physical and psychological wellbeing. Much of the research shows the direct positive effect of nature on the health and happiness of people, reduced stress and improved work performance.

A recent survey of ZEALANDIA members revealed that a significant benefit derived from their annual subscription was the pursuit of better health and well-being.

The “Our Living City” programme is being developed by the Council’s biophilic city team, to improve Wellington’s quality of life by strengthening urban-nature connections throughout the city, and building economic opportunities from a healthy environment.

Council has identified three goals for Our Living City:

- Growing and enjoying our natural capital - making sure that projects are carried out in a way which protects and develops our urban nature, biodiversity and resilience.
- Transforming our economy and reducing impact - attracting people, ideas and investment to the city; promoting green research, technologies and services; investing in smart infrastructure; reducing emissions from stationary energy, transport and waste.
- Showing leadership - encouraging community action; establishing partnerships, including research partnerships.

To achieve these goals, Council has committed to a range of partnerships to grow its reputation as a centre of excellence for urban planning, resilience and ecological sustainability.

ZEALANDIA and its programmes are at the core of Wellington as a living city, and closely aligned with the Council’s way of working. We represent a unique model of global significance. The protection of such a large space within close proximity to the central business district of a capital city is a model that can be looked to from around the world as an example of how to balance urban environments with natural spaces. Other ways in which we make a significant contribution to the “Our Living City” programme include:

- Partnering with organisations which engage the community with nature-based activities and provide a platform to raise awareness and open the debate around the connection between well-being and nature, thereby positioning the conservation of the natural environment at the centre of national life. We play a leading role in the Nature Connections network and the exciting programmes developed through this to engage young people such as “Wild Things”. Our Nature Connections partners include Wellington Zoo and Otari Wilton’s Bush. Other key partnerships include Te Papa and the Department of Conservation.
- Our partnership with Victoria University of Wellington continues to develop and provides a basis for outstanding research.
- Engaging at a community level with groups including Hutt Valley Disability Resources Trust, Thumbs up and the Sustainability Trust. This has included partnering for activities to mark special days in the calendar and staff using their newly introduced volunteer days to help out at other community groups.
- Our partnership with the Woodlands and Wetlands Trust (Canberra) continues to grow and in 2016/17 we had a number of trustee and staff exchanges which have led to a number of new opportunities including joint promotion through the Intercontinental Hotel group, growing research relationships with ANU, and further staff exchanges. The Capital Express supports Zealandia in its relationship with the Woodlands & Wetlands Trust in Canberra and provides key opportunities for ZEALANDIA to tell its Wellington stories in Canberra and to leverage the Capital Express initiative. ZEALANDIA hosted senior representatives from Canberra and Wellington as part of the Canberra in Wellington initiative in early 2017.

As indicated in the next section, our vision for the next 20 years puts partnerships at the centre of the way we work.

2.4 Our Natural Capital: Wellington’s Biodiversity Strategy

Wellington's Biodiversity Strategy, completed in 2015, aims to protect and restore the city's indigenous biodiversity. In order to protect indigenous biodiversity Council recognises the need to connect people to it, and to carry out research so it can be better managed.

Council has identified four themes for its work to implement the Biodiversity Strategy:

- We will aim to protect the ecologically significant areas on both private and public land.
- We will restore these areas, create safe buffer zones around them and connect them together. We will reduce pest numbers throughout Wellington City to a point where our native species can survive and expand.
- Throughout the urban environment, we will focus on raising awareness of the issues facing indigenous biodiversity and connecting people to their natural environment.
- We will enable our community to continue restoration work across all of our reserves and we will support them in these efforts.

There is an increasing awareness worldwide of the need to protect our natural environment. Wellington is uniquely positioned to grow as a nature capital with ZEALANDIA at its heart as a nature destination and a site for urban ecology research and community learning.

There is very close alignment between the Council's Biodiversity Strategy and the purpose, strategy and themes by which ZEALANDIA works and will work in future.

- ZEALANDIA recognises and rejoices in people's growing awareness of, and desire to reconnect to, the natural world.
- ZEALANDIA plays an important role in the restoration of natural biodiversity in Wellington and in a range of Council led and supported initiatives. We are firmly committed to the Nature Connections and Halo projects that expand environmental programmes and enhance visitor experiences in the Wellington region.
- Ongoing support of other conservation and research programmes will continue and cement ZEALANDIA's leadership as a model for fenced mainland sanctuaries running restoration projects, as well as significantly contributing to conservation of threatened species by successful transfers to the sanctuary and to other sites.
- The science of urban ecology is emerging as increasingly influential, and ZEALANDIA is well-placed to help grow momentum for this important work across the Wellington region. Our urban location, education programme, connection to the community, proximity to Victoria University, and the visible effect upon the city's birdlife is helping to nurture a generation of Wellingtonians who treasure New Zealand's indigenous flora and fauna.

2.5 Our Capital Spaces Framework

The Council's Open Spaces and Recreation Framework for Wellington 2013-23 includes three priorities that are directly relevant to ZEALANDIA:

- Enhancing the Halo project and biodiversity - expand pest management and native planting; and work with partners to deliver the Halo project buffer zone to expand the safe habitats for birds flying in and out of ZEALANDIA.
- Accessible information - Provide on-site signs and information (on paper, online and for mobile devices) that can be accessed by everyone, including people with physical, hearing or sight impairments.
- Partnerships - Help expand partnerships, recognising that partnership requires resourcing from both sides.

Working with Council on these priorities aligns closely with our purpose of restoring our connection with our unique natural heritage, inspiring and enabling people to take action.

2.6 The Wellington Regional Economic Growth Agenda

The Wellington City Economic Development Strategy 2012 aims to attract business, talent and investment to the Wellington region. It includes four key platforms - Destination Wellington, The Smart Capital, The Connected Capital, and Open for Business. Destination Wellington is about building on the city's tourism marketing successes, expanding the story we tell to celebrate and build the city's economy.

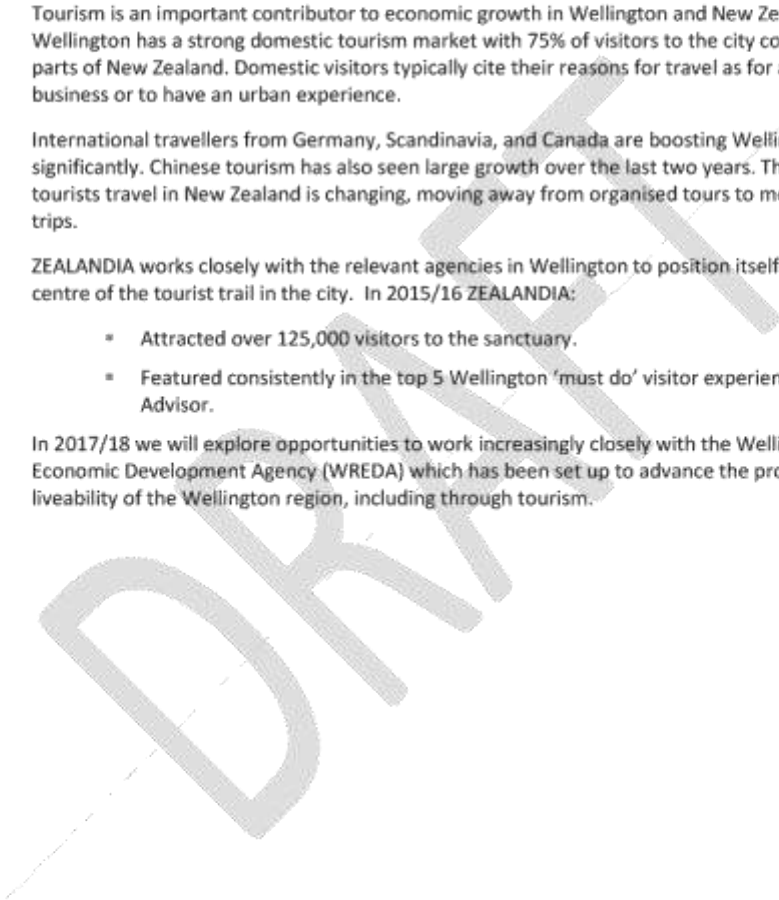
Tourism is an important contributor to economic growth in Wellington and New Zealand. Wellington has a strong domestic tourism market with 75% of visitors to the city coming from other parts of New Zealand. Domestic visitors typically cite their reasons for travel as for a specific event, business or to have an urban experience.

International travellers from Germany, Scandinavia, and Canada are boosting Wellington significantly. Chinese tourism has also seen large growth over the last two years. The way Chinese tourists travel in New Zealand is changing, moving away from organised tours to more self-organised trips.

ZEALANDIA works closely with the relevant agencies in Wellington to position itself firmly at the centre of the tourist trail in the city. In 2015/16 ZEALANDIA:

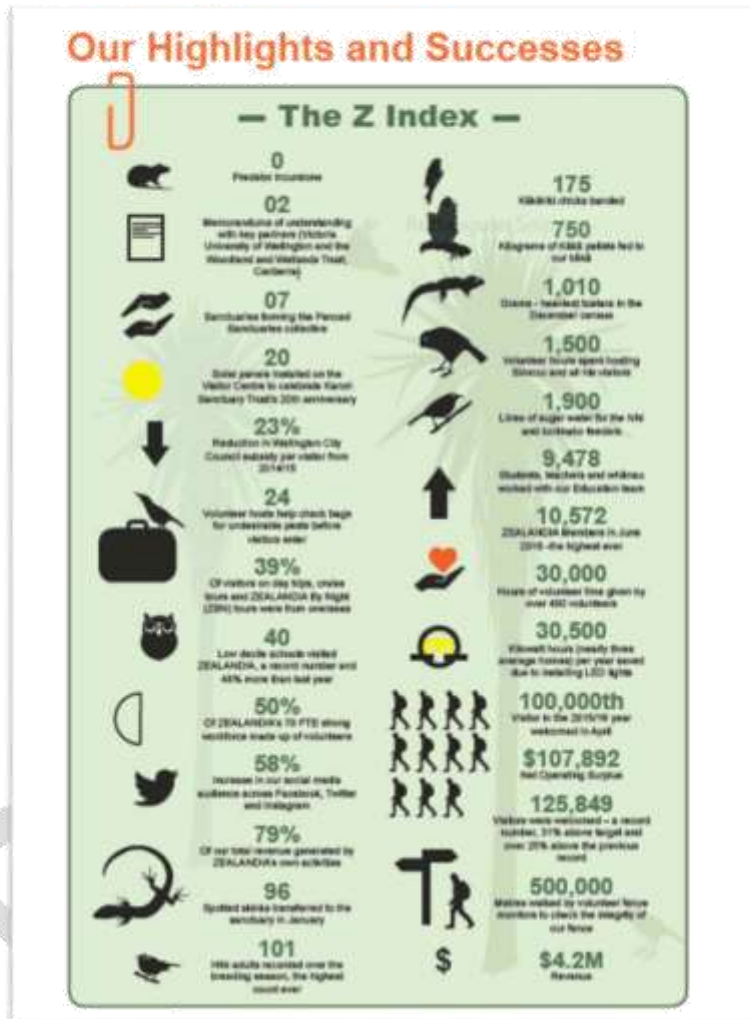
- Attracted over 125,000 visitors to the sanctuary.
- Featured consistently in the top 5 Wellington 'must do' visitor experiences on Trip Advisor.

In 2017/18 we will explore opportunities to work increasingly closely with the Wellington Regional Economic Development Agency (WREDA) which has been set up to advance the prosperity and liveability of the Wellington region, including through tourism.



Summary of achievements in 2015/16

Item 2.1 Attachment 2



3. Strategic Direction for 2017/18 and beyond

In December 2016 we launched our new strategy covering the period 2016 to 2035. Entitled Living with Nature, the document presents the four key themes around which our work will be centred, as follows:

3.1 Living with Nature: Our strategy for 2016-2035 / Tiaki Taiao, Tiaki Tangata: Te Rautaki 2016-2035

In ZEALANDIA's first generation from 1995 to 2015, a courageous and clever group turned a bold idea into reality – a sanctuary which is now teeming with New Zealand wildlife returned to the mainland and communities reconnected with nature.

With 480 years of our journey still to go, there is much work yet to be done in the sanctuary. The continuing restoration of flora and fauna alongside the maintenance of a bio-secure environment remain core priorities. The intergenerational nature of ZEALANDIA underscores the importance of kaitiakitanga, our responsibility of stewardship for the long term.

As we enter our second generation, it is clear our context and opportunities have evolved since the founding years. A local writer has described ZEALANDIA as...the valley that managed to transform a city. The resurgence and abundance of kākā, tīeke, kererū and tūi has changed not only the sanctuary but also the city, reaching those who live, work, visit and learn in Wellington.

This success provides the springboard for our next 20 years, enabling ZEALANDIA to sustain and strengthen Te Māra a Tāne, our sanctuary valley, and reach out in partnership to actively restore a nature-rich environment beyond our fence. We are now challenged to harness our knowledge, energy and connections, working with others to transform how we live with nature in our cities and towns – to reshape the places in which we live. Already we have a powerful platform in Wellington with our partners, a biodiversity action plan and committed councils, communities, schools and universities.

Adding impetus to this is the Government's commitment to make New Zealand predator free by 2050 and the Predator-Free Wellington programme. We are up for the challenge - ZEALANDIA can play a central role in transforming our communities to be nature-rich.

In our second generation, we will focus our actions on the four drivers of transformation, and apply Our Way in tackling these. We will take a joined-up approach to achieve our ambitious goals. Our major projects and actions will simultaneously progress the four themes of treasuring, engaging, learning and empowering.



**A PLACE THAT TREASURES
HE WĀHI TAONGA**

Restoring Te Māra a
Tāne and its extending
haui of biodiversity.

Building our
organisation's capacity to
drive transformation.



**A PLACE THAT ENGAGES
HE WĀHI HUIHUINGA**

Creating inspiring,
accessible experiences.

Forming strong and
enduring local, national
and international
partnerships based on
shared goals.



**A PLACE FOR LEARNING
HE WĀHI MĀTAURANGA**

Embracing Mātauranga
Māori and other
knowledge frameworks.

Being a hub where people
of all ages can learn,
create new knowledge
and share their insights
and understanding.



**A PLACE THAT EMPOWERS
HE WĀHI WHAKAMANA**

Equipping people with
experience and skills for a
nature-rich future.

Inspiring change through
example and shared
passion for action.



4. The nature and scope of our activities in 2017/18

The following sections set-out our high level objectives, scope of business, key performance indicators and the budget for 2017/18. It is supported by the ZEALANDIA business plan for 2017/18 and a range of other operational plans that are approved by the Board from time to time.

The KPI Scorecard (section 5.1) brings together a set of Key Performance Indicators to enable ZEALANDIA management, the Trust Board and the Council to focus on the most important measures of success for 2017/18.

4.1 Objectives

The 2017/18 work programme is presented in the following sections, grouped according to our key objectives for 2017/18:

- Restoring Te Māra a Tāne and its extending halo of biodiversity.
- Building our organisation's capacity to drive transformation.
- Creating inspiring, accessible experiences.
- Forming strong and enduring local, national and international partnerships based on shared goals.
- Embracing Mātauranga Māori and other knowledge frameworks.
- Being a hub where people of all ages can learn, create new knowledge and share their insights and understanding.
- Equipping people with experience and skills for a nature-rich future.
- Inspiring change through example and shared passion for action.

4.2 Restoring Te Māra a Tāne and its extending halo of biodiversity

We will continue to undertake conservation activities to restore the valley's ecosystems and processes as closely as practicable to their indigenous character. Integral to this is a need to manage threats to native species in the sanctuary and also beyond the perimeter fence. We will continue to work closely with Predator Free New Zealand and Predator Free Wellington, our Nature Connections partners, Wellington City Council, Greater Wellington Regional Council and other community-based groups to strengthen pest management efforts outside the fence and expand the effective impact of the halo.

Current (ongoing) programmes

- Maintain the perimeter fence so that it ensures the area within the fence is secure from mammalian threats.
- Undertake effective monitoring and management of threats (plant and animal pests).
- Manage and monitor indigenous plants and animals, especially those recently transferred to the sanctuary or requiring support, for example, through provision of supplementary food or nest boxes.
- Manage the welfare of species held in captivity to ensure successful breeding outcomes where appropriate.
- Support nationally and locally led species recovery programmes and restoration work where possible.

Strategic Initiatives

- Assist in the restoration of healthy landscape scale ecosystems through active collaboration in community partnerships wherever appropriate.
- Update the Restoration Strategy to set out the objectives till 2027.
- Establish a new monitoring protocol for populations that have now established in the sanctuary.
- Review the biosecurity strategy for the sanctuary to utilise new technologies emerging from the Predator Free movement.

Key performance indicators

- Restoration Strategy 2027 updated and revised.
- Biosecurity Strategy updated and revised.
- Project based on the restoration of the lower valley streams, wetland and lake established.
- Identify and draw-up initial plans for the next species translocation consistent with the revised Restoration Strategy.

4.3 Building our organisation's capacity to drive transformation.

ZEALANDIA's vision is all about connecting nature and people. In 2015/16 year new landmarks were set with nearly 126,000 visits to the sanctuary, up more than 25% on the previous high point, and our highest ever membership numbers. At the same time we achieved a surplus of over \$107,000 after depreciation, a healthy level of working capital, and a 34% increase in ZEALANDIA earned revenue. These all point to a healthy and resilient organisation. The organisation is in a strong position, with sound systems and processes in place to support our activity and future plans.

We will build our continuous improvement culture which has been pivotal in driving recent successes. Investing in staff development (including our volunteers and interns), providing tools and infrastructure which allows the teams organisation-wide to evolve and optimise best practice will be key in our long term sustainable development. As a lean organisation, the teams will also endeavour to maximise the partnerships which offer win-win opportunities for all those involved.

Current programmes

We will continue to develop plans to utilise the Visitor Centre and our other buildings to maximum effect and to support our research and education programmes, our visitor experiences, our strategic partnerships, and our commercial activities.

We will continue to provide high quality commercial services that connect visitors with nature through:

- Highly attractive visitor experiences
- Premium and custom tours
- Annual membership
- The Rata Café
- Corporate and private functions held within our facilities
- Our retail store and retail offerings
- Exhibitions and events

- Marketing and communications
- We will continue to develop new commercial products and services to drive revenue.

Strategic Initiatives

- Prepare a Long Term Capital Plan 2017-2026 with the support of WCC that fully fits the valley, visitor centre and staff accommodation to our purpose over the period of our 2nd generation strategy.
- Develop smart initiatives to grow our people (staff, volunteers and interns), support systems and enduring financial vitality.
- Reform our communications channels to actively support experiences, programmes, partnerships and impact – to tell our stories.
- Maintain our Carbon Zero accreditation.
- Improve awareness around sustainable practices internally and for visitors by strategic uses of signage and messaging.
- Encourage uptake of Electric Vehicles through exploring further opportunities in our own operation.
- Focus on driving down waste through auditing waste and identifying opportunities to reuse and recycle. We will continue to make sustainability a cornerstone of our thinking and practice in all that we do and endeavour to continue to reduce our Carbon footprint and impact on the environment generally.

Key performance measures/indicators 2017/18

- A net surplus before depreciation and tax of \$318,200
- Commercial revenue equating to 50% of overall budget
- 10,600 members
- Membership subscriptions \$306,000
- Full cost per visitor (including WCC costs) \$16.51
- Average WCC subsidy per visitor \$9.07
- Average revenue per visit \$26.22
- Non-Council Donations/Funding \$265,000

4.4 Creating inspiring, accessible experiences and change through example and shared passion for action.

We will provide experiences for our members, volunteers, partners and visitors that will inspire them to engage with nature, and we will continue to develop the range of experiences that we can offer. By giving visitors an understanding of ZEALANDIA's goals in the urban and rural environment and the value of the work that we do, they are more likely to engage with us and act as ambassadors for our message. This level of engagement will encourage more people to visit the sanctuary and spread the message of the significant role ZEALANDIA plays in restoring our natural heritage to Wellington city and beyond. It will also encourage people to initiate action in other local, national or international restoration work

Current programmes

- Provide experiences that increase people's understanding of New Zealand's natural heritage, and conservation challenges and successes here and elsewhere.
- Provide world-class facilities for visitor experiences and opportunities for an enhanced connection with nature.
- Provide high quality volunteering experiences that increase our connections and engagement with the community.
- Provide a diverse range of experiences for members and volunteers; researchers and academics; community and corporate groups; local Wellingtonians; and visitors from across New Zealand and other countries (both independent travellers, and those on tours and cruise ships).
- Work in partnership with Be.Accessible and through a process of continuous improvement make ZEALANDIA as accessible as possible to any visitor regardless of ability.
- Play an active part in the Nature Connections network in order to maximise the opportunity for people to learn about and engage with our natural heritage.

Strategic Initiatives

- Improve the signage, including interpretation and way-finding in the valley to enhance the visitor experience.
- Explore technological options for enhancing the visitor experience, with wi-fi as a platform.
- Expand our influence beyond the fence to support the broader community in their restoration efforts.

Key performance measures/indicators 2017/18

- Visitor numbers – 96,500 separate visitations with breakdown of visitor demographics
- 8,650 education visitors
- Visitor experience – ZEALANDIA achieves a satisfied visitor rating of 92% or greater
- Continue to improve accessibility and work to attain the Be.Accessible Gold rating.
- Maintain > 430 volunteers, with the establishment of new avenues for people to volunteer
- > 80% of volunteers are satisfied with their relationship with ZEALANDIA

4.5 Forming strong and enduring local, national and international partnerships based on shared goals.

Partnerships are critical for all aspects of our activity. They provide the foundations for our conservation, education and corporate presence in Wellington.

Our most important strategic partner, at many levels, is the Wellington City Council. We also rely on and value partnerships with Victoria University of Wellington, Greater Wellington Regional Council, the Department of Conservation, and organisations such as Te Papa, Wellington Zoo and Otari Wilton's Bush plus other Wellington CCO's, the Tenth's Trust, other mainland sanctuaries, and many others.

Integrating our plans with the vision and plans of others is essential to the achievement of our vision.

Current programmes

- We will continue to recognise the strategic priorities of the Council as an important part of the strategic context for ZEALANDIA, and to align our strategies and priorities closely with those of Wellington City. (See earlier section 2 in this document The Strategic Partnership with Wellington City Council)
- We will continue to be an active partner in Predator Free Wellington.
- We will continue to recognise the central importance of our members and volunteers and provide opportunities for them to contribute to, and benefit from, a close relationship with ZEALANDIA.
- We will continue to engage with our neighbours in the local community, and the wider Wellington community, to seek and foster community support for ZEALANDIA, and encourage participation in our activities.
- We will continue to work closely with our many research partners to develop evidence-based practice across our organisation and further afield.

Strategic Initiatives

- We will undertake our kaitiakitanga responsibilities through enhanced partnerships with Māori. A strong and comprehensive relationship with Māori, at mana whenua, iwi and national level, remains of primary importance to ZEALANDIA and we will develop closer relationships during 2017/18 through building on the recommendations from the 2016 ZEALANDIA cultural audit. We recognise that Mātauranga Māori, indigenous knowledge, is a key part of the evidence base that will be needed to underpin our work far into the future.
- We will continue to play an active role in a Predator Free Wellington, with a particular focus on our ability to facilitate the creation of a nature-rich city.
- We will develop collaborative projects with other sanctuaries nationally to address key conservation management issues as appropriate.
- We will grow and develop our core partnership with Wellington City Council to make an outstanding biophysical, community, learning and economic contribution to Wellington.
- We will cement our emerging international networks that help strengthen New Zealand's influence in the world in restoring people's connection with our natural heritage.

Key performance indicators

- Capability developed to enable closer partnerships with iwi and integration of Mātauranga Māori in line with the cultural audit report recommendations.
- New researchers across multiple disciplines engaged with the sanctuary.
- Plans for future translocations into ZEALANDIA and predator free suburbs advanced.

4.6 Embracing Mātauranga Māori and other knowledge frameworks.

As indicated above, a cultural audit has now been completed and presented to the December 2016 meeting of the Board. The recommendations from the report are now being progressed and form a central element to this goal.

We will continue to develop our long term programme of research to provide an evidence base to inform all our other programmes and activities. Victoria University of Wellington remains a principal partner under our joint MOU, along with a number of other universities nationally and internationally expressing interest in closer collaborations. We aim to attract a growing number of national and international researchers and students to Wellington.

Current programmes

- Undertake and support research that will increase our understanding about the flora, fauna, and the habitats and ecological processes that threaten or sustain them, and that can inform and benefit restoration initiatives elsewhere in New Zealand.
- Undertake and support research that will increase our understanding of the benefits of living closer to nature.
- Create a supportive environment for staff, volunteers and researchers to ensure research and learning are encouraged and embraced.

Strategic Initiatives

- Develop a plan to ensure ZEALANDIA's knowledge and practice are increasingly suffused with Mātauranga Māori, New Zealand's indigenous knowledge base based on the cultural audit recommendations.
- Implement a long-term programme of research and research partnerships to provide an evidence base for our future activity and advice and contribution to others.
- Continue to broaden our research programme beyond biodiversity, ecology and conservation, to include the health, social and other benefits of people living in closer connection to nature.

Key performance indicators for 2017/18

- Implementation of the agreed recommendations from the cultural audit
- Develop and agree plans for a long-term, integrated research programme.
- Engage with other VUW faculties to broaden the interdisciplinary research focus.

4.7 Being a hub where people of all ages can learn, create new knowledge and share their insights and understanding

We actively engage with schools and communities by enabling them to experience forest and stream ecosystems in ZEALANDIA, and by helping them to understand the steps needed to start their own backyard or community restorations. A resource has been developed for schools to use nationwide that will enable children to learn about how to become Predator Free, and our outreach programme supports Wellington schools in making Predator Free a reality for children's own 'special places'.

The ongoing development of the interdisciplinary research programme is increasingly supporting learning through higher education, including universities and polytechnics (covered in section 4.6 above).

Current programmes

- Carry out programmes through which students of all ages can experience ZEALANDIA, whether that be through our guided school education programme, or providing the facility for use by higher education programmes.
- Conduct outreach to schools to connect with students who cannot make it to ZEALANDIA, and to support conservation efforts in their 'special place'.
- Provide schools with educational resources that enable them to become actively involved in the study of nature and take action to improve native biodiversity.

Strategic Initiatives

- Develop a long-term education strategy to outline ZEALANDIA's 10-year plan for engaging people in life-long learning.

- Obtain funding to increase opportunities for children who rarely engage in environmental education to either visit ZEALANDIA or experience our outreach programme in their 'special place'.
- Explore opportunities to engage 'hard to reach' age groups and demographic sectors, particularly through partnerships with polytechnic institutions.

Key performance measures/indicators 2017/18

- Education strategy 2027 developed, including specific actions and targets for reaching learners of all ages.
- 50% of all schools within the Kapiti/Porirua/Hutt Valley/Wellington area to have tracking and trapping as a normal part of their school programme, resulting in enhanced biodiversity in their area by 2020 to support Predator Free Wellington.
- Expand the internship programme to provide learning experiences to students across a range of disciplines.
- Increased school visits; includes visits to the sanctuary and visits to schools or their 'special places' by education staff.

4.8 Equipping people with experience and skills for a nature-rich future.

A significant outcome of the conservation success of ZEALANDIA is demonstrated by the native birdlife spilling over the sanctuary's fence and into the city. Recognition of ZEALANDIA as a key site, both as a wellspring of biodiversity and a focal point for environmental inspiration, is essential in terms of the city's wider aspirations.

We work to educate our visitors on how to make their backyards a safe place for our native birds and how to interact safely with them. We work with Wellington City Council and other community groups to control animal pests, thereby creating safer areas for native wildlife. As a focal point for community engagement, ZEALANDIA will continue to be a place where people learn about nature and what can be achieved with a successful restoration programme. They will also learn how to monitor and manage threats from pest plants and animals, participate in research projects, grow and plant native plants, monitor native wildlife and take this learning back out to their communities. We see a growing coalition of citizen scientists who champion and celebrate New Zealand's natural heritage.

Current programmes

- Provide education programmes that increase people's understanding of New Zealand's natural heritage, and the conservation challenges and successes here and elsewhere.
- Provide high quality volunteering experiences that increase our connections and engagement with the community.

Strategic initiatives

- Enhance opportunities available through volunteer programmes to both enrich visitor experience and strengthen our community.
- Enhance the learning possibilities associated with visiting ZEALANDIA through improvement of the interpretation material within the sanctuary.
- New ways to experience ZEALANDIA are provided, with a focus on cultural, environmental and creative opportunities.

Key performance indicators for 2017/18

- Greater diversity of experiences offered for volunteers, and at least one new 'upskilling' opportunity offered.
- A new approach to interpretation is developed and implemented
- New ways for visitors to experience ZEALANDIA, for example through cultural or creative means, have been implemented.

5. Performance Measurements

5.1 KPI Scorecard 2017/18

<p>Restoring Te Māra a Tāne and its extending halo of biodiversity (4.2)</p> <ul style="list-style-type: none"> ▪ Restoration Strategy 2027 updated and revised. ▪ Biosecurity Strategy updated and revised. ▪ Project based on the restoration of the lower valley streams, wetland and lake established. ▪ Identify and draw-up initial plans for the next species translocation consistent with the revised Restoration Strategy. 	<p>Building our organisation's capacity to drive transformation (4.3)</p> <ul style="list-style-type: none"> ▪ A net surplus before depreciation and tax of \$318,200 ▪ Commercial revenue equating to 50% of overall budget ▪ 10,600 members ▪ Membership subscriptions \$306,000. ▪ Full cost per visitor (including WCC costs) \$16.51 ▪ Average WCC subsidy per visitor \$9.07 ▪ Average revenue per visit \$26.22 ▪ Non-Council Donations/Funding \$265,000
<p>Creating inspiring, accessible experiences and change through example and shared passion for action (4.4)</p> <ul style="list-style-type: none"> ▪ Visitor numbers – 96,500 separate visitations with breakdown of visitor demographics ▪ 8,650 education visitors ▪ Visitor experience – ZEALANDIA achieves a satisfied visitor rating of 92% or greater ▪ Continue to improve accessibility and work to attain the Be.Accessible Gold rating. ▪ Maintain > 430 volunteers, with the establishment of new avenues for people to volunteer ▪ > 80% of volunteers are satisfied with their relationship with ZEALANDIA 	<p>Forming strong and enduring local, national and international partnerships based on shared goals (4.5)</p> <ul style="list-style-type: none"> ▪ Capability developed to enable closer partnerships with iwi and integration of Mātauranga Māori in line with the cultural audit report recommendations. ▪ New researchers across multiple disciplines engaged with the sanctuary. ▪ Plans for future translocations into ZEALANDIA and predator free suburbs advanced.
<p>Embracing Mātauranga Māori and other knowledge frameworks (4.6)</p> <ul style="list-style-type: none"> ▪ Implementation of the agreed recommendations from the cultural audit ▪ Develop and agree plans for a long-term, integrated research programme. ▪ Engage with other VUW faculties to broaden the interdisciplinary research focus. 	<p>Being a hub where people of all ages can learn, create new knowledge and share their insights and understanding (4.7)</p> <ul style="list-style-type: none"> ▪ Education strategy 2027 developed, including specific actions and targets for reaching learners of all ages. ▪ 50% of all schools within the Kapiti/Porirua/Hutt Valley/Wellington area to have tracking and trapping as a normal part of their school programme, resulting in enhanced biodiversity in their area by 2020 to support Predator Free Wellington.

	<ul style="list-style-type: none"> ▪ Expand the internship programme to provide learning experiences to students across a range of disciplines. ▪ Increased school visits; includes visits to the sanctuary and visits to schools or their 'special places' by education staff.
Equipping people with experience and skills for a nature-rich future (4.8)	
<ul style="list-style-type: none"> ▪ Greater diversity of experiences offered for volunteers, and at least one new 'upskilling' opportunity offered. ▪ A new approach to interpretation is developed and implemented ▪ New ways for visitors to experience ZEALANDIA, for example through cultural or creative means, have been implemented 	

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5.2 Non-financial Performance Measures

Measure	2016-17 forecast	2017-18	2018-19	2019-20
Visitation	106,574	96,500	99,300	102,200
Members (Individuals)	11,110	10,600	10,800	11,000
Volunteers	>400	>430	>450	>470
Percentage of Satisfied Visitors Above City Benchmark	>5%	>5%	>5%	>5%

Measure	2016-17 forecast	Q1	Q2	Q3	Q4	2017-18	2018-19	2019-20
Visitation	106,574	13,914	31,295	31,801	19,490	96,500	99,300	102,200
Education visits ¹	8,500	1,850	3,409	1,195	2,196	8,650	8,800	8,800

¹ (LEOTC, tertiary, early childhood, school holiday programme, and outreach)

In response to the Council's previous request for more detailed information regarding visitor demographics and education related usage of the sanctuary, this data is collected by the Trust and can readily be provided. Details such as where visitors reside are collected at the admissions desk. Member visits are recorded daily and tracked on a weekly basis.

ZEALANDIA also uses GetSmart, an online visitor survey that is used by approximately 10 nature based attractions across Wellington, which provides valuable benchmarking information. This survey collects information on the reason for visiting, duration of visits, visitor demographics and satisfaction ratings.

A summary and analysis of this information is provided to Council on a quarterly basis, along with more detailed information on education visits, to offer a richer picture of visitation to the sanctuary.

5.3 Financial Performance Measures

Measure	2016-17 forecast	2017-18	2018-19	2019/20
Full cost per visitor (including WCC costs)	\$16.91	\$16.51	\$16.11	\$15.79
Average subsidy per visit (total WCC operating grant/all visitors)	\$9.35	\$9.07	\$8.80	\$8.54
Average revenue per visit (excludes Council & Government grants)	\$25.96	\$26.22	\$26.48	\$26.74
Non-Council Donations/Funding	\$250,000	\$265,000	\$270,000	\$275,000

5.4 Conservation Measures

Measure	2016-17 forecast	2017-18	2018-19	2019-20	Explanation
Restore missing species to the wild in accordance with the Restoration Strategy					
Number of new animal species transferred	0*	0*	1	0	Transfers to be determined following review of Restoration Strategy <i>*Note: Transfers also undertaken in these years to Cape Sanctuary (kaka).</i>
# transferred animal species being actively managed in the wild	11	11	11	11	Active management includes supplementary feeding, nestbox & roostbox management; Species: hihi, kaka, takahe, pateke, bellbird, kakariki, kiwi, MI frog, Long-fin eels, giant weta; excludes species held in captivity.
# animal species in the wild being actively monitored	10	11	12	12	Includes species with ongoing active data collection: hihi, takahe, bellbird, kiwi, robins, tuatara, giant weta. MI frogs, spotted skink. Saddleback from 2017/18; assumes no further active monitoring of kaka and kakariki. Observations of other species eg pateke gathered in ad hoc manner.
% transferred animal species regarded as self-sustaining	79%	79%	75%	75%	14/18 species regarded as self-sustaining (assuming ongoing current management); 2 transfers failed (tomtit, weka) and 2 (bellbird, Long-fin eels) not regarded as self-sustaining; Note: it usually takes several breeding seasons before a transfer can be regarded as self-sustaining (successful breeding, population stable or increasing) so % will reduce with new transfers eg to 75% (15/20) after lizard transfer in 2018/19

Measure	2016-17 forecast	2017-18	2018-19	2019-20	Explanation
Maintain or improve the population status of nationally threatened species present					
# threatened species present and breeding successfully	4	4	4	4	Hihi, NI kaka, Maud Island frog, Pied shag; excludes takahe held primarily or temporarily for advocacy purposes
Manage species held for captive breeding purposes to ensure they remain healthy and breed successfully					
# species breeding in captivity	2	2	2	2	Maud Island frogs and Barking geckos
Monitor animal pest status, control mice and successfully respond to any incursions					
Mice maintained at levels similar to previous years	<10	<10	<10	<10	The figure gives an abundance index based on the average abundance/100 corrected trap nights
% pest animal incursions successfully eradicated	100%	100%	100%	100%	Assumes any incursions successfully eradicated
Monitor plan pest status and reduce distribution of environmental weeds (currently 123) within and near the perimeter fence					
# pest plant species actively controlled or surveyed	44	44	44	44	44 environmental weeds identified as priorities
# pest plant species where control has achieved a decline to low levels of infestation in the sanctuary	52	53	53	53	Control also undertaken outside the perimeter fence for key species to improve feasibility of ongoing suppression inside the fence

5.5 Conservation Activities

Activities	2017-18	2018-19	2019-20
Begin restoration of the lower valley streams, wetland and lake			
- initiate development and agreement of an overarching multifaceted strategic plan	Jul-17	update	update
- Research underway according to a research plan	Jun-17	ongoing	ongoing
- Develop a fish eradication operational plan		Jun-18	update
- Implementation of integrated plans	ongoing	ongoing	ongoing

6. The Karori Sanctuary Trust Board's Approach to Governance

6.1 The Trust Deed

The Karori Sanctuary Trust (the Trust) is an incorporated society that is governed by a Trust Deed, first executed in 1995 and most recently updated in October 2016.

We operate as a not-for profit organisation, a social enterprise, seeking to do public good by operating in a way that follows sound commercial disciplines.

As set out in our Trust Deed, the objects of the Trust are as follows:

- To carry out education and research into all matters pertaining to the conservation and restoration of New Zealand's natural heritage and in particular to restore representative examples of New Zealand's natural heritage.
- To establish and maintain a secure native wildlife sanctuary in the Karori Reservoir in the City of Wellington.
- To restore the reservoir area ecosystem as closely as practicable to its presumed pre-human state but allowing for construction of specific habitats to enhance its diversity and conservation values.
- To provide facilities for recreation and tourism activities.
- To seek and foster community support and participation.
- To manage and manipulate such ecosystems as may be necessary to maintain requisite populations.

The Trust operates as ZEALANDIA, under the guidance of a Trust Board.

6.2 Relationship with Wellington City Council

The Trust became a Council Controlled Organisation from October 2016 with the transfer of the ZEALANDIA Visitors Centre to Wellington City Council and the repayment of the loan on the building. The new Deed of Variation of Trust signed in October 2016 sets out the new requirement for the Trust Board to consist of a minimum of five persons and a maximum of up to seven persons. The Council can appoint a maximum of six persons, with an option for the Trusts Board to appoint an additional two persons following consultation with the Guardians and approval of the Council.

The Wellington City Council is a strategic partner, a trustee appointee, a major funder and the landlord of the Trust

The Funding Deed between Council and the Trust sets out Council's reporting and monitoring regime and the conditions for major transactions requiring Council approval. The Trust will report quarterly to the Council through the Environment Committee on the agreed measures, which will include a Statement of Financial Performance, Statement of Financial Position and Cash Flow Statement.

The Trust's audited accounts will be presented to the Council by due date. The Trust will continue to recognise Council as a principal funder.

The principles governing the relationship between the Trust and Council are:

- Council will be provided with access to information it requests.
- A "no surprises" approach.
- Work in a collaborative and constructive manner recognising each other's viewpoints and respecting differences.

- Act towards each other honestly and always in good faith.
- Communicate with each other openly, promptly, and in a clear and timely manner.
- Recognise the accountabilities that each has to the other and to those for the benefit of whom services are provided.

6.3 Board Membership

The members of the Karori Sanctuary Trust are:

Trustee	Term Expires
Denise Church (Chair), appointed by the Council	December 2018
Phillip Meyer, appointed by the Council	December 2017
Pam Fuller, appointed by the Guardians	June 2017
Steven Thompson, appointed by the Guardians	July 2018
David Bibby, appointed by the Guardians	January 2019
Russell Spratt, co-opted by the Board	June 2018

- The revised Karori Sanctuary Trust Deed signed in October 2016 outlines the roles of the Trust and the Guardians. All trustees may receive an honorarium set by the Council and Guardians.
- The Trust Board shall meet no less frequently than eight times a year.
- The Chief Executive attends all meetings accompanied by their management team as required.
- Under the terms of the Trust Deed, the Board is required to have an Audit and Risk Committee. The terms of reference for this committee require that it meets at least four times a year. Members of the Audit and Risk Committee are Denise Church, Phillip Meyer and Iain Craig (an independent member).
- The Board may choose to set-up any new committees as deemed necessary in order to maintain an appropriate level of oversight.
- Trustees will contribute knowledge and skills across a range of work areas during the 2017/18 year and may from time to time contribute to working groups established by the Chief Executive.
- In 2016/17, Pam Fuller's term as a trustee on the Board will expire.

6.4 Board Performance

The Chair and the Board as a whole will participate in an annual review of their performance as follows:

- The Board as a whole by the Board.
- Individual Board members by the Board, through the Chair.
- The Chair by the Board.

The method/standards used to assess the performance will be based on the standards issued by the Institute of Directors in New Zealand, adapted for the Trust. From these reviews, development needs and any other actions required to ensure best practice governance and performance standards will be determined and implemented.

The Board will undertake a review of the Chief Executive's performance in July 2017.

6.5 Annual General Meeting

By established practice the Trust holds each year an Annual General Meeting (AGM) of members to discuss the Annual Report and current strategies. The Board establishes a date for the AGM in consultation with the Guardians.

The 2016 AGM was held on 16 October, and was well attended.

The next AGM will be held on 15 October 2017.

7. Organisational Health, Capability and Risk Assessment

7.1 Organisational Health and Capability

Our aim is deliver our work by attracting and retaining talented and capable staff and through strategic partnerships. Critical to our success is having experienced and motivated staff. Training and professional development for staff will continue to be a priority for 2017/18.

We will continue to work closely with Victoria University, Council (e.g. shared services initiative) and other partners to build the capability of the organisation.

7.2 Executive Team

Paul Atkins	Chief Executive Officer (appointed November 2015)
Danielle Shanahan	Manager Conservation, Research, Learning and Experience
Chris Fitzgerald	Manager Commercial Development
Russ Drewry	Manager Sanctuary Care and Preservation
Mathew Valentine	Manager Corporate Services

7.3 Environmental Practices

The Trust is committed to and incorporates sustainable practices.

ZEALANDIA has been awarded the Qualmark EnviroGold and the EnviroMark carboNZero accreditation.

The Rata Café has been accredited with all Conscious Consumer badges and is in the process to become organic certified as the kitchen garden extends to selling produce as well as providing it for the café business.

8. Health and Safety

The Trust has robust Health and Safety systems in place and a detailed Emergency Procedure Action Plan that complies with the Health and Safety at Work Act 2015.

Key actions taken or underway

- As part of their due diligence obligations, the organisation's officers now regularly dedicate time to focusing on a particular area of the operation and through consultation get a more comprehensive understanding of the risks in that area and where improvements might be made.
- Incident reports are now not only reviewed on a regular basis but a new procedure of sign off that ensures the officers are happy with the investigations and outcomes has been implemented.

- The CEO is a member of the “Business Leaders Health and Safety Forum” and uses this to inform and keep abreast of best practice models.
- We continue to ensure employees and volunteers have an inclusive role in the identification and management of health and safety matters; including using the Health and Safety Committee to give a direct line of communication and ownership around Health and Safety matter across all areas of the Organisation
- We maintain a training regime that ensures there is a good level of coverage of personnel who can confidently deal with first responder medical and emergency situations throughout the site at all times;.
- We have instigated a Employee Support Programme through EAP Services which provides free and confidential support to all employees

Initiatives planned

We will continue to:

- evolve our policies and processes as WorkSafe publishes new guidelines and requirements become clearer.
- foster a collaborative and proactive approach within the organisation and with our partners.
- engage with the PCBUs of other organisations with which the Trust works, partners, or otherwise deals, or is considering dealing with, to require more robust evidence of their suitability and pertinent qualifications before working with them.
- work with agencies such as the Wellington Regional Emergency Management office, the Rural Fire Authority, Search and Rescue New Zealand, and other Wellington City Council community controlled organisations, to develop relationships and review joint working relationships.
- engage with WorkSafe with a view to reducing our ACC levy payments by undertaking recommended programmes and assessments.
- identify and organise ongoing training to reach or exceed best practice levels in all areas.

8.1 Asset Management Plan

In 2016 the Trust reviewed its asset register and altered depreciation on a number of the assets to more accurately reflect their expected life. In 2017/18 we will continue to improve our asset management systems and explore if there are ways to integrate these with the systems used by WCC.

8.2 Risk Management

The Trust regularly reviews all known and potential risks. A robust risk management process, using standard risk methodology, is monitored by the Audit and Risk Committee and reported to the Board.

The Trust has robust fit-for-purpose systems and processes and financial delegations.

The Trust has insurance policies for Material Damage, Business Interruption, Combined Liability (Public, Employer, Statutory, Fidelity Guarantee and Lawsafe) and Trustee Liability.

For medium and high risks, control systems and management strategies are established, as appropriate. The objective is to reduce the residual risk to the point where all cost-effective mitigations have been put in place. The Audit and Risk Committee is responsible for reviewing these strategies. The Trust's management is responsible for their implementation. There are four response types, depending on the risk assessment and cost effectiveness considerations. These are:

- **Avoidance:** To eliminate the conditions that allow the risk to be present at all, often by changing or stopping the activity.
- **Acceptance:** To acknowledge the risk's existence, but to take no pre-emptive action to resolve it, except for the possible development of contingency plans should the risk event come to pass.
- **Mitigation:** To minimise the probability of a risk's occurrence or the impact of the risk should it occur.
- **Deflection:** To transfer the risk (in whole or part to another organisation, individual, or entity – such as through insurance).

A process to review and update the framework for the risks register is currently underway and will be completed and applied during the first quarter of the 2017/18 financial year. The new format will employ a risk matrix similar to that indicated below, with likelihood and consequence tables providing a greater degree of clarity in line with current best-practice. The revised framework will be included in the first quarterly report to Council in 2017/18.

Probability of Risk	Impact of Risk					
	2	3	4	5	6	7
1	3	4	5	6	7	8
0	2	3	4	5	6	7
-1	1	2	3	4	5	6
-2	0	1	2	3	4	5
-3	-1	0	1	2	3	4

9. Additional Information

9.1 Response to other specific Letter of Expectation matters (if applicable)

None

9.2 Ratio of Shareholders' Funds to Total Assets

Please refer to the Balance Sheet included in the Accounting policies (Appendix A).

9.3 Estimate of Amount Intended for Distribution

The Karori Sanctuary Trust is a not-for-profit organisation and registered charity and does not make a distribution to the Settler.

9.4 Acquisition Procedures

The Trustees have no intention of subscribing for, purchasing or otherwise acquiring shares in any other company or any organisation.

9.5 Activities for which the Board seeks Compensation from a Local Authority

Total funding from Wellington City Council in 2017/18 is \$875,000. The development of the Trust's 10 year sustainable business plan anticipates as a baseline the continuation of the current level of funding.

9.6 Estimate of Commercial Value of Shareholders' Investment

Not applicable.

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Appendix A: Accounting Policies

i. Statement of compliance and basis of preparation

Statement of compliance

The financial statements presented here are for the reporting entity, the Karori Sanctuary Trust. The Trust is a charitable trust registered under the Charities Act 2005 which requires compliance with generally accepted accounting practice (GAAP) in New Zealand.

As the primary objective of the trust is to develop a secure native wildlife which benefits the community, rather than making a financial return, the trust is a public benefit entity for the purpose of financial reporting. The financial statements of the trust comply with Public Benefit Entity standards Reduced Disclosure Regime (PBE RDR). The financial statements have been prepared in accordance with Tier 2 PBE RDR. The trust is eligible to report in accordance with Tier 2 PBE Standards RDR because it does not have public accountability and it is not large.

Basis of preparation

"The financial statements have been prepared for the first time in accordance with PBE RDR for not-for-profit organisations as required by the Financial Reporting Act 2013. The comparative financial information has been restated for consistency with the current period. There are no material changes arising from first time adoption of PBE RDR. The financial statements have been prepared on a going concern basis and the accounting policies have been applied consistently throughout the period."

Measurement base

The financial statements have been prepared on a historical cost basis. The financial report is measured in New Zealand dollars and all values are rounded to the nearest dollar (\$) unless otherwise stated.

ii. Recognition of revenue

Grants are recognised as revenue when the requirements under the grant agreement have been met. Any grants for which the requirements under the grant agreement have not been completed are carried as liabilities until all the conditions have been fulfilled.

Revenue received from membership subscriptions is allocated proportionally over the period to which they relate. The unearned portion of subscriptions is shown under current liabilities. Prepaid visits are also treated as current liabilities. Sales of goods and admissions comprise the amounts received and receivable for goods and services supplied to customers in the ordinary course of business. This revenue is recognised when the goods or services are provided to the customer.

Interest income is accounted for as earned. In the financial statements, there is no financial recognition of support given in the form of donated labour and materials.

iii. Property, plant and equipment and finite life intangible assets

Property, plant and equipment and intangible assets are measured initially at cost. Cost includes expenditure that is directly attributable to the acquisition of the items. The cost of an item is recognised only when it is probable that future economic benefit or service potential associated with the item will flow to the entity.

Subsequent costs that meet the recognition criteria above are recognised in the carrying value of the property, plant and equipment or intangible asset. Such cost includes the cost of replacing part of the asset if the recognition criteria are met. When significant parts of the asset are required to be replaced at intervals, the entity recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the fixed asset as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in surplus or deficit as incurred.

Measurement subsequent to initial recognition: Subsequent to initial recognition, Property, plant and equipment and intangible assets are measured using the cost model.

iv. Depreciation

Depreciation of Property, plant and equipment and amortisation of intangible assets is calculated on a straightline basis so as to allocate the cost of the assets over their useful lives as follows:

Building/Infrastructure	10-100 years
Exhibitions	5-8 years
Leasehold improvements	10-25 years
Predator fence	25-50 years
Fixtures, Plant and Equipment	5-75 years
Vehicles	5-10 years
Other Assets	2.5-50 years
Computer Software	3 years

v. Accounts receivables

Accounts receivable are stated at anticipated realisable value after providing against debt where collection is doubtful.

vi. Stock on hand

Stock on hand comprise of retail and food and beverages. They are stated at the lower of cost and net realisable value. Cost is determined on a weighted average cost basis.

vii. Leased assets

As lessee:

Operating lease payments are recognised as an expense in the periods the amounts are payable.

viii. Impairment

Property, plant and equipment and intangible assets held at cost that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable service amount. The recoverable service amount is the higher of an asset's fair value less costs to sell and value in use. If an asset's carrying amount exceeds its recoverable service amount, the asset is regarded as impaired and the carrying amount is written-down to the recoverable amount. The total impairment loss is recognised in the surplus or deficit. The reversal of an impairment loss is recognized in the surplus or deficit

ix. Employee entitlements

Employee entitlements to salaries and wages, annual leave and other benefits are recognised when they accrue to employees.

The liability for employee entitlements is carried at the present value of the estimated future cash outflows.

x. Goods and services tax (GST)

The financial statements have been prepared so that all components are stated exclusive of GST with the exception of receivables and payables that include GST invoiced.

xi. Income tax

The Trust being a charitable organisation is income tax exempt under the Income Tax Act 2007.

xii. Financial instruments

Financial instruments are comprised of trade and other receivables, cash and cash equivalents, financial assets at fair value through surplus or deficit, trade and other payables and loans at amortised cost. The Trust held no derivative financial instruments in the years reported. The subsequent measurement of financial assets depends on their classification at inception.

xiii. Statement of cash flows

The following are the definitions of the terms used in the statement of cash flows:

- (a) Operating activities include all transactions and other events that are not investing or financing activities.
- (b) Investing activities are those activities relating to acquisition, holding and disposal of property, plant and equipment and of investments.
- (c) Financing activities are those activities that result in changes in the size and composition of the capital structure. This includes both equity and debt not falling within the definition of cash.
- (d) Cash is considered to be cash on hand and current accounts in banks, net of bank overdrafts.

xiv. Changes in accounting policies

There have been no changes in accounting policies in the year.

Appendix B: ZEALANDIA Budget for 2017/18

ZEALANDIA will continue to drive revenue and contain costs in 2017/18 and complete the year with a healthy operating surplus.

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ZEALANDIA - KARORI SANCTUARY TRUST

Forecast 30-Jun-17	STATEMENT OF COMPREHENSIVE INCOME	Qtr to 30-Sep-17	Qtr to 31-Dec-17	Qtr to 31-Mar-18	Qtr to 30-Jun-18	FYE 30-Jun-18	FYE 30-Jun-19	FYE 30-Jun-20
	Trading Revenue							
675,561	Admissions	150,000	365,000	365,000	100,000	980,000	1,000,000	1,020,000
307,600	Membership Subscriptions	55,000	95,000	95,000	55,000	300,000	308,000	315,000
	Other Operating Revenue							
	Sales of Goods							
2,375,417	Other trading revenue	210,000	410,000	510,000	266,000	1,396,000	1,438,000	1,486,000
	Other Operating Revenue							
875,000	Shareholder grants	208,750	208,750	208,750	208,750	835,000	835,000	835,000
43,461	Sponsorships, grants and donations	62,500	62,500	62,500	62,500	250,000	265,000	270,000
	Other operating income							
	Non-operating Revenue							
	Sub-lease and other non-operating income							
27,957	Interest income	4,500	9,000	4,500	9,000	27,000	27,000	27,000
	Other income							
4,304,995	Total Revenue	690,750	1,150,250	1,245,750	701,250	3,788,000	3,873,000	3,953,000
	Operating Expenses (overheads)							
2,111,971	Salaries and wages	515,000	535,000	535,000	515,000	2,100,000	2,150,000	2,200,000
516,245	Cost of goods sold	60,000	70,000	77,000	60,000	267,000	272,000	278,000
620,198	Other operating expenses	135,000	145,000	145,000	135,000	560,000	572,000	583,000
96,211	Trustee expenses	21,000	20,500	21,000	20,500	83,000	85,000	87,000
412,386	Administration costs	115,000	115,000	115,000	115,000	460,000	470,000	480,000
3,757,011	Total Operating Expenditure	846,000	885,500	893,000	845,500	3,470,000	3,549,000	3,628,000
547,984	Net Surplus/(Deficit) before Depreciation and Tax	(155,250)	264,750	352,750	(144,250)	318,000	324,400	330,900
14,946	Interest expense	9,000	9,000	9,000	9,000	36,000	21,300	
311,491	Loss on Visitor Centre transfer to WCC							
525,267	Depreciation	155,000	155,000	155,000	155,000	620,000	570,000	520,000
(303,720)	Net Surplus/(Deficit)	(319,250)	100,750	188,750	(308,250)	(338,000)	(266,900)	(189,100)

ZEALANDIA - KARORI SANCTUARY TRUST

Forecast 30-Jun-17	STATEMENT OF FINANCIAL POSITION	As at 30-Sep-17	As at 31-Dec-17	As at 31-Mar-18	As at 30-Jun-18	As at 30-Jun-18	As at 30-Jun-19	As at 30-Jun-20
	Equity							
5,881,143	Trust Funds	5,577,423	5,258,173	5,358,923	5,547,673	5,577,423	5,239,423	4,972,523
(303,720)	Current year earnings	(319,250)	100,750	188,750	(308,250)	(338,000)	(266,900)	(189,100)
5,577,423	Total Shareholder/Trust Funds	5,258,173	5,358,923	5,547,673	5,239,423	5,239,423	4,972,523	4,783,423
	Current Assets							
709,000	Cash and cash equivalents	709,000	578,800	840,800	721,000	721,000	997,000	1,282,000
40,000	Accounts receivable	40,000	40,000	40,000	46,000	46,000	51,000	51,000
	Prepayments							
60,000	Inventory	60,000	60,000	60,000	60,000	60,000	55,000	60,000
	Other current assets							
809,000	Total Current Assets	809,000	678,800	940,800	827,000	827,000	1,103,000	1,393,000
	Investments							
700,000	Term deposits	700,000	700,000	700,000	700,000	700,000	700,000	700,000
	Other investments							
700,000	Total Investments	700,000	700,000	700,000	700,000	700,000	700,000	700,000
	Non-current Assets							
4,975,543	Fixed assets	4,820,543	4,665,543	4,510,543	4,355,543	4,355,543	3,785,543	3,265,543
	Intangible assets							
	Other non-current assets							
4,975,543	Total Non-current Assets	4,820,543	4,665,543	4,510,543	4,355,543	4,355,543	3,785,543	3,265,543
6,484,543	Total Assets	6,329,543	6,044,343	6,151,343	5,882,543	5,882,543	5,588,543	5,358,543
	Current Liabilities							
222,000	Accounts payable	161,700	135,000	130,000	200,000	200,000	242,000	200,000
186,000	Income in advance	397,750	170,294	211,044	198,627	198,627	164,000	200,000
79,000	Employee entitlements	80,000	80,000	80,000	80,000	80,000	80,000	80,000
251,808	Provisions and accruals	279,902	173,108	80,608	95,808	95,808	129,708	94,808
108,333	Other current liabilities	83,333	58,333	33,333	68,373	68,373	68,373	68,373
847,141	Total Current Liabilities	1,002,685	616,735	534,985	642,808	642,808	615,708	574,808
	Non-current Liabilities							
312	Shareholder advances	312	312	312	312	312	312	312
68,373	Other non-current liabilities	68,373	68,373	68,373				
68,685	Total Non-current Liabilities	68,685	68,685	68,685	312	312	312	312
915,826	Total Liabilities	1,071,370	685,420	603,670	643,120	643,120	616,020	575,120
5,568,717	Net Assets	5,258,173	5,358,923	5,547,673	5,239,423	5,239,423	4,972,523	4,783,423

ZEALANDIA - KARORI SANCTUARY TRUST

Forecast 30-Jun-17	STATEMENT OF CASH FLOWS	Qtr to 30-Sep-17	Qtr to 31-Dec-17	Qtr to 31-Mar-18	Qtr to 30-Jun-18	Total YE 30-Jun-18	Total YE 30-Jun-19	Total YE 30-Jun-20
	Cash Flows From Operating Activities							
	Inflows							
3,862,513	Trading Receipts	415,000	870,000	970,000	421,000	2,676,000	2,746,000	2,821,000
875,000	Shareholder grants	417,500		417,500		835,000	835,000	835,000
43,461	Sponsorships and donations	62,500	62,500	62,500	62,500	250,000	265,000	270,000
	Other Income	10,000		20,000		30,000		
	Outflows							
2,111,971	Payments to Employees	515,000	535,000	535,000	515,000	2,100,000	2,150,000	2,200,000
1,907,588	Payments to Suppliers	315,500	452,700	618,500	39,300	1,426,000	1,209,000	1,293,000
206,046	Net GST Cashflow	45,000	50,000	25,000	24,000	144,000	150,000	175,000
	Other Operating Costs							
555,369	Net Cash Flows From (Used In) Operating Activities	29,500	(105,200)	291,500	(94,800)	121,000	337,000	258,000
	Cash Flows From (Used In) Investing Activities							
	Inflows							
	Sale of fixed assets							
	Sale of investment assets							
	Other							
	Outflows							
	Purchase of fixed assets							
	Purchase of investments							
	Other							
	Total Investing Cash Flow							
	Cash Flows From (Used In) Financing Activities							
	Inflows							
	Drawdown of loans							
27,957	Investment income	4,500	9,000	4,500	9,000	27,000	27,000	27,000
	Other							
	Outflows							
100,000	Repayment of loans	25,000	25,000	25,000	25,000	100,000	66,700	
14,946	Interest paid	9,000	9,000	9,000	9,000	36,000	21,300	
	Other							
(86,989)	Total Financing Cash Flow	(29,500)	(25,000)	(29,500)	(25,000)	(109,000)	(61,000)	27,000
468,381	Net Increase/(Decrease) in Cash Held		(130,200)	262,000	(119,800)	12,000	276,000	285,000
240,619	Opening Cash Equivalents	709,000	709,000	578,800	840,800	709,000	721,000	997,000
	Adjustments (rounding)							
709,000	Closing Cash Equivalents	709,000	578,800	840,800	721,000	721,000	997,000	1,282,000



Statement of Intent 2017/18
Wellington Cable Car Limited

Presented to the Council Controlled Organisations Sub-Committee
Pursuant to Schedule 8 of the Local Government Act (2002)

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1. Introduction

Wellington Cable Car Limited (WCCL) is proud to present its Statement of Intent for 2017/18 as required by the Local Government Act, 2002 and WCCL's Shareholder, Wellington City Council. WCCL comprises two operating divisions – the Cable Car and the Trolley Bus Overhead Electrical Network, both of which are funded differently. As a Council Controlled Organisation (CCO), WCCL is accounted for as a Public Benefit Entity (PBE).

The Cable Car is funded by passenger revenue and occasional grants from Wellington City Council (WCC) for specific projects (for example, the Electric Drive project in 2016 was part-funded by WCC). The Cable Car carries approximately 1,000,000 passengers per annum and its patronage is split between local residents and visitors to Wellington. The Cable Car is regulated as a funicular railway under the Railways Act, 2005 by the New Zealand Transport Agency (NZTA) Rail Safety Regulator. Despite the healthy number of passengers, future revenue will be insufficient to fund the Cable Car's ongoing asset management programme (in particular, large ticket items such as the replacement of rolling stock) needed to maintain this service. WCCL is continuing to work closely with NZTA, GWRC and WCC to investigate the potential provision of public transport subsidies to support this service. If these are not forthcoming, an increase in fares will be required in the near future to mitigate the gap between costs and income received (primarily, passenger revenue).

The Trolley Bus network is grant funded by Greater Wellington Regional Council (GWRC). Trolley Bus services will cease during 2017 and WCCL will commence decommissioning the network and disposing of the overhead network assets shortly thereafter. This process is expected to take approximately 12 months and is currently scheduled to commence in November 2017, dependent upon (a) final confirmation of the date of cessation of Trolley Bus services and (b) the outcome of the procurement process for the decommissioning work. At the time of writing, both of these activities are a work-in-progress and whilst assumptions can be made for planning purposes, these are not definite at this stage. As it has for many years, WCCL continues to ensure that the network remains operationally available for Trolley Bus services and that public safety is protected, whilst ensuring compliance with all statutory legislation, regulations, codes and applicable standards.



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Notwithstanding the proposed structural changes for the company, the core strategies and activities outlined in this Statement of Intent continue the thrust of the previous Statement of Intent for 2016/17. The company's principal activities relate to its long-term public transport infrastructure assets – the Trolley Bus overhead electrical network and the Wellington Cable Car.

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2. Strategic Direction

a) Core Purpose

The primary business activities of WCCL are:

1. Provision of the Cable Car passenger service, to meet the needs of local residents (including commuters and students) and visitors to Wellington. This operation is financed from passenger fare income and any additional revenue developed from WCCL and other tourism-related activities. In 2016 the Company received grant funding from WCC to assist in the replacement of the electric drive and maintenance work on the Cable Cars. The company is planning to qualify for central and local government Public Transport subsidies as part of the Metlink network (similar to the ferries), and is working closely with NZTA, GWRC and WCC on this proposal.
2. Provision of Trolley Bus traction services by means of the overhead electrical network for use by Trolley Buses in Wellington under contract from GWRC, using Broadspectrum as the maintenance services provider. This operation is financed from payments by GWRC on a cost recovery basis, to cover planned maintenance and reactive defect rectification of the overhead electrical network.

This also includes:

- Infrastructure-related activities undertaken within Wellington. In particular, third-party projects requiring the overhead electrical network to be relocated and/or modified (for example, construction projects within the CBD);
- Maintaining WCCL's pole network funded via pole user charges from telecommunications companies using WCCL's poles to support their communication networks.
- The planning and commencement of the decommissioning process, which will commence during the 2017/18 year. WCCL is also investigating the potential sale of the poles to a utility company once the network has been decommissioned.

b) Cable Car Passenger Operating Environment Update

The operating environment for 2016/17 year has continued to be strong and the whole tourism industry in Wellington (including the Cable Car) has benefitted significantly from this. Passenger figures and revenue increased in the 2015/16 year to 1,047,000 and \$2.7 Million respectively, even though the Cable Car shut down for a large upgrade in June 2016. Further growth, particularly in the tourism sector is predicted. Local growth is harder to predict, noting the projected relatively small increase in the Kelburn and adjacent suburb populations.

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The Cable Car is the second most visited tourist attraction in Wellington after the Museum of New Zealand Te Papa Tongarewa, and customer feedback indicates that it is perceived as an iconic attraction for Wellingtonians and visitors alike. Patronage is shared between local residents (including students at Victoria University of Wellington) and tourists. In respect of the tourist market, WCCL is looking forward to the addition of further tourist attractions in Wellington City, including the film museum.

Victoria University student numbers have declined in recent years due to changes in the locations of student accommodation and this trend is continuing because of this permanently changed demographic. There is clear evidence that the price of student fares (which is much lower than an equivalent bus fare) is not the cause of this decline in student numbers. In response, the company has become part of the Victoria University of Wellington inter-campus travel scheme using the Snapper system and while this has helped it has not completely arrested the trend of declining student passengers.

c) Trolley Bus Network Decommissioning

At the time of writing, WCCL is in the closing stages of finalising the procurement phase for the decommissioning of the Trolley Bus overhead electrical network, which is scheduled to commence in November 2017 with a planned completion date 12 months from commencement. This will include removal of 80 Km of network, associated electrical supply feeder pillars, the electrical fault protection system and those poles not required to support critical infrastructure (including electricity supply cables, telecommunications ultra-fast broadband networks, street lighting, road signs and traffic lights). WCCL is also negotiating the potential sale of the remaining poles and is in the final stages of completing the last of the pole user license agreements with Telecommunications utility providers.

d) Strategic Change Initiatives

WCCL will need to change and evolve as the Traction Services side of the Company winds down. There will be some restructuring costs associated with this but these have not yet been fully scoped at this stage.

e) Health, Safety and Wellness

The Health and Safety at Work Act 2015 has now been enacted and this is already driving positive behaviours and greater collaboration between key players in the Wellington public transport sector. This includes regular meetings between PCBUs at which learnings are shared and initiatives are discussed to promote safety and raise awareness. WCCL's partners in this process include Broadspectrum, NZ Bus, Wellington Electricity, WCC, GWRC and NZTA.

WCCL's staff and sub-contractors have a huge role to play in the success of the Company. Looking after the most important asset WCCL possesses (its staff) and giving them the health, safety and wellness support they need to carry on doing excellent work is important to the Company and our customers, and is given a very high priority in everything that we do.

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3. Nature and Scope of Activities

The activities that are undertaken and the outputs that WCCL seeks to deliver across both operating divisions are as follows:

<u>Core Strategies</u>	<u>Key Activities and Outcomes Sought</u>
<p>a. <u>Operation of Cable Car Service</u></p>	<p><u>Key Generic Activities and Outcomes</u></p> <ol style="list-style-type: none"> 1. Ensure all legal and statutory requirements are met. 2. Safe operation of the Cable Car service with no serious injuries or fatalities, by ensuring high importance is placed on the safety of staff, contractors and members of the public, and meeting statutory requirements. 3. Reliable operation of Cable Car service by ensuring appropriate staffing levels and that assets are managed in accordance with the strategy and policies outlined in Cable Car Asset Management Plan. 4. High standard of customer service provided, with convenience for regular users and a memorable experience for visitors to Wellington. 5. Stakeholder engagement with all relevant central government departments, councils, organisations, companies, suppliers and third parties whose activities impinge upon or who could affect Cable Car services. 6. Cable Car marketing activities managed in accordance with the company' Marketing Plan. 7. Manage the operation of the Cable Car within the timetable to maximise the throughput of passengers, without detracting from the overall experience of visitors to the facility. 8. Train employees to ensure that they perform all aspects of their work helpfully and in accordance with safety and operational requirements. 9. Set revenue targets for the Cable Car service to contribute optimally to WCCL's net profit after tax. 10. Ensure appropriate insurance cover is held for Cable Car assets and functions. 11. Cable Car Health and Safety Plan kept up to date and appropriately managed. 12. Ensure the ongoing viability of the Cable Car

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<u>Core Strategies</u>	<u>Key Activities and Outcomes Sought</u>
<p>b. <u>Operation and De-Commissioning of Trolley Bus Traction Services</u></p>	<p><u>Key Generic Activities and Outcomes</u></p> <ol style="list-style-type: none"> 1. Ensure all legal and statutory requirements are met. 2. Safe operation of the Trolley Bus overhead electrical network with no serious injuries or fatalities, by ensuring high importance is placed on the safety of staff, contractors and members of the public, and meeting statutory requirements. 3. Operate, maintain, repair and replace (where required) the Trolley Bus overhead electrical network assets in accordance with the Asset Management Plan. 4. The Trolley Bus Overhead Electrical Network is fully available for Trolley Bus services as contracted for by GWRC, subject to damage caused by extreme weather / third parties, or any requirements to undertake reactive maintenance or defect rectification. 5. Ensure the safe and efficient de-commissioning of the Trolley Bus Overhead Network post the cessation of Trolley Bus services (which is planned to commence in November 2017). 6. Stakeholder engagement with all relevant central government departments, councils, organisations, companies, suppliers and third parties whose activities impinge upon or who could affect Trolley Bus services. 7. Train WCCL employees (and Broadspectrum employees where necessary) to ensure that they can perform all aspects of their work satisfactorily and in accordance with safety and operational requirements. 8. Ensure appropriate insurance cover is held for Traction Services assets and vehicles, excluding the overhead electrical network infrastructure. 9. Ensure the Trolley Bus Traction Services Health and Safety Plan is kept up to date and appropriately managed. 10. Liaise and negotiate with WCC, GWRC, utility companies and broadband providers to manage third party use of WCCL Poles for safety reasons and to secure revenue.

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<u>Core Strategies</u>	<u>Key Activities and Outcomes Sought</u>
	<p>11. Provide assistance to third parties who are required to move high loads through the overhead electrical network.</p> <p>12. Provide assistance to organisations that need to relocate overhead electrical network assets for road building / modification purposes or earthquake strengthening works.</p>

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4. Performance Measurements

1. Cable Car Passenger Services Performance Measures

Performance Indicator	Measure	Target/Result
Cable Car vehicles, track, tunnels, bridges, buildings and equipment are maintained to required safety standards	Approval by NZTA Rail Safety Regulator to be obtained each year	Timely approval received
Cable Car Service Reliability	Percentage reliability	Greater than 99%
Cable Car User Satisfaction Survey	<p><u>Local Residents:</u> How often do you use the Cable Car?</p> <p><u>Tourists:</u> How do you rate the visitor experience on the Cable Car?</p>	<p>50% travel on the Cable Car at least once every year</p> <p>90% of respondents provide a rating of great than 6 on a scale of 1 to 10</p>
Cable Car Service maintains Qualmark endorsement to confirm that the Cable Car Service meets established tourism standards	Qualmark endorsement maintained	Qualmark endorsement maintained when annual requalification is required
Cable Car Asset Management Plan (AMP) implemented and maintained	Asset Management Plan as approved by the Board is implemented with care and efficiency.	Asset Management Plan implemented and long term planning and financial implications fed into WCCL, WCC and GWRC planning and financial systems
Cable Car Passenger Trips	Passenger trips as per the estimates below	Passenger trip estimates achieved or variances explained

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Estimated Cable Car Passenger Numbers and Revenue					
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Full Year
2016/17 (SOI Estimates)	149,815	293,325	354,332	200,039 ¹	997,511
2016/17 (Pax)	107,020 ²	266,165	354,422 ¹	200,039 ¹	927,646²
2017/18 (Pax)	206,367	293,010	375,962	216,589	1,091,928
2017/18 (Revenue)	\$490,792	\$808,556	\$1,053,333	\$536,983	\$2,889,665
2018/19 (Pax)	210,171	302,556	388,492	220,198	1,121,417
2018/19 (Revenue)	\$498,111	\$889,891	\$1,188,638	\$600,910	\$3,177,551
2019/20 (Pax)	213,107	312,457	401,492	223,873	1,150,928
2019/20 (Revenue)	\$550,145	\$947,149	\$1,235,377	\$612,637	\$3,345,308

1. Estimated figures for the remainder of the 2016/17 financial year.
2. The 2016/17 figures were affected by the shutdown for the replacement of the electric drive and controls system June - August 2016. This impacted upon passenger numbers for the year by approximately 30,000 – 40,000. There was also a transient negative impact upon local passenger numbers following the November 2016 earthquake.

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2. Trolley Bus Services Performance Measures

Performance Indicator	Measure	Target/Result
Hazard Notices issued to WCCL in respect of Network Issues	Number of hazard notices issued to WCCL in respect of network issues caused by WCCL or a result of inadequate maintenance by WCCL.	Nil notices
Trolley Bus Overhead Network Decommissioning Project	Trolley Bus Overhead Network Decommissioning Plan and Schedule agreed with GWRC and procurement process completed	Procurement process for safe and efficient Trolley Bus Overhead Network Decommissioning organised and ready to commence at the appropriate time.
GWRC funding and performance agreement compliance	Number of breaches of agreement	Nil breaches by WCCL Nil complaints from GWRC

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3. WCCL Corporate Activities Performance Measures

Performance Indicator	Measure	Target/Result
Compliance with appropriate regulations and statues	Number of adverse comments from the relevant regulatory authorities	Nil adverse comments
WCCL Corporate and Operational Risks are proactively identified, assessed and managed to an As Low As Reasonably Practicable (ALARP) level in accordance with the principles contained in AS/NZS ISO 31000:2009.	WCCL Corporate and Operational Risks are proactively identified, assessed and managed	Nil Extreme Risks extant High Risks are proactively managed and eliminated or minimised.
WCCL disaster recovery plan update	WCCL completes a detailed review and update of the existing disaster recovery plan given the recent natural events in Wellington and the inherent nature of its business	Completion of the update of the WCCL disaster recovery plan.

4. Financial Performance Measures

Performance Indicator	Measure	Target/Result
Budgetary requirements approved by the WCCL Board are met	Degree of variance from budget	Within 10% of Board approved variance
Board delegations are adhered to	Board and leadership team approvals of financial and contractual commitments and expenditure	All approvals of financial and contractual commitments and expenditure are in accordance with the delegations policy
WCCL can fund its long-term Cable Car capital expenditure programme	Appropriate budgeted amount set aside each year for long-term capital works programme	Sufficient financial reserves are maintained to permit funding of capital works programme as included in the Asset Management Plan, through a combination of cash, external borrowing and grants / external funding

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5. Board's Approach to Governance

- The Board of Directors normally comprises two members. All are appointed by WCC for varying terms, according to WCC practices.
- The Chairman and other Director are both appointed by WCC and are currently senior Council Officers (City Engineer and Chief Financial Officer).
- The Board currently meets formally every two months (typically 5 meetings per annum). Further detail on Board practices is outlined below at paragraph 5.(c).

a) Responsibility of the Directors

The Board supports the principles of good governance as set out in "The Four Pillars of Governance Best Practice for New Zealand Directors" (incorporating the Code of Practice for Directors), issued by the Institute of Directors in New Zealand (Inc.) in 2012.

The responsibilities of the Directors include:

- Exercising prudence and skill in their governance of the company, and to act in accordance with the requirements of the Companies Act 1993 and all other relevant legislation in the execution of their duties;
- Managing WCCL to meet:
 - The objectives of WCCL's Board;
 - General WCC objectives for WCCL as expressed from time to time;
 - Monitoring and addressing policy, solvency and statutory matters of the company;
 - Monitoring all of the company's activities and ensuring the company acts in accordance with its stated objectives.

b) Delegated Functions

The Board of Directors delegates the day-to-day management of the company to the CEO and his leadership team, who are required to act in accordance with the Board's approved delegations policy.

c) Board Practices

The Board's practices include:

- i) The Chair meets with the CEO weekly to discuss current issues
- ii) The Directors and the CEO meet monthly for a formal catch-up to discuss governance issues.
- iii) The Board meets bi-monthly or more frequently on an as-required basis.

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6. Organisational Health, Capability and Risk Assessment

WCCL is committed to developing and maintaining an enduring and resilient approach to health and safety that embeds a culture of zero harm within the company, adheres to legislative requirements and ensures that staff, contractors and the general public are not exposed to unnecessary risk or harm in their dealings with WCCL. The following approaches and organisational procedures are in place or are being developed to ensure that WCCL meets its obligations to the Council and the Wellington public as required by the Health and Safety at Work Act 2015, the Railways Act 2005, Local Government Act 2002 and other pertinent legislation:

a) Organisational Approach to Health and Safety:

Health and Safety legislation has been overhauled in New Zealand, and the old Health and Safety in Employment Act 1992 has been replaced by the new Health and Safety at Work Act 2015 (HASWA) modelled upon the Australian equivalent. WCCL is working in conjunction with WCC to ensure that WCCL remains "ahead of the curve" under the new regime that now exists in addition to the continuing practices that are undertaken by the NZTA Rail Safety Regulator for the Cable Car.

The Cable Car operates under a license granted by the NZTA Rail Safety Regulator and follows well established procedures for the investigation and reporting of any near misses or accidents. The vast majority of reported events comprise of slips, trips or falls, or members of the general public who have injured themselves elsewhere and ask for first aid assistance whilst travelling on the Cable Car.

WCCL participated in the very successful WorkSafe New Zealand Safety Star Rating Scheme pilot in the 2016/17 year, and is keen to participate in similar schemes in the future.

At a governance level, Health and Safety reporting is a mandatory item at all Board meetings, ensuring that Directors remain apprised of current statistics and any developments arising.

As a result, WCCL has in place appropriate Health and Safety policies, practices and procedures to meet its responsibilities covering hazard identification and management, emergency planning, accident reporting, investigation management, contractor management and safe work procedures (incorporating appropriate Safe Systems of Work).

b) Capital Investment and Asset Management Plans:

Sourcing adequate funding to meet the requirements of the long-term Cable Car capital investment plan is a very high priority as several significant large equipment replacement programmes will be needed over the next 10-12 years. WCCL will continue to liaise with NZTA and GWRC in addition to WCC to identify appropriate finance (which could be a combination of debt, grant, and external funding from both local and central government funding streams).

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The two operating divisions of WCCL each have their own Asset Management Plans and associated capital investment plans. The Cable Car Asset Management Plan, in particular, was fundamentally rewritten and re-issued in February 2016 to cover the 50-year period through to 2066.

c) Staff Engagement and Training:

The two operating divisions of WCCL each have staff engagement responsibilities and conduct a variety of training to support their activities as well as continuing professional development for employees. Some training is conducted in-house or using services provided by others CCOs and Trusts, but WCCL also engages external training providers. These are essential for customer service ("front-of-house") related activities, first aid, HT driver training, IT and specialist technical training (noting the unique nature and design of the Trolley Bus network and the skills required for its upkeep).

d) Emergency Planning and Business Continuity:

WCCL has an existing disaster recovery plan, however during the 2017/18 year the Company has as a measure to complete a detailed review and update of this plan given the recent natural events and the inherent nature of the WCCL business. The disaster recovery plan focuses on effective communications with staff and the general public in the event of an emergency event, as well as IT system and data recovery, bearing in mind the importance of maintaining Cable Car and Trolley Bus passenger services for the general public in the event of accidents, incidents and natural disasters.

e) Environmental Impact Assessment and Practices:

WCCL does not produce high levels of waste or contaminated materials, and therefore does not have a highly developed environmental impact procedure for analysing its carbon footprint. However, it does undertake sensible initiatives including separation and recycling of waste paper products, plastics, aluminium tins, food waste, conventional garbage and metals (ferrous and non-ferrous). It also endeavours to use suppliers which value the environment, such as the selection of its printing and photocopying equipment.

f) Risk Management:

The company's Risk Management Policy is to actively manage risk by assessing risks on at least an annual basis, using the methodologies and practices laid down in AS/NZS ISO 31000:2009 (Risk Management). These risks are identified and actively managed under the following categories:

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- a) Health and Safety
- b) Environment
- c) Asset Management
- d) Financial and Commercial
- e) Statutory and Legislation
- f) Corporate
- g) Project
- h) Operational
- i) HR
- j) IT

In each category, the effect of a risk on the business have been considered and the level of risk assessed, taking into account any controls that have been put in place. Risk mitigation actions and controls are determined such that the level of risk is considered to be As Low As Reasonably Practicable (ALARP) using the principles of eliminate, substitute, isolate or engineering controls.

WCCL has no risks that have an Extreme assessment.

The Risk Register currently contains 11 risks that have a High Assessment (9 Cable Car and 2 Trolley Bus).

WCCL regularly reviews and updates it's WCCL Risk Register (of which a major update was completed in February 2016), and the latest version containing all of the High risks as of writing date is included in Appendix One.

NZ Bus, BroadSpectrum, and Wellington Electricity all have their own Risk Registers that pertain to certain aspects of Trolley Bus operational services. Regular health and safety meetings are held with all of these organisations (as required of PCBUs by the Health and Safety at Work Act, 2015) where any significant hazards and risks arising are discussed and actions agreed to eliminate or mitigate risk (where practicable).

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7. Additional Information

a) Ratio of Shareholders Funds to Total Assets

Definition of Terms

Shareholders' funds: Represents the net equity the shareholder has contributed to the Company since its incorporation. This amount includes issued share capital, revaluation reserves and retained earnings. For completeness, this amount would also include any balances in the shareholder current account that exist but is not applicable in the case of WCCL as the Company is self-sufficient financially (other than specific grants received from WCC and GWRC) and pays all amounts in respect of dividends when they are declared. As at 30 June 2016, the shareholders' funds equated to \$9.350m.

Total Assets: Represent the total assets, both intangible and tangible of the Company, disclosed in accordance with applicable financial reporting standards. For completeness, it is noted that any tax liabilities in respect of GST and deferred tax are classified as liabilities irrespective of them being a debit or credit balance. As at 30 June 2016, the Total Assets of the Company equated to \$11.877m.

Ratio of Shareholders Funds to Total Assets as at 30 June 2015 – 78%

b) Estimate of Amount Intended for Distribution

The Board and Management of the Company are continuously investigating additional revenue-earning streams, and the result of these activities may require initial capital investment in order to provide increased revenue (and therefore dividend) streams in future years subject to any agreement reached in relation to the future funding of the Cable Car asset management plan, specifically by NZTA and GWRC.

Cable Car passenger numbers and revenue have increased post the completion of the new Cable Car Kelburn terminus in 2013 as well as the other improvements and strategic marketing initiatives the Company has been undertaking since 2014. The Directors anticipate revenue will continue to increase given the recent work on the Cable Car electric drive in June/July 2016 and continuing growth in tourist numbers in Wellington.

However because of the planned capital investment programme detailed within this Statement of Intent (specifically the Cable Car assets) plus the potential for company restructuring costs after the Trolley Bus network is decommissioned; in addition to the major project for the 2017/18 year being the decommissioning of the Trolley Bus Overhead Network, the Company is not expecting to declare any dividends in respect of the 2017/18 year and subsequent two financial years. Should alternative funding arrangements be secured in respect of the capital investment programme the Company will re-assess its cash requirements and, as such, its dividend policy.

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As stated in this Statement of Intent, there is the long-term requirement to ensure that the capital investment programme of the Company is adequately funded. In order to determine these needs, the Company has produced a comprehensive 50-year Asset Management Plan covering the period 2016 – 2066 (in respect of the Cable Car operations only given the cessation of Trolley Bus services). In addition to the additional maintenance required over the coming years, the most important project within the capital investment programme is the replacement of the Cable Car Passenger Vehicles and Bogies (currently planned for 2025/26). This is considered the bare minimum to obtain a licence to operate from the NZTA rail safety regulator and maintain the operation at an acceptable level of performance and customer experience. In addition, the Cable Car is an iconic attraction and WCCL wishes to maintain the highest levels of service and customer experience wherever possible.

c) Acquisition Procedures

The Company will only issue shares or acquire shares in other companies or become a partner with any other business with the express prior permission of WCC.

The Company will fully investigate and report to WCC any proposal to enter into partnerships or to sell any buildings or other significant assets before binding commitments are entered into.

d) Activities for which the Board Seeks Compensation from a Local Authority

The Company obtains funding from the following sources, noting that no significant operational or capital funding has previously been provided by WCC for many years prior to the Electric Drive replacement which commenced in the 2015/16 year which was much appreciated by the Company:

- The company is funded by GWRC to operate and maintain the Trolley Bus overhead electrical network until the planned cessation of Trolley Bus services, at which time GWRC will partially fund the de-commissioning of the Trolley Bus overhead electrical network and the company will fund the remainder for which reserves have been retained in the recent years;
- The Cable Car operation will be funded from fares.
- WCCL, in conjunction with WCC, GWRC, NZTA and WREDA is undertaking an NZTA Better Business Case to ascertain the feasibility and merits of the Cable Car operation becoming part of the Metlink public transport network;
- Income from undertaking miscellaneous services for third parties relating to the Trolley Bus overhead electrical network, including project management (for example, the Victoria University Pipitea campus construction project); and

Utility companies that currently pay for the use of Trolley Bus poles (for example, Telecommunications companies for UFB infrastructure).

e) Estimate of commercial value of shareholders investment

The estimate of commercial value is equal to the equity value of the company as at 30 June 2016, is \$9.350m.

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The commercial value is reassessed annually, following completion of the audited annual report of the Company.

At the time of completing this Statement of Intent, the Company believes that the costs of decommissioning the Trolley Bus Overhead Network will be externally fully funded, however should this not eventuate, this will have an impact on the commercial value of the Company and be included in its next Statement of Intent.

f) Other matters (if applicable) e.g. Water supply services, LGA requirements

Nil

g) Supplementary information the entity wishes to include

Insurance Programme

The insurance programme for the respective operating divisions is as follows:

(1) Cable Car Service

All assets related to the cable car service are covered by a policy with Lloyds of London.

The amount of cover necessary has been calculated on the basis of Probable Maximum Loss, as advised by the structure and earthquake engineering consultant who surveyed the assets and reported to WCCL. The Company maintains an investment fund which exceeds any excess payable under this insurance policy to ensure sufficient business operations funds exist at any point in time.

(2) Material Change

Following the Canterbury earthquakes, it was not possible to get continued cover from the then insurer, or from any other NZ-based insurer. The placement was made with Lloyds through and introduction by WCC on the best terms that could be achieved, but not for full replacement. WCCL was able to get its cover only on the strength of the consultant's report and his assessment of Probable Maximum Loss.

At the time of writing, WCCL has not completed its insurance renewal in respect of the 2017/18 year, however given the Kaikoura earthquake in November 2016 it is expected that insurance premiums will increase over those payable in respect of the 2016/17 year.

(3) Cable Car Service

All assets related to the cable car service are covered by a policy with Lloyds of London.

The amount of cover necessary has been calculated on the basis of Probable Maximum Loss, as advised by the structure and earthquake engineering consultant who surveyed the assets and reported to WCCL. The Company maintains an investment fund which exceeds any excess payable under this insurance policy to ensure sufficient business operations funds exist at any point in time.

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(4) Trolley Bus Overhead Network

The trolley bus overhead network itself (poles, stays wires, contact wire and other equipment) is self-insured.

The warehouse and contents, including inventory and equipment is insured with a NZ-based insurer (Aon as broker).

Motor Vehicles are insured with a NZ-based insurer (Aon).
Liability covers are insured with a NZ-based insurer (Aon).

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Appendix 1: WCCL Risk Register (High Risks)

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Cable Car Risk Register (High Only) as at 15 February 2017

Risk ID #	Hazard Title	Risk Items	Risk Causes	Risk Effects	Risk Controls	Pre-Controls Probability	Pre-Controls Impact	Pre-Controls Risk Rating	Pre-Controls Overall Risk Score	Post-Controls Probability	Post-Controls Impact	Post-Controls Overall Risk Score	Post-Controls Risk Rating	Categories		
0034	Defective Systems: Braking	1 - Loss of Cable Car service	1 - Breakdown or failure	1 - Loss of Cable Car service	1 - Multiple methods of redundancy designed into the system.	Almost Certain	Catastrophic	25	Extreme	Unlikely	Catastrophic	20	High	Operational Impact		
		2 - Financial Risk to the Company			2 - Rigorous preventative maintenance, including weekly checks, and an annual shutdown.	Almost Certain	Major	23	Extreme	Unlikely	Catastrophic	20	High	Plant and Equipment		
		3 - Damage to P & E			3 - One bogie is overhauled and changed out per annum.											
0031	Damage and or physical violence caused by intoxicated public/students	1 - Mental and physical ill health of employees	1 - Public under the influence of drugs or alcohol	1 - Stress and possible physical violence to driver and passengers	1 - Drivers have right to refuse entry on cars and lower station	Likely	Moderate	17	High	Possible	Moderate	16	High	Health & Safety		
		2 - Loss of Cable Car service		2 - Loss of Cable Car service	2 - Drivers have radio communications and access to WCC security staff											
				3 - Minor damage to Cable Car and property	3 - Security guards on site during events which may attract intoxicated behaviour											
0007	Earthquake (Small) - (sets off EQ monitor in Control room)	1 - Injuries, unconsciousness, cuts and abrasions or loss of life due to falling debris,	1 - Small Earthquake	1 - Damage to Infrastructure and equipment	1 - Cars automatically slow to creep speed and stop at the next station function tripped by EQ monitor. The monitor has a trigger level of 0.01g	Possible	Major	19	High	Possible	Moderate	16	High	Health & Safety		
		2 - Loss of equipment		2 - Injury to employee/ contractor	2 - Evacuation signs fitted at Lambton and Kelburn Terminals	Possible	Moderate	16	High	Possible	Minor	9	Medium	Plant and Equipment		
		3 - Damage to structure			3 - Employees are trained in evacuation procedures											
		4 - Loss of cable car service,			4 - All exits are clearly identified with illuminated signs											
0021	After hours Interference with a Cable Car by general public	1 - Loss of Cable Car service	1 - Unauthorised entry to Cable Car premises by public. Likely to be elevated at certain times of the year (season and large events).	1 - Vandalism/damage to Cable Car property	1 - Lower Car locked inside terminal at night	Almost Certain	Major	23	Extreme	Possible	Moderate	16	High	Plant and Equipment		
		2 - Damage to property		2 - Loss of Cable Car Service	2 - Monitored camera surveillance and alarms inside both Kelburn and Lambton Terminals											
					3 - Both Kelburn and Lambton Terminals locked at night											
					4 - Isolating transformer used to supply mains power to strip.											
					5 - Driver's pre-test run inspection conducted.											
					6 - Sprinkler system at Kelburn to deter trespassers.											
0022	Workers around the cars during operation	1 - Vehicle strike causing injury, broken bones and or bruising	1 - People trespassing on the track	1 - Injury to Worker	1 - Workers and Contractors wear the appropriate PPE for task with high viz and sturdy footwear a minimum and given H&S training, including hazard identification	Likely	Major	22	Extreme	Possible	Moderate	16	High	Health & Safety		
		2 - Loss of Cable Car Service	2 - Workers undertaking work without prior briefing or authorisation	2 - Loss of Cable Car service	2 - Portable RT can be used by workers to communicate with drivers	Likely	Moderate	17	High	Possible	Moderate	16	High	Plant and Equipment		
					3 - Appropriate scaffolding, signage, barriers and netting used as required											
					4 - Drivers notified of any such work											
0039	Passengers on Station Platforms	1 - Injury to passenger	1 - Standing where the Cable Car could strike them.	1 - Injury to passenger	1 - Signs and markings on platforms to indicate risk to passengers.	Likely	Moderate	17	High	Possible	Moderate	16	High	Health & Safety		
		2 - Loss of Cable Car service		2 - Loss of Cable Car services	2 - Drivers trained to be observant and look out for potential accidents.											
0041	Workers injured by mechanical handling equipment	1 - Injury to worker	1 - Dropping/mishandling of mechanical handling equipment and equipment being lifted	1 - Injury to personnel caused by impact	1 - Authorised employee use only.	Likely	Moderate	17	High	Possible	Moderate	16	High	Health & Safety		
				2 - Damage to equipment	2 - Danger areas are fenced off.											
					3 - Regular checks to ensure lifting equipment is serviceable.											
					4 - Register kept of ropes, slings and lifting equipment.											
					5 - PPE gear worn.											
					6 - Safety strops used where applicable.											

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Traction Services Risk Register (High Only) as at 15 February 2017

Risk ID #	Hazard Title	Risk Items	Risk Causes	Risk Effects	Risk Controls	Pre-Controls Probability	Pre-Controls Impact	Pre-Controls Risk Rating	Pre-Controls Overall Risk Score	Post-Controls Probability	Post-Controls Impact	Post-Controls Overall Risk Score	Post-Controls Risk Rating	Categories	
0005	Earthquake (Large 5.5+)	1 - Injuries due to falling debris	1 - Earthquake - (Large)	1 - Damage to Glover Street building, overhead network, stock and equipment, public property and roading infrastructure.	1 - Structural inspection of building to be completed by an independent qualified person, building to be above 33% of code.	Likely	Major	22	Extreme	Possible	Moderate	16	High	Health & Safety	
		2 - Damage and loss of plant and equipment (i.e. Truck, Van, Tooling, Stock)		2 - Injury to employees	2 - A Civil defence cabinet with first aid, food and other supplies are located by the Warehouse entrance. The water containers are changed every six months.	Possible	Moderate	16	High	Possible	Minor	9	Medium	Plant and Equipment	
		3 - Damage to overhead network infrastructure			3 - Staff are Trained first aiders.	Possible	Major	19	High	Possible	Minor	9	Medium	Financial	
					4 - Evacuation/emergency signs are fitted within the Glover Street building.										
					5 - Overhead network inspection to be completed by staff/contractor.										
					6 - The overhead network has been designed, constructed and is maintained by competent persons.										
0023	Extreme Weather Events	1 - Injuries to employees/contractors, damage to property	1 - Extreme weather conditions (wind, rain, flooding)	1 - Injury/illness to employee/contractor, and or general public	1 - WCCL vehicles are fuelled, equipment/stock at Glover Street Warehouse ready to use/distribute. Stock is also replenished at WCCL's contractor warehouse.	Possible	Major	19	High	Possible	Moderate	16	High	Health & Safety	
		2 - Loss of trolley bus operations	2 - Debris flying around	2 - Damage to overhead infrastructure	2 - Materials and rubbish securely stored/disposed of at WCCL Glover Street building and the Kilbirnie pole yard.	Possible	Moderate	16	High	Unlikely	Minor	5	Low	Plant and Equipment	
		3 - Loss of DC power supply	3 - Slippery surfaces	3 - Damage to plant and equipment	3 - Contractors undertake field operations. They make safe or repair any damage to the overhead network.	Possible	Major	19	High	Unlikely	Moderate	12	Medium	Operational Impact	
				4 - Damage to property	4 - Reports sent to media if the trolley buses have been affected by the weather and are not operating.	Possible	Moderate	16	High	Unlikely	Minor	5	Low	Reputation	
				5 - Loss of DC power supply to trolley bus network.	5 - Work in conjunction with Wellington Electricity to restore DC supply safely.										
					6 - Observe and look after each other in the work party.										
					7 - If not safe and conditions are dangerous, work is stopped.										
					8 - PPE/Wet weather gear worn.										

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Appendix 2: Accounting Policies

1. STATEMENT OF ACCOUNTING POLICIES

Reporting Entity

These are the financial statements of Wellington Cable Car Limited. Wellington Cable Car Limited is a company wholly owned by Wellington City Council and is registered under the Companies Act 1993. It is a Council-controlled Organisation as defined by Section 6 of the Local Government Act 2002 and is domiciled in New Zealand

The primary objective of the Wellington Cable Car Limited is to provide goods or services for the community or social benefit rather than making a financial return. Accordingly, Wellington Cable Car Limited has designated itself as a public benefit entity for Financial Reporting Purposes.

The financial statements are for the year ended 30 June 2016 and were approved by the Board of Directors on 09 December 2016.

Basis of Preparation

These financial statements have been prepared on the basis that the company is a going concern and has the continuing support of its shareholders. Based on the continuing financial support of its shareholders, the company would satisfy the solvency requirements of the Companies Act 1993.

Statement of Compliance

The financial statements of Wellington Cable Car Limited have been prepared in accordance with the reporting requirements of the Companies Act 1993 and the Local Government Act 2002.

The financial statements have been prepared in accordance with Tier 2 PBE accounting standards. The company is eligible to report as a Tier 2 reporting entity with reduced disclosures on the basis that it does not have public accountability and is not large

The financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand (NZ GAAP) and they comply with PBE accounting standards.

Other accounting policies set out below have been applied consistently to all periods presented in these financial statements.

These financial statements are the first financial statements that have been presented in accordance with the new PBE Accounting Standards.

Measurement Base

The financial statements of Wellington Cable Car Limited have been prepared on an historical cost basis, except where modified by the revaluation of trolley bus overhead lines.

The information is presented in New Zealand dollars.

Changes in Accounting Policies

There have been no changes in accounting policies during the current financial year.

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Specific Accounting Policies

In the preparation of these financial statements, the specific accounting policies are as follows:

(a) Judgements and Estimations

The preparation of financial statements requires judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, revenue and expenses.

Where material, information on the major assumptions is provided in the relevant accounting policy or will be provided in the relevant note.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised when the revision affects only that period. If the revision affects both current and future periods, it is reflected in the current and future periods.

Judgements that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in the relevant notes.

(b) Property, Plant & Equipment

Recognition

Property, plant and equipment consist of operational assets. Expenditure is capitalised as property, plant and equipment when it creates a new asset or increases the economic benefits over the total life of an existing asset and can be measured reliably. Costs that do not meet the criteria for capitalisation are expensed.

Property, plant and equipment is shown at cost, less accumulated depreciation and impairment losses.

Measurement

Property, plant and equipment are initially recorded at cost.

The initial cost of property, plant and equipment includes the purchase consideration and those costs that are directly attributable to bringing the asset into the location and condition necessary for its intended purpose. Subsequent expenditure that extends or expands the asset's service potential and that can be measured reliably is capitalised. In accordance with IPSAS 17, borrowing costs are capitalised if they are directly attributable to the acquisition, construction, or production of a qualifying asset.

Trolley Bus Overhead and Poles

The Traction network is valued at cost less accumulated depreciation in accordance with IPSAS 17, and annually reviewed for impairment to ensure its carrying value is accurately reflected. Please refer to Note 24 for further explanation.

Cable Car Assets

The Cable Car assets comprising the Cable Car Tracks & Wires and Cable Car Equipment are valued at cost less accumulated depreciation in accordance with IPSAS 17, and annually reviewed for impairment to ensure its carrying value is accurately reflected.

Impairment

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The carrying amounts of property, plant and equipment are reviewed at least annually to determine if there is any indication of impairment in accordance with PBE IPSAS 21 and PBE IPSAS 26. Where an asset's recoverable amount is less than its carrying amount, it will be reported at its recoverable amount and an impairment loss will be recognised. The recoverable amount is the higher of an item's fair value less costs to sell and value in use. Losses resulting from impairment are reported in the Statement of Comprehensive Revenue and Expense.

Disposal

Realised gains and losses arising from the disposal of property, plant and equipment are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Revenue and Expense in the period in which the transaction occurs. Any balance attributable to the disposed asset in the asset revaluation reserve is transferred to Accumulated Comprehensive Revenue and Expense.

Depreciation

Depreciation is provided on all property, plant and equipment, except for assets under construction (work in progress). Depreciation is calculated on a straight line basis, to allocate the cost or value of the asset (less any residual value) over its useful life. The depreciation rates of the major classes of property, plant and equipment are as follows:

Cable Car Tracks & Wires
Cable Car Equipment
Cable Car Equipment
Computer Equipment
Motor Vehicles
Furniture & Fittings
Trolley Bus Overhead Wire System & Fittings
Trolley Bus Overhead Wire System Equipment
Trolley Bus Overhead Protection System

The residual values and useful lives of assets are reviewed, and adjusted if appropriate, at each balance date.

Work-in-progress

The cost of projects within work in progress is transferred to the relevant asset class when the project is completed. It is transferred to the relevant asset class only if it is probable that future economic benefits associated with the item will flow to Wellington Cable Car Limited and the cost of the item can be reliably measured.

(c) Foreign Currencies

Transactions in foreign currencies that are settled in the accounting period are translated into NZD (the functional currency) using the spot exchange rates at the dates of the transaction. Transactions in foreign currency that are not settled in the accounting period, resulting in monetary assets and liabilities denominated in foreign currencies at the Statement of Financial Position date are translated to NZD at the foreign exchange rate ruling at that date. Foreign exchange differences arising on their translation are recognised in the Statement of Comprehensive Revenue and Expense.

(d) Intangible Assets

Intangible assets comprise computer software which has a finite life and is initially recorded at cost less any amortisation and impairment losses. Amortisation is charged to the Statement of Comprehensive Revenue and Expense on a straight-line basis over the useful life of the asset.

Typically, the estimated useful lives of these assets are as follows:

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Computer Software

Realised gains and losses arising from disposal of intangible assets are recognised in the Statement of Comprehensive Revenue and Expense in the period in which the transaction occurs. Intangible assets are reviewed at least annually to determine if there is any indication of impairment. Where an intangible asset's recoverable amount is less than its carrying amount, it will be reported at its recoverable amount and an impairment loss will be recognised. Losses resulting from impairment are reported in the Statement of Comprehensive Revenue and Expense.

(e) Goods & Services Tax

These financial statements have been prepared on a GST exclusive basis with the exception of accounts receivable and accounts payable which are shown inclusive of GST. Where GST is not recoverable as an input tax, it is recognised as part of the related asset or expense.

(f) Income Tax

Income tax expense is charged in the Statement of Comprehensive Revenue and Expense in respect of the current year's results. Income tax on the surplus or deficit for the year comprises current and deferred tax.

Current tax is the expected tax payable on the taxable revenue for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at balance date. Deferred income tax assets are recognised to the extent that it is probable that future taxable surplus will be available against which the temporary differences can be utilised.

(g) Inventories

Wellington Cable Car Limited's inventory comprises of items held in respect of maintaining and operating the Overhead Trolley Bus network. Any inventory items utilised in providing this service is reimbursed by Greater Wellington Regional Council at its cost to Wellington Cable Car Limited. In accordance with PBE IPSAS 12, all inventory has been valued at the lower of cost using the weighted average cost formula or net realisable value. Any inventory items that are reclaimed from the existing Overhead Network are entered into inventory at a nil cost value, and where subsequently refurbished, the refurbishment costs are included in calculating the weighted average cost of that item.

(h) Leases

Finance Leases

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Assets purchased under finance leases which effectively transfer to the lessee substantially all the risks and benefits incidental to ownership of the property are included as non-current assets in the Statement of Financial Position. Finance Leases will be capitalised at the present value of the minimum lease payments. A corresponding liability is also disclosed with lease payments being apportioned between the liability and interest payments.

The depreciation policy for depreciable assets, that are the subject of a finance lease, will be consistent with that for assets that are owned, unless there is no certainty that the lessee will take ownership by the end of the lease term, in which case the assets will be depreciated over the shorter of the estimated useful life of the asset or the lease term.

Operating Leases

Leases where the lessor effectively retains substantially all the risks and rewards of ownership of the leased items are classified as operating leases. Payments made under these leases are expensed in the Statement of Comprehensive Revenue and Expense in the period in which they are incurred. Payments made under operating leases are recognised in the Statement of Comprehensive Revenue and Expense on a straight-line basis over the term of the lease. Lease incentives received are recognised in the Statement of Comprehensive Revenue and Expense as an integral part of the total lease payment.

(i) Statement of Cash Flow

The Statement of Cash Flow has been prepared using the direct approach. Operating activities include cash received from all revenue sources of the company and record the cash payments made for the supply of goods and services. Investing activities relate to the acquisition and disposal of assets. Financing activities relate to activities that change the equity and debt capital structure of the company.

(j) Related Parties

Related parties arise where one entity has the ability to affect the financial and operating policies of another through the presence of control or significant influence. Related parties also include key management personnel or a close member of the family of any key management personnel.

Directors' remuneration is any money, consideration or benefit received, receivable or otherwise made available, directly or indirectly, to a Director during the reporting period. Directors' remuneration does not include reimbursement of legitimate work expenses or the provision of work-related equipment such as cell phones and laptops.

(k) Financial Instruments

Wellington Cable Car Limited classifies its financial assets and financial liabilities according to the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

Trade and other receivables

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Trade and other receivables are recorded at their fair value, less any provision for impairment. A provision for impairment is established where there is objective evidence that the company will not be able to collect all amounts according to the original terms of receivable. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows discounted using effective interest method. Receivables with a short duration are not discounted.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with up to three months maturity from the date of acquisition. These are recorded at their fair value.

Short Term Investments

Short term investments comprise an ANZ term deposit that is invested for a period of less than 12 months. This is recorded at its fair value.

Trade and other payables

Short term payables are recorded at face value.

(l) Revenue

Wellington Cable Car Limited derives revenue from the cable car passenger service with fares being the sole source of income.

Additional revenue is received from projects in relation to the Traction Network to modify the network at the request of outside parties and there are also pole occupancy licences in place.

Revenue is recognised when billed or earned on an accrual basis.

(m) Grants

The trolley bus overhead wiring system funding is from contract payments by the Greater Wellington Regional Council.

Grants are recognised as revenue when received, unless conditions apply. Any grants for which conditions apply under the grant agreement are carried as liabilities until all the conditions have been fulfilled.

(n) Expenses

Expenses are recognised when the goods or services have been received on an accrual basis.

(o) Employee Benefit liabilities

A provision for employee benefits (holiday leave) is recognised as a liability when benefits are earned but not paid.

Holiday leave is calculated on an actual entitlement basis at the greater of the average or current hourly earnings in accordance with sections 16(2) and 16(4) of the Holidays Act 2003.

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Appendix 3: Forecast Financial Statements

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Wellington Cable Car Limited - Business Plan
Statement of Comprehensive Income for the years ending 30 June 2018, 2019 and 2020

	2017 Forecast	2018 - Qtr 1 \$000	2018 - Qtr 2 \$000	2018 - Qtr 3 \$000	2018 - Qtr 4 \$000	2018 - Total \$000	2019 \$000	2020 \$000
<u>OVERHEAD DIVISION</u>								
Income	4,359	1,497	1,497	1,497	1,497	5,965	2,213	0
Contractor Operations Costs	1,802	0	0	0	0	0	0	0
Wellington Cable Car Operations Costs	1,303	269	269	269	269	1,075	316	0
Reactive Maintenance	551	13	13	13	13	50	0	0
Total Operating Expenses	3,656	281	281	281	281	1,125	316	0
Operating Surplus/Loss before Replacements	703	1,216	1,216	1,216	1,216	4,840	1,896	0
Pole Replacements	371	0	0	0	0	0	0	0
Feeder Pillar Replacements	20	0	0	0	0	0	0	0
Special Works Replacement	62	6	6	6	6	0	0	0
Contact Wire Replacements / Rentensions	140	0	0	0	0	0	0	0
AMP Expenditure	0	0	0	0	0	0	0	0
Total Replacements	593	6	6	6	6	0	0	0
Total 3rd Party Jobs Completed	0	0	0	0	0	0	0	0
Overhead Division Items Subject to Business Case to GWRC								
Investigation Funding / Decommissioning	110	1,210	1,210	1,210	1,210	4,840	1,896	0
Contact Wire Replacements / Rentensions	0	0	0	0	0	0	0	0
Other Network Upgrade Expenditure	0	0	0	0	0	0	0	0
Total Maintenance cost	703	1,216	1,216	1,216	1,216	4,840	1,896	0
Depreciation	225	56	56	56	56	225	0	0
Total Expenses	4,584	1,553	1,553	1,553	1,553	6,190	2,213	0
Overhead Overall Surplus/ (Loss)	(225)	(56)	(56)	(56)	(56)	(225)	0	0

	2017 Forecast	2018 - Qtr 1 \$000	2018 - Qtr 2 \$000	2018 - Qtr 3 \$000	2018 - Qtr 4 \$000	2018 - Total \$000	2019 \$000	2020 \$000
<u>COMPANY ACTIVITIES DIVISION</u>								
Cable Car Income	2,509	491	809	1,053	537	2,890	3,178	3,345
Cable Car Operations	942	262	262	262	262	1,048	1,086	1,126
Cable Car Maintenance	782	203	203	203	203	811	691	746
Depreciation	168	50	50	50	50	200	215	204
Cable Car Expenses Subtotal	1,892	515	515	515	515	2,059	1,992	2,076
Cable Car Operating Surplus/ (Loss)	618	(24)	294	539	22	830	1,185	1,269
<u>EXTERNAL ACTIVITIES</u>								
3rd Party Services Net Contribution	8	0	0	0	0	0	0	0
Sundry External Income	680	54	54	54	54	217	74	75
External Activities Operating Surplus / (Loss)	687	54	54	54	54	217	74	75
Administration Expenses	536	108	108	108	108	433	586	600
External Activities Division Surplus/ (Loss)	769	(78)	240	485	(32)	614	673	744
WELLINGTON CABLE CAR - TOTAL SURPLUS/ (LOSS) BEFORE TAX	544	(134)	183	428	(88)	389	673	744
Income Tax Expense	96	(36)	53	122	(23)	116	149	216
WELLINGTON CABLE CAR - TOTAL SURPLUS/ (LOSS) AFTER TAX	448	(98)	130	307	(65)	273	524	528
The Total Surplus / (Loss) After Tax Consists of:								
Total Income	7,606	2,042	2,360	2,604	2,088	9,094	5,464	3,420
Total Expenditure	(7,157)	(2,140)	(2,229)	(2,298)	(2,153)	(8,820)	(4,940)	(2,893)
	448	(98)	130	307	(65)	274	524	528

Wellington Cable Car Limited - Business Plan
Statement of Movements in Equity for the years ending 30 June 2015, 2019 and 2020

	Notes	2017 \$000	2018 \$000	2019 \$000	2020 \$000
Opening Equity - 1 July		9,350	9,798	10,072	10,595
Net Surplus (loss) for the period		448	273	524	528
Total Recognised Revenues and Expenses		<u>448</u>	<u>273</u>	<u>524</u>	<u>528</u>
Distribution to Owners		-	-	-	-
Closing Balance 30 June		<u>9,798</u>	<u>10,072</u>	<u>10,595</u>	<u>11,123</u>

Wellington Cable Car Limited - Business Plan
Statement of Financial Position for the years ending 30 June 2017, 2018 and 2019

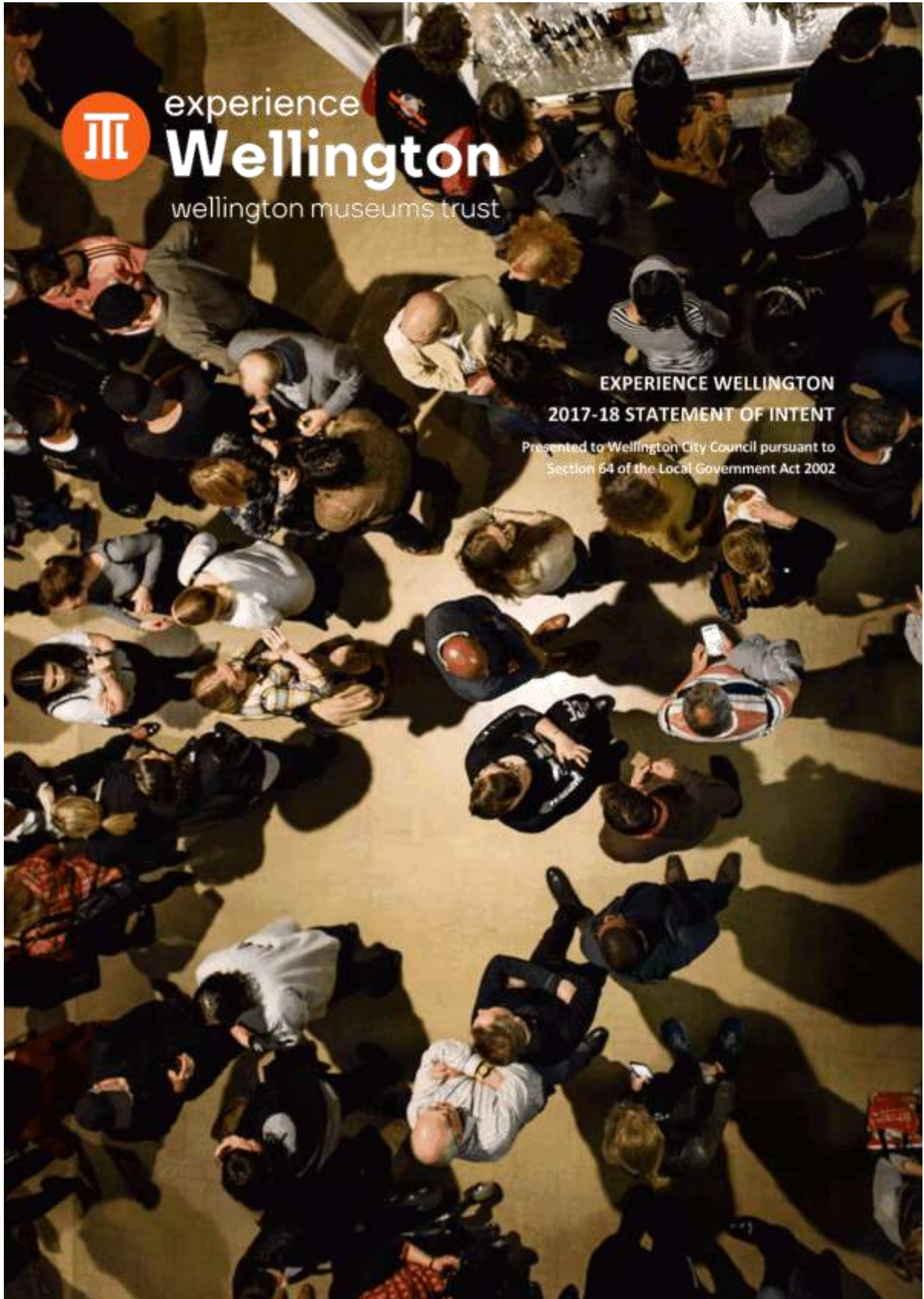
	Notes	2017 \$000	2018 \$000	2019 \$000	2020 \$000
CURRENT ASSETS					
Bank	1	1,748	2,940	3,615	4,091
Inventory		450	100	-	-
Work In Progress		-	-	-	-
Accounts Receivable		<u>750</u>	<u>150</u>	<u>150</u>	<u>150</u>
		2,948	3,190	3,765	4,241
FIXED ASSETS					
	2	<u>8,500</u>	<u>8,248</u>	<u>8,200</u>	<u>8,317</u>
TOTAL ASSETS		<u>11,448</u>	<u>11,438</u>	<u>11,964</u>	<u>12,558</u>
CURRENT LIABILITIES					
Accounts Payable/Accruals		600	316	319	385
Current Portion of Term Loan		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		600	316	319	385
NON CURRENT LIABILITIES					
ANZ Bank Loan		-	-	-	-
Deferred Tax Liability		1,050	1,050	1,050	1,050
Employee Retirement Gratuity		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		1,050	1,050	1,050	1,050
NET ASSETS		<u>9,798</u>	<u>10,072</u>	<u>10,595</u>	<u>11,123</u>
SHAREHOLDERS' FUNDS					
Represented by:					
Authorised Capital					
Ordinary Shares at \$1 fully paid		7,435	7,435	7,435	7,435
Retained Earnings		<u>2,363</u>	<u>2,636.52</u>	<u>3,160</u>	<u>3,688</u>
		<u>9,798</u>	<u>10,072</u>	<u>10,595</u>	<u>11,123</u>
		-	-	-	-

Notes and Assumptions:

- 1 Bank balance has been taken as the balancing figure and includes any short term deposits and the Cable Car self insurance fund.
- 2 The 2017 balance sheet is the forecast position as at the time of completing this Statement of Intent.
- 3 No distribution to owners based on the Company accumulating funds for further capital replacements required however will be assessed on an annual basis.

Wellington Cable Car Limited
Statement of Cash Flows
For the Years Ended 30 June 2018, 2019 and 2020

	Year Ended 30 June 2017 - Forecast	Year Ended 30 June 2018	Year Ended 30 June 2019	Year Ended 30 June 2020
Cash flows from operating activities				
<u>Cash was received from:</u>				
Operating receipts	8,534	9,606	5,398	3,355
Interest received	66	66	66	66
<u>Cash was disbursed to:</u>				
Payments to suppliers and employees	(7,870)	(8,191)	(4,473)	(2,406)
Net cash inflow / (outflow) from operating activities	729	1,480	991	1,015
Cash flows from investing activities				
<u>Cash was received from:</u>				
Investments	-	-	-	-
Sale of Fixed Assets	-	-	-	-
<u>Cash was applied to:</u>				
Purchase of fixed assets	(1,254)	(173)	(167)	(322)
Net cash inflow / (outflow) from investing activities	(1,254)	(173)	(167)	(322)
Cash flows from financing activities				
<u>Cash was received from:</u>				
Term Loan	-	-	-	-
<u>Cash was applied to:</u>				
Payment of Dividend	-	-	-	-
Term Loan	-	-	-	-
Payment of Tax	-	-	-	-
Subvention Payment	173	(116)	(149)	(216)
Net cash inflow/(outflow) from financing activities	173	(116)	(149)	(216)
Net Increase/(decrease) in Cash held	(352)	1,192	675	476
Opening Cash Balance	2,100	1,748	2,940	3,615
Closing Cash Balance	1,748	2,940	3,615	4,091



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INTRODUCTION

Wellington Museums Trust Incorporated, trading as Experience Wellington, is a Council Controlled Organisation and is a registered charity. Using Wellington City Council (Council) owned facilities we bring arts, culture, science and creative experiences to audiences directly contributing to Wellington's liveability and prosperity. We draw upon the strengths, skills and experiences of our talented team to deliver our vision of providing excellent experiences that Wellingtonians proudly share with the world. Central to this is our aim to be a high performing organisation that encourages staff to strive for excellence and financial sustainability.

Experience Wellington is responsible for Capital E, Space Place at Carter Observatory, City Gallery Wellington, Nairn Street Cottage, Cable Car Museum, Wellington Museum including the Plimmer's Ark display in the Old Bank Arcade, the recovered Plimmer's Ark timbers in storage and Wellington city's heritage collections in storage. We also operate the Hannah Playhouse as part of the Capital E operation on behalf of the Hannah Playhouse Trust (HPT) and Council, and we have a management agreement with the New Zealand Cricket Museum Trust to provide in-kind support including financial management.

This Statement of Intent (SOI) reflects the relationship and interest that Council has in Experience Wellington and our contribution to the Council's vision for the future of Wellington. Specifically it outlines our intentions for the next three years with detailed focus on the financial period to 30 June 2018.

Council contributes around 70% of the revenue we require to operate with the other 30% coming from fundraising, contracts and trading revenues. We have a contract with Creative New Zealand (CNZ) that supports the delivery of the Capital E National Theatre for Children and the biennial National Arts Festival *for Children*; the learning experiences we offer are supported through Ministry of Education (MOE) Learning Experiences Outside the Classroom (LEOTC) contracts and we regularly receive support from the City Gallery Wellington Foundation for City Gallery's programme. The HPT supports the operation of the Hannah Playhouse and the Carter Observatory Trust supports our fundraising activities for Space Place.



OVERVIEW

OUR FOCUS IN 2017-18 is to continue to add to Wellington's vibrancy as a city that Wellingtonians are proud to call home and share with the world by building on our strengths and, to make Wellington an even better place to live, work and play. We will:

- Build on the success of the Cindy Sherman exhibition by developing a strategy with partners to bring more of the world's great contemporary art to Wellington at City Gallery.
- With Council, complete the remodelling of City Gallery's foyer and entrance to link it seamlessly with Civic Square.
- Present our plans to complete the development of Wellington Museum which includes earthquake strengthening and new visitor experiences.
- Scope the concept of a technology and science hub within the Cable Car Precinct as part of the review of the Cable Car Museum and Space Place experiences.
- Refine plans for Capital E's future.
- Work with stakeholders on the city's plan for Wellington to be recognised as a child friendly city.
- Pursue more effectively our Treaty of Waitangi obligations at both governance and management level within our organisation by ensuring that there is a Māori dimension in all plans and activities, and in what our visitors see, feel and experience.

These strategic objectives reflect our desire to make a compelling contribution to Wellington's future as a vibrant and prosperous city.

We continue to work closely with the Council to ensure that our objectives align with its strategic direction for the city and that we are adequately resourced. The alignment of these initiatives with Council's Long-Term Plan and vision is covered in the section on *COUNCIL'S EXPECTATIONS* page 6.

Our performance, in the Key Result Indicators (KRI) of visitation and revenue generation, will continue to improve during this planning period and in 2017-18 we expect to:

- Attract over 660,000 visitors to our experiences, one-third of which will be international tourists. In addition, over 290,000 people will connect via our thriving online community; and
- Raise over \$3 million towards our operating costs from commercial trading initiatives as well as fundraising. We are projecting that we will fund at least 30% of our operating revenue this year and, subject to Council's support with capital investment, leverage further funding to develop the city's cultural assets.

We intend to continue our focus on ensuring that children and young people feel welcomed, included and important throughout our visitor experiences and we expect to provide learning experiences to over 69,000 school students. Again we will deliver over 400 visitor experiences, including exhibitions, public programmes and events in 2017-18.

As part of our objective to be a high performing organisation we intend to begin the roll-out of a planned IT infrastructure upgrade; a long overdue project that will significantly improve productivity. We will continue our programme of business systems improvement, having fully implemented a new Accounting System we plan to update our payroll and human resources information systems.



FINANCIAL OVERVIEW

Council's 2015-25 Long-Term Plan included an annual 2% increase in the base-line funding of Experience Wellington and Space Place together with a \$100,000 contribution to enable us to align with Council's Living Wage initiative. This level of support has been forecast to continue over the planning period. The main assumptions for the planning period are:

- Experience Wellington excluding Space Place is forecasting a break-even budget for the three years to 30 June 2020. The financial forecasts are based on the assumption that we need to ensure our liquidity and maintain sufficient deposits to cover current obligations over adequately maintaining our asset base. Visitor experience projects outside the scope of the current financial forecast will be subject to further stakeholder investment and fundraising.
- Creating a sustainable financial model for Space Place remains a challenge. The new operating model has increased visitor numbers in line with expectations; however, the yield per visitor has been less than anticipated and this is reflected in admissions revenue. In line with our agreement with Council the effectiveness of the new operating model will be fully assessed during the year in time for further discussions regarding the adequacy of the baseline funding for Space Place. In the meantime we continue to rely on Council's cash underwrite of the Space Place operating budget.
- Taking into consideration our typical operating cycle which includes the biennial Capital E National Arts Festival which boosts revenue in the year in which it is held, trading Revenue in 2017-18 is forecast to increase by 10% over the base achieved in 2015-16.
- Sponsorships and donations is an area of focus for Experience Wellington and we are forecasting modest sustainable growth during the planning period. However, it should be noted that grants and sponsorships are essential for programme delivery and this revenue is generally not available to support fixed costs.
- CNZ funds for distribution continue to be under pressure; however the full impact of this on the funding received for creative performance outputs at Capital E is still being assessed. MOE contracts are secure but the funding levels continue to be static and increases are not expected.
- Over the forecast period it is expected that salaries will increase by 1% per annum and other costs by between 1-2%.
- Although the Cable Car Museum has seen increases in visitor numbers and retail sales, the building's capacity is a limiting factor to future growth. Visitation and trading revenue are vulnerable to outside factors such as cruise ship cancellations or Cable Car stoppages.
- We will continue to operate Hannah Playhouse on behalf of the HPT and the Council until 30 June 2019. The terms and conditions of our agreement includes the continuation of the existing lease with HPT with all covenants continuing to apply except rent and the benefit of a \$60,000 per annum Council underwrite of the operating budget.

The Forecast Financial Statements are provided in Appendix 1. Accounting policies are provided in Appendix 2.



COUNCIL'S EXPECTATIONS

Alignment with Council

Our year-round delivery of exhibitions, public programmes and events contribute to Wellington's status as the cultural capital of New Zealand and ensures that there is always an art, cultural, science or creative experience to enjoy in Wellington on every day of the year.

Our 2017-18 strategic projects build on this success with each designed to add to the city's value proposition as set out in Wellington Towards 2040: Smart Capital which aims to grow and sustain the city as an inclusive place where talent wants to live and to ensure Wellington has a prosperous future and a quality of life to match.

To achieve the best results for Wellington we will continue to work with Council and others including the Wellington Regional Economic Development Agency (WREDA), other visitor experiences including Te Papa, Wellington Zoo and Zealandia, tertiary education partners and relevant national organisations including the Department of Conservation and the Met Service.

The Cultural Heart of Wellington

We tell Wellington's stories through the city's amazing cultural assets and through every exhibition, public event, or children's live or film production that we produce and present. Our reach and professional standing within New Zealand and overseas contributes to Wellington's reputation and enables us to access the best the world has to offer.

The investigation and development of a long-range international contemporary art exhibition programme at City Gallery will evaluate benefits (reputation and economic) and costs of bringing the work of high profile contemporary artists to the city potentially as Council's flagship project for Wellington's decade of culture.

The completion of the Wellington Museum development, already among the top 50 museums in the world, is a high priority because it includes the completion of earthquake strengthening of one of Wellington's heritage buildings and its primary role of teller of Wellington's stories.

Children and Young People

We have made a significant commitment to realise our vision that children and young people feel welcomed, included and important at all of our visitor experiences and that through our leadership we continue to make Wellington a home for confident, creative young citizens. In 2016-17 we appointed a Director Children and Young People who will lead this work which includes the delivery of a strategy for the future shape of Wellington's dedicated provision for children and young people at Capital E.

We are also committed to working with Council and other partners to help shape the city's commitment to be a Child Friendly City.

These initiatives are in addition to our on-going commitment to deliver education programmes which contribute to Wellington being a top destination for school children. Our focus on improving access to Wellington's attractions for children from low decile schools will continue but it is dependent on successful fundraising to fund transport costs which is the most significant barrier for these children.

Cable Car Precinct - Technology and Science Hub

We will investigate the viability of establishing within the Cable Car precinct a technology and science hub as we develop options for the upgrade and potential expansion of the Cable Car Museum and the continual updating of the Space Place experience. We will start by reviewing how we can improve on this under-developed part of the Wellington story.

The Cable Car Precinct includes Wellington's earliest observatories, the story of time in New Zealand, the weather instruments and transport technology as well as the Botanic Gardens and Zealandia; each extraordinary city assets which can contribute to this project.

We envisage the technology and science hub to be a partnership driven initiative to deepen the engagement with visitors (local, national and international) that leads them to spend more time in the Precinct visiting all the available experiences.



Treaty of Waitangi

Our organisation is committed to honouring the Treaty of Waitangi and we have commenced a programme to more effectively acknowledge and implement our Treaty obligations at both governance and management level. Part of this will be to ensure that there is a Māori dimension in all plans and activities, and in what our visitors see, feel and experience.

Space Place

We have operated Space Place at Carter Observatory since April 2010 under a management agreement with Council where Council retains ownership of all the assets including exhibitions and related equipment including the digital planetarium. The original business model was based on the proposition that Space Place would generate sufficient revenue to cover its operating costs including depreciation with the aid of a modest contribution from Council.

It has never achieved a break-even budget and Experience Wellington continues to rely on Council's cash underwrite to ensure that its operation does not have a negative impact on the overall financial position.

As noted in the *FINANCIAL OVERVIEW*, the new operating model introduced at Space Place on 1 July 2015 will be fully evaluated during the year. The new business model was developed to increase access for Wellingtonians and to encourage repeat visitation, and the main tactics were reducing the entry price and moving opening hours to maximise telescope viewing times and use of the planetarium whilst keeping operating costs low.

Visitation has increased and revenue is improving but has not supported a break-even budget. The review will provide Council with an opportunity to assess its level of baseline funding and the capital investment in a staged renewal programme, both of which were signalled in our 2015 Long-Term Plan submission.

Council Relationship Principles

Effective communication is the foundation of our working relationship with Council and we are committed to ensuring that Council is well informed about our plans and performance. We look forward to continuing to work closely with Council during the planning period to achieve the best visitor experience outcomes for Wellington. See also *COUNCIL RELATIONSHIP PRINCIPLES* on page 16.

Legislative Compliance

Our legislative compliance schedule is reviewed annually by the Board and our compliance is closely monitored through a rolling audit programme. Our health and safety goal is a zero harm culture and our Key Result Indicator is no notifiable incidents, which we achieved in 2015-16.

Governance Performance

The Board aspires to be a leading governance group and is confident that it will comply with Council's expectations.



OPERATING ENVIRONMENT UPDATE

Council's 2015-25 Long-Term Plan confirmed an additional \$100,000 to enable Experience Wellington to align with Council's Living Wage initiative and an annual 2% increase in our baseline funding. These adjustments are welcome.

Contributing to Wellington's vibrancy as a city that Wellingtonians are proud to call home through world class exhibitions and public programmes is an expensive business and our on-going challenge is to increase our revenue from sources other than Council to ensure that visitor experiences meet, and ideally, exceed expectations. Our 2017-18 revenue target of just over \$3 million represents an increase of 10% over the base achieved in 2016. Our two principal sources of revenue are trading revenues (admission, retail and venue hire) and fundraising (grants, personal giving and sponsorship), both of which are vulnerable to changes in market conditions. For example the 14 November 2016 earthquake had an immediate and permanent impact on revenues with the cancellation of 102 school visits (approximately \$18,000 in lost revenue) to Capital E, City Gallery, Wellington Museum and Space Place; the non-running of the Cable Car for several months in 2016 meant that both Cable Car Museum and Space Place revenues declined during that period.

Wellington's "free-entry" market for most cultural and art exhibitions ensure that Wellingtonians have exceptional access. The flip side, however, is that introducing an entry charge, even temporarily for a special event such as Cindy Sherman, is a significant marketing challenge and increases the financial risks for our organisation. At the same time the reputational and economic value to Wellington of these events is such, that pursuing other similar exhibitions with partners is a key strategy to support Council's ambition for Wellington.

Projects such as the Film Museum and Te Papa's new Learning Lab Hinātore, and planned new art gallery space are exciting developments for the city. The earthquake strengthening of the Town Hall and the development of Civic Square as a cultural hub are projects we are particularly keen to be part of with City Gallery, and potentially Capital E, sharing the space and contributing to its success.

The film and digital growth agenda for the city is providing opportunities for partnership. Working with industry and regional development partners is opening up opportunities for Capital E. It has established itself as a channel for other organisations to reach families and young audiences, and helps to inspire Wellington's young people to see the digital creative and media sector as a viable career option – an area where the region expects to see substantial growth, but where the number of emerging graduates does not fill industry need.

Experience Wellington's visitor experiences are an important part of Wellington's tourism offering and we are looking forward to the Lion's Tour which we expect will make a significant contribution to our trading revenues.

OUR PURPOSE, VISION AND VALUES¹

Purpose: Our business opens the doors to remarkable experiences that set Wellington apart

Vision: Excellent experiences that Wellingtonians proudly share with the world

Values: We:

- Value our visitors; giving them excellent experiences that are safe, welcoming and accessible.
- Prize our staff, supporters and extraordinary assets.
- Lead in our fields: individually and as a collective.
- Use the power of our diverse group of institutions to make a difference to Wellington.
- Are agile. We respond to changes in our audience's needs, stakeholder expectations and operating environment.
- Don't stand still. We learn and improve together.
- Strive to grow a robust, sustainable business.

¹ Our Vision, Purpose and Value statements are under review as part of the development of our new Strategic Plan.



NATURE AND SCOPE OF EXPERIENCE WELLINGTON'S ACTIVITIES

Capital E

Capital E ignites and fuels the creative spark in children and young people. It nurtures confident, creative, capable citizens. Capital E engages audiences in the innovation and production of high quality, inspirational experiences in live performance, digital technology and applied creativity. It provides environments where creative encounters can take place for, with, by and between children. It is New Zealand's leading centre for creativity for young people, and has a leadership role for Experience Wellington and beyond – leading in and advocating for – high quality provision of creative experiences relevant to children and young people.

City Gallery Wellington Te Whare Toi

From the heart of Wellington in Civic Square, City Gallery provides locals and visitors with a meaningful and accessible experience of art. It presents a dynamic programme of changing exhibitions dedicated to the most current thinking, creativity and innovation in contemporary visual art practice in the broadest sense. It is a hub for artistic and cultural activity in Wellington that reinforces the city's commitment to art and creativity.

City Gallery works collaboratively with artists, galleries, collectors and educators to realise programmes of activity that are relevant, push and test art's boundaries and both transform and provide insight into our understanding of our world.

Museums Wellington Te Waka Huia O Nga Taonga Tuku Iho

Museums Wellington experiences showcase Te Upoko o te Ika a Māui (the Head of Māui's Fish), the greater Wellington Region – Wellington, Porirua and the Kāpiti Coast, the Hutt Valley and the Wairarapa.

We reflect on Te Upoko o te Ika's natural and social history emphasising a post-colonial perspective through sharing stories and objects of importance to Tangata Whenua, Mana Whenua and Tangata Tiriti from time past, present and into the future.

As the guardian of the Trust's collections, Museums Wellington develops them so that visitors experience and appreciate the Wellington region's unique identity, its history, art and creativity.

Wellington Museum

Wellington Museum shares the stories and objects of Wellington.

Space Place At Carter Observatory Te Ara A Whanui Ki Te Rangi

Space Place transports visitors from Wellington to outer space.

Cable Car Museum

The Cable Car Museum explores how technology and commerce shaped the city.

Nairn Street Cottage

Nairn Street Cottage illustrates the story of Wellington through the Wallis family.



PERFORMANCE MEASUREMENT

We have or are in the process of making changes to what and how we record and report performance. The changes are:

- We refer to results as Key Result Indicators (KRI) rather than Key Performance Indicators (KPI). The targets set in the Statement of Intent and reported in the Statement of Service Performance (SSP) are results focused rather than performance driven. KPI is a management tool which is applied through business plans and performance agreements to shape behaviours required to achieve results.
- Performance is presented by institution. Previously all results were aggregated including those recorded as percentages. In 2017-18 aggregated results will only be shown where individual results can be added such as for visitation.
- We have introduced a new KRI to record Learning Experience Visits which are mainly students attending in school groups. We would like to be in a position to report the number of children and young people visiting in the future, however, this will depend on our ability to accurately record this information.
- We propose to introduce a new KRI in 2018-19 reporting the number of first time visitors to our institutions by Wellington city residents and to phase out the repeat visitation KRI. Recording first-time visitors will help us measure our performance in attracting new audiences; repeat visitation is important in terms of building loyalty but it is difficult to measure accurately and results can therefore be misleading. We will continue to use it as a management tool.
- We have also revamped the KRI relating to the development of Heritage Collections. The new KRI will report the number of new items added to the Collections; the number of items that are assessed against our Collections policy during the year and either retained or disposed of; and the percentage of the Collections accessible to the public whether on display or available online.

Our City

Key Result Indicators

City Residents' Awareness: The number of Wellingtonians who know about our institutions as assessed through the Annual Residents' Survey conducted by Council.

Residents' Awareness	2015-16 Actual	2016-17 SOI	2017-18	2018-19	2019-20
City Gallery Wellington	95%	95%	95%	95%	95%
Wellington Museum	97%	95%	97%	97%	97%
Capital E	90%	90%	90%	90%	90%
Cable Car Museum	97%	95%	97%	97%	97%
Space Place	97%	95%	97%	97%	97%
Nairn Street Cottage	58%	60%	60%	60%	60%



Our Visitors

Key Result Indicators

Physical Visitation: The total number of visits to institutions including general public, education and function attendees. The annual target is reviewed each year and benchmarked against the average visitation for the institution during the previous three years.

Visitor Numbers	2015-16 Actual	2016-17 SOI	2017-18	Q1	Q2	Q3	Q4	2018-19	2019-20
City Gallery Wellington	178,228	150,000	143,000	45,000	20,000	35,000	43,000	170,000	175,000
Wellington Museum	133,470	134,000	137,000	30,000	40,000	42,000	25,000	140,000	143,000
Capital E	79,120	105,000	90,000	27,500	28,500	8,000	26,000	110,000	95,000
Cable Car Museum	241,638	220,000	237,000	55,200	59,800	79,000	43,000	237,000	237,000
Space Place	52,838	46,800	52,000	11,500	13,500	13,500	13,500	53,000	54,000
Nairn Street Cottage	2,875	3,200	2,500	400	300	1,500	300	2,600	2,700
Experience Wellington Total	688,169	659,000	661,500	169,600	162,100	179,000	150,800	712,600	706,700

City Gallery's visitation target in Q2 and Q3 of 2017-18 anticipates that the Entrance/Foyer development will proceed.

Wellington Museum visitation may be affected from 2018 through to 2020 if the development proceeds.

Capital E's National Arts Festival for Children boosts visitation in 2017 and 2019.

Capital E's Physical Visitation figures include the Hannah Playhouse.

Virtual Visitation: The total number of unique user visits to institutional web/mobile sites.

Virtual Visitor Numbers	2015-16 Actual	2016-17 SOI	2017-18	2018-19	2019-20
City Gallery Wellington	126,804	110,000	112,000	120,000	125,000
Museums Wellington	116,743	78,000	84,000	88,000	96,000
Capital E	50,263	62,000	64,000	66,000	67,500
Experience Wellington Total	293,810	250,000	260,000	274,000	288,500

Social Media Profile: A snapshot of Facebook friends and Twitter followers.

Social Media Numbers	2015-16 Actual	2016-17 SOI	2017-18	2018-19	2019-20
City Gallery Wellington	24,266	22,000	23,000	26,000	27,000
Museums Wellington	5,887	6,590	14,500	17,000	19,500
Capital E	4,089	4,500	5,000	5,500	5,750
Space Place	7,359	8,800	16,000	18,500	21,000
Experience Wellington Total	41,601	41,890	58,500	67,000	73,250



First Time Wellington City Visitors: the number of visitors who are residents of Wellington visiting the institution for the first time. Data will be collected during 2017-18 to provide a benchmark for KRI in 2018-19 and 2019-20.

Repeat Visitation: the number of visitors who have visited the institution at least once in the previous twelve months. This KRI will not be included in the 2018-19 SOI but we will continue to monitor repeat visitation as a management tool.

Repeat Visitation	2015-16 Actual	2016-17 SOI	2017-18	2018-19	2019-20
City Gallery Wellington	63%	40%	40%	40%	40%
Wellington Museum	28%	25%	25%	25%	27.5%
Capital E	59%	40%	50%	50%	50%
Cable Car Museum	23%	25%	25%	25%	25%
Space Place	15%	22%	24%	25%	25%

Capital E's Repeat Visitation figures include the Hannah Playhouse.

Quality of Visit: Visitor feedback based on comfort, access, experience, knowledge gained, the friendliness of staff, the length of visit and overall enjoyment.

Quality of the Visitor Experience	2015-16 Actual	2016-17 SOI	2017-18	2018-19	2019-20
City Gallery Wellington	89%	90%	90%	90%	90%
Museum of Wellington	89%	90%	90%	90%	90%
Capital E	97%	90%	90%	90%	90%
Cable Car Museum	75%	90%	90%	90%	90%
Space Place	90%	90%	90%	90%	90%
Nairn Street Cottage	86%	90%	90%	90%	90%

Capital E's Quality of Visit figures includes the Hannah Playhouse.

Children & Young People Visiting for a Learning Experience: The number of students as part of a booked group visiting institutions for learning experiences. The delivery of LEOTC is part-funded by the MOE.

Learning experience visitors	2015-16 Actual	2016-17 SOI	2017-18	2018-19	2019-20
City Gallery Wellington	4,644	4,500	4,500	4,500	4,500
Museum Wellington	6,975	7,000	7,000	7,000	7,000
Capital E	20,561	49,348	20,500	50,000	20,500
Space Place	7,195	8,250	8,250	8,250	8,250
Experience Wellington Total	40,096	69,098	40,250	69,750	40,250

City Gallery's forecast target for 2016-17 is lower than the 2015-16 year in line with the MOE contract.

Museums Wellington includes the Wellington Museum, Cable Car Museum and Nairn Street Cottage.

Capital E holds the National Arts Festival for Children in 2017 and 2019.

Capital E Learning Experience figures include Hannah Playhouse.



Our Sustainability

Key Result Indicators

Financial Performance: A break-even budget and fully-funded depreciation.

Non-Council Revenue: The total amount of revenue generated from non-Council sources.

Non-Council Revenue (\$'000)	2015-16 Actual	2016-17 SOI	2017-18	2018-19	2019-20
City Gallery Wellington	610	1,284	607	645	650
Museums Wellington	672	573	666	680	690
Capital E	1,023	1,534	1,279	1,658	1,285
Space Place	540	588	600	620	637
Experience Wellington Total	3,059	4,144	3,152	3,603	3,262

City Gallery's revenue in 2016-17 increased due to the Cindy Sherman exhibition and the reduced target in 2017-18 anticipates that the Entrance/Foyer development will proceed.

Museums Wellington includes the Wellington Museum, Cable Car Museum and Nairn Street Cottage.

Capital E holds the National Arts Festival for Children in 2017 and 2019.

Capital E Non-Council Revenue figures include Hannah Playhouse.

Spend per Visitor: Visitor related revenue (admissions and sales).

Spend per Visit (\$)	2015-16 Actual	2016-17 SOI	2017-18	2018-19	2019-20
City Gallery Wellington	1.18	4.67	1.57	1.53	1.53
Museums Wellington	1.97	1.30	1.41	1.36	1.42
Capital E	3.20	5.48	3.84	5.14	3.90
Space Place	8.39	10.38	10.12	10.10	10.14

City Gallery's increased spend in 2016-17 relates to the inclusion of an admission charge for the Cindy Sherman exhibition. City Gallery's Spend per Visitor in 2017-18 anticipates that the Entrance/Foyer development will proceed.

Museums Wellington includes Wellington Museum, Cable Car Museum and Nairn Street Cottage.

Capital E is hosting the National Arts Festival for Children in 2016-17 and 2018-19.

Capital E Spend per Visit figures includes Hannah Playhouse.

Subsidy per Visit: The Council subsidy per (physical) visitor is calculated by dividing the number of visits into the Council operating grant.

Subsidy per Visit (\$)	2015-16 Actual	2016-17 SOI	2017-18	2018-19	2019-20
City Gallery Wellington	11.53	12.87	12.50	12.65	12.80
Museums Wellington	4.29	5.34	5.18	5.00	4.95
Capital E	16.02	14.36	14.53	14.91	14.61
Space Place	8.89	10.59	9.89	9.69	9.60

Subsidy per visit is arrived at by dividing the number of visits into the Council operating grant.

Museums Wellington includes Wellington Museum, Cable Car Museum and Nairn Street Cottage.

Capital E is hosting the National Arts Festival for Children in 2016-17 and 2018-19.

Capital E Subsidy per Visit figures Includes Hannah Playhouse.



Our People

Key Result Indicators

- **Health and Safety:** No notifiable incidents involving workers or visitors as defined by the Health and Safety at Work Act 2015.
- **Staff Satisfaction:** At least 75% of staff are engaged with the organisation as indicated through the annual Staff Engagement Survey.

Our Heritage

Key Result Indicators

Collection Development: Our Heritage Collections contribute to our understanding of Wellington's identity; its history, art and creativity which include visitors to some of Wellington's most important heritage sites (see visitor number KRI).

Collection Development	2017-18	2018-19	2019-20
New to the Collection	30	45	60
Collection Assessment	1,250	1,875	3,650
Collection Accessibility	5%	10%	20%

New to the Collection: Commissions, acquisitions or donations of an item or a collection of items (e.g. Kirkcaldie & Stains Collection) that have been accessioned into the collection.

Collection Assessment: The number of items (individual or type e.g. lifebuoys) that are reviewed for retention or disposal.

Collection Accessibility: The % of the Collection that is on display, on loan, used for research purposes or accessed through other mediums such as online.

Council's Ownership Interest

At Council's request we will include Council's direct ownership costs which relate to the assets we manage on its behalf in monitoring reports to Council. These are costs incurred by Council over which Experience Wellington has no control and the information will be supplied by Council in a form that meets Experience Wellington's audit requirements.



BOARD'S APPROACH TO GOVERNANCE

Governance

Trustees are appointed by Council and are standard-bearers for our vision. They are responsible for setting the strategic direction and approving the Statement of Intent and the Strategic Plan. The Board monitors organisational performance, the organisation's on-going viability and the maintenance of its competitiveness. It delegates the day-to-day operation to the Chief Executive, who reports to the Board.

The Board meets no fewer than nine times per year and operates three committees which review relevant matters prior to consideration by the full Board. These are the Audit and Risk (A&R) Committee, the Chief Executive Performance and Remuneration (CEP&R) Committee, and the People Performance and Safety (PPS) Committee. In addition, the Board will convene *ad hoc* working groups to consider specific issues. Guidance in specialist areas is also provided as appropriate.

Board Committees

Audit and Risk (A&R) Committee assists the Board in carrying out its duties in regard to financial reporting, risk management and legislative compliance.

Chief Executive Performance and Remuneration (CEP&R) Committee to advise the Chair in connection with the performance and remuneration of Experience Wellington's Chief Executive.

People, Performance and Safety (PPS) Committee provides guidance and support to the Chief Executive in a Human Resources context and assists the Board to meet its due diligence responsibilities regarding Experience Wellington's compliance with Health and Safety legislation.

Board Membership

Trustee	Term expires	Committees
Jackie Lloyd, Chair	30 June 2017	Chair CEP&R and <i>ex officio</i> of PPS and A&R
Diane Calvert	31 October 2019	A&R
Rachel Farrant	30 June 2019	Chair A&R and member of CEP&R
Jill Wilson	30 June 2018	PPS
Jane Wrightson	31 December 2018	Chair PPS and member of CEP&R

Board Performance

The Board strives to meet best practice governance standards and will undertake an annual review of the overall Board, individual Trustees and the Chair's performance and report to the Chief Executive of Council by 30 September 2017.



COUNCIL RELATIONSHIP PRINCIPLES

The principles governing the relationship with Council as our primary stakeholder include:

- Operating on a "no surprises" basis so that any significant event that may impact on either party is brought to their attention as soon as it can be reasonably done.
- Open and frank communication will occur between Experience Wellington and Council.
- Full disclosure of information will be provided to Council from Experience Wellington as deemed necessary by Council to ensure its interests are upheld.
- Early advice to Council in the event of any situation that may be potentially contentious in nature.
- Disclosing within the Experience Wellington's Strategic Plan any significant transactions that are planned.



ORGANISATIONAL HEALTH, CAPABILITY, STAKEHOLDER ENGAGEMENT AND RISK ASSESSMENT

Introduction

Experience Wellington provides centralised management and accountability for visitor experiences provided through institutions. Reporting to the Chief Executive are three Directors who have responsibility for our visitor experience outputs, the Finance Manager with responsibility for our financial management, the Executive Services Manager who covers most corporate services and our Building Manager/Health and Safety Coordinator. The organisation chart follows:



Organisational Health and Wellbeing

Critical to achieving our vision and supporting Council's vision is the talent and experience of our staff.

Staff induction, training, regular communication and celebrations of success reinforce our team spirit. We seek feedback annually on key factors relating to organisation performance including vision and values, sense of community, leadership, communication, learning and development, performance and rewards, working relationships and health and safety.

Capability

Our staff bring leadership; knowledge of audiences; networks and contacts; professional standards of presentation; access to our portfolio of facilities and collections and our commitment to presenting thought-provoking and entertaining visitor experiences to our work.

We are a highly motivated organisation and rely on our workforce to be flexible and to go the extra mile. Our Executive Team is highly experienced in their respective fields.

Training and professional development is a priority and a small annual resource is set aside for this purpose.

We are committed to the principle of collaboration and shared services and will explore all reasonable opportunities to work with sector partners and with Council and its associated organisations for Wellington and Wellingtonians.



Stakeholder Engagement

Stakeholder management continues to be a focus. As we improve the coordination of fundraising efforts we are in the process of developing a stakeholder engagement plan for key individuals and groups. We will set communication objectives based on our strategic objectives, and prioritise stakeholders according to impact and influence.

Risk Management and Business Continuity

Our Risk Profile is reviewed regularly and identifies events and or circumstances and the impact that these have on our operation using a system that ranks the probability and level of impact of the event. It includes risk management strategies such as recovery plans for specific events which carry high risk values.

Our ability to continue to operate following a major event will depend on factors outside of our control such as the extent of material damage to buildings and the continuation of Council funding.

We acknowledge that under the Health and Safety at Work Act 2015 we share Person Conducting a Business or Undertaking (PCBU) responsibilities with Council with regard to Council buildings we manage and occupy.

Assessed risks which carry a lower risk value tend to be within our operational purview with the exception of risks associated with buildings maintenance and plant performance issues which are Council's responsibility. Building and plant issues that are likely to impact on business continuity or present a risk to health and safety of workers and visitors are immediately brought to Council's attention.

A business continuity plan is in development.

Insurance

We have adequate insurance cover to meet specific business needs and deductibles are in line with generally accepted risk management principles and affordability.



APPENDIX 1: FORECAST FINANCIAL STATEMENTS

Forecast 30-Jun-17	STATEMENT OF FINANCIAL PERFORMANCE (\$'000) Space Place	Budget 30-Sep-17	Budget 31-Dec-17	Budget 31-Mar-18	Budget 30-Jun-18	Total YE 30-Jun-18	Total YE 30-Jun-19	Total YE 30-Jun-20
Revenue								
417	Trading Income	125	124	124	124	497	509	520
347	Council Operating Grant	89	89	89	89	356	366	376
0	Council Rental Grant	0	0	0	0	0	0	0
82	Other Grants	25	26	25	26	102	110	115
20	Sponsorships and Donations	0	1	0	0	1	1	2
0	Investment Income	0	0	0	0	0	0	0
69	Other Income	0	0	0	0	0	0	0
934	Total Revenue	239	240	238	239	956	986	1,013
Expenditure								
683	Employee Costs	175	175	175	176	701	715	727
0	Council Rent	0	0	0	0	0	0	0
47	Exhibitions & Programmes	24	24	24	24	96	98	100
100	Marketing & Promotions	23	23	23	24	93	95	97
95	Occupancy Costs (excluding Council Rent)	18	18	18	19	73	74	76
11	Communication Costs	3	3	2	2	10	10	10
0	Trustee Fees & Expenses	0	0	0	0	0	0	0
0	Technology Costs	1	1	2	1	5	5	5
0	Professional Fees	19	19	19	18	75	83	87
127	Administration Expenses	5	6	6	5	22	19	20
11	Depreciation	3	3	3	2	11	11	11
0	Interest	0	0	0	0	0	0	0
1,083	Total Expenditure	271	272	272	271	1086	1,111	1,133
-149	Net Surplus/(Deficit) before Taxation	-32	-32	-34	-32	-130	-125	-120
Taxation Expense								
-149	Net Surplus/(Deficit)	-32	-32	-34	-32	-130	-125	-120
-15.90%	Operating Margin	-13.39%	-13.33%	-14.29%	-13.39%	-13.60%	-12.63%	-11.86%



Forecast 30-Jun-17	STATEMENT OF FINANCIAL PERFORMANCE (\$'000) Experience Wellington excluding Space Place	Budget 30-Sep-17	Budget 31-Dec-17	Budget 31-Mar-18	Budget 30-Jun-18	Total YE 30-Jun-18	Total YE 30-Jun-19	Total YE 30-Jun-20
Revenue								
1,620	Trading Income	285	212	184	220	901	1,224	986
6,471	Council Operating Grant	1,658	1,658	1,658	1,658	6,632	6,777	6,932
1,769	Council Rental Grant	443	443	442	443	1,771	1,806	1,843
762	Other Grants	282	237	205	219	943	962	800
896	Sponsorships and Donations	44	85	43	172	344	588	370
90	Investment Income	21	12	21	11	65	66	80
188	Other Income	139	41	41	78	299	305	325
11,796	Total Revenue	2,872	2,688	2,594	2,801	10,955	11,729	11,336
Expenditure								
4,849	Employee Costs	1260	1,258	1,246	1279	5,043	5,144	5,247
1,433	Council Rent	335	334	335	335	1,339	1,366	1,393
2,488	Exhibitions & Programmes	813	337	325	390	1,865	2,395	1,880
740	Marketing & Promotions	156	108	104	162	530	598	540
1,012	Occupancy Costs (excluding Council Rent)	274	252	251	281	1,058	1,079	1,101
108	Communication Costs	28	27	28	27	110	112	114
84	Trustee Fees & Expenses	21	21	21	21	84	86	90
154	Technology Costs	48	49	50	51	198	202	206
41	Professional Fees	56	28	27	28	139	148	144
461	Administration Expenses	43	51	48	48	190	200	205
425	Depreciation	100	100	100	99	399	399	415
0	Interest	0	0	0	0	0	0	0
11,795	Total Expenditure	3,134	2,565	2,535	2,721	10,955	11,729	11,335
1	Net Surplus/(Deficit) before Taxation	-262	123	59	80	0	0	0
	Taxation Expense							
1	Net Surplus/(Deficit)	-262	123	59	80	0	0	0
0.01%	Operating Margin	-9.12%	4.58%	2.27%	2.86%	0.00%	0.00%	0.00%



Forecast 30-Jun-17	STATEMENT OF FINANCIAL PERFORMANCE Total	Budget 30-Sep-17	Budget 31-Dec-17	Budget 31-Mar-18	Budget 30-Jun-18	Total YE 30-Jun-18	Total YE 30-Jun-19	Total YE 30-Jun-20
Revenue								
2,037	Trading Income	410	336	308	344	1,398	1,733	1,506
6,817	Council Operating Grant	1,747	1,747	1,747	1,747	6,988	7,143	7,308
1,769	Council Rental Grant	443	443	442	443	1,771	1,806	1,843
844	Other Grants	307	263	230	245	1,045	1,072	915
916	Sponsorships and Donations	44	86	43	172	345	589	372
90	Investment Income	21	12	21	11	65	66	80
257	Other Income	139	41	41	78	299	305	325
12,730	Total Revenue	3,111	2,928	2,832	3,040	11,911	12,715	12,349
Expenditure								
5,531	Employee Costs	1,435	1,433	1,421	1,455	5,744	5,859	5,974
1,433	Council Rent	335	334	335	335	1,339	1,366	1,393
2,534	Exhibitions & Programmes	837	361	349	414	1,961	2,493	1,980
840	Marketing & Promotions	179	131	127	186	623	693	637
1,107	Occupancy Costs (excluding Council Rent)	292	270	269	300	1,131	1,154	1,177
119	Communication Costs	31	30	30	29	120	122	125
84	Trustee Fees & Expenses	21	21	21	21	84	86	90
154	Technology Costs	49	50	52	52	203	207	211
41	Professional Fees	75	47	46	46	214	231	231
477	Administration Expenses	48	57	54	53	212	219	225
436	Depreciation	103	103	103	101	410	410	427
0	Interest	0	0	0	0	0	0	0
12,879	Total Expenditure	3,405	2,837	2,807	2,992	12,041	12,840	12,469
-149	Net Surplus/(Deficit) before Taxation	-294	91	25	48	-130	-125	-120
	Taxation Expense							
-149	Net Surplus/(Deficit)	-294	91	25	48	-130	-125	-120
-1.17%	Operating Margin	-9.45%	3.11%	0.88%	1.58%	-1.09%	-0.98%	-0.97%



Forecast 30-Jun-17	STATEMENT OF FINANCIAL POSITION (S'000)	Budget 30-Sep-17	Budget 31-Dec-17	Budget 31-Mar-18	Budget 30-Jun-18	Total YE 30-Jun-18	Total YE 30-Jun-19	Total YE 30-Jun-20
Shareholder/Trust Funds								
2,298	Share Capital/Settled Funds	2,298	2,298	2,298	2,298	2,298	2,298	2,298
0	Revaluation Reserves	0	0	0	0	0	0	0
425	Restricted Funds	425	425	425	425	425	425	425
2,014	Retained Earnings	1,720	1,811	1,836	1,884	1,884	1,759	1,639
4,737	Total Shareholder/Trust Funds	4,443	4,534	4,559	4,607	4,607	4,482	4,362
Current Assets								
40	Cash and Bank	40	40	40	40	40	40	40
270	Accounts Receivable	250	250	250	250	250	260	270
138	Other Current Assets	150	150	150	150	150	160	170
448	Total Current Assets	440	440	440	440	440	460	480
Investments								
1025	Deposits on Call	600	800	600	840	840	790	700
0	Other Investments	0	0	0	0	0	0	0
1025	Total Investments	600	800	600	840	840	790	700
Non-Current Assets								
4,476	Fixed Assets	4,500	4,500	4,500	4,400	4,400	4,220	4,150
8	Other Non-current Assets	7	4	2	0	0	0	0
4,484	Total Non-current Assets	4,507	4,504	4,502	4,400	4,400	4,220	4,150
5,957	Total Assets	5,547	5,744	5,542	5,680	5,680	5,470	5,330
Current Liabilities								
441	Accounts Payable and Accruals	324	430	433	523	523	438	418
730	Other Current Liabilities	730	730	500	500	500	500	500
1,171	Total Current Liabilities	1,054	1,160	933	1,023	1,023	938	918
Non-Current Liabilities								
0	Loans - WCC	0	0	0	0	0	0	0
0	Loans - Other	0	0	0	0	0	0	0
49	Other Non-Current Liabilities	50	50	50	50	50	50	50
49	Total Non-Current Liabilities	50	50	50	50	50	50	50
4,737	Net Assets	4,443	4,534	4,559	4,607	4,607	4,482	4,362
1.26	Current Ratio	0.99	1.07	1.11	1.25	1.25	1.33	1.29
0.80	Equity Ratio	0.80	0.79	0.82	0.81	0.81	0.82	0.82



Forecast 30-Jun-17	STATEMENT OF CASH FLOWS (\$'000)	Budget 30-Sep-17	Budget 31-Dec-17	Budget 31-Mar-18	Budget 30-Jun-18	Total YE 30-Jun-18	Total YE 30-Jun-19	Total YE 30-Jun-20
Cash provided from:								
2,497	Trading Receipts	430	263	230	245	1,168	1,723	1,496
8,586	WCC Grants	2,190	2,190	2,189	2,190	8,759	8,949	9,151
844	Other Grants	307	263	230	245	1,045	1,072	915
916	Sponsorships and Donations	44	86	43	172	345	589	372
90	Investment Income	21	12	21	11	65	66	80
257	Other Income	139	41	41	78	299	305	325
13,190		3,131	2,855	2,754	2,941	11,681	12,705	12,339
Cash applied to:								
5,531	Payments to Employees	1,435	1,433	1,421	1,455	5,744	5,859	5,974
7,234	Payments to Suppliers	1,837	893	1,259	1,005	4,994	5,831	5,218
748	Net GST Cashflow	159	229	173	242	803	835	880
0	Interest Paid	0	0	0	0	0	0	0
13,513		3,431	2,555	2,853	2,702	11,541	12,525	12,072
-323	Total Operating Cash Flow	-300	300	-99	239	140	180	267
Investing Cash Flow								
Cash provided from:								
0	Sale of Fixed Assets	0	0	0	0	0	0	0
0	Other	0	0	0	0	0	0	0
Cash applied to:								
334	Purchase of Fixed Assets	127	103	103	1	334	230	357
0	Other	-1	-3	-2	-2	-8	0	0
334		126	100	101	-1	326	230	357
-334	Total Investing Cash Flow	-126	-100	-101	1	-326	-230	-357
Financing Cash Flow								
Cash provided from:								
0	Drawdown of Loans	0	0	0	0	0	0	0
0	Other	1	0	0	0	1	0	0
Cash applied to:								
0	Repayment of Loans	0	0	0	0	0	0	0
0	Other					0	0	0
0		1	0	0	0	1	0	0
0	Total Financing Cash Flow	1	0	0	0	1	0	0
-657	Net Increase/(Decrease) in Cash Held	-425	200	-200	240	-185	-50	-90
1,722	Opening Cash Equivalents	1,065	640	840	640	1,065	880	830
1,065	Closing Cash Equivalents	640	840	640	880	880	830	740



Forecast 30-Jun-17	CASH FLOW RECONCILIATION	Budget 30-Sep-17	Budget 31-Dec-17	Budget 31-Mar-18	Budget 30-Jun-18	Total YE 30-Jun-18	Total YE 30-Jun-19	Total YE 30-Jun-20
-149	Operating Surplus/(Deficit) for the Year	-294	91	25	48	-130	-125	-120
	Add Non Cash Items							
436	Depreciation	103	103	103	101	410	410	427
0	Other	0	0	0	0	0	0	0
287		-191	194	128	149	280	285	307
	Movements in Working Capital							
609	(Increase)/Decrease in Receivables	20	0	0	0	20	-10	-10
-3	(Increase)/Decrease in Other Current Assets	-12	0	0	0	-12	-10	-10
-1,651	Increase/(Decrease) in Accounts Payable	-117	106	3	90	82	-85	-20
435	Increase/(Decrease) in Other Current Liabilities	0	0	-230	0	-230	0	0
-610		-109	106	-227	90	-140	-105	-40
	Net Gain/(Loss) on Sale:							
0	Fixed Assets	0	0	0	0	0	0	0
0	Investments	0	0	0	0	0	0	0
-323	Net Cash Flow from Operations	-300	300	-99	239	140	180	267



APPENDIX 2: ACCOUNTING POLICIES

Significant Accounting Policies

The following accounting policies which have a material effect on the measurement of results have been adopted by the Trust.

1. Reporting entity

The Wellington Museums Trust Incorporated, trading as Experience Wellington, is registered as a charitable entity under the Charities Act 2005. It is a Council Controlled Organisation (CCO) in terms of the Local Government Act 2002.

The financial statements of Experience Wellington includes the activities of the following business units - the Wellington Museums Trust Incorporated, Wellington Museum, City Gallery Wellington, Capital E including Hannah Playhouse, Nairn Street Cottage, the Wellington Cable Car Museum, and Space Place at Carter Observatory as from 1 June 2010.

The principal activity of Experience Wellington is to develop and manage Institutions and to operate them for the benefit of the residents of Wellington and the public generally. For the purposes of financial reporting, the Trust is a public benefit entity (public sector).

Experience Wellington has no intention of subscribing for, purchasing or otherwise acquiring shares in any other company or other organisation.

2. Basis of preparation

a) Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZGAAP). They comply with Tier 2 PBE Accounting Standards (Public Sector) and disclosure concessions have been applied.

Experience Wellington has elected to report in accordance with Tier 2 PBE Accounting Standards (Public Sector) on the basis that it does not have public accountability and has total annual expenses of equal to or less than \$30 million.

b) Basis of measurement

The financial statements are prepared on the historical cost basis.

c) Presentation currency

These financial statements are presented in New Zealand dollars (\$).

3. Significant accounting policies

The accounting policies set out below will be applied consistently to all periods presented in the financial statements.

a) Property, plant and equipment

Items of property, plant and equipment are stated at cost, less accumulated depreciation and impairment losses.

(i) Subsequent costs

Subsequent costs are added to the carrying amount of an item of property, plant and equipment when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Trust and the cost of the item can be measured reliably. All other costs are recognised in surplus/ (deficit) as an expense as incurred.



(ii) Depreciation

Depreciation is charged to surplus/ (deficit) using the straight line method. Depreciation is set at rates that will write off the cost or fair value of the assets, less their estimated residual values, over their useful lives. The estimated useful lives of major classes of assets and resulting rates are as follows:

• Computer equipment	33% SL
• Office and equipment	25% SL
• Motor vehicles	20% SL
• Building Fittings	5%-25% SL
• Collections & artefacts	Not depreciated

The residual value of assets is reassessed annually.

b) Collections and artefacts

Collections are artefacts that are of cultural or historical importance. A substantial amount of the Experience Wellington's Collections were acquired on 29 February 1996 from the Wellington Maritime Museum Trust (WMMT) with others added either as gifts or purchases since 1996. Collections are carried at historic cost as assessed at the time of transfer from the WMMT. All subsequent acquisitions to the collections are recorded at cost if purchased. Where an asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition. Where the fair value of the assets is not able to be reliably measured, they are recorded at nil. Because the useful life of the collections is indeterminate they are not depreciated.

An external valuation of the Collections from an independent valuer is obtained on a periodic basis to ensure that the carrying value of the Collections that are held at cost does not exceed their fair value.

The Trustees obtained a valuation at 30 June 2014 and have confirmed that the carrying value at 30 June 2016 is appropriate and that no impairment has occurred.

c) Intangible assets

Computer software

Software applications that are acquired by Experience Wellington are stated at cost less accumulated amortisation and impairment losses.

Amortisation is recognised in surplus/ (deficit) on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use. The estimated useful lives for the current and comparative periods are as follows:

• Computer software	33% SL
---------------------	--------

d) Trade and other receivables

Trade and other receivables are measured at their cost less impairment losses.

e) Inventories

Inventories (merchandise) are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

f) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.



g) Impairment

The carrying amounts of Experience Wellington's assets other than inventories are reviewed at each balance date to determine whether there is any indication of impairment. If any such indication exists, the assets recoverable amount is estimated.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable service amount. The recoverable service amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use is determined using an approach based on either a depreciated replacement cost approach, restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

If an asset's carrying amount exceeds its recoverable service amount, the asset is regarded as impaired and the carrying amount is written-down to the recoverable amount. The total impairment loss is recognised in the surplus or deficit. The reversal of an impairment loss is also recognised in the surplus or deficit.

h) Employee benefits

Long service leave: Experience Wellington's net obligation in respect of long service leave is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using the projected unit credit method and is discounted to its present value. The discount rate is the market yield on relevant New Zealand government bonds at the Balance Sheet date.

i) Provisions

A provision is recognised when Experience Wellington has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax discount rate that reflects current market rates and, where appropriate, the risks specific to the liability.

j) Trade and other payables

Trade and other payables are stated at cost.

k) Revenue

(i) Funding

Experience Wellington's activities are supported by grants, sponsorship, admissions and other trading activities. Grants received that have an obligation in substance to return the funds if conditions of the grant are not met are initially recognised as a liability and revenue is recognised only when the services are performed or conditions are fulfilled.

Funds received that have no such obligation attached and merely a restriction imposed on the use of funds, are recognised as revenue when they become available.

(ii) Services provided

Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at the reporting date. Income is recognized as the service is provided (e.g. exhibition run). Where exhibitions are not scheduled to run until the following fiscal year, revenue is deferred and amortized to income throughout the period of the exhibition.

(iii) Donations

Cash donations from the community are recognized in the Income Statement at the point at which they are receipted into Experience Wellington's bank account.



(iv) Sale of merchandise

Revenue from the sale of merchandise is recognised in surplus/ (deficit) when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of the merchandise, or where there is continuing management involvement with the merchandise.

l) Expenses

(i) Operating lease payments

Payments made under operating leases are recognised in surplus/ (deficit) on a straight-line basis over the term of the lease. Lease incentives received are recognised in surplus/ (deficit) over the lease term as an integral part of the total lease expense.

(ii) Finance income and expenses

Finance income comprises interest income. Interest income is recognised as it accrues, using the effective interest method.

Finance expenses comprise interest expense on borrowings. All borrowing costs are recognised in surplus/ (deficit) using the effective interest method.

m) Availability of future funding

Experience Wellington is reliant on the Wellington City Council for a large part of its income and operates under a Funding Deed with the Council. The Funding Deed is for a period of three years and is extended annually for a further year subsequent to the initial 3 year term.

If Experience Wellington was unable to continue in operational existence for the foreseeable future, adjustments may have to be made to reflect the fact that assets may need to be realized other than at the amounts stated in the balance sheet. In addition, Experience Wellington may have to provide for further liabilities that might arise, and to reclassify property, plant and equipment as current assets.

n) Income tax

Experience Wellington is registered as a Charitable Trust and is exempt from income tax. Experience Wellington is not exempt from indirect tax legislation such as Goods and Services Tax, Fringe Benefit Tax, PAYE or ACC and accordingly it is required to comply with these regulations.

o) Goods and services tax

All amounts are shown exclusive of Goods and Services Tax (GST), except for receivables and payables that are stated inclusive of GST.

4. Ratio of Total Assets: Liabilities

- Experience Wellington prefers to remain debt-free.
- Debt may not be raised to finance operating expenses.
- Experience Wellington has a policy ratio of total assets to total liabilities of 3:1.

5. Activities for which compensation from Council is sought

Experience Wellington seeks funding of \$6.987 million for the core operation including Space Place at Carter Observatory and an accommodation rental subsidy of \$1.769 million for the 2017-18 financial year and an extension of the Wellington Museums Trust Funding Deed executed on 28 October 1999 in accordance with clause 5.2 of the Deed.



6. Ratio of Shareholders' funds to total assets

Based on the forecasted Statement of Financial Position as at 30 June 2017 the ratio of shareholders' funds to total assets is 0.79 and this moves to 0.77 in the forecasted Statement of Financial Position as at 30 June 2018.

7. Significant Obligations/Contingent Liabilities

Experience Wellington currently holds no cash reserves to meet operational requirements and to mitigate risks.

Experience Wellington has no contingent liabilities.

8. Distribution to Settlor

Experience Wellington does not make a distribution to the Settlor.



DIRECTORY

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Capital E

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PO Box 893, Wellington
P: 04 913 3740, F: 04 913 3735
E: capitale@experiencewellington.org.nz
www.capitale.org.nz

Space Place at Carter Observatory

Botanic Gardens
PO Box 893, Wellington
P: 04 910 3140
E: spaceplace@experiencewellington.org.nz
www.museumswellington.org.nz/space-place

Wellington Museum

The Bond Store, Queens Wharf
PO Box 893, Wellington
P: 04 472 8904, F: 04 496 1949
E: museumswellington@experiencewellington.org.nz
www.museumswellington.org.nz/wellington-museum

Cable Car Museum

1 Upland Road
PO Box 893, Wellington
P: 04 475 3578, F: 04 475 3594
E: cablecar@experiencewellington.org.nz
www.museumswellington.org.nz/cable-car-museum

Naim Street Cottage

68 Naim Street
PO Box 893, Wellington
P: 04 384 9122, F: 04 384 9202
E: cottage@experiencewellington.org.nz
www.museumswellington.org.nz/naim-street-cottage

Plimmer's Ark Galleries

Old Bank Arcade (timbers *in situ*)

Hannah Playhouse

12 Cambridge Terrace
PO Box 893, Wellington
P: 04 894 7412
E: hannahplayhouse@experiencewellington.org.nz
www.hannahplayhouse.org.nz

New Zealand Cricket Museum

The Old Grandstand, Basin Reserve
PO Box 578, Wellington
P: 04 385 6602
E: cricket@experiencewellington.org.nz
<http://nzcricketmuseum.co.nz/>



Draft Statement of Intent and Business Plan
2017-18
Wellington Zoo Trust

Pursuant to Schedule 8 of the Local Government Act (2002)



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1. INTRODUCTION

Wellington Zoo is a purpose inspired social enterprise which exists to create community good and to solve important social and environmental problems – people disconnected from nature in an urbanised world and the loss of species worldwide. We strive to ignite a Zoo revolution through leading the way in connecting people and animals and saving animals in the wild by having our community love and support their Zoo. We have local and global influence as behaviour change agents for the environment and as a conservation agency with sustainability at its heart.

Wellington Zoo contributes to the vibrancy and forward thinking of our city through our support for Council strategies and initiatives. **The Zoo aims to be a reflection of our city and contribute to the thriving cultural and natural heritage of Wellington as an accessible and livable city.**

We have consistently met or outperformed almost all of our performance targets in the last ten years. The ZCP is now complete with the opening of the Kea Walkthrough Aviary and we are now concentrating on ensuring the asset is well maintained over the coming years.

We still believe that further capital investment in the future is required to ensure the Zoo remains leading edge and we believe acquisition of animals such as Snow Leopards allow us to tell a global conservation story which will drive action for the environment. As our visitation and desire for the Zoo's function venues grows we know that the front entrance will not cope. The CAPEX plan we submitted in last year's SOI remains an ongoing priority for us over the coming ten years. **Not only is this CAPEX plan due to changes in community expectations of zoos, but it also to create ongoing resilience for one of the city's iconic organisations.** We have included the proposed CAPEX projects again in this SOI.

The Zoo's potential for large-scale social impact, with close alignment with our intention to build brighter futures for children, families, communities and the planet, means we must continually increase the volume on the issues we care about the most. Research and experience both show that we must have a world leading Zoo to accomplish our bold and brave objectives. A reputation as a world leading and respected Zoo allows us to define achievable calls to action through our **storytelling** that will lead people to take meaningful action for our planet.

We agree to the financial and nonfinancial expectations of the Zoo and the SOI outlines how we will implement these expectations.

2. CONTRIBUTION TO OUR CITY

The Zoo is a strong contributor to our city, focusing on knowledge, collaboration, innovation and positive action. It contributes to the vibrancy and forward thinking of our city. We aim to be a reflection of our city and contribute as a cutting edge business with talented people to the thriving cultural and natural heritage of Wellington as a liveable city. The Zoo contributes strongly to liveability outcomes and by being part of the well-being of people that Wellington is renowned for amongst New Zealand cities.

We feel very positively about working with WREDA to ensure economic growth and tourism for our city. As winners of Green Gold and Vibrant Gold, Wellington Gold Awards and the supreme winner of the Wellington Region Business Awards 2015 we believe we are perfectly placed to add value to the economy of our region.

Wellington Zoo will be seen as:

- A leader in the city in shaping the community's views on and action for conservation and sustainable living.
- A valued and valuable member of the Wellington regional community that adds to the prosperity of our city through business activity, events, connections, inclusivity and engagement for children and their families and other members of our society.
- A substantial player in the drive to position Wellington as a centre for learning about and expertise in conservation and sustainability.
- A key contributor to helping the city become internationally competitive, entrepreneurial and innovative by attracting investment in education, research, tourism and employment and contributing to the provision of a vibrant city attracting a creative working population.
- An important part of Wellington's history as New Zealand's first zoo and the most visited paid cultural attraction in Wellington.
- Wellington Zoo is an important part of the regional fabric that stimulates overall wealth creation and social stability and connects people to conservation and environmental issues. As our region's only zoo we are a unique asset for our city.

3. STRATEGIC DIRECTION

Purpose

Wellington Zoo Trust Incorporated is incorporated under the Charitable Trust Act 1957 and is a not for profit organisation.

Wellington Zoo exists to ignite a zoo revolution. We lead the way in connecting people to animals and saving animals in the wild by our community loving and supporting their Zoo.

Core Business

The Trust will continue to provide the core business services that the Zoo has historically delivered to Wellington. These can be summarised as follows:

- Strategic direction and operational management of the Zoo
- Development and maintenance of animal habitats which offer high quality experiences to visitors and high quality living environments to the resident animals
- Provision of engaging learning experiences for visitors and community involvement with the Zoo as a community asset
- Educational curriculum delivery to develop children as democratic citizens
- A safe and inspiring place for family engagement and community learning
- Care of the Zoo's animals to achieve excellent levels of health and emotional/psychological well-being according to the Five Domains of Animal Welfare
- Contribution to conservation through advocacy, support for conservation programmes, and sustainable management practices
- Participation in collaborative inter-zoo programmes
- Contribution to conservation, scientific, learning and management research projects in the field and on site
- Fundraising for the organisation's future sustainability, development and conservation projects.

Trust Deed

Wellington Zoo Trust Deed states the objects of the Trust as follows:

“7.1 The objects for which the Trust is established, to the extent that they are a charitable purpose within New Zealand, are as follows:

7.1.1 To manage, administer, plan, develop, maintain, operate and promote Wellington Zoo as a zoological park for the benefit of the Wellington community and as an attraction for visitors to Wellington;

7.1.2 To educate the community by building an awareness of plant and animal species and the actions required to promote conservation;

7.1.3 To promote species conservation;

7.1.4 To support and complement the conservation and learning activities undertaken by other organisations;

7.1.5 To develop, manage and plan animal species management programmes;

7.1.6 To promote and coordinate the raising of funds to assist the management, administration, maintenance, planning, promotion and further development of Wellington Zoo;

7.1.7 To acquire additional plant and animal species;

7.1.8 Generally to do all acts, matters and things that the Trustees think necessary or conducive to further or attain the objects of the Trust set out above for the benefit of the Wellington community.”

Operating Environment

We are well aware of the need to continually improve our experience offering so that the community feels they're getting value for money and leading edge zoo experiences. As the capital city zoo we believe we should be providing a uniquely Wellington Zoo experience for families, school groups and other visitor groups - innovative, fun, creative and personal.

We face challenges as a fixed cost organisation, especially in areas such as annual salary increases, cost increases from suppliers and the increasing need for commitment to conservation projects nationally and globally.

We want to create a resilient and well maintained city asset in line with Council's approach across our city. The operating environment has changed substantially in this area since the November 2016 earthquake and we want to support the Council in ensuring resilience across the city.

Strategic Framework

Wellington City Council's Strategy for our city, towards 2040, aligns seamlessly with the goals of Wellington Zoo Trust in that it is about inspiring each other to see the possibilities for the future. The work of the Zoo supports the four pillars of the Towards 2040 Strategy: eco city, people centred city, connected city and dynamic city centre. The Zoo is an iconic asset for our city and as our city population grows there will be an even greater desire for the Zoo to be a sophisticated and accessible attraction which delivers 21st century conservation programmes and actions.

Wellington Zoo's strategy is about the Wellington Zoo of the 21st century and seeks to take us into a new realm which builds on our success of the past few years, using the rebuilt Zoo physical platform and setting the stage for Wellington Zoo to be seen as a leader and trusted voice in the conservation of species and sustainability outcomes. The loss of biodiversity is a major global issue facing us all so our strategy seeks to put accelerant on the fire of change. Wellington Zoo distinguishes itself as a 'good zoo' in global terms and we want to continue this reputation across our strategic goals. *(See below)*

Our values underpin our strategy and structure and they resound with our approach to being a welcoming, happy place. Our iwi alignment is reflected in the iwi interpretation of the values and we have worked with Taranaki Whānui to ensure the correct concepts reflect our intentions. *(See below).*





As a sustainable organisation we also consider the **UN Sustainable Development Goals** in our approach. (See below) These 17 global goals set the framework for global prosperity- the very things we all want for our city. While we would aspire to address all 17 goals we are realistic and feel that we are in the position to address many but not all. Over time we will be integrating the SDGs into the work of the Zoo and how the Zoo is positioned in our community. Sustainability is more than environmental initiatives and the SDGs frame that bigger picture.

The Sustainable Development Goals (SDGs), officially known as "Transforming our world: the 2030 Agenda for Sustainable Development" is a set of 17 aspirational Global Goals with 169 targets between them.

In September 2015, all 193 Member States of the United Nations adopted a plan for achieving a better future for all – laying out a path over the next 15 years to end extreme poverty, fight inequality and injustice, and protect our planet. At the heart of Agenda 2030 are these 17 Sustainable Development Goals (SDGs) which clearly define the world we should all want – applying to all nations and leaving no one behind. This Agenda is a plan of action for people, planet and prosperity.

The Sustainable Development Goals provide a powerful aspiration for improving our world. The Sustainable Business Council NZ (SBC) has adopted the SDGs and as an active member of the SBC we are also working to do our part to create a better world.



Wellington Zoo Trust's strategic elements are to:



Connected City, Eco City, People Centred City

The Zoo is perfectly positioned, as a multi award winner in visitor experience, business leadership, vibrancy, sustainability and conservation, to take an active role in delivering conservation and sustainability messages to a large audience of approximately 250,000 visitors on-site and many more online. We create compelling stories with clear calls to action and we craft community campaigns that move beyond simply raising awareness of an issue to getting people and organizations to drive lasting change and build a better world.

Wellington Zoo will continue to build its reputation as a unique and intimate Zoo by including more opportunities for our visitors to experience multi layered and multisensory learning experiences. We have rich content for storytelling and engagement with communities. We design creative and profound visitor experiences which connect people and animals in ways which inspire communities to take positive action for the environment.

Our commitment is to ensure **continual improvement in visitor experience to achieve wider engagement within the community**. We offer a range of events, discount days and other visitor programmes which ensure we engage our whole community in the work of the Zoo. Accessibility is important to us as we believe that the Zoo belongs to everyone.

Programmes such as The Warehouse Wellington Zoofari for low decile schools, LEOTC discounted entry, Neighbour's Night for our Newtown and Melrose locals, discounted entry on Winter Wednesdays and \$2 Open Weekend ensure accessibility for a wider segment of the community. Zoo Crew membership is continually increasing and this is a strategic aim for us as Zoo Crew provides an excellent value proposition for Wellington city rate payers and residents who visit the Zoo often throughout the year.

Our refreshed **website** is broadening the reach of our message based experience, the visitor experience starts at home, with our updated website more accurately reflecting the experience within the Zoo, and showcasing our new Zoo for the community. Last year our Stanford University MBA Student reviewed our social media communications strategies and changes we have made since this project has encouraged audience members to use their voice through social media to influence friends, family, and community. Tying our communications strategy to a theory of change helps ensure that our storytelling efforts are tied to overarching goals, not simply focused on promotion or awareness.

As a **child friendly city** it's important for Wellington to cater for young people and their families, and for the Council this means providing safe, accessible and enjoyable places for recreation and play, and offering community events and activities that are suitable for all. The CCOs fit this bill perfectly and Zealandia, Experience Wellington and Wellington Zoo Trust have agreed to work together this year to implement joint programmes for children and families as well as delivering our independently successful programmes.



Eco city

Our end game is to save animals in the wild, locally and globally. We have a global conservation remit. **Wild Ideas** symposium in April 2017 highlights all the conservation partners of Wellington Zoo both local and global. Our Conservation partners' discussion of their innovative approaches to significant biodiversity issues restores faith that we can win this battle together with Wellington Zoo as a major voice to be heard for the conservation of species. We strive to show thought leadership in global conservation and sustainability.

In the Social Return on Investment research we completed in 2015-16, 75-89% of visitors learnt that zoos play a vital role in conservation and have learnt ways that they can also contribute to conservation after their visit to Wellington Zoo. After visiting Wellington Zoo 80% said they plan to change their behaviour to benefit the environment. Our key challenge is to convert those good intentions into solid actions.

We are a key stakeholder in collaborative conservation breeding as well as science and veterinary research programmes within the zoo community, with other conservation agencies and higher learning organisations in Wellington, across New Zealand and beyond.

Our Species Plan focuses on the number of critically endangered and endangered species we have in human care at the Zoo and those we support through our conservation programmes in the animal's range state. The field conservation programmes for critically endangered and endangered species in their range state that we support are: Sumatran Tigers through 21st Century Tiger, Tasmanian Devils through Save the Devil Program, Malayan Sun bears through Free the Bears South East Asia, Cotton Top Tamarins through Proyecto Titi, Black and White Ruffed Lemurs through Madagascar Fauna and Flora Group, Chimpanzees through the Jane Goodall Institute, White Cheeked Gibbons through Flora and Fauna International, Kea through Kea Conservation Trust, North Island Kākā through breed for restoration programmes, Grand and Otago Skinks with DOC and Golden Lion Tamarins through Associação Mico-Leão Dourado. The planned acquisition of Snow Leopards in the future and Ring Tailed Lemurs more quickly will provide further opportunities for our community to engage with global conservation issues for endangered species.

The Nest Te Kōhanga works with a variety of native species. Native wildlife cases now make up 70% of the veterinary medicine case load – including many who are critically endangered and endangered. Our success in this area, of successfully releasing injured native wildlife back to the wild, is above world standard for zoo veterinary hospitals and we take great pride in this achievement.



People Centred City, Connected City, Dynamic Central City

The Zoo's contribution to the economic development of our city is through its financial results, creating a place Wellingtonians can feel proud of, by the employment of over 90 people (73 FTE) and by being one of the largest businesses in Newtown.

The Trust will continue to drive for results in its commercial imperatives this year to ensure financial sustainability. As a social enterprise we seek to ensure our financial sustainability so that our social and environmental goals can be achieved.

Wellington Zoo is inclusive for all sectors of our community – our visitor mix is diverse and we ensure that all visitors feel safe and respected. Our visitor numbers continue to grow. The SROI research project measured the **economic significance** of Wellington Zoo to the City from visitors to the Zoo. During the 2014-15 year visitors to Wellington Zoo contributed **\$7,224,158 of economic significance from non-local and local visitor spend** to Wellington City's economy. This result was conservative, excluding any overnight accommodation and indirect spend.

Our visitor feedback is positive and people are enjoying the continual change in the Zoo. Our Animal Close Encounters continue to attract visitors and venue hire and functions bookings are increasing as more people come to realise how beautiful the Zoo is and how much it has changed over the past ten years. We continue to build on this success year on year.



People Centred City, Eco city, Connected City, Dynamic Central City

Wellington Zoo has been recognised in a multitude of awards over the past few years, from holistic sustainability to business and environmental leadership. We will continue to strive for excellence across our organisation. To achieve our strategy we will be ensuring our commitment to sustainability and our carbonZero certification continues with projects such as the solar power installation on the roof of the Zoo entry building.

In early 2018 Wellington Zoo will host the **Joint Conference of the Zoo and Aquarium Association Australasia and the South East Asian Zoo Association**. This conference will be attended by nearly 300 delegates from across Asia and Australasia and will highlight the impressive conservation work being done in Wellington and New Zealand. Best practice learning at Wellington Zoo includes evolving to meet the diverse learning and leisure styles of the 21st century child. Our Learning Experience Team provides unique experiences for 18 months to 18 year olds by creating and delivering participatory learning sessions and engaging animal encounters that support local and global conservation efforts and partnerships.

A recent study prepared by Wellington Region Environmental Educators Forum (WREEF) database highlighted that every school in Wellington has been engaged by an environmental education provider in the past year, and on average, each school is connecting with around three different environmental education providers per year. Wellington Zoo is a significant provider in the Environmental Education sector.

Consequently, as one of the key environmental education providers in Wellington, the Zoo has a Learning Experience Outside the Classroom (LEOTC) contract with the Ministry of Education. Last year over 11,000 school children connected with animals at Wellington Zoo during a learning session. This current contract will expire in December 2017, and we will be negotiating with the Ministry this year to provide further LEOTC experiences for the coming years.

The MOE measures the success of the learning programmes at Wellington Zoo and we continue to receive positive feedback on our educator led learning sessions and our innovative programmes that align with the Ministry's target areas including improving education outcomes for Māori and Pasifika learners, special education learners and those from low socio-economic backgrounds.

Our partnership with The Warehouse continues to bring low decile schools from across the Wellington and Tasman regions to the Zoo for learning sessions as part of The Warehouse Wellington *Zoofari* (*Zoofari*). Around 1,600 children per year from low decile schools, along with their parents and teachers, are visiting the Zoo as a result of *Zoofari* so the Zoo continues to build links to communities around the region. **This successful programme has had international recognition this year with publication of an article on *Zoofari* in the peer reviewed *International Zoo Yearbook*.**

Wellington Zoo's *Bush Builders* is a unique environmental literacy programme that helps urban students discover for themselves the wonder of the world around them, in their own schools and homes, and to empower them to take positive action in their own communities. This successful programme has influenced over 4000 students in our region and recently, South Wellington Intermediate School (SWIS) and Wellington Zoo signed an MOU to formalise the schools' ongoing involvement in our *Bush Builders* programme. This will comprise of a two year programme of hands-on learning, with full school participation one year and an advanced science class taking on a leadership role alternate years. This is particularly important for young people to be given leadership opportunities within their school community.

Furthermore, SWIS and Wellington Zoo have formed a partnership to support international students coming to Wellington, with the Zoo providing these students with opportunities to connect with animals, participate in Bush Builders and to learn about saving animals in the wild. SWIS has international student programmes as a strategic area for them so this programme aligns with that strategy. We envision this partnership will create long term economic and environmental benefits for our South Wellington community and the wider city.

4. PERFORMANCE MEASUREMENTS

For the next three years the following table indicates the measures for WCC to monitor. These are linked to our strategic areas.

Measure	Frequency of Measure	Target 2017-18	Target 2018-19	Target 2019-20	Notes
<i>Connect people with animals</i>					
Contact animals meeting visitors in Zoo	Quarterly	1,100 hours	1,100 hours	1,100 hours	
People participating in Animal Close Encounters	Quarterly	4,000	4,000	4,000	
Number of students participating in LEOTC sessions	Quarterly	10,500	10,750	11,000	Our annual target is 5,500 students for our LEOTC contract so this is a stretch target
<i>People love and support the Zoo</i>					
Increase total visitation	Annually	242,000	244,420	246,864	
Ratio of Trust generated income as percentage of WCC grant	Annually	116%	116%	116%	
Average income per visitor from Trust generated revenue	Annually	\$15.79	\$15.98	\$16.22	
WCC full subsidy per visitor	Annually	TBC by WCC	TBC by WCC	TBC by WCC	This KPI is generated by WCC. It includes depreciation, shared services costs, CCO team costs, insurance, CAPEX interest and the OPEX grant
Volunteer engagement survey	Annually	1	1		

<i>Save animals in the wild</i>					
Number of vulnerable, endangered or critically endangered species (IUCN Red List and DOC National list) in the Zoo's collection	Annually	≥ 27	≥ 27	≥ 27	
Percentage of native patients successful release to the wild after treatment in The Nest Te Kōhanga	Annually	≥ 55	≥ 55	≥ 55	
Number of Field Conservation Projects supported for threatened (NZ) endangered or critically endangered (global) species	Annually	≥ 5	≥ 6	≥ 8	
% of OPEX directly contributed to field conservation	Annually	4%	5%	6%	This measure uses the American Zoo Association Framework (now adopted by the Zoo Aquarium Association Australasia) to measure direct contributions to field conservation
Participate in animal based scientific projects and paper publication	Annually	≥ 5	≥ 6	≥ 6	
<i>Lead the way</i>					
Maintain Zoo and Aquarium Association Animal Welfare Accreditation	Annually	Achieved	Achieved	Achieved	
Maintain carbonZero certification	Annually	Achieved	Achieved	Achieved	
Health & Safety targets met	Annually	Achieved	Achieved	Achieved	These measures are outlined in the H&S Strategy and include lead and lag indicators, H&S staff initiatives, process improvement for reporting and analysis of H&S data
People & Culture targets met	Annually	Achieved	Achieved	Achieved	This measure will include such targets as staff turnover, learning and development plans and other HR measures

5. APPROACH TO GOVERNANCE

Wellington Zoo Trust is a Council Controlled Organisation having been established in 2003 by the Wellington City Council to develop and manage Wellington Zoo.

Relationship with Council

The Trust ensures the ongoing viability of the organisation is maintained through the monitoring of Key Performance Measures. Governing policies have been developed by Trustees to ensure the business of the Trust is managed consistently with its Deed and stated direction.

As part of the ongoing relationship with the Wellington City Council, the Chair and Chief Executive meet with the Mayor and Wellington City Council Chief Executive on a regular basis. The Wellington Zoo Chief Executive meets regularly with Council officers for CCOs and other Council management when appropriate. The Chair and Chief Executive attend the CCO Performance Committee meetings as required.

The Trust's Statement of Financial Performance and audited accounts will be presented to Council within 60 days of financial year end. **These statements include the budget from the SOI for the same period as per the Letter of Expectation and our usual approach to the accounts.**

The Trust will disclose any material or potentially contentious transactions that are planned within its annual business plan. Where this is not possible, the earliest practicable notice will be given to Council of such transactions.

The Trust will publicly acknowledge Council's contribution to the Zoo wherever appropriate.

The principles governing the relationship between the Trust and Council will include:

- **A "no surprises" approach, particularly in regard to branding changes**
- Open communications which acknowledge each partner's objectives and constraints
- Mutually respectful negotiation of resolution of differences
- Reciprocal recognition of the requirements of each other's processes
- Provision of quarterly reports against agreed KPMs and an annual report within three months of balance date.

Board Membership

Name	Term Expires
Craig Ellison (<i>Chair</i>)	30 November 2017
Raewyn Bleakley	30 November 2017
Sarah Free	October 2019
Michael Potts	30 June 2019
Sue Paterson	31 August 2019

All Board members are non-executive.

Board Committees

The Board operates one committee- the Finance, Audit and Risk Committee

Board Development

The Board conducts an annual review of overall Board performance and individual and chair performance and from this determines development needs and any other actions required to ensure best practice governance and performance standards are met. The Trust promotes Board development for corporate governance and spends at least 10 hours a year on this at Board meetings and additional workshops and discussions. **A report will be tabled to the WCC Chief Executive on the Board review and outcomes by 30 September 2018.**

6. ORGANISATIONAL RESILIENCE AND RISK ASSESSMENT

Wellington Zoo Trust has a Finance, Audit and Risk Committee which meets quarterly throughout the year. The Board monitors our Risk Analysis and Mitigation Plan (RAMP) at least annually and this document is updated as required. The RAMP had a major update in February 2017 to reflect the changing operating environment.

Health and Safety is currently managed via the Health and Safety Manager who is a direct report to the Chief Executive. The H&S Manager works with our Safety Improvement Team to ensure safe practices in the Zoo for animals, staff and visitors. All Health and Safety incidents are monitored weekly by the SMT and by the Board at their regular meetings. We have employed a specialist consultant to help guide our H&S strategy so that we ensure our cultural and management approach towards H&S is continually improving.

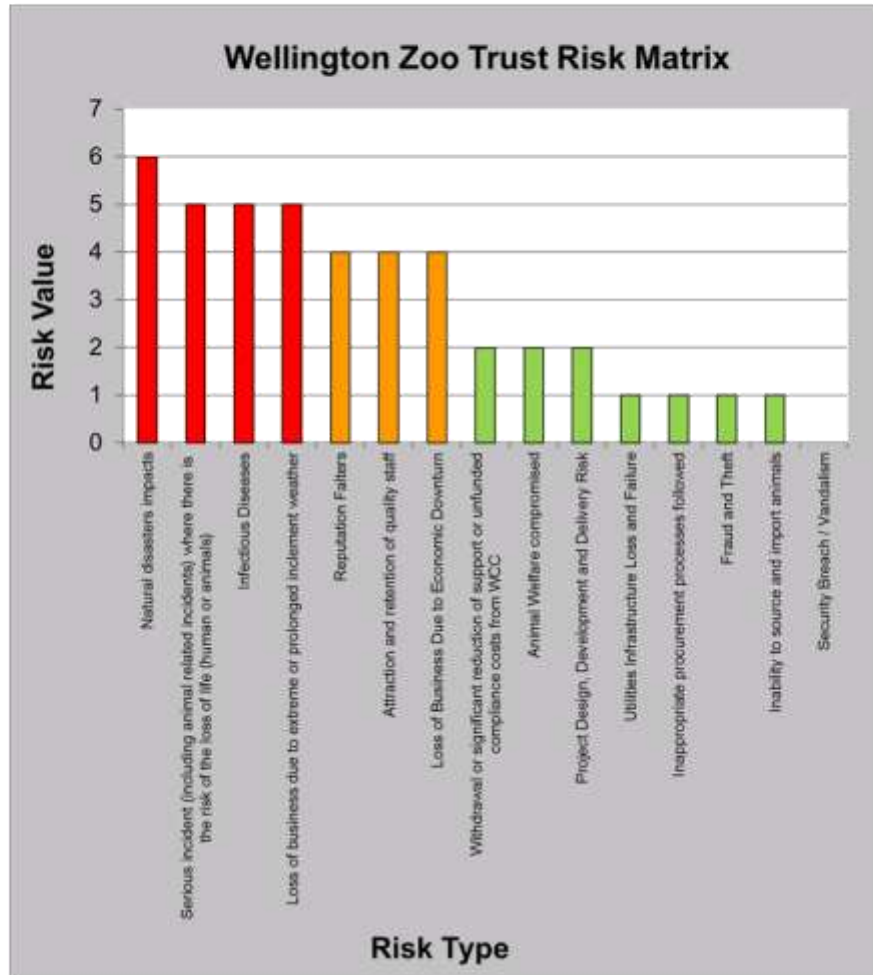
As with all our H&S responsibilities the Board (and other officers of the Trust) acknowledges and understands its accountability. We have made the appropriate improvements to ensure the new H&S legislation (effective April 2016) is well managed and that the Trust meets the required reporting, monitoring and reviewing of H&S objectives.

The renewals budget allows us to maintain a resilient asset for the city. Future CAPEX investment will ensure the Zoo continues to meet expected zoo standards of animal care, visitor experience and staff welfare.

Risk Analysis & Mitigation Plan for Wellington Zoo Trust

Risk Identification	Probability	Impact	Risk Value	Areas of Risk	Risk Mitigation	Accountability	Responsibility
Natural disasters impacts	-1	7	6	Whole Zoo Operation and Management	Business Continuity Plan, Emergency Management Plans. All documents reviewed annually. Regular practice drills carried out. Once emergency is over then a tactical marketing and communications plan will be implemented.	CE & Board	Board, SMT and H&S Manager
Serious incident (including animal related incidents) where there is the risk of the loss of life (human or animals)	-2	7	5	Whole Zoo Operation and Management	Emergency Management Plans, Health & Safety Management System reviewed annually. Regular practice drills carried out. Monitored Fire Alarms in all people-occupied buildings and where possible in animal housing depending on risk. Building WOPs. Annual MPI staff and Containment Standards maintained. Inductions (staff and contractors). Monitor competency of staff and contractors.	CE & Board	Board, SMT and H&S Manager
Infectious Diseases	-1	6	6	Whole Zoo Operation and Management	Health & Safety Management Plan, EPANZI policies, Infectious Diseases Policy.	CE & Board	Board GMAC&S
Loss of business due to extreme or prolonged inclement weather	0	5	5	Whole Zoo Operation and Management	In the event of an extreme weather event that results in a prolonged impact on our business, tactical marketing and pricing will be put into effect. Aspects of the planned recovery from such an extreme one of events are also covered in the Business Continuity Plan. Review budgets, reduce spending, and investigate new revenue raising initiatives.	CE & Board	Board GM&P GM&C
Reputation Falls	-2	6	4	Whole Zoo Operation and Management	Communications protocol to communicate with key stakeholders, media and community in event of reputational risk. Strong relationship management with partners and stakeholders e.g. DOC, MPI, WCC. Mitigations in place to avoid the happening include Animal Welfare Accreditation, Euthanasia Policy, Code of Conduct, Media Policy, Use of Electronic Media Policy, Disciplinary Policy.	CE & Board	Board, SMT and H&S Manager
Attrition and retention of quality staff	-1	5	4	Financial, H&S, Operations, Visitors, Staff	Recruitment Policy and networks with recruitment agencies and other organisations. Staff Development Strategy, Benefits, Rewards & Recognition Policy. Engagement through shared values.	CE & Board	Board GM&P&C
Loss of Business Due to Economic Downturn	-1	5	4	Financial, Visitors, Partnerships	As part of the annual planning process the economic climate is evaluated and reviewed. In the event of an unexpected sharp economic downturn tactical marketing and pricing will be put into effect and tempered by prudent financial management.	CE & Board	CE Board

Withdrawal or significant reduction of support or unfunded compliance costs from WCC	-2	4	2	Financial, H&S, Operations, Species Plan, Visitor, Reputational, Fundraising	Statement of Intent, Contract for Services, relationship plans where appropriate and regular meetings with key contacts at WCC such as The Mayor, Deputy Mayor, Portfolio leaders, Councillors, Chief Executive and E.T., presentations at relevant Committee meetings, inclusion of WCC partners at all events, regular reporting on Zoo based activities, relationships developed between relevant officers across WCC and related Zoo portfolio managers	CE & Board	CE Board
Animal Welfare compromised	-3	5	2	Financial, Operations, Reputational, Fundraising, Species Plan	Through ZAA Accreditation the Zoo's animal welfare side is evaluated. Husbandry Manuals which are regularly reviewed and updated ensure that all animal needs are met. Staff attending national and international conferences as part of development policies ensure their knowledge stays current. Governed by WCT Animal Welfare Committee	CE & Board	Board GMAC&S
Project Design, Development and Delivery Risk	-3	5	2	Financial, Operations, Visitor, Fundraising	Project Management Process as agreed with the Board. Rigorous procurement processes for engaging Consultants and Contractors, regular progress meetings to maintain projects on time and within budget, regular reporting the Board on capital and renewals projects	CE & Board	Board H&S Manager
Utilities Infrastructure Loss and Failure	-2	3	1	Financial, Operations, Visitor, Fundraising, Species Plan, H&S	Business Continuity Plan, WCC Business Continuity Plan. Minor Risks programme ensure maintenance up to date. Connection to WCC systems where appropriate to utilise WCC back up systems.	CE & Board	Board H&S Manager GMAC&S
Inappropriate procurement processes followed	-3	4	1	Financial, Operations, Reputational, Fund Raising	Delegations Policy, Register of Interests, delegations for approval, Board approval process for capital procurement and WCC signoff for Capital Procurement for major capital projects.	CE & Board	Board CFO
Fraud and Theft	-2	3	1	Financial, Operations, Reputational, Fundraising	CCTV at least entrance which is monitored weekly by SMT members and also monitored by Sales and Services Manager, Code of Conduct, Financial management procedures, Daily banking checks by Finance and Procurement Manager with written procedures for following up variances. Annual audit by AuditNZ. Pre-employment Criminal checks.	CE & Board	Board GM&FCFO
Ability to source and import animals	-3	4	1	Financial, Operations, Visitor, Reputational, Fund Raising	Zoo Species Plan that is continually updated, Animal Sourcing Manager position that is responsible for sourcing animals, ZAA and WZA members and have relationships with other zoos around the world to source animals through programmes such as ASMP.	CE & Board	Board GMAC&S
Security Breach / Vandalism	-3	3	0	Financial, H&S, Operations, Species Plan	CCTV System and Security Alarms in all our buildings and where applicable in animal areas, weekly perimeter checks, perimeter electric fence monitored by security company. Maintenance of Perimeter Fence	CE & Board	Board GMAC&S





Risk Analysis Scale


Score	Probability that the Event will Occur
1	Almost Certain and / or could occur frequently
0	Very likely to occur and / or could occur more than once
-1	Moderately likely to occur and / or could occur at least once
-2	Unlikely to occur and / or might occur once
-3	Very unlikely to occur


Score	Level of Impact of the Event Occurring
7	Catastrophic Damage value greater than 50% of the project value, or Major delay to the project completion, or Major impact on this and other business opportunities
6	Very High Impact Damage value about 20% - 50% of the project value, or Significant delay to project completion, or Significant impact on this and other business opportunities
5	Major Damage value about 5% - 20% of the project value, or Project completion affected, or Some impact on this or other business opportunities
4	Minor Damage value less than 5% of the project value, or Project completion not impacted (although a phase of the project may be), or This business opportunity could be impacted
3	Negligible Damage value covered by contingency, any delays barely noticeable and client unaffected
2	Minimal

These two scores are added together to give a "Risk Value". This will be in the range zero to eight.

 All risks with a Risk Value of 5 - 8 must have a mitigation plan developed and agreed with the Board.

 All risks with a Risk Value of 3 or 4 shall have a mitigation plan so they can be managed by SMT.

 All risks with a Risk Value of 0 - 2 can just be recorded and accepted as such until such time as they produce a higher score.

 Any risk that has a Probability Value of one (1) or an Impact Value of five (5) or more must still have a mitigation plan even if the overall Risk Value is less than five.

7. ADDITIONAL INFORMATION

a) **Response to other specific Letter of Expectation matters (if applicable)**

Not Applicable

b) **Ratio of shareholders' funds to total assets**

Please refer to the Balance Sheet included and Accounting Policies.

c) **Estimate of amount intended for distribution**

Wellington Zoo Trust does not make a distribution to the Settlor.

d) **Acquisition procedures**

The Trustees currently have no intention of subscribing for, purchasing or otherwise acquiring shares in any other company or other organisation.

e) **Activities for which the Board seeks compensation from a local authority**

The Board acknowledges the **\$3,283,126 for 2017-18 operational funding in the Long Term Plan.**

The Board acknowledges the **\$838,391 in the Long Term Plan for CX125** (Zoo asset renewals) for 2017-18. However we note that in the full cost of the Zoo measure calculated by WCC, depreciation for the Zoo asset is running at \$1.5m p.a. This is considerably more than the renewals funding we receive. We will be discussing this issue with Officers during 2017-18.

We note that CAPEX investment for the Zoo is not included in the Annual Plan. The CAPEX projects submitted in the SOI 2016-17 are still required for the ongoing resilience of the Zoo's assets. These projects are listed in the following table:

Proposed Spend for New Capital Projects									
	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26	TOTAL
<p>Snow Leopards Snow Leopards are endangered in the wild, with a population of less than 7,000 thought to exist in their mountainous range state. International research shows that big cats are the biggest draw card for visitors attending zoos. As the only zoo in New Zealand with Snow Leopards, we would be part of the international commitment to protect this species via home range conservation action. The preliminary design is complete for this project. This project has been prioritised by WZT for some years now.</p>	\$3.5m								\$3.5m
<p>Ring tailed Lemur Experience WZT is reducing the number of baboons we hold (we only have six males currently as all females have been translocated to Australia) and we will eventually remove that species from our collection. We plan to replace this common species with an endangered species – Ring tailed Lemurs. We already support lemur conservation in Madagascar through the Madagascar Fauna and Flora Group so these animals would support our conservation work. The Ring tailed Lemurs experience will be in the existing baboon habitat but we propose to create a lemur walkthrough habitat to create a Madagascar conclusion to the Africa precinct. This design for these animals has proved successful at Taronga Zoo and Melbourne Zoo and we know our visitors enjoy being close to the animals in the same space. We would be the only zoo in NZ with a walkthrough Lemur experience. To complete this project we will need to redesign a completely new animal habitat to allow visitors to access this space. This project will be completed within one year.</p>	\$500k								\$500k
<p>Welcome Plaza This area of the Zoo is currently unsuitable for growth in visitor numbers. It is confusing and congested for staff and visitors with many functional activities taking place in a small space. Admissions, retail, catering and visitor amenities all compete for space and visitor flow. On busy days the space is so crowded that long queues form outside the Zoo. The auditors have mentioned the confusion in this area for the past three years as part of their audit process. Year one cost is for planning as this is a complex project. The design will include a new learning/discovery space as well as admissions, retail, cafe and new staff offices.</p>		\$500k	\$2.5m	\$2.5m					\$5.5m

Proposed Spend for New Capital Projects									
	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26	TOTAL
<p>Tropical River Trail Aviaries The existing aviaries and visitor pathways along the Tropical River Trail need to be replaced and improved. The aviary walls are an earthquake risk and the islands need to be redesigned for the animals we now hold. The earthquake risk is currently being assessed with WCC and some minor improvements may need to occur to manage this before we have the CAPEX to completely upgrade. The upgrade plan is for a large aviary structure housing small monkeys.</p>		\$2m							\$2m
<p>Australia (Including Australian Birds) Neighbours has been successful as a visitor walkthrough experience and to complete this we want to move all our Australian birds to that space as well as acquire wombats. This will require an upgrade of the existing space and the creation of new viewing for those animals. This project will also include the demolition of the old chimp day room and improvements to the existing chimp park containment wall. This wall is being assessed against earthquake standards and may require addressing earlier in the ten year programme depending on the assessment results. Removal of the old chimp day room will create a much more exciting entry to the Africa precinct with viewing into the chimp park and visitor learning opportunities in that space.</p>				\$800k	\$2m				\$2.8m
<p>Sustainability initiatives To future proof the Zoo as a leader in sustainability we must implement large carbon emissions reduction projects over time. Projects such as wind power and more solar panels will part of these sustainability initiatives. This work is part of the ethos of the Zoo as a conservation agency and builds on our success to date in this area. As the world's first carbonZero certified Zoo we are a leader in sustainability globally. As the capital city Zoo we feel this should be continued as the Zoo contributes more and more to global conservation outcomes.</p>				\$500k					\$500k
<p>Archibald Centre - multi use visitor space The Archibald Centre is an old multi use building which will need replacing by 2023/24. This venue is used for corporate hire, functions and meetings. It is a critical part of our revenue growth and will need to meet acceptable standards. This building was built in the 1960s and while it is acceptable it is not a space that suits modern venue hire expectations. As the Zoo strives to reduce the burden on the ratepayer having a suitable venues assist us with much needed revenue.</p>						\$2m			\$2m

Proposed Spend for New Capital Projects									
	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26	TOTAL
Savannah Survival (Cheetah and Lions) The current cheetah and lion habitats and dens are old. Cheetah are an iconic species for Wellington Zoo and we support Cheetah Outreach in South Africa as part of our suite of range state conservation programmes. Cheetah also a major factor in our Close Encounters which provide a more in depth learning opportunity for visitors. We would also like to be able to have both male and female lions on display together which we cannot with the current arrangement. These iconic cats need better housing and viewing arrangements. As part of the Africa precinct visitor engagement strategy we believe glamping options in this area would be successful.							\$2.5m	\$2.5m	\$5m
Kiwi and Tuatara House Te Ao Māhina The position of Te Ao Māhina is less than ideal from both visitor flow and storytelling perspectives. In ten years' time it would be prudent to rebuild the kiwi house as it will be over 25 years old. We plan to relocate it closer to Meet the Locals He Tuku Aroha and improve visitor flow throughout the Zoo.								\$2m	\$2m
Total	\$4m	\$2.5m	\$2.5m	\$3.8m	\$2m	\$2m	\$2.5m	\$4.5m	\$23.8m

f) Estimate of commercial value of shareholders investment

Not Applicable

g) Other matters (if applicable) e.g. water supply services LGA requirements

Not Applicable

h) Supplementary information the entity wishes to include

Not Applicable

8. ACCOUNTING POLICIES

Reporting Entity

The Wellington Zoo Trust (the Trust) is a charitable trust registered under the Charitable Trusts Act 1957 domiciled in New Zealand and is also a council-controlled organisation as defined under Section 6, Part 1 of the Local Government Act 2002, by virtue of the Council's right to appoint the Board of Trustees. The Trust was established on 1 July 2003 by the Wellington City Council.

The financial statements have been prepared in accordance with the requirements of the Charitable Trusts Act 1957 and section 69 of the Local Government Act 2002.

The Trust is reliant on the Wellington City Council (the Council) for the majority of its income and operates under a Contract for Services with the Council. The Contract for Services was negotiated for a period of five years to 30 June 2021. Ongoing funding for the Trust has been approved in the 2015/2025 Long Term Plan.

The primary objective of the Trust is to manage, administer, plan, develop, maintain, operate and promote the Wellington Zoo for the benefits of the inhabitants of Wellington and as an attraction to visitors to Wellington, not to make a financial return. Accordingly, the Trust has designated itself as a public benefit entity for the purposes of New Zealand PBE IPSAS.

Under this framework, the Trust is eligible to apply the reduced disclosure regime (Tier 2 entity) of the Public Benefit Entity Accounting Standards.

The reporting period for these financial statements is for the year ended 30 June 2016. The financial statements were authorised for issue by the Board of Trustees on 5 August 2016.

Statement of Compliance with International Financial Reporting Standards

The financial statements have been prepared in accordance with New Zealand generally accepted accounting practice. They comply with New Zealand equivalents to PBE IPSAS and other applicable Financial Reporting Standards, as appropriate for Tier 2 public benefit entities.

Measurement Base

The measurement base applied is historical cost. The accrual basis of accounting has been used.

Functional and Presentation Currency

These financial statements are presented in New Zealand dollars rounded to the nearest thousand, unless otherwise stated. As a result of rounding there may be slight discrepancies in subtotals.

Significant Accounting Policies

Critical Accounting estimates and assumptions

In preparing these financial statements, the Trust has made estimates and assumptions concerning the future. The Trust has assessed the financial records and there are no significant critical accounting estimates. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Grants

Grants received from the Wellington City Council are the primary source of funding to the Trust and are restricted for the purposes of the Trust meeting its objectives as specified in the trust deed. The Trust also receives other assistance for specific purposes, and these grants usually contain restrictions on their use.

Grants are recognised as revenue when they become receivable unless there is an obligation to return the funds if the conditions of the grant are not met. If there is such an obligation the grants are initially recorded as grants received in advance, and recognised as revenue when the conditions of the grant are satisfied.

Revenue

Revenue comprises revenue from operating activities, investment revenue, grants and donations and other revenue and is measured at the fair value of consideration received or receivable.

Revenue may be derived from either exchange or non-exchange transactions.

Most of the services that the Trust provides for a fee are subsidised by grants therefore do not constitute an approximately equal exchange. Accordingly most of the Trust's revenue is categorised as non-exchange.

Donated, subsidised or vested assets

Where a physical asset is acquired for nil or nominal consideration, the fair value of the asset received is recognised as revenue. Such revenue is recognised when control over the asset is obtained.

Interest

Interest revenue is recognised using the effective interest rate method.

Volunteer Services Recognition

The Trust benefits from the service of dedicated volunteers in the delivery of its activities. Due to the difficulty in determining the value of these donated services with sufficient reliability, donated services are not recognised in these financial statements.

Taxation

The Trust is registered as a Charitable Trust and is exempt from income tax under the Income Tax Act 2007. The Trust is not exempt from indirect tax legislation such as Goods and Services Tax and accordingly is required to comply with these regulations.

Goods and Services Tax (GST)

All items in the financial statements are exclusive of GST, with the exception of receivables and payables, which are stated as GST inclusive. Where GST is not recoverable as an input tax, it is recognised as part of the related asset or expense.

Debtors and other receivables

Debtor and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of less than three months.

Investments

Term deposits are initially measured at the amount invested.

Creditors and other payables

Creditors and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

Inventory

Inventories are recorded at the lower of cost (determined on a first-in first-out basis) or net realisable value. This valuation includes allowances for slow moving and obsolete stock. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Property, Plant and Equipment

Recognition

Property, plant and equipment consist primarily of operational assets. Expenditure is capitalised when it creates a new asset or increases the economic benefits over the total life of an existing asset. Costs that do not meet criteria for capitalisation are expensed.

The Trust also manages the construction and development of buildings, structures and enclosures on behalf of the Council. These assets are not recorded in the Trust's financial statements as ownership vests in the Council.

Measurement

Property, plant and equipment are valued at historical cost less accumulated depreciation and impairment losses. The initial cost of property, plant and equipment includes the purchase consideration, and those costs that are directly attributable to bringing the asset into the location and condition necessary for its intended purpose. Subsequent expenditure that extends or expands the asset's service potential is capitalised.

Impairment

The carrying amounts of property, plant and equipment are reviewed at least annually to determine if there is any indication of impairment. Where an asset's recoverable amount is less than its carrying amount, it will be reported at its recoverable amount and an impairment loss will be recognised. The recoverable amount is the higher of an item's fair value less costs to sell and value in use.

Disposal

Realised gains and losses arising from the disposal of property, plant and equipment are recognised in the Statement of Comprehensive Revenue and Expense in the period in which the transaction occurs.

Depreciation

Depreciation is provided on all assets owned by the Trust excluding assets under construction (work in progress). Depreciation is calculated on a straight line basis, to allocate the cost or value of the asset (less any residual value) over its useful life. The estimated useful lives of the assets are as follows:

Plant

Audio Visual Equipment	3 years
Projector	5 years
Shade Sail	10 years
Hospital Equipment	10 years
Garden Furniture	10 years
Living Room Furniture	15 years
Endoscope	8 years

Furniture and Equipment

Composter	10 years
CCTV	3 years
Incubators	12.5 years

Work in Progress

The cost of projects within work in progress is transferred to the relevant asset class when the project is completed and then depreciated.

Employee Benefits

A provision for employee benefits (holiday leave, long service leave, and retirement gratuities) is recognised as a liability when benefits are earned but not paid. The Trust recognises a liability and an expense for a one off payment where contractually obliged or where there is a past practice that has created a constructive obligation.

Short Term Employee Benefits

Holiday leave (annual leave, long service leave qualified for and time off in lieu) is calculated on an actual entitlement basis at the greater of the average or current hourly earnings in accordance with sections 16(2) & 16(4) of the Holidays Act 2003.

Long service leave (not yet qualified for) and retirement gratuities have been calculated on an actuarial basis based on the likely future entitlements accruing to staff, after taking into account years of service, years to entitlement, the likelihood that staff will reach the point of entitlement, and other contractual entitlements information. The present value of the estimated future cash flows has been calculated by using an inflation factor and a discount rate. The inflation rate used is the annual Consumer Price Index to 31 March prior to year-end.

Other Contractual Entitlements

Other contractual entitlements include termination benefits. Termination benefits are recognised in the Statement of Financial Performance only when there is a demonstrable commitment to either terminate employment prior to normal retirement date or to provide such benefits as a result of an offer to encourage voluntary redundancy. Termination benefits settled within 12 months are reported at the amount expected to be paid, otherwise they are reported as the present value of the estimated future cash outflows.

Provisions

The Trust recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditures will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are not recognised for future operating losses. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as a finance cost.

Other Liabilities and Provisions

Other liabilities and provisions are recorded at the best estimate of the expenditure required to settle the obligation.

Contingent Assets and Liabilities

Contingent liabilities and contingent assets are disclosed in the notes to the financial statements. Contingent liabilities are disclosed if the possibility that they will crystallise is not remote. Contingent assets are disclosed if it is probable that the benefits will be realised.

Species Plan

In accordance with customary practice among Zoological organisations, animals are not recorded as there is no objective basis for establishing value. Additionally, animals have numerous attributes, including species, age, sex, relationship and value to other animals, endangered status and breeding potential whereby it is impracticable to assign value. Expenditure related to animal acquisitions is expensed in the period of acquisition.

Equity

Equity is the residual interest in the Trust and is measured as the difference between total assets and total liabilities. The components of equity are accumulated surpluses and deficits and restricted funds (special funds, trusts and bequests).

Restricted funds are those reserves that are subject to specific conditions of use whether under statute or accepted as binding by the Trust because of the specific reason for which the funds were provided.

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

Statement of Cash Flows

The statement of cash flows is prepared using the direct approach. Operating activities include cash received from all revenue sources of the Trust and record the cash payments made for the supply of goods and services. Investing activities relate to the acquisition and disposal of assets. Financing activities relate to transactions that change the equity and debt capital structure of the Trust.

Related Parties

Related parties arise where one entity has the ability to affect the financial and operating policies of another through the presence of control or significant influence. Related parties include Wellington City Council, key management personnel and the governing body (Trust Board).

Trustees' remuneration is any money, consideration or benefit received receivable or otherwise made available, directly or indirectly, to a trustee during the reporting period. The disclosures for the Trust include the remuneration of the Trustee board as they occupy the position of a member of the governing body of the Trust.

Changes to Accounting Policies

There have been no changes in accounting policies this year.

FORECAST FINANCIAL STATEMENTS

CCO: Wellington Zoo Trust		SNZ000's						
Business Plan 2017/18								
Estimate	EARNINGS STATEMENT	Qtr to	Qtr to	Qtr to	Qtr to	Total YE	Total YE	Total YE
30-Jun-17		30-Sep-17	31-Dec-17	31-Mar-18	30-Jun-18	30-Jun-18	30-Jun-19	30-Jun-20
	Revenue							
3264	Trading Income	682	978	928	704	3,292	3,348	3,415
3125	WCC Grants	821	821	821	820	3,283	3,365	3,452
82	Other Grants	21	21	20	20	82	82	82
332	Sponsorships and Donations-Operational	75	75	75	75	300	320	351
277	Sponsorships and Donations-Capital					0	-	0
77	Investment Income	10	10	10	10	40	45	45
99	Other Income	27	27	27	27	108	110	110
7,256	Total Revenue	1,636	1,932	1,881	1,656	7,105	7,270	7,455
	Expenditure							
4,819	Employee Costs	1,229	1,229	1,229	1,229	4,916	5,014	5,130
2,139	Other Operating Expenses	544	544	544	543	2,175	2,256	2,325
21	Depreciation	3	4	3	4	14	0	0
0	Interest	0	0	0	0	0	0	0
277	Vested Assets					0	0	0
7,256	Total Expenditure	1,776	1,777	1,776	1,776	7,105	7,270	7,455
0	Net Surplus/(Deficit) before Taxation	(140)	155	105	(120)	0	(0)	0
0	Taxation Expense					0	0	0
0	Operating Surplus (Deficit)	(140)	155	105	(120)	0	(0)	0
0	Net Surplus/(Deficit)	(140)	155	105	(120)	0	(0)	0
0.0%	Operating Margin	-8.6%	8.0%	5.6%	-7.2%	0.0%	0.0%	0.0%

Estimate 30-Jun-17	STATEMENT OF FINANCIAL POSITION	As at 30-Sep-17	As at 31-Dec-17	As at 31-Mar-18	As at 30-Jun-18	As at 30-Jun-19	As at 30-Jun-20
	Shareholder/Trust Funds						
0	Share Capital/Settled Funds	0	0	0	0	0	0
0	Revaluation Reserves	0	0	0	0	0	0
1,022	Restricted Funds	1,022	1,022	1,022	622	622	622
318	Retained Earnings	178	333	438	318	318	318
1,340	Total Shareholder/Trust Funds	1,200	1,355	1,460	940	940	940
	Current Assets						
2,656	Cash and Bank	3,077	2,415	3,080	1,744	1,744	1,766
80	Accounts Receivable	80	80	80	80	60	60
130	Other Current Assets	130	130	130	130	60	60
2,866	Total Current Assets	3,287	2,625	3,290	1,954	1,864	1,886
	Investments						
0	Deposits on Call	0	0	0	0	0	0
0	Other Investments	0	0	0	0	0	0
0	Total Investments	0	0	0	0	0	0
	Non-Current Assets						
14	Fixed Assets	11	7	4	0	0	0
0	Other Non-current Assets	0	0	0	0	0	0
14	Total Non-current Assets	11	7	4	0	0	0
2,880	Total Assets	3,298	2,632	3,294	1,954	1,864	1,886
	Current Liabilities						
900	Accounts Payable and Accruals	880	500	540	520	520	520
	Provisions					0	0
640	Other Current Liabilities	1,218	717	1,294	494	404	426
1,540	Total Current Liabilities	2,098	1,277	1,834	1,014	924	946
	Non-Current Liabilities						
0	Loans - WCC	0	0	0	0	0	0
0	Loans - Other	0	0	0	0	0	0
0	Other Non-Current Liabilities	0	0	0	0	0	0
0	Total Non-Current Liabilities	0	0	0	0	0	0
1,340	Net Assets	1,200	1,355	1,460	940	940	940
1.9	Current Ratio	1.6	2.1	2	1.9	2	2.0
46.5%	Equity Ratio	36.4%	51.5%	44.3%	48.1%	50.4%	49.8%

Estimate	STATEMENT OF CASH FLOWS (CONT)	Qtr to	Qtr to	Qtr to	Qtr to	Total YE	Total YE	Total YE
30-Jun-17		30-Sep-17	31-Dec-17	31-Mar-18	30-Jun-18	30-Jun-18	30-Jun-19	30-Jun-20
	Financing Cash Flow							
	<i>Cash provided from:</i>							
	Drawdown of Loans					0	0	0
	Other					0	0	0
0		0	0	0	0	0	0	0
	<i>Cash applied to:</i>							
	Repayment of Loans					0	0	0
	Other					0	0	0
0		0	0	0	0	0	0	0
0	Total Financing Cash Flow	0	0	0	0	0	0	0
(800)	Net Increase/(Decrease) in Cash Held	421	(662)	665	(1,336)	(912)	(0)	22
3,456	Opening Cash Equivalents	2,656	3,077	2,415	3,080	2,656	1,744	1,744
2,656	Closing Cash Equivalents	3,077	2,415	3,080	1,744	1,744	1,744	1,766

Estimate	CASH FLOW RECONCILIATION	Qtr to	Qtr to	Qtr to	Qtr to	Total YE	Total YE	Total YE
30-Jun-17		30-Sep-17	31-Dec-17	31-Mar-18	30-Jun-18	30-Jun-18	30-Jun-19	30-Jun-20
0	Operating Surplus/(Deficit) for the Year	(140)	155	105	(120)	0	(0)	0
	<i>Add Non Cash Items</i>							
21	Depreciation	3	4	3	4	14	0	0
	Other (Gifted Hospital Assets)		0		0	0	0	0
21		(137)	159	108	(116)	14	(0)	0
	Movements in Working Capital							
	(Increase)/Decrease in Receivables	0	0	0	0	0	20	0
	(Increase)/Decrease in Other Current Assets	0	0	0	0	0	70	0
	Increase/(Decrease) in Accounts Payable	(20)	(320)	(20)	(20)	(380)	0	0
	Increase/(Decrease) in Other Current Liabilities	578	(501)	577	(800)	(146)	(90)	22
0		558	(871)	557	(820)	(526)	0	22
	Net Gain/(Loss) on Sale:							
	Fixed Assets	0				0		
	Investments	0				0		
0		0	0	0	0	0	0	0
21	Net Cash Flow from Operations	421	(662)	665	(936)	(512)	(0)	22

Estimate 30-Jun-17	STATEMENT OF CASH FLOWS	Qtr to 30-Sep-17	Qtr to 31-Dec-17	Qtr to 31-Mar-18	Qtr to 30-Jun-18	Total YE 30-Jun-18	Total YE 30-Jun-19	Total YE 30-Jun-20
	<i>Cash provided from:</i>							
3,264	Trading Receipts	682	978	928	704	3,292	3,348	3,415
3,125	WCC Grants	1379	0	1378	0	2,757	3,365	3,452
82	Other Grants	21	21	20	20	82	82	82
609	Sponsorships and Donations	75	75	75	75	300	320	351
77	Investment Income	10	10	10	10	40	45	45
99	Other Income	27	27	27	27	108	110	110
7,256		2,194	1,111	2,438	836	6,579	7,270	7,455
	<i>Cash applied to:</i>							
4,819	Payments to Employees	1,229	1,229	1,229	1,229	4,916	5,014	5,130
2,139	Payments to Suppliers	544	544	544	543	2,175	2,256	2,303
	Net GST Cashflow					0	0	0
277	Other Operating Costs (VESTING)			0	0	0	0	0
	Interest Paid	0				0	0	0
7,255		1,773	1,773	1,773	1,772	7,091	7,270	7,433
21	Total Operating Cash Flow	421	(662)	665	(936)	(512)	(0)	22
	Investing Cash Flow							
	<i>Cash provided from:</i>							
	Sale of Fixed Assets					0	0	0
	Other					0	0	0
0		0	0	0	0	0	0	0
	<i>Cash applied to:</i>							
	Purchase of Fixed Assets					0	0	0
821	Other investing Cash for Capital Projects	0			400	400	0	0
821		0	0	0	400	400	0	0
(821)	Total Investing Cash Flow	0	0	0	(400)	(400)	0	0



Craig Ellison
Board Chair, Wellington Zoo Trust