
ORDINARY MEETING

OF

COUNCIL CONTROLLED ORGANISATIONS

AGENDA

Time: 9:30 am
Date: Wednesday, 24 May 2017
Venue: Zealandia Eco Sanctuary
end of Waiapu Road, Karori
Wellington
Karori, Wellington
101 Wakefield Street
Wellington

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 12 April 2017 will be put to the Council Controlled Organisations Subcommittee 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 Subcommittee.

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 Subcommittee.

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 Subcommittee for further discussion.

2. General Business

REVIEW OF QUARTER THREE REPORTS FOR COUNCIL CONTROLLED ORGANISATIONS FOR THE PERIOD ENDING 31 MARCH 2017

Purpose

1. This report provides the sub-committee with a review of the third quarter reports submitted by Council Controlled Organisations for consideration in accordance with the requirements of the Local Government Act 2002.

Recommendations

That the Council Controlled Organisations Sub-committee:

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

Background

2. The sub-committee is tasked with monitoring the performance of the following entities:
 - Basin Reserve Trust
 - Karori Sanctuary Trust
 - Wellington Cable Car Limited
 - Wellington Museums Trust
 - Wellington Regional Economic Development Agency Limited
 - Wellington Regional Stadium Trust
 - Wellington Zoo Trust
3. Wellington Regional Economic Development Agency Ltd is jointly owned (80/20) by the Wellington City Council and the Greater Wellington Regional Council respectively. In addition to the monitoring by this sub-committee, the shareholders jointly monitor the company via the Wellington Regional Strategy Committee.
4. The Wellington Regional Stadium Trust have provided a half yearly report for the period ended 31 December 2016. The Trust's next report will be its full year report for the 12 months ended 30 June 2017.
5. Wellington Water Limited is owned in equal (20%) shares with Greater Wellington Regional Council, Lower Hutt City Council, Porirua City Council and Upper Hutt City Council. The shareholders jointly monitor the company via the Wellington Water Committee.
6. Wellington International Airport Limited is 34% owned by the Council and majority owned by Infratil Limited, a publicly listed company. The reporting from Wellington

International Airport Limited is considered by this sub-committee under the cover of a separate sub-committee report.

Discussion

7. Quarterly reports have been received from the following entities for consideration by the sub-committee and are attached as appendices:
 - Basin Reserve Trust
 - Karori Sanctuary Trust
 - Wellington Cable Car Limited
 - Wellington Museums Trust
 - Wellington Regional Economic Development Agency Limited
 - Wellington Zoo Trust
8. The third quarter reports have been reviewed by officers to assess any risks or issues. No significant issues or risks were identified.
9. Representatives of the entities covered in this report will attend the sub-committee meeting to present the quarterly report and answer any questions from the sub-committee.
10. BASIN RESERVE TRUST

ACTIVITY SUMMARY

The three month period under review is generally a period of event delivery, covering domestic cricket, international cricket and non-sporting events such as concerts.

Work on the exterior of the RA Vance Stand is now complete and the result has been excellent. The stand is much more presentable and the Trust has received informal positive feedback from many parties. At the same time, work has continued on the Masterplan design work and this is now progressing well.

Events

- Two Blackcaps Test Matches
- One Plunket Shield (four day) cricket match
- Five Wellington Firebirds Ford Trophy matches
- Two Wellington Firebirds T20 matches (including preliminary final)
- One Wellington Blaze match
- Nine community cricket events
- One Winery Tour Concert

Training

- 30 Wellington Firebirds training sessions
- 10 Wellington Blaze training sessions
- 8 International training sessions

Other Activity

- Exterior maintenance works to the RA Vance completed and new seating system installed

- Repair and replacement of lateral sewer drains and work with Wellington Water to improve their services
- Completion of the Basin Reserve's Emergency Management Plan and Fire Evacuation Scheme
- Ongoing consultation with Masterplan architects to refine the project plans

SUMMARY FINANCIALS

Variance (Actual minus Budget). ✓ Favourable variance to budget ✗ Unfavourable variance to budget

FINANCIAL PERFORMANCE (\$000)	Budget Q3	Actual Q3	Variance Q3	Budget YTD	Actual YTD	Variance YTD	Budget FYE
Total Revenue	362	496	134 ✓	719	919	200 ✓	823
Total Expenses	246	366	120 ✗	621	807	186 ✗	814
Net Surplus (Loss)	116	130	14 ✓	98	112	14 ✓	9
FINANCIAL POSITION							
Total Assets	951	935	17 ✗				908
Total Liabilities	96	162	66 ✗				142
Equity	855	773	83 ✗				766
CASH FLOWS							
Total Net Cash Flows	110	101	9 ✗	74	100	26 ✓	11
Opening Cash	29	109	80	65	109	44	65
Closing Cash	140	210	71	140	209	71	76

A review of the financial statements of the Basin Reserve Trust highlights the following points:

- Revenue (against budget) was boosted by the two test matches hosted in the quarter and an unbudgeted \$20k grant from the Norwood Cricket Trust.
- The Winery Tour concert was also an unbudgeted event.
- Expenditure was above budget due to unforeseen plumbing maintenance works and fire risk assessments, together with buildings maintenance costs exceeding budget.
- Year to date the net position is close to budget (\$14k positive variance).
- The Trust's financial position remains sound with equity of \$773k and cash on hand of \$210k.

KPI DASHBOARD *(The table contains a selection of KPIs and is not a complete list)*

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

		Q3	Q3	3 Year	
MEASURE		31 Mar 16	31 Mar 17	Trend	Comments on trend
Cricket events	Actual	17 ✓	11 ✗	→	Including two Blackcaps test matches.
	Target	3	14		
Other sports events	Actual	0	0	→	Junior rugby to be played over the winter.
	Target	0	0		
Community events	Actual	2 ✓	10 ✓	↗	Winery tour concert and nine community cricket events.
	Target	0	0		
Function bookings	Actual	n/a	4 ✗	n/a	Slightly below target due to ongoing works in the RA Vance stand during the period.
	Target	n/a	6		
Practice facility usage days	Actual	45 ✓	48 ✓	↗	Use of the Basin Reserve for practices has been growing and has almost reached full capacity.
	Target		45		
Numbers attending events	Actual	30,166 ✓	30,817 ✓	↗	
	Target		25,000		

Limited access to the RA Vance stand lounges and kitchen due to the refurbishment project has caused the caterers, Black and Gold, to elect not to take function bookings at the ground while the works are ongoing. This situation will continue during the planned refurbishment of the kitchen during the current quarter, and perhaps into the quarter ended 30 September.

ISSUES & OUTLOOK

No issues to note.

The RA Vance stand project is tracking according to plan. The remaining exterior works include waterproofing and installing new bleacher seating in front of the stand. The kitchen refurbishment and some internal renovations will continue through the winter.

Other work programmes planned for the 2017 winter include a refresh of the northern entrance (subject to consent) and the relocation of the Brierley Pavilion and redevelopment of the south western terrace (subject also to consents and project planning).

11. KARORI SANCTUARY TRUST

ACTIVITY SUMMARY

Visits to ZEALANDIA in quarter three were 36,921, up 20% on SOI target of 30,845. In YTD terms at 31 March 2017, ZEALANDIA had hosted 93,762 visitors which was 26% ahead of its SOI target for the period.

ZEALANDIA is hosting increasing numbers of VIP visits. In quarter three the Trust hosted Australian International Engagement Commissioner, Brendan Smyth and a delegation from Canberra, and also International Ecologist and Conservationist, Dame Georgina Mace, from the UK.

The first Sanctuary to Sea project meeting was held in March. Twenty-eight individuals representing community groups from across the Kaiwharawhara stream catchment and key organisations with an interest in the catchment attended.

The introduction of a new ZEALANDIA by Day tour product, combined with a larger number of cruise ships has grown the number of tour visitors by 24% year on year. The new ZEALANDIA by Day tour product has hosted 637 visitors since its introduction on 20 December 2016.

Jim Lynch's Changing Biodiversity of Wellington talk took place in February with over 80 attendees. A second 'encore' evening was held in April.

The first ZEALANDIA Long Term Capital Plan (2017 – 2026) was completed in February.

The Net Surplus YTD is tracking favourably to budget by \$408,000 mainly due to better than expected trading and admission revenues.

SUMMARY FINANCIALS

* Variance (Actual minus Budget). ✓ Favourable variance to budget ✗ Unfavourable variance to budget

FINANCIAL PERFORMANCE	Budget	Actual	Variance	Budget	Actual	Variance	Budget
(\$000)	Q3	Q3	Q3	YTD	YTD	YTD	FYE
Total Revenue	1,246	1,527	281 ✓	3,087	3,519	433 ✓	3,782
Op. Exp. before Depn & Int.	893	1,003	110 ✗	2,625	2,748	124 ✗	3,470
Net Surplus (Loss)	224	393	169 ✓	76	350	274 ✓	942
FINANCIAL POSITION							
Total Assets	14,083	5,333	8,751 ✗				13,739
Total Liabilities	11,182	912	10,271 ✓				11,222
Equity	2,901	4,421	1,520 ✓				2,517
CASH FLOWS							
Total Net Cash Flows	262	(951)	1,213 ✗	132	613	481 ✓	12
Opening Cash	479	2,504	2,025	940	940	0	609
Closing Cash	741	1,553	812	1,072	1,553	481	621

The positive variances to budget reflect the Trust's control of operating expenditure, improvements in the efficiency of the trading activities and the higher than forecast visits to ZEALANDIA. Higher than expected admissions and tours revenue along with better than expected retail sales have underpinned this Q3 result.

The increase in the in balance sheet equity at quarter three is due to the impact of the ZEALANDIA visitor centre sale to Council. The GST transactions relating to the sale caused the cash flow variance in Q3. Overall the Trust's financial position is strong with cash reserves of \$1.55m at 31 March 2017.

COUNCIL CONTROLLED ORGANISATIONS

24 MAY 2017

Absolutely Positively
Wellington City Council
Me Heke Ki Pōneke

SUMMARY FINANCIALS

In terms of trading revenues, retail sales totalled \$271,000 for YTD quarter three, up 14% on last year and café and functions sales totalled \$876,000 YTD to 31 March 2017, up 4% on the first nine months of last year.

Overall, the Trust's YTD s revenue performance (excluding the Council operating grant) is \$2,863,043 against a budget of \$2,635,240. The operating grant contributed 19% of the Trust's total revenue year to date 31 March 2017.

KPI DASHBOARD *(The table contains a selection of KPIs and is not a complete list)*

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

		YTD	YTD	3 Year	
MEASURE		31 Mar 16	31 Mar 17	Trend	Comments on trend
Visitors	Actual	96,020	93,762	↗	Strongly improving trend.
	Target	73,691	74,696		
Students & education visits	Actual	6,720	8,190	↗	Improving trend.
	Target	5,870	6,342		
Full costs to Council*	Actual	\$1,076,440	\$1,048,170	n/a*	Council's costs not controlled by the Trust.
	Target	n/a	\$1,148,639		
Full costs to Council per visitor*	Actual	\$11.21	\$11.18	n/a*	Council's costs not controlled by the Trust.
	Target	n/a	\$15.38		
Annual measures to 30 Jun 17					
The Trust reports quarterly.					
Non-Council funding	Actual	\$327,905	\$345,532	n/a*	New target with insufficient trend data.
	Target	\$250,000	\$272,000		
Individual members	Actual	10,158	11,031	↗	Above target and on an improving trend.
	Target	10,200	10,400		
Council subsidy (\$/visit)	Actual	\$6.83	\$7.00	↗	Trends improving and will meet target by year end.
	Target	\$9.12	\$9.35		
Average revenue** (\$/visit)	Actual	\$27.97	\$29.97	→	Trend stable but beginning to improve.
	Target	\$25.90	\$25.96		

* This measure is owned by Council and includes costs which the Trust does not control. ** Revenue per visit excludes interest, Council and government grants.

Wellington's wetter than anticipated weather did not deter locals and international visitors coming to ZEALANDIA, with local visitors up 25% and international visitors up 39%. However, visitors from the rest of New Zealand were down 9%. The drop in visitor numbers in March 2017 compared to March 2016 is due to the traditionally busy Easter weekend falling in April (i.e. outside this review period)

KPI DASHBOARD *(The table contains a selection of KPIs and is not a complete list)*

this year. In 2017 Easter visitors totalled 3,161 which, if added to the March 2017 visitor numbers results in comparable numbers to March 2016.

Visitation has held up well this year despite earthquake impacts and poor weather. ZEALANDIA has now had 93,762 visitors year to date, exceeding this year's SOI year to date target by 26%, and compared to 96,099 for the same year to date period last year.

ZEALANDIA continues to be a popular destination for functions, with many corporate bookings and twelve weddings during the quarter.

A highlight for visitors who went on the ZEALANDIA by Night tours during February was the opportunity to see baby kiwi and ruru with increasing sightings reported.

ISSUES & OUTLOOK

No issues to note.

The Conservation team are on the organising committee, alongside WCC, DOC, and VUW, for the annual GWRC "Restoration Day" event which will be held in Whitireia Campus, Porirua, on 21 May 2017. "Restoration Day" is a one-day event, which provides an important opportunity for community groups to learn about current restoration best-practice. It is a key way ZEALANDIA can foster community interest in, and knowledge of, restoration of local environments.

The Conservation team is continuing to work with the team at Otari-Wilton's Bush to establish a planting trial of the threatened Kirk's tree daisy, *Brachyglottis kirkii* var. *kirkiii*, in ZEALANDIA and at Otari. The first plantings are planned for April 2017. This partnership will provide an important basis for ZEALANDIA's future engagement in plant conservation efforts.

The ZEALANDIA-Victoria University relationship is growing, with ZEALANDIA this year providing a rich resource for students across multiple disciplines. For example, engineering students are currently working to develop a new app for use in ZEALANDIA'S education programme based on its trading card game, biology students have been working with ZEALANDIA to map the dispersal of kaka across Wellington, landscape and architecture students have been looking at how to design landscapes that engage Maori in nature experiences, and a tourism student has been exploring motivations and expectations of visitors to the sanctuary. This diversification of engagement goes well beyond the traditional partnership in biological sciences, and will form the foundation of the Trust's emerging research centre.

12. WELLINGTON CABLE CAR LIMITED

ACTIVITY SUMMARY

During the quarter the operation of the Cable Car continued as planned while the company undertook minor remedial work arising from the replacement of the electric drive system and associated components. Also, essential refurbishments to the Cable Car passenger vehicles took place.

The key strategic business issues that during quarter three and continue to be progressed are:

- (a) the development of the Cable Car proposal to get it incorporated with the Metlink public transport network; and
- (b) the decommissioning of the Trolley Bus overhead electrical network.

Both projects occupy a significant strategic focus for the company.

The Company continues to monitor its financial position closely and forecasting a full year profit after tax to 30 June 2017 of \$455k. The company intends to build its reserves pending the restructuring of the business following the decommissioning of the Overhead Network division.

SUMMARY FINANCIALS

* Variance (Actual minus Budget). ✓ Favourable variance to budget ✗ Unfavourable variance to budget

FINANCIAL PERFORMANCE (\$000)	Budget Q3	Actual Q3	Variance Q3	Budget YTD	Actual YTD	Variance YTD	Budget FYE
Total Revenue	2,131	2,092	68 ✗	5,634	5,274	360 ✗	7,279
Total Expenditure	1,713	1,819	42 ✗	5,348	4,925	423 ✓	7,057
Net Surplus (Loss) after tax	299	273	26 ✗	286	349	63 ✓	223
FINANCIAL POSITION							
Total Assets	--	11,833					10,430
Total Liabilities	--	2,134					2,255
Equity	--	9,698					8,175
CASH FLOWS							
Total Net Cash Flows	--			--	145		1,152
Opening Cash	--			--	2,100		1,222
Closing Cash	--			--	2,244		2,374

The third quarter ended 31 March 2017 recorded a pre-tax, net surplus of \$273k compared to a budgeted surplus of \$299k, a negative variance of \$26k. However the year to date position shows an overall surplus of \$349k against a target of \$286k, a positive variance of \$63k.

The Cable Car revenue was impacted by the earthquake in November 2016, along with the continued work in Cable Car Lane (which is taking much longer than first envisaged). Passenger revenue is below budget by \$301k YTD (to 31 March 2017) and maintenance and operating costs are tracking \$184k above budget for the same period resulting in an overall negative variance to budget for this division of \$492k to 31 March. Notwithstanding this, the Cable Car division is recording a surplus of \$300k YTD and is forecasting to return an overall surplus for the year of \$543k.

The Overhead Network division is essentially a cost recovery operation funded by Greater Wellington Regional Council and while YTD revenues are below budget for the period expense are below budget similarly (timing differences) and the overall YTD position for this division is tracking on target.

SUMMARY FINANCIALS

The company's YTD net surplus to 31 March 2017 of \$349k is supported by unbudgeted third party and sundry revenue of \$533k. This revenue largely relates to Council's contribution to the Cable Car's electric drive replacement which was budgeted for in 2015/16 but received in the current financial year.

From a cash flow perspective, whilst there have been additional costs arising from the electric drive system replacement, the company's reserves have grown to \$2,244k. Given the pending decommissioning of the Overhead Network and its associated restructuring costs, reserves will be maintained as a matter of financial prudence.

KPI DASHBOARD *(The table contains a selection of KPIs and is not a complete list)*

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

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

MEASURE		Q3 31 Mar 16	Q3 31 Mar 17	3 Year Trend	Comments
Passenger trips	Actual	361,771 ✓	355,584 ✓	→	Back on target following the disruption of the November 2016 earthquakes.
	Target	365,566	354,332		
Fare income	Actual	941,729 ✓	986,848 ✗	↗	Back on target following the disruption of the November 2016 earthquakes.
	Target	921,007	994,122		
MEASURE		YTD 31 Mar 16	YTD 31 Mar 17	3 Year Trend	Comments
Passenger trips	Actual	861,772 ✓	728,769 ✗	→	68,703 passenger trips below YTD target.
	Target	821,391	797,472		
Fare income	Actual	2,175,004 ✓	1,833,382 ✗	↗	Fare income is \$300k below YTD target.
	Target	2,014,807	2,134,762		

Both Cable Car revenue and patronage has returned to expected levels after being impacted in the prior quarter by the earthquake in November and work in Cable Car lane.

ISSUES & OUTLOOK

No issues to note.

The forecast for the remainder of the year is positive from an income and Cable Car trading perspective. The major issues/areas for resolution in the final quarter is completion of the Trolley Bus network decommissioning contract and further progress on the Cable Car's inclusion in the Metlink public transport network.

13. WELLINGTON MUSEUMS TRUST

ACTIVITY SUMMARY	
Highlights from Q3	
<ul style="list-style-type: none"> Wellington Museum opened a new exhibition space for 18-30 year olds <i>Flux</i>. This new space is programmed by the Flux Cooperative. Capacity has been reached with 30 registrations for Capital E's <i>2017 Roxy5 Short Film Competition</i>. New donation signage at Wellington Museum has seen a strong uptake on giving. The Cindy Sherman Exhibition closed on 19 March. Preliminary assessment of visitation numbers shows total attendance over the duration of the exhibition was 71,232 of which 25,328 were ticketed to the Cindy Sherman exhibition (either purchasing a ticket, using a Friends entry, complimentary ticket or as part of an education group or event). The annual <i>Great Scavenger Hunt</i> event attracted over 1,000 participants. Capital E partnered with twelve other organisations to inspire children and adults to race around the waterfront solving clues. The <i>2017 Capital E National Arts Festival</i> was a success with more than 45,000 people enjoying a festival experience with Capital E over the two weeks. Over 13,000 children attended from 167 schools around the Wellington region. The Festival offered 206 performances across the 2 week period, with 17 different performances (four of which were international acts). Fundraising exceeded its target. City Gallery's front door project is now fully funded. Lottery Grants Environment and Heritage Committee made a \$300,000 grant towards the \$741,000 total project cost with Council making up the difference of \$441,000. Athfield Architects and Holmes Consulting Group have been engaged to carry out the scoping work on the next phase of the Wellington Museum development. 	

SUMMARY FINANCIALS							
* Variance (Actual minus Budget). ✓ Favourable variance to budget ✗ Unfavourable variance to budget							
FINANCIAL PERFORMANCE (\$000)	Budget Q3	Actual Q3	Variance Q3	Budget YTD	Actual YTD	Variance YTD	Budget FYE
WELLINGTON MUSEUMS TRUST (EXCL. SPACE PLACE)^							
Total Revenue	2,950	3,241	291 ✓	8,850	8,967	117 ✓	11,765
Opex before Depreciation	2,842	3,085	243 ✗	8,442	8,638	196 ✗	11,447
Depreciation	106	133	27 ✗	318	397	79 ✗	425
Net Surplus (Loss)	0	24	24 ✓	90	(68)	(158) ✗	(108)
SPACE PLACE^							
Total Revenue	234	241	7 ✓	685	673	12 ✗	935
Opex before Depreciation	270	266	4 ✓	801	778	23 ✓	1,074
Net Surplus (Loss)	(37)	(29)	8 ✓	(125)	(115)	10 ✓	(149)
FINANCIAL POSITION							
Total Assets	6,815	7,930	1,115 ✓				5,105
Total Liabilities	2,928	3,372	444 ✗				1,300

SUMMARY FINANCIALS

Equity	3,887	4,558	671 ✓				3,804
CASH FLOWS							
Total Net Cash Flows	1,566	1,854	288 ✓	(1,860)	1,381	3,241 ✓	(115)
Opening Cash	870	1,242	372	837	1,714	877	837
Closing Cash	2,436	3,096	660	(1,023)	3,096	4,119	722

^ The Trust's SOI reports the Financial Performance for both Space Place and Wellington Museums Trust (excluding Space Place) separately.

Space Place is tracking slightly better than budget both during quarter three and for year to date. The YTD loss is \$115k against a forecast loss of \$125k; a moderate positive variance of \$10k.

In quarter three, Experience Wellington (excl. Space Place) recorded a net surplus of \$24k, a positive variance for the quarter wherein the Trust forecasts a break even position for this activity. Year to date the position is showing a loss of \$68k (negative variance of \$158k).

There have been two key events that have affected the Trust's performance to date. The first was the November earthquake that resulted in reduced attendance across all institutions and in particular, 57 school trips were cancelled. The second is the Cindy Sherman exhibition that achieved the profile and publicity envisaged but did not achieve the paid attendance target.

The Trust remains in a strong financial position with cash reserves of \$3.1m at 31 March 2017.

KPI DASHBOARD (The table contains a selection of KPIs and is not a complete list)

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

*Council operating grant plus property related cost (including rental grant paid for Capital E). This measure is required by Council and includes property costs which the Trust does not control.

MEASURE		Q3	Q3	3 Year	Comments
		31 Mar 16	31 Mar 17	Trend	
Total visits	Actual	201,127 ✓	253,948 ✓	↗	Total visits were 17% ahead of target for the quarter.
	Target	157,333	217,530		
Cable Car	Actual	83,517 ✓	95,517 ✓	→	A strong Q3 has seen Cable Car Museum make up for lower numbers when the Cable Car was not operating.
	Target	59,670	78,000		
City Gallery	Actual	44,335 ✓	48,076 ✓	↗	Curiosity to find out about Cindy Sherman boosted City Gallery's Q3 visitation.
	Target	37,500	39,000		
Capital E	Actual	10,758 ✗	54,682 ✓	↗	The 2017 Capital E National Arts Festival attracted over 45,000 visits during March.
	Target	15,575	46,200		
Wellington Museum	Actual	47,027 ✓	40,743 ✗	↗	On track to reach its full year visitation target.
	Target	31,800	42,000		
Space Place	Actual	13,528 ✓	13,552 ✓	→	Visitor numbers are tracking well against target.
	Target	12,238	10,296		

KPI DASHBOARD *(The table contains a selection of KPIs and is not a complete list)*

MEASURE		YTD		YTD		3 Year	
		31 Mar 16		31 Mar 17		Trend	Comments
Total visits	Actual	537,717	✓	554,027	✓	↗	Overall, visits are 9% ahead of target to 31 March 2017.
	Target	457,332		510,220			
Cable Car	Actual	198,418	✓	189,879	✓	→	
	Target	170,170		177,000			
City Gallery	Actual	138,697	✓	124,357	✓	↗	
	Target	112,500		113,000			
Capital E	Actual	57,897	✗	93,231	✓	↗	The 2017 Capital E National Arts Festival attracted over 45,000 visits during March.
	Target	46,725		77,700			
Wellington Museum	Actual	104,148	✓	108,429	✓	↗	
	Target	91,800		107,000			
Space Place	Actual	35,924	✓	36,043	✓	→	
	Target	34,487		32,760			

Annual measures to 30 June. The Trust reports quarterly					
MEASURE		31 Mar 16	31 Mar 17	Trend	Comments
Council grant/visit	Actual	\$9.13 ✓	\$8.89 ✓	↗	Trend improving.
	Target	\$11.09	\$10.45		
Average spend/visit	Actual	\$2.53 ✗	\$3.58 ✓	→	On average spend per visit trend is relatively steady.
	Target	\$2.61	\$3.52		
		YTD	YTD	3 Year	
MEASURE		31 Mar 16	31 Mar 17	Trend	Comments
Full costs to Council*	Actual	\$6,875,002		n/a	Measure controlled by Council.
	Target				
Full costs to Council per visitor*	Actual	\$12.25		n/a	Measure controlled by Council.
	Target				

* This measure is owned by Council and includes costs which the Trust does not control.

ISSUES & OUTLOOK

No issues to note.

Experience Wellington will be in a position to confirm the financial result of the Cindy Sherman exhibition in late May once return freight costs have been charged. At this stage it is anticipating a moderate financial loss which will impact the 30th June result.

Experience Wellington has secured funding for City Gallery's new front door and is working with Council Property on the project which is scheduled for November 2017. Council will also undertake planned maintenance work, at the same time, and it is probable that City Gallery will have to be closed for a period of time.

14. WELLINGTON REGIONAL ECONOMIC DEVELOPMENT AGENCY LTD

ACTIVITY SUMMARY
<p>Tourism and marketing</p> <ul style="list-style-type: none"> • Tourism visitation for Wellington was impacted by the poor summer and a trend across New Zealand of lower domestic visitation. As a result, commercial guest nights overall, were down on the equivalent period for last year, although international guest nights were up 4%. • However, the strong event program (as noted below) did attract a number of out of region visitors. • In late March the winter domestic visitation campaign was launched which positions Wellington as New Zealand's creative heart. • Marketing and PR support undertaken for Te Papa's a Bug Lab. • Just under 2 million visits to the WellingtonNZ website (almost 3 times the previous Q3), partly as a result of the media coverage for LookSee. <p>Economic Development</p> <ul style="list-style-type: none"> • The LookSee program, the international tech talent attraction project attracted 48,000 completed applications, far in excess of initial forecasts. This was helped by the exceptionally high and unprecedented media coverage with some 130 articles including the New York Times, USA Today, CNBC, Forbes, the Independent and the Straits Times. This media coverage equated to an Advertising Value Equivalent of \$4 million highlighting Wellington as a tech city. The chosen 100 applicants (each has to have at least 3 interviews) are in Wellington in the third week in May. • The LookSee program has also led to a number of tech enquiries regarding overseas companies setting up business in Wellington. • International Student enrolments for Wellington were up 12%, higher growth than both Auckland (10%) and Christchurch (9%). Market promotion and a recruitment program for international students were undertaken in 4 Chinese cities. Agents from Hong Kong and Taiwan were hosted and we organised a welcome for around 500 new international students to Wellington. • Hosted a number of food and beverage buyers in support of Visa Wellington on a Plate, helping secure new business for some regional suppliers. • The success of the Summer of Tech Intern program has led to new programs in HR and marketing. • Screen Wellington facilitated \$2 million worth of screen production in the quarter. • Continued delivery of the Regional Business Partnership program, customer satisfaction has written to 90%. • Ghost in Shell which was shot in Wellington at a cost of \$85 million had its world premiere, collaborated with NZ Film Commission to tell the Wellington story. • WREDA was a sponsor for Webstock which attracted 825 attendees, 40% were from outside the region including 112 from overseas. WREDA hosted sessions with keynote speaker Genevieve Bell and architect Indy Johar. • Two companies made high growth exits from the Creative HQ incubation program, with total investment value of \$1.07 million. • Creative HQ successfully ran the Lighting Lab Energy Innovation Challenge which was sponsored by Callaghan Innovation, NZ Trade and Enterprise, Westpac, Z Energy, Genesis Energy, GE and Unison Networks. • CHQ delivered a workshop series for Fonterra and innovation programs for Internal Affairs, Police and Statistics. <p>Venues</p> <ul style="list-style-type: none"> • 54 business events with more than 54,000 attendees including 13 multi-day conferences delivering an estimated \$5 million in economic value. • 53 performances with over 74,000 attendees, highlights included Nick Cave, P J Harvey, Don Henley and 21 Pilots which were all sold out. • A number of future business events were won with an estimated value of \$5 million to the region.

- Market share for business events is running at 21% ahead of the target of 16%.

Major Events

- A strong event program for the quarter attracted large audiences with high percentages of out of region visitation with an estimated contribution to the Wellington economy of \$21.5 million.
- The major events of note included;
 - The Guns n Roses concert attracted 31,634 with 40% from out of region.
 - CubaDupa again attracted big crowds with 250 performances and over 1,300 artists.
 - Test matches and an ODI against South Africa and Bangladesh attracted 29,772 spectators.
 - Homegrown attracted 18,150 attendees, 62% from out of region.
 - Wellington hosted the bi annual PinotNZ conference, with a number of high wealth attendees, 688 attended of which 95% were from out of region.
 - The Sevens attracted 17,600 fans over the 2 days.
 - Games for the Hurricanes at Westpac Stadium in excess of 32,000, on average 10% are from out of region.
 - Wellington hosted the All Whites v Fiji clash with over 10,000 spectators.
 - Cindy Sherman exhibition closed, over 20,000 attendees, 46% from out of region.

SUMMARY FINANCIALS

* Variance (Actual minus Budget). ✓ Favourable variance to budget ✗ Unfavourable variance to budget

FINANCIAL PERFORMANCE (\$000)	Budget Q3	Actual Q3	Variance Q3	Budget YTD	Actual YTD	Variance YTD	Budget FYE
Total Revenue	8,277	9,002	725 ✓	22,621	23,915	1,294 ✓	27,833
Total Expenses	6,680	7,459	779 ✗	20,604	21,695	1,091 ✓	27,857
Net Surplus (Loss)	1,597	1,543	54 ✗	2,017	2,220	203 ✓	(24)
FINANCIAL POSITION							
Total Assets	5,081	7,722	2,641 ✓				3,902
Total Liabilities	1,521	3,981	2,460 ✓				2,383
Equity	3,560	3,741	181 ✓				1,519
CASH FLOWS							
Total Net Cash Flows	1,073	2,957	1,884 ✓	1,156	3,073	1,917 ✓	16
Opening Cash	1,685	2,074	389 ✓	1,602	1,958	356 ✓	2,000
Closing Cash	2,758	5,031	2,273 ✓	2,758	5,031	2,273 ✓	2,016

Comments

- Revenue is ahead of budget for Q3 due mainly to increased service revenue in Creative HQ including Fonterra, as a result expenses have also increased.
- The higher level of assets and liabilities at the end of Q3 reflects some projects being moved from Q3 to Q4, resulting in higher cash on hand and revenue in advance (liability) than budgeted.
- WREDA is forecasting to receive \$31m (budget, \$27.8m) in revenue for the year, due in the main to increased revenues for services rendered, particularly in Creative HQ.

KPI DASHBOARD *(The table contains a selection of KPIs and is not a complete list)*

→ Steady ↗ Improving ↘ Declining

MEASURE		Q3	Year	Trend	Comments
		31 Mar	Budget		
Increase share of international students market (5)	Actual			↗	YTD student enrolments are up in Jan by 12% compared with Auckland (10%) and Canterbury (9%). The enrolments for the second half of the year are due in July
	Target		6.5%		
International student enrolments (5)	Actual			↗	YTD student enrolments are up in Jan by 12% compared with Auckland (10%) and Canterbury (9%). The enrolments for the second half of the year are due in July
	Target		8,500		
Permanent arrivals (1)	Actual	3,576		↗	Permanent arrivals for the year to March 2017 were up 9.6%, departures were down 3.9%.
	Target	1,700	2,000		
Commercial guest nights (2)	Actual	2.08m		↗	The commercial guest nights stats show a decline compared to the corresponding period last year. The Edinburgh Tattoo and the Festival last year contributed to the high visitation in 2016. In addition, the poor summer and the decline in domestic visitation have also contributed to the decline.
	Target	2.10m	3.15m		
Estimated Australian visitor spend (2)	Actual	\$233m		↗	Australian visitors are staying longer and spending more
	Target	\$195m	\$180m		
Major event attendances (3)	Actual	487,316		↗	ME attendances running ahead for the 9 months, the year budget attendance numbers are expected to be to achieved.
	Target	450,000	650,000		
Total revenue from screen production (\$m) (1)	Actual	\$706m		↗	The result is for the financial year ended 2016 which was impacted by a number of productions including Ghost in the Shell
	Target	\$490m	\$650m		
Venues utilisation	Actual	52.2%		↘	Earthquake has impacted on venues utilisation. Unlikely to meet the target of 65% utilisation
	Target	65%	65%		
NZ market share multi day conferences	Actual	21%		↗	Strong performance despite the earthquake.
	Target	16%	16%		

Sources

- 1) Statistics New Zealand
- (2) Ministry of Business Innovation & Employment
- (3) Supplied by the relevant venue
- (4) Education NZ

- A number of KPIs are only measured annually due to the absence of official data on a YTD basis.
- At this stage WREDA expects to meet or exceed its KPIs with the exception of the Venues utilisation.

ISSUES & OUTLOOK

There are no issues of note.

Outlook

- Major Events planned for Q4 including the Lions tour, Hurricane games, the Lux Light Festival and the Jazz Festival.
- Candidates selected as a result of the LookSee program visit Wellington in late May.
- WREDA is a sponsor for NZ Tech week in early May, there will be over 50 events across the region.
- Supporting the Space and Science festival which includes bringing 2 NASA astronauts to Wellington.
- Planning for Visa Wellington on a Plate.
- Winter tourist marketing program for Wellington commences.

15. WELLINGTON ZOO TRUST

ACTIVITY SUMMARY

It was a highlight for Wellington Zoo to bring its global and local conservation partners together for a week of events held at the Zoo. *Wild Ideas* was an opportunity to share the Zoo's efforts to save animals in the wild and inspire Wellingtonians to make positive steps for global change. The twelve conservation partners told their stories and talked about Wellington Zoo's partnership to save critically endangered species.

On 26 January the Zoo held its twelfth annual *Neighbours Night* with over 1,700 Newtown locals enjoying the busiest *Neighbours Night* ever.

At the Resene NZILA Pride of Place 2017 Landscape Architecture Awards, Wellington Zoo and Isthmus Group Ltd were announced as the winners of the Institutional category for *Meet The Locals He Tuku Aroha*.

The *Happy Animals* (Animal Welfare) visitor experience project was installed. This project explains to visitors how the Zoo cares for the animals so that they are healthy and happy. The information is based on the Five Domains of Animal Welfare which Wellington Zoo is accredited for but it explains this scientific model in plain language.

The revamp of the *Living Room*, the Zoo's indoor learning space, to align its theme with the rest of the Zoo's spaces and to better support the Zoo's important LEOTC programmes is almost complete.

The Zoo welcomed 63,125 visitors through the gates in the quarter, slightly below the target of 65,310, bringing the YTD visitors to the Zoo up to 166,830.

SUMMARY FINANCIALS

* Variance (Actual minus Budget). ✓ Favourable variance to budget ✗ Unfavourable variance to budget

FINANCIAL PERFORMANCE (\$000)	Budget Q3	Actual Q3	Variance Q3	Budget YTD	Actual YTD	Variance YTD	Budget FYE
Total Revenue	1,832	1,891	59 ✓	5,326	5,679	353 ✓	6,942
Total Expenses	1,717	1,660	57 ✓	5,214	5,293	79 ✗	6,942
Net Surplus (Loss)	115	231	116 ✓	112	386	274 ✓	0
FINANCIAL POSITION							
Total Assets	3,967	4,453	486 ✓				2,275
Total Liabilities	2,115	1,735	380 ✓				1,333
Equity	1,852	2,718	866 ✓				942
CASH FLOWS							
Total Net Cash Flows	717	(263)	980 ✗	539	(179)	718 ✗	(1,147)
Opening Cash	3,099	3,406	307 ✓	3,277	3,322	45 ✓	3,277
Closing Cash	3,816	3,143	673 ✗	3,816	3,143	673 ✗	2,130

The result for the nine months to 31 March 2017 shows an net surplus of \$386k, which includes \$277k of capital grants. The operating surplus of \$109k compares to the budgeted operating surplus of \$112k. The Trust continues to expect it will meet its full year break-even operating budget.

KPI DASHBOARD *(The table contains a selection of KPIs and is not a complete list)*

- Achieved ✗ Not Achieved. The 3 Year Trend = year on year performance → Steady ↗ Improving ↘ Declining
- Most of the Zoo's KPIs are annual to 30 June per its SOI. The Trust reports against the annual targets quarterly.

		YTD	YTD	3 Year	
MEASURE		31 Mar 16	31 Mar 17	Trend	Comments
Visitors	Actual	192,205 ✓	166,830 ✗	→	
	Target	175,295	180,083		
Zoo School (LEOTC)	Actual	9,548 ✓	8,142 ✓	→	
	Target	10,000	10,000		
Staff turnover	Actual	14.63% ✓	28.15% ✗	→	28.15% YTD 31 March 2017.
	Target	≤20%	≤18.5%		
Number of vulnerable or endangered species	Actual	25 ✓	27 ✓	→	Giraffe are now classed as Vulnerable by the IUCN.
	Target	≥26	26		
Average Council subsidy per visitor	Actual	\$10.98 ✓	\$13.33 ✗	→	
	Target	\$11.99	\$13.05		
Average revenue/visitor (excl. Council grant)	Actual	\$14.86 ✗	\$18.33 ✓	↗	
	Target	\$15.60	\$15.94		
Trust generated income as % Council grant	Actual	124% ✗	137% ✓	↗	
	Target	142%	122%		
Full cost to Council*	Actual		\$3,929,692		Measure controlled by Council.
	Target		n/a		
Full cost per visitor*	Actual	\$21.19 ✓	\$23.56 ✗	→	Measure controlled by Council. Trend data not available.
	Target	\$21.19	\$21.22		

* This measure is owned by Council and includes costs which the Trust does not control.

The year-to-date visitation as at end of March was 166,830. This is 8% behind target and 13% behind last year's actual visitation. Zoo visitation targets were set aggressively for growth in the 2016/17 year. Prolonged periods of unusually inclement weather after the November earthquake has adversely affected visitation.

School (LEOTC) visits are on track to achieve the 10,000 full year target. In addition, the Zoo has hosted 1,221 visits to its school holiday programme.

Staff turnover is particularly high but given the end of the ZCP and changes to people's personal circumstances some people have chosen to move on after over 10 years at the Zoo. The other contributor to this is that many resignations have come about in the younger demographic. This is line with research indicating that millennials typically stay 2-3 years in roles. The Zoo advise that they have recruited some excellent new team members and see this phase of the organisation's life as renewal and preparatory for the future.

ISSUES & OUTLOOK

No issues to note.

The revamp of the Living Room, the Zoo's indoor learning space, is almost complete.

Planning is underway for Open Weekend in May. This event enables people to visit both Wellington Zoo and Zealandia over the weekend for a gold coin donation to conservation.

As part of the Zoo's species planning, the Zoo is expecting the arrival of five species (Green Iguana, Chimpanzees, Water Dragon, Bearded Dragon and African Crested Porcupine) while planning also for the transfer of seven species (Squirrel Monkeys, Bongon, Nyala, Fiordland Crested Penguin, Scheltopusick, Cotton Top Tamarin and Pygmy Marmoset) to other New Zealand and Australian facilities.

Attachments

Attachment 1.	Basin Reserve Trust Q3 report to 31 March 2017	Page 28
Attachment 2.	Karori Sanctuary Trust Q3 report to 31 March 2017	Page 39
Attachment 3.	Wellington Cable Car Ltd Q3 report to 31 March 2017	Page 55
Attachment 4.	Wellington Museums Trust Q3 report to 31 March 2017	Page 64
Attachment 5.	Wellington Regional Economic Development Agency Ltd Q3 report to 31 March 2017	Page 74
Attachment 6.	Wellington Zoo Trust Q3 report to 31 March 2017	Page 98

Author	Warwick Hayes, CCO Project Manager
Authoriser	Danny McComb, Manager CCOs & City Growth Projects Derek Fry, Director City Growth & Partnerships

SUPPORTING INFORMATION

Engagement and Consultation

Not applicable.

Treaty of Waitangi considerations

Not applicable.

Financial implications

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

Policy and legislative implications

Not relevant.

Risks / legal

Not relevant.

Climate Change impact and considerations

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

Communications Plan

Officers will incorporate feedback from the Committee into the Letters of Expectation that will be sent to the chair of the relevant CCO.

Health and Safety Impact considered

Not relevant.

BASIN RESERVE TRUST
PERFORMANCE MEASURES AND TARGETS
2016-17

Measure	Frequency	Measurement	Actual Q3 2017	Budget Q3 2017	Variance Q3 2017	Actual YTD 2017	Budget YTD 2017	Variance YTD 2017	Budget FY 2017	Actual Q3 2016
Administrative Measures										
Achieve targets within	Annual	Budget forecasts are met	Achieved							
Comply with financial,	Quarterly	Council reports submitted	Achieved							
Asset Management Plan	Quarterly	Planned maintenance	Achieved							
Operating Measures										
Number of events	Quarterly									
- cricket (incl minimum		Cricket matches (incl	11	14	-3	20	23	-3	25	17
- other sports		Sports events	0	0	0	0	14	-14	22	0
- community		Other events	10	0	10	14	8	6	12	2
- function		Function bookings	4	6	-2		13	-13	15	n/a
Number of event days	Quarterly									
- cricket		Cricket days	22	23	-1	36	38	-2	38	29
- other sports		Sports days	0	0	0	3	14	-11	22	0
- community		Other days	9	0	9	13	8	5	12	2
- function		Function Days	4	7	-3		14	-14	15	n/a
Numbers attending events	Quarterly	Attendance figures	30817	25000	5817	36007	30000	6007	31000	30166
Practice facility usage	Quarterly	Cricket use	48	45	3	113	85	28	85	45
Hirer satisfaction with	Quarterly	Positive formal feedback	Achieved							
Playing surface to be	Annual	Based upon NZC and ICC	n/a							
Operational Grant per	Quarterly	Grant per attendance	\$ 1.98							
Financial measures										
Results within budget	Annual		n/a							
Capital expenditure –	Annual		n/a							
Event income	Annual	\$	n/a						\$149,000	
Business Plan developed	Annual	Submission of Business	n/a							

BASIN RESERVE TRUST
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE PERIOD ENDED 31 MARCH 2017

Income	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>Annual Budget</u>
Grant Income				
Grant Wellington City Council	583,373	530,360	53,013	604,050
Grant Other	65,811	-	65,811	-
	<u>649,184</u>	<u>530,360</u>	<u>118,824</u>	<u>604,050</u>
Ground Hire Income				
Ground Hire International Cricket	145,200	70,000	75,200	70,000
Ground Hire Domestic Cricket	36,000	64,000	(28,000)	64,000
Ground Hire Winter Sports	2,500	5,000	(2,500)	5,000
Ground Hire Other Events	20,000	9,000	11,000	10,000
	<u>203,700</u>	<u>148,000</u>	<u>55,700</u>	<u>149,000</u>
Other Income				
Concession Income	6,545	13,000	(6,455)	16,000
Signage	-	25,000	(25,000)	50,000
Screen Hireage	-	-	-	-
Donations	-	-	-	-
Picket Fence Income	639	-	639	-
Miscellaneous Income	59,037	-	59,037	-
	<u>66,221</u>	<u>38,000</u>	<u>28,221</u>	<u>66,000</u>
Interest Income				
Interest Income	627	2,900	(2,273)	3,500
Total Income	<u>919,732</u>	<u>719,260</u>	<u>200,472</u>	<u>822,550</u>
Expenditure				
Building Expenses				
Repairs & Maintenance	10,689	15,000	4,311	20,000
Cleaning	5,692	750	(4,942)	1,000
Electrical Services	3,583	5,000	1,417	7,000
Fire System	7,641	4,500	(3,141)	6,000
Painting	85	1,500	1,415	2,000
Pest Control	2,720	2,250	(470)	3,000
Plumbing	5,985	2,500	(3,485)	2,500
Other	277	350	73	500
	<u>36,672</u>	<u>31,850</u>	<u>(4,822)</u>	<u>42,000</u>

**BASIN RESERVE TRUST
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE PERIOD ENDED 31 MARCH 2017**

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>Annual Budget</u>
Ground Expenses				
Electrical Services	1,598	750	(848)	1,000
Equipment Hire	534	3,500	2,966	3,500
Cleaning	145	-	(145)	-
Irrigation	110	500	390	500
Painting	7,995	14,000	6,005	16,000
Plumbing	23,621	9,500	(14,121)	11,000
Rubbish Removal	17,073	11,000	(6,073)	13,000
Ground Structures	55,315	27,500	(27,815)	35,000
Turf	250,436	200,010	(50,426)	273,700
Karori Park Operation Contribution	10,000	10,000	-	10,000
	<u>366,827</u>	<u>276,760</u>	<u>(90,067)</u>	<u>363,700</u>
Occupancy Expenses				
Gas	5,145	6,000	855	8,000
Electricity	20,134	17,250	(2,884)	23,000
Rates	23,160	21,375	(1,785)	28,500
Security	8,697	9,000	303	12,000
Telephones	3,073	2,500	(573)	3,300
Water Rates	15,852	26,000	10,148	32,000
Television	2,765	3,000	235	3,000
Insurance	7,965	7,400	(565)	7,400
Consumables Laundry & Toilet	11,663	11,350	(313)	13,600
	<u>98,454</u>	<u>103,875</u>	<u>5,421</u>	<u>130,800</u>
Event Running Expenses				
Event Running	113,620	51,500	(62,120)	60,000
Casual Staff	14,294	5,000	(9,294)	5,000
	<u>127,914</u>	<u>56,500</u>	<u>(71,414)</u>	<u>65,000</u>
Administration Expenses				
Audit	-	-	-	13,000
Accounting	9,000	9,000	-	12,000
Bank Fees	78	70	(8)	125
Consultants	30,290	10,000	(20,290)	15,000
Management Fee	51,000	51,000	-	68,000
	<u>90,368</u>	<u>70,070</u>	<u>(20,298)</u>	<u>108,125</u>
Other Expenses				
Bad Debts	-	-	-	-
Capital Contributions	-	-	-	-
Interest Expense	-	-	-	-
Marketing	4,486	15,000	10,514	15,000
Miscellaneous	545	1,500	955	2,000
Picket Fence Expenses	100	-	(100)	-
	<u>5,131</u>	<u>16,500</u>	<u>11,369</u>	<u>17,000</u>

BASIN RESERVE TRUST
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE PERIOD ENDED 31 MARCH 2017

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>Annual Budget</u>
Depreciation Expense				
Depreciation Expense	81,558	65,250	(16,308)	87,000
	<u>81,558</u>	<u>65,250</u>	<u>(16,308)</u>	<u>87,000</u>
Total Expenditure	<u>806,924</u>	<u>620,805</u>	<u>(186,119)</u>	<u>813,625</u>
Net Surplus (Deficit) for the Period	<u>112,808</u>	<u>98,455</u>	<u>14,353</u>	<u>8,925</u>

**BASIN RESERVE TRUST
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2017**

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>Annual Budget</u>
Net surplus (deficit) for the period	112,808	98,455	14,353	8,925
Total Recognised Income and Expense	<u>112,808</u>	<u>98,455</u>	<u>14,353</u>	<u>8,925</u>
Equity at beginning of year	660,108	756,987	(96,879)	756,987
Equity at End of Period	<u><u>772,916</u></u>	<u><u>855,442</u></u>	<u><u>(82,526)</u></u>	<u><u>765,912</u></u>

BASIN RESERVE TRUST
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2017

Assets	Actual	Budget	Variance	Annual Budget
Current Assets				
Bank accounts and cash	209,406	139,602	69,804	76,342
Debtors and prepayments	92,224	143,500	(51,276)	185,600
Total Current Assets	301,630	283,102	18,528	261,942
Non-Current Assets				
Property, plant and equipment	633,003	668,240	(35,237)	646,490
Total Non-Current Assets	633,003	668,240	(35,237)	646,490
Total Assets	934,633	951,342	(16,709)	908,432
Liabilities				
Current Liabilities				
Creditors and accrued expenses	156,519	95,900	(60,619)	142,520
Unearned income & income received in advance	5,198	-	(5,198)	-
Total Current Liabilities	161,717	95,900	(65,817)	142,520
Total Liabilities	161,717	95,900	(65,817)	142,520
Total Assets less Total Liabilities	772,916	855,442	(82,526)	765,912
Trust Equity				
Contributed capital	100	100	-	100
Accumulated surpluses	772,816	855,342	(82,526)	765,812
Total Trust Equity	772,916	855,442	(82,526)	765,912

**BASIN RESERVE TRUST
STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2017**

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>Annual Budget</u>
Cash Flows from Operating Activities				
Receipts of council funding	609,265	485,650	123,615	544,050
Receipts of grants other	64,765	-	64,765	-
Receipts from sale of goods and services	267,065	105,850	161,215	175,000
Interest receipts	627	2,900	(2,273)	3,500
Payments to suppliers and employees	(723,181)	(516,950)	(206,231)	(675,800)
GST (net)	932	(3,040)	3,972	(35,600)
Net Cash Flows from Operating Activities	219,473	74,410	145,063	11,150
Cash Flows from Investing and Financing Activities				
Receipts from unearned revenue	-	-	-	-
Payments to acquire property, plant and equipment	(119,512)	-	(119,512)	-
Net Cash Flows from Investing and Financing Activities	(119,512)	-	(119,512)	-
Net Increase/(Decrease) in Cash for the Year	99,961	74,410	25,551	11,150
Add opening bank accounts and cash	109,445	65,192	44,253	65,192
Closing Bank Accounts and Cash	209,406	139,602	69,804	76,342

**BASIN RESERVE TRUST
CAPITAL EXPENDITURE
FOR THE PERIOD ENDED 31 MARCH 2017**

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>Annual Budget</u>
Cast Bronze Plaque	6,408	-	(6,408)	-
Groundsmans Shed - Pit & Asphalt	10,074	-	(10,074)	-
Norwood Room - Window Film	4,065	-	(4,065)	-
CCTV	32,717	-	(32,717)	-
Practice Wicket Installation	23,088	-	(23,088)	-
Vance Stand Interior Upgrade	40,000	-	(40,000)	-
	<u>116,352</u>	<u>-</u>	<u>(116,352)</u>	<u>-</u>

**BASIN RESERVE TRUST
CASH FLOW PROJECTION
AS AT 31 MARCH 2017**

Current Assets

Bank accounts and cash	209,406
Debtors	92,224
	<hr/>
	301,630

To Be Applied As Follows:

Creditors and accrued expenses	156,519
Unearned income & income received in advance	5,198
	<hr/>
	161,717
	<hr/>
	139,913

Commitments

Karori Park Operation Contribution 2016/17	-
Turf Management 2016/17	-
	<hr/>
	-

Funds Available (Deficit)	<hr/> 139,913 <hr/>
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**BASIN RESERVE TRUST (INCORPORATED)
MANAGEMENT ACCOUNTS COMMENTARY
FOR THE PERIOD ENDED 31 MARCH 2017
VARIANCES EXCEEDING \$5,000**

Income

1. Grant Wellington City Council - The grant relating to Turf Management for the the first two quarters was higher than budgeted for by \$50,000.
2. Grant Other - Didn't budget for the grant received from the Norwood Cricket Trust of \$20,800 for the Practice Wicket Installation and also the grants received from the Four Winds and the Infinity Foundations of \$40,000 for the Vance Stand Interior Upgrade.
3. Ground Hire International Cricket - Didn't budget to get two test matches or to receive as much for the hire fees.
4. Ground Hire Domestic Cricket - Lost two Plunket Shield games, one being abandoned due to the earthquake and the other one being played at Westpac Stadium as a day/night event.
5. Ground Hire Other Events - Didn't budget to host any event in this financial year, where as hosted the Wine Tour Concert.
6. Concession Income - The Norwood Room hasn't been able to be used whilst the work on the R A Vance Stand has been carried out.
7. Signage - Budgeted to get a Naming Rights Sponsor in this quarter, which hasn't eventuated.
8. Miscellaneous Income - The sale of the LED Screen wasn't budgeted for \$58,500.

Expenditure

1. Ground Painting - Haven't spent as much on this to date as budgeted for.
2. Ground Plumbing - Didn't budget for the major works carried out at the rear of the R A Vance Stand \$18,000.
3. Ground Rubbish Removal - Has been more expensive in this financial year to date than budgeted due to increased number of other events held at the ground.
4. Ground Structures - Didn't budget for the following major works:

- Repalced damaged spouting on North & South Gate Houses	3,500
- Repairs to fence at rear of R A Vance Stand	4,500
- Remove unsuitable materials around North Toilet Block	3,700
- Lay asphalt at rear of R A Vance Stand	3,100
- Demolish exterior fence and build retaining wall at rear of R A Vance Stand	6,700
- Tree management and maintenance around the ground	9,000
	\$ 30,500
5. Ground Turf - The cost of providing this in the first two quarters was higher than budgeted for by \$50,000.

6. Water Rates - The amount of water used at the ground varies greatly and this expense is very difficult to budget for.
7. Event Running - Didn't budget to host two test matches in this financial year or the level of expenditure incurred in holding them.
8. Casual Staff - Have used more casual staff in this financial year than budgeted for.
9. Consultants - Didn't budget for fire risk assessment reports totaling \$27,200.
10. Marketing - Budgeted to spend more on this in this financial year than actually spent.
11. Depreciation - Didn't budget for any capital expenditure this financial year.



Report to the Wellington City Council CCO Performance Committee Third Quarter ended 31 March 2017



Hon Paul Goldsmith launches the MBIE Unlocking Curious Minds funding at ZEALANDIA in February.

Highlights

- We hosted 36,921 visitors in quarter 3, up 20% on SOI target of 30,845
- ZEALANDIA is hosting increasing numbers of VIP visits. In quarter 3 we hosted Australian International Engagement Commissioner, Brendan Smyth and a delegation from Canberra, and also International Ecologist and Conservationist, Dame Georgina Mace, from the UK.
- The first Sanctuary to Sea project meeting was held in March. Twenty-eight individuals representing community groups from across the Kaiwharawhara stream catchment and key organisations with an interest in the catchment attended.
- The introduction of a new ZEALANDIA by Day tour experience, combined with a larger number of cruise ships has grown the number of tour visitors by 24% year on year. This experience has hosted 637 visitors since its introduction on 20 December 2016.
- Jim Lynch's *Changing Biodiversity of Wellington* talk took place in February with over 80 attendees. A second 'encore' evening will be held in April.
- The first ZEALANDIA Long Term Capital Plan (2017 – 2026) was completed in February.

WORKING WITH PARTNERS

Restoration Day

The Conservation team are on the organising committee, alongside WCC, DOC, and VUW, for the annual GWRC "Restoration Day" event held at Whitireia Campus, Porirua, on 21 May 2017. "Restoration Day" is a one-day event, which provides an important opportunity for community groups to learn about current restoration best-practice. It is a key way ZEALANDIA can foster community interest in, and knowledge of, restoration of local environments.

Bioblitz Go! was held 26-27 February at ZEALANDIA and in the halo. This citizen science event was funded and organised by Wellington City Council. The event successfully engaged the public in a range of walks and tours hosted by 31 experts and scientists. The focus of the second day was on school groups of all ages who brought children to the sanctuary for this unique experience. The citizen science data will provide an invaluable species list to inform the revamp of the restoration plan.



Otari-Wilton's Bush

The Conservation team is continuing to work with the team at Otari-Wilton's Bush to establish a planting trial of the threatened Kirk's tree daisy, *Brachyglottis kirkii* var. *kirkii*, in ZEALANDIA and at Otari. The first plantings are planned for April 2017. This partnership will provide an important basis for ZEALANDIA's future engagement in plant conservation efforts.

Titipounamu / rifleman transfer

In February we learned that the titipounamu / rifleman population in the Wainuiomata Mainland Island source site was considerably lower than previously thought and, as a consequence, we postponed the translocation into ZEALANDIA scheduled for March.



GWRC monitors the population of titipounamu every year, and the latest data sadly showed a decline of New Zealand's smallest bush bird in the Wainuiomata site. It is expected this is happening due to high rat numbers which occur when trees have an exceptionally high seeding season

(otherwise known as a 'mast'), of which we have had several in recent years. The worrying trend of more frequent mast events is happening nation-wide, possibly linked to climate change.

Our colleagues in GWRC manage significant predator control operations in the Wainuiomata site, however, the recent data shows just how vulnerable our native species are to predation, and the importance of our national Predator-Free 2050 goal. In the meantime, predator free areas such as ZEALANDIA have a critical role to play in conservation and the management of populations at a national level.

Over the next year we will be working with all our partners to identify possible alternative places where titipounamu are thriving for a possible translocation, as well as other opportunities for new species introductions to ZEALANDIA and Otari Wilton's Bush. We will also continue to play an active role in discussions regarding the management of our threatened native species.

Victoria University Wellington

The ZEALANDIA-VUW relationship is growing, with ZEALANDIA this year providing a rich resource for students across multiple disciplines. For example, engineering students are currently working to develop a new app for use in our education programme based on our trading card game, biology students have been working with us to map the dispersal of kaka across Wellington, landscape and architecture students have been looking at how to design landscapes that engage Maori in nature experiences, and a tourism student has been exploring motivations and expectations of visitors to the sanctuary. This diversification of engagement goes well beyond our traditional partners in biological sciences, and will form the foundation of our emerging research centre.

Canberra Relationship

In March we hosted Australian International Engagement Commissioner, Brendan Smyth and a delegation from Canberra as part of the rescheduled 'Canberra in Wellington' week. The delegation from Canberra had breakfast at Rata café preceeded by an early morning walk in the valley with some of our Board

Two trustees from The Woodlands and Wetland Trust visited ZEALANDIA in February. As part of this visit and a prior visit in January two ANU Professors presented their research at some lunchtime seminars at ZEALANDIA. Professor Adrian Manning discussed research and restoration and Kathy Eyles presented her PhD research on relationships between nature reserves and their urban neighbours and responsible pet management.

Nature Connections

Wellington Wild Things launched its 2016/2017 summer campaign with all partner sites on board. "Monsters" which are based on native wildlife are hidden across Wellington and children hunt for these, allowing a unique way to connect with our natural world.



Nature Connections and ZEALANDIA is excited to be part of Toyota Kiwi Guardians - a DOC project supported by Toyota. The objective of the project, getting children across New Zealand out exploring our amazing natural assets, fits well with the Nature Connections ethos. The project works by placing Kiwi Guardian 'markers' at partner sites and all Nature Connections partners are involved. Once the markers are found, children upload site-specific codes online. A specially-designed wooden medal is then sent to them congratulating them on finding the Kiwi Guardian marker.

Teaching Resources

'Can we make New Zealand pest free?' is series of lesson plans enabling teachers and students to contribute to a pest-free New Zealand, developed by ZEALANDIA with support from WWF. It is now accessible on line through our collaboration with University of Waikato's Science Learning Hub.

This new platform has enabled the resource to be promoted to teachers nationally in addition to through the ZEALANDIA website. The Science Learning Hub provides supporting resources around our seven-lesson programme, and actively promotes it through social media and teacher professional networks. The collaboration will also enable us to promote Teacher Professional Development events related to the resource. This approach will widen our impact beyond Wellington to the whole of New Zealand.

The ZEALANDIA Trading card game continues to grow. At the end of March 40,000 cards now engage and inspire rangatahi (youth) in schools and households with a fun way of learning about our native species. We are working with several other conservation organisations to further spread this game as an educational resource. OSNZ has funded 100 sets for schools around New Zealand, Forest and Bird will send a new set of cards to all their Kiwi Club coordinators in April and the resource will be promoted through Young Birders NZ.



Photo: ZEALANDIA

VISITOR EXPERIENCE

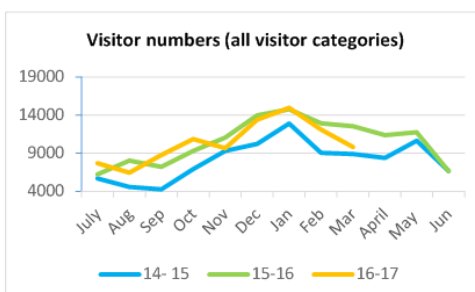
ZEALANDIA hosted 36,921 visitors in the third quarter, up 20% on SOI target of 30,845. Wellington's wetter than anticipated weather did not deter locals and international visitors coming to ZEALANDIA, with local visitors up 25% and international visitors up 39%. However, visitors from the rest of New Zealand were down 9%. The drop in visitor numbers in March 2017 compared to March 2016 is due to the traditionally busy Easter weekend falling in April (ie outside this review period) this year. Our 2017 Easter visitors totalled 3,161 which, if added to the March 2017 visitor numbers results in comparable numbers to March 2016.

Visitation has held up well this year despite earthquake impacts and poor weather. We have now had 93,762 visitors year to date, exceeding this year's SOI year to date target by 26%, and compared to 96,099 for the same year to date period last year.

ZEALANDIA continues to be a popular destination for functions, with many corporate bookings and twelve weddings during the quarter. A highlight for visitors who went on the ZEALANDIA by Night tours during February was the opportunity to see baby kiwi and ruru with increasing sightings reported.

Q3 Paid Admissions by visitor origin

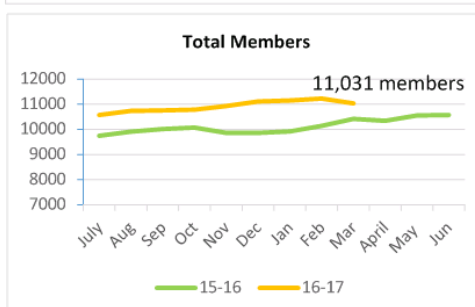
Region	Visit Numbers	%
Local	5,087	26%
Rest of North Island	2,067	11%
South Island	894	5%
Australia	2,656	14%
Asia Pacific	741	4%
Europe	4,877	25%
United States & Canada	2,494	13%
Rest of the World	308	2%
Total	19,124	



Tours

The new tour ZEALANDIA by Day was expanded to three tours per day in February 2017. Since its launch on 20 December 2016, ZEALANDIA by Day has hosted 637 visitors and generated \$28,000 new revenue.

Despite the challenges arising from the November 2016 earthquake, the cruise ship season has been successful. ZEALANDIA has hosted organised tours from 36 cruise ships visiting Wellington.



Visitor Comments – enjoyed most

"The entire night tour was excellent. The guide was great and we saw some amazing wildlife. It was such a fantastic experience."

"Watching, enjoying and experiencing New Zealand's most vulnerable and rare species of animals in a beautiful setting. All of this just around the corner of a major city. What a thrill to see Takahe, Saddle backs and all the other animals so up close. Still getting goose bumps thinking about it."

EVENTS & VISITORS

During the quarter we hosted Minister Maggie Barry for an interview on the Predator Free New Zealand update. International Ecologist and Conservationist, Dame Georgina Mace, from the UK spent some time in ZEALANDIA during her national tour with the Royal Society. Hon Paul Goldsmith launched the MIBE Unlocking Curious Minds funding round after a walk in the valley with representatives from the Wainuiomata community who would benefit from the funding. Paul Atkins and the Board hosted senior delegates from the Canberra business and tourism community and Grant Robertson visited for an update on ZEALANDIA with Paul Atkins.

FINANCIAL SUSTAINABILITY

Retail

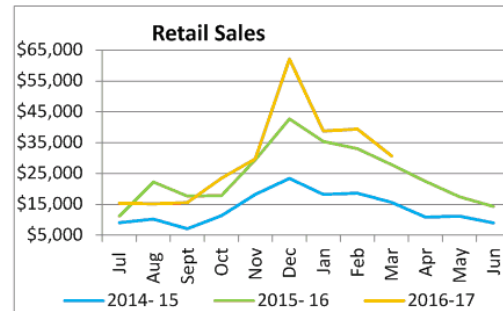
Retail sales totaled \$109,000 during the quarter, up 13% on the same quarter last year.

Café & Functions

Café and Functions revenue totaled \$378,000 during the quarter, up 10% on the same quarter last year. Rata café continues to provide a unique offering for the Western suburbs with many using Rata café as a meeting place for friends, business meetings or a meal out.

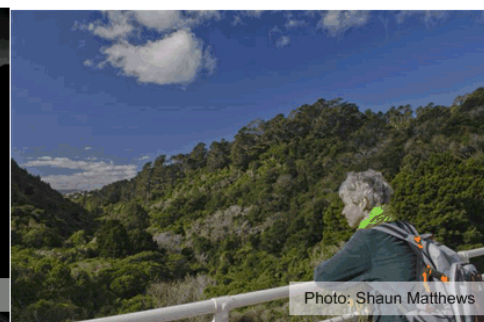
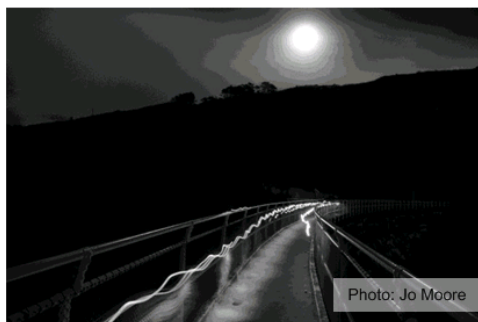
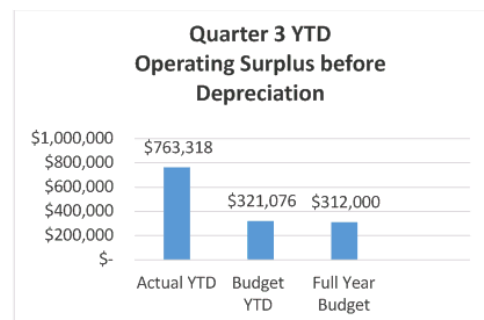
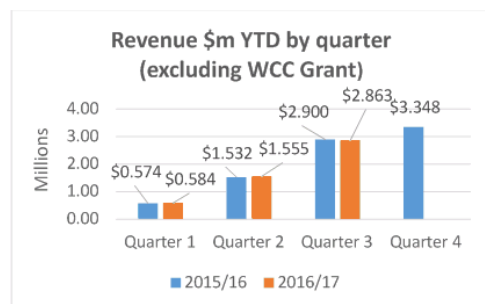
Revenue

Overall, revenue performance (excluding the WCC grant) is \$2,863,043 against a budget of \$2,635,240. The WCC grant contributed 19% of our total revenue year to date 31 March 2017



Operating Surplus

The quarter three year to date result for Operating Surplus before Depreciation is tracking favourably by \$442,000 mainly due to better than expected Retail sales of \$26,000, Admissions revenue of \$127,000 and Bequests of \$133,000.



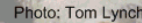
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In February we completed the first iteration of our Long Term Capital Plan 2017- 2026 which sets out ZEALANDIA's investment plan for strengthening its contribution to making Wellington a great place to live, work, learn and visit. The plan includes specific investment projects for adding value over the next ten years, for discussion with Council Officers. We are now reaching the limits of staff and volunteer accommodation, and our building's capacity to cope simultaneously with education visits, tours, and general admissions is stretched. We are also at the space limits for accommodating research interns, and this is a future growth area for ZEALANDIA's impact. We will be doing further work on the plan towards Council's consideration of the Long Term Plan later in 2017.

Pam Fuller's term as a trustee on the Board ends in June 2017. Council will appoint a replacement trustee, following a process that includes receiving nominations from the Guardians, ZEALANDIA staff and Chair are supporting the Guardians and Council in the recruitment process. Pam is one of ZEALANDIA's longest serving people, having served as a founder, staff member, volunteer and trustee. An appreciation event for Pam will be scheduled mid year.

The hihi breeding season has finished and the preliminary end of season report was presented to the Hihi Recovery Group on 21-23 March 2017. Less breeding females than last year resulted in the number of fledglings banded being slightly reduced from 95 to 87. Nesting success rates improved with the percentage of chicks fledged and successful nests both increasing. We have also reached the end of the nesting season for other avian species. After a slow start we have seen good numbers of kākāriki, kākā, tīeke and robin fledge. Maintenance on nest-boxes has now started and will continue on over the winter.



We are currently in the process of scoping our new Sanctuary to Sea project. This is a whole-of-catchment initiative aimed at improving freshwater habitats in the Kaiwharere catchment. This project has two key focus areas: within the sanctuary, we aim to restore our lower lake by removing a large introduced fish population. Outside the sanctuary, we are working with community partners who were previously involved in Project Kaiwharere to coordinate restoration efforts in the rest of the catchment. We met with the Kaiwharere community and stakeholders in late March to discuss vision, objectives and priorities for a restoration strategy of this area. Twenty-eight people representing 18 organisations (community groups, councils and iwis) attended the first meeting.



VOLUNTEERS

In January we moved our existing database including all rosters for over 35 volunteer teams to 'Better Impact' into a cloud-based volunteer management platform. Feedback has been overwhelmingly positive both from volunteers as well as staff. We are working with WelTec who are including our volunteering programme into their student information brochures, and Empathy Design who are working with us on a pro-bono research project on how to improve volunteer retention. We now have over 500 volunteers, or volunteers in training, who contribute to every area of our operations.

EDUCATION

This year the education team has already provided a nature-based education experience for over 8,000 young people. The experiences we offer range from a special curriculum linked tour through the sanctuary, to outreach activities where young people learn about how to create nature-rich environments in their own special places.

Unlocking curious minds funding

ZEALANDIA received a grant through the MBIE Unlocking Curious Minds programme in February 2017. Hon Paul Goldsmith launched the funding at ZEALANDIA. This programme will focus on connecting with Wainuiomata rangatahi (young people) who otherwise may not be able to engage with science learning. Our education programme for these young people will be based on learning about the science of translocations. The programme aims to engage 300 rangatahi both in ZEALANDIA and Polhill in collaboration with key community groups in the area.

ZEALANDIA Education App and online evaluation

In March the ZEALANDIA Education app was used for the first time with Redwood School. The app provides a unique way for rangatahi to record their experience in the valley. This contributes towards sustainability and is in line with schools and students recording their learning and reflections in a digital format. The app will continue to be refined and shared with other fenced sanctuaries throughout Aotearoa.



MEASUREMENT AGAINST TARGETS IN THE SOI 2016/17

Non-Financial Performance Measures (Quarterly Targets)

Measure	2016/17 Quarter 3 (Jan-Mar)		2016/17 Annual	
	Actual	Target	Actual (YTD)	Target (YTD)
Visitation	36,921	30,845	93,762	74,696
Education Visits*	1572	1174	8,190	6,342

* Education visits are also included in total visitation numbers above.

Non-Financial Performance Measures (Annual Targets)

Measure	Actual YTD	Annual Target 2016/17
Individual Members	11,031	10,400
Quality of Visit	93%	92%
Number of Volunteers	534	>400
Volunteer Satisfaction Survey ¹	-	>80%
Percentage of Satisfied Visitors above City Benchmark ²	NA	>5%

¹ Volunteer satisfaction survey is in development and will be completed by the end of the 2017 financial year.

² This survey will not be completed in 2016/17. For 2017/18 it will be replaced by the new "Percentage of Satisfied Visitors" measure.

Financial Performance Measures

Measure	Actual YTD	Annual Target 2016/17
Full cost per visitor (including WCC costs)	\$13.51	\$16.91
Average subsidy per visit (Total WCC operating grant/all visitors)	\$7.00	\$9.35
Average revenue per visitation (excludes Council & Government grants)	\$29.97	\$25.96
Non-Council Donations/Funding	\$345,532	\$250,000
Net surplus before depreciation and tax	\$763,318	\$312,000
Commercial revenue as a % of overall budget	76%	50%
Membership subscription revenue	\$249,054	\$300,000

MEASUREMENT AGAINST TARGETS IN THE SOI 2016/17

Conservation Programme (Annual Targets)

Conservation Measures	Actual YTD	Annual Target	Commentary
Restore missing species to the wild in accordance with the Restoration Strategy			
Number of new animal species transferred	0	1	Titipounamu/rifleman did not occur in March 2017.
Number of transferred animal species being actively managed in the wild. <i>* Active management includes supplementary feeding, nestbox and roostbox management and excludes species held in captivity.</i>	10	10	On target
Number of animal species in the wild actively monitored (assuming 1 new species transferred/annum) <i>*Includes species with ongoing active data collection.</i>	14	10	On target
Percentage of transferred animal species regarded as self-sustaining (assuming ongoing management)	76%	68%	On target
Maintain or Improve the population status of nationally threatened species present			
Number of threatened species present and breeding successfully	4	4	On target
Manage species held for captive breeding purposes to ensure they remain healthy and breed successfully			
Number of species of held for captive breeding	2	2	On target
Monitor animal pest status, control mice & successfully respond to any incursions			
Mice maintained at levels below or similar to previous years (abundance per 100 trap nights)	7.6	<10	On target. Mouse control is planned for June 2017.
Percentage of incursions successfully eradicated	N/A	100%	No incursions have been detected, but monitoring is ongoing following the floods and earthquake.
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	The Weed Team contracts end in April and they are on track to complete all high priority work.
Number of pest plant species where control has achieved a decline to low levels of infestation in the sanctuary	52	52	On target

Measures against Strategy Areas

MEASURE against Strategy Areas	TARGET 2016/17	TRACKING 2016/17
Build flourishing biodiversity in the valley and halo		
Assist in the restoration of healthy landscape scale ecosystems through active collaboration in community partnerships wherever appropriate.	Begin detailed, integrated planning for the restoration of the lower valley streams, wetland and lake.	Early scoping has begun for this project, and will continue in earnest in the next six months.
Continue the transfers of missing species, to increase natural diversity in accordance with the Restoration Strategy 2000.	Plan and undertake a translocation (rifleman). Begin the ground work needed to evaluate the population health and management requirements of saddleback.	The rifleman translocation will not occur this year but we are working with partners for a possible translocation in the future. Feather samples and banding of saddleback has occurred for genetic analysis of the population.
Develop a knowledge hub for transformation		
Develop a long-term programme of research and research partnerships to provide an evidence base for our future activity and advice and contribution to others.	Develop, agree and initiate implementation of plans for the establishment of an urban ecology research centre in partnership with Victoria University of Wellington.	The joint Steering Committee has now submitted its final report and recommendations. A research advisory group will be established to develop and implement a strategic plan for a long-term, integrated research programme.
	Develop and agree plans for a long-term, integrated research programme.	2016 has seen the establishment of important new relationships that will provide the foundation for the research programme. The Thought Leaders Group are now providing feedback on a draft research strategy.
Develop pathways for thought leadership based on enhanced understanding of our unique natural heritage.	Establish a ZEALANDIA Thought Leaders Reference Council, and a Research Advisory Group to provide direct guidance on the content of our research programme.	The Thought Leaders Group has been established with eight leading figures to-date expressing significant enthusiasm to be part of this group. Members come from New Zealand, Australia, USA and Singapore.
Strengthen people's capability for achieving a nature rich future		
Develop effective partnerships with restoration groups and strengthen community engagement in all that we do.	ZEALANDIA increasingly recognised as the "go to" centre for information on restoration.	ZEALANDIA is providing leadership in new restoration efforts, for example, through the halo project which is now gaining momentum. ZEALANDIA also has a staff member on the Predator Free Wellington Technical Advisory Group, and is increasingly seen as a hub for information and expertise on restoration.
Obtain funding to increase opportunities for decile 1-3 schools to either visit ZEALANDIA or their 'special place'.	Increased school visits, particularly decile 1-3; includes visits to the sanctuary and visits to schools or their "special places" by education staff.	We received Hutt Mana Charitable Trust funding to enable low decile students, teachers and whanau to visit ZEALANDIA. This was followed up by outreach work in their communities.

MEASURE against Strategy Areas	TARGET 2016/17	TRACKING 2016/17
Aim for 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.	Increased number of schools with tracking and trapping as a normal part of their school programme (from 20 in 2015/16 to 30 in 2016/17).	The number of schools involved to date in tracking and trapping in the region has increased to twenty-three.
Sustain exemplar volunteer programmes that enrich and strengthen community, nature and people's lives.	Increased number of opportunities for volunteers to work in the sanctuary.	The number of opportunities for volunteers has diversified to include a range of tasks from conservation (e.g. the new transect clearance group) to grants administration.
Develop programmes of placements, internships and work that grow skills and experiences for young people.	ZEALANDIA has become the key hub for interns, enabling them to work with restoration groups as well as within the sanctuary; this will enhance their experience and support sharing of expertise and knowledge between the sanctuary and groups in the "halo".	A new ZEALANDIA internship programme has been launched, with five currently hosted across the organization. We have begun a programme of sharing the hosting responsibilities for interns with Otari Wilton's Bush.
Create outstanding and accessible experiences that inspire to action		
Enrich and strengthen the valley experience to equip more visitors to make active choices for nature rich communities.	Visitor numbers – 93,600 separate visitations with breakdown of visitor demographics.	On track. The target for the YTD is 74,696 and we have had 93,746 visitors so far.
	8,500 education visitors	On track. The target for the YTD is 6,342, and we have had 8,190 education visits so far.
	Visitor experience – ZEALANDIA achieves a satisfied visitor rating of 92% or greater.	On track. The quarterly result was 93%.
Grow our connections with members as ambassadors for nature in Wellington	> 400 volunteers	534 volunteers contribute to all areas of our operations.
	> 80% of volunteers are satisfied with their relationship with ZEALANDIA.	Volunteer satisfaction survey is in development and will be completed by the end of the 2017 financial year.
Grow practical options to promote the health, well-being and wider advantages of connections with nature.	Continue to improve accessibility and work to attain the Be. Accessible Gold rating.	We have been asked to be part of a Be.Accessible initiative to enable Wellington to become a centre for exemplar practices in accessibility. This was due to take place before Christmas but was deferred due to the Earthquake.
Grow our influence and alliances for living well with nature		
We will undertake our Kaitiakitanga responsibilities through enhanced partnerships with Maori. A strong and comprehensive relationship with Maori, at mana whenua, iwi and national level, remains of primary importance to ZEALANDIA and we will develop closer relationships during 2016/17. 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.	Capability developed to enable closer partnerships with iwi and integration of Mātauranga Māori	We are currently developing our plan for the next financial year, and identifying key ways we will incorporate Mātauranga Māori.

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MEASURE against Strategy Areas	TARGET 2016/17	TRACKING 2016/17
We will grow our partnership with Victoria University in the creation of an urban ecology research centre. We will also establish a Thought Leaders Reference Council and Research Advisory Group.	Partnership with Victoria University agreed and formalised. Plans for an urban ecology research centre agreed and under implementation.	A research programme is now in development with VUW (led by Dr Nicola Nelson). As above
Sustain infrastructure, finances, people and communication that fuel our purpose		
Sustain infrastructure, finances, people and communication that fuel our purpose	A net surplus before depreciation and tax of \$312,000.	The year to date result for Operating Surplus before Depreciation is \$763,318 and is tracking favourably by \$442,000 for the second quarter mainly due to better than expected commercial revenue and bequests.
	Commercial revenue equating to 50% of overall budget.	76% mainly due to higher than budgeted Retail sales of \$26,000 and Admissions revenue of \$126,000
	10,400 members.	Tracking above target by 631 with 11,031 members at 31 March 2016
	Membership subscriptions \$300,000.	Year to date income of \$249,054 tracking \$4,273 ahead of the year to date budget
	Full cost per visitor (including WCC costs) \$16.91	Tracking lower at \$13.51 due to the impact of achieving 26% above target visitor results as at year to date quarter three.
	Average WCC subsidy per visitor \$9.35	Tracking lower at \$7.00 due to the impact of achieving 26% above target visitor results as at year to date quarter two.
	Average revenue per visit \$25.96	Tracking higher at \$29.97 due to better than expected commercial revenue including higher retail sales and admissions for year to date quarter three.
	Non-Council Donations/Funding \$250,000	Target achieved with year to date income of \$345,532 as at quarter 3.

FINANCIAL PERFORMANCE

Detailed financials are attached.

Profit & Loss

Karori Sanctuary Trust Inc. For the 3 months ended 31 March 2017

	Mar-17	Dec-16	Sep-16	YTD
Income				
Admissions	472,438	333,277	148,950	954,665
Care & Preservation Income	5,458	5,702	5,754	16,914
Education Other Revenue	661	-	1,290	1,951
Evening Talk (Koha)	31	51	82	164
FH Muter & FM Pharyzyn Charitable Trusts	-	-	6,000	6,000
Gain or Loss on Sale of Fixed Assets	-	-	120	120
Hutt Mana Trust Grant	-	-	3,000	3,000
Interest Income	1,880	13,649	330	15,859
KBN (Kids by Night) Tours	284	27	4,217	4,529
KNW - Kids Night Walks	-	91	(84)	7
Low Decile Education Donation	6,000	6,000	6,000	18,000
Membership Subscriptions	96,951	88,533	63,569	249,054
Non-LEOTC Sleepovers & Night Tours	-	1,043	2,683	3,726
Other Grants & Donations	160,455	56,239	52,676	269,370
Other Operating Revenue	16,829	23,093	12,575	52,498
Posboss Sales	(1,125)	1,125	-	-
Rifleman Transfer	18,164	26,380	-	44,544
Royal Society Grant	-	-	2,783	2,783
Sales of Goods	489,441	413,559	274,148	1,177,149
Shipping Recoveries	33	78	23	134
Unlocking Curious Minds	14,694	-	-	14,694
WCC Grant	218,750	218,750	218,750	656,250
ZBD - Summer Tours	25,802	2,129	-	27,930
Total Income	1,526,747	1,189,726	802,867	3,519,339
Less Cost of Sales				
Posboss Unders & Overs	-	46	-	46
Total Cost of Sales	-	46	-	46
Gross Profit	1,526,747	1,189,680	802,867	3,519,293
Less Operating Expenses				
Additional Cruise Ship Shuttle Hireage	16,026	4,644	-	20,669
Administration & Management	95,827	100,026	128,312	324,165
Be Accessible & Carbon Zero	3,200	-	-	3,200
Biosecurity Consumables	115	214	-	329
Board Miscellaneous Expenses	422	2,323	638	3,383
Cafe Refresh Total	-	3,385	-	3,385
CEO - Discretionary Fund	-	10	-	10
Colt Motor Vehicle Expenses	-	191	-	191
Contractors & Consultants - Marketing	-	5,662	-	5,662
Cost of Goods Sold	201,928	166,625	109,581	478,134
Hutt Mana Bush Explorers Programme	226	452	-	678
Interpretation	282	-	-	282

Profit & Loss

	Mar-17	Dec-16	Sep-16	YTD
Marketing - Membership	293	2,205	-	2,498
Marketing Education	-	900	123	1,023
Marketing Equipment	-	104	17	122
Other Operating Expenses	36,137	39,736	39,613	115,486
Personnel	436,915	468,960	411,983	1,317,857
Playing Cards	494	140	1,268	1,902
Police Checks for Volunteers	-	-	1,000	1,000
Rifleman Transfer Expense	2,090	78	-	2,168
Salaries & Wages - Cafe - Casual	46,896	37,522	14,907	99,325
Salaries & Wages - CLER - Weekend Duty Ops 50%	3,149	2,652	1,116	6,917
Salaries & Wages - Function - Casual	1,332	463	1,308	3,104
Salaries & Wages - Guides	51,892	21,347	5,069	78,307
Salaries & Wages - Retail & Admissions - Casual	15,349	10,271	5,709	31,330
Salaries & Wages - SCaP - Weekend Duty Ops 50%	2,033	3,768	1,116	6,917
Salaries & Wages - Tourism & Trade	13,655	12,961	10,237	36,854
Salaries & Wages - VE - Casual	50	-	-	50
Salaries & Wages - Visitor Experience	26,520	23,912	27,443	77,875
Salaries & Wages - Weed Management	13,331	8,041	-	21,372
Sanctuary to Sea Project Expenses	43	-	-	43
Shipping Costs	13	-	-	13
SMT - Discretionary Expense Allowance	743	847	1,816	3,407
Trade, Tourism, Industry alliances	7,727	1,434	1,197	10,357
Transport Costs	412	108	-	520
Vend Unders & Overs	(416)	448	324	357
Website - site	3,853	4,812	12,557	21,221
Interest Paid				
Interest Expense	2,146	2,542	2,804	7,492
Total Interest Paid	2,146	2,542	2,804	7,492
Trustees Remuneration				
Board Expenses	22,750	22,750	22,750	68,250
Total Trustees Remuneration	22,750	22,750	22,750	68,250
Total Operating Expenses	1,005,434	949,531	800,891	2,755,855
Operating Profit	521,313	240,149	1,976	763,438
Non-operating Expenses				
Depreciation Expense	128,617	143,680	141,587	413,884
Total Non-operating Expenses	128,617	143,680	141,587	413,884
Net Profit	392,696	96,469	(139,611)	349,554

Balance Sheet

Karori Sanctuary Trust Inc. As at 31 March 2017

31 Mar 2017

Assets

Current Assets	
Accounts Receivable	124,682
Cash	1,552,638
Posboss Cash Holding Account	(382)
Prepayments	22,369
Stock on Hand	43,486
Total Current Assets	1,742,793
Fixed Assets	
Fixed Assets	4,375,979
VC Building	(144,021)
Less Accumulated Depreciation on VC Building	(642,136)
Total Fixed Assets	3,589,822
Total Assets	5,332,615

Liabilities

Current Liabilities	
Accounts Payable	76,050
Accrued Liability	71,793
Community Trust Loan - Current	33,333
Entertainment Books	(730)
GST	52,252
Payroll Taxes	87,477
Posboss Suspense Account	(546)
Project / Capex Fund	28,105
Suspense	(99)
Unearned income	403,901
Total Current Liabilities	751,539
Non-Current Liabilities	
Community Trust Loan	160,000
Total Non-Current Liabilities	160,000
Total Liabilities	911,539
Net Assets	4,421,076

Equity

Current Year Earnings	349,554
Retained Earnings	4,071,522
Total Equity	4,421,076

Statement of Cash Flows

Karori Sanctuary Trust Inc.
For the 9 months ended 31 March 2017

JUL 2016-MAR 2017

Cash Flows from Operating Activities

Receipts from customers	4,000,229.72
Payments to suppliers and employees	(3,000,480.47)
Cash receipts from other operating activities	(180,920.96)
Total Cash Flows from Operating Activities	818,828.29

Cash Flows from Investing Activities

Proceeds from sale of property, plant and equipment	10,346,688.93
Payment for property, plant and equipment	(120,704.99)
Total Cash Flows from Investing Activities	10,225,983.94

Cash Flows from Financing Activities

Other cash items from financing activities	(10,431,688.90)
Total Cash Flows from Financing Activities	(10,431,688.90)

Net Cash Flows	613,123.33
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Cash Balances

Cash and cash equivalents at beginning of period	939,964.34
Cash and cash equivalents at end of period	1,553,087.67
Net change in cash for period	613,123.33

Statement of Cash Flows -WCC Quarterly Report 2016/17 | Karori Sanctuary Trust Inc.



WELLINGTON CABLE CAR LIMITED
30 Glover Street, Ngauranga
Wellington 6035
Phone: +64 (4) 473 2721

28 April 2017

The Committee
Council Controlled Organisations Sub-Committee
Wellington City Council
PO Box 2199
Wellington 6140

Dear Committee,

WCCL QUARTERLY REPORT (THIRD QUARTER OF 2016/17, TO 31 MARCH 2017) FOR THE WCC CCO COMMITTEE

1. Executive Summary

The WCCL financial results are forwarded for the third quarter ended 31 March 2017 and show a pre-tax, net surplus of \$427k for the quarter compared to a budgeted surplus of \$473k, a negative variance of \$46k. The year to date result shows an overall surplus of \$484k compared to a budgeted surplus of \$404k (a positive variance of \$80k). The variance is due to the following factors:

1. Cable Car revenue reduced compared to the budgeted amount;
2. Additional Cable Car maintenance work being completed than originally budgeted for, largely arising from the ongoing impact of the electric drive and controls system replacement (which was budgeted for in the 2015/16 year); and
3. Unbudgeted income in respect of the Wellington City Council contribution towards the electric drive replacement (as this was all budgeted for in the 2015/16 year).

Cable Car revenue was impacted by the earthquake in November 2016, along with the continued work in Cable Car Lane (which is taking much longer than first envisaged). As a result, Cable Car revenue has been forecast down by \$117k for the year.

During this reporting period, minor remedial work and familiarisation arising from the replacement of the electric drive system and associated components plus the essential refurbishment of the Cable Car passenger vehicles continued to take place. However, this did not impact on system operations as planned and contracted.

The key strategic business issues that continue to be progressed are (a) the development of the Cable Car Better Business Case proposal to get it incorporated into the Metlink public transport network and (b) the decommissioning of the Trolley Bus overhead electrical network.



WCCL
TRACTION SERVICES

Absolutely Positively
Wellington City Council
Me Heke Ki Pōneke

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WCCL Third Quarterly Report 2016/17

The Company has undertaken a detailed re-forecast for the 2016/17 year, but this will be re-assessed at each quarter given the activities currently underway.

From a cash flow perspective, whilst there have been additional costs arising from the electric drive system replacement, the reserves have grown since the last quarter. As such, the Company continues to be in a solid position with cash reserves of \$2,244k (including the self-insurance fund of \$293k) noting a negative impact of \$415k in future periods from debtors/prepayments less payables and accruals.

Given the pending decommissioning of the Overhead Network and its associated restructuring costs, additional reserves need to be maintained as a matter of financial prudence, until such time the as appropriate funding arrangements have been put in place.

There will also be significant capital replacement costs required for the Cable Car in the coming years, which the asset management plan has highlighted for significant funding shortfalls. Hence, the potential need for the Cable Car to be part of the Metlink public transport network such that it is then eligible for central government (NZTA) and local government (GWRC) public transport subsidies (the Company is awaiting direction from WCC on this issue). Should this not proceed, the Company will need to raise fares in the 2017/18 year to make some inroads into funding the future shortfall.

2. SOI / Business Plan Targets

Financial Performance by Division – Quarter 3, 2016/17 (Excluding Tax)					
	Overhead Division	Cable Car	External Activities	Corporate	WCCL Total
Budget	(56,000)	546,000	61,000	(134,000)	417,000
Actual	(56,000)	427,000	117,000	(117,000)	371,000
Variance	0	(119,000)	56,000	17,000	(46,000)

Financial Performance by Division – Year to Date 2016/17 (Excluding Tax)					
	Overhead Division	Cable Car	External Activities	Corporate	WCCL Total
Budget	(169,000)	792,000	183,000	(402,000)	404,000
Actual	(168,000)	300,000	716,000	(364,000)	484,000
Variance	1,000	(492,000)	533,000	38,000	80,000

Cable Car Patronage Targets – 2016/17 Year					
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr	Full Year
SOI Target	149,815*	293,325**	354,332	200,039	997,511
Actual	107,020	266,165	355,584		
Variance	(42,795)	(27,160)	1,252		

* The 1st quarter patronage figures were reduced by 34,000 – 50,000 by the shut-down for the electric drive project.

** The 2nd quarter patronage figures were reduced by 15,000 – 20,000 by the earthquake.

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Cable Car Reliability Statistics – 2016/17 Year					
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr	Full Year
SOI Target	>99%	>99%	>99%	>99%	>99%
Actual	N/A%	99.74%			
Result	***	✓			

*** Due to the electric drive system and associated components replacement project, the Company was unable to provide automated date on the reliability statistics for the 1st or 2nd quarters of 2016/17 year. The new reliability data reporting system became operational from the week commencing 06 March 2017

3. Cable Car

The financial profit and loss result for the Cable Car quarter ended 31 March 2017 is tracking behind budget by \$119k and is \$492k behind budget for the year to date. This is due to the electric drive system and associated components project (for the first quarter), which reduced Cable Car fare income (due to the extended shutdown period) and increasing maintenance costs due to the extra work required as part of the electric drive replacement project. For the second quarter both the earthquake, along with the continued work in Cable Car Lane further impacted on passenger numbers and therefore revenue. In the third quarter, it was pleasing to see the Cable Car fare income normalising again and being essentially on target. However there have still been additional costs required in the maintenance of the Cable Car. Based on the position at the time of writing, the final profit and loss figures for the final quarter for the 2016/17 year should normalise.

Other than these two areas, from an operational perspective, all other areas were on budget and proceeding as planned.

The cruise ship season commenced on 05 October 2016, and there were approximately 90 ship visits by the end of the season

The main variances from budget include:

- Cable Car Maintenance Costs are tracking over budget by \$146K as stated above due to the additional work required.
- Cable Car revenue is tracking \$301k less than budget as stated above.
-

4. Trolley Bus Network

The actual expenditure incurred for the period ended 31 March 2017 is less than the budgeted year to date amount, and this variance spans several areas, including operating expenditure and capital replacements. This is due partially to the phasing of the pole replacement programme and available resources but also due to the work required on the network and winding down operations as part of the planned cessation of Trolley Bus services in 2017.

The Overhead Network team is currently very busy working on the decommissioning project, with the tender evaluation process in its final stages and a preferred supplier being selected. Further details on this will be able to be advised in the final quarter of the 2016/17 year.

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WCCL Third Quarterly Report 2016/17

The team is also busy with a significant and exponential growth in requests for UFB attachments to the network by Chorus as part of the rollout of fibre optic connections within the Wellington City urban area.

The Company is continuing to liaise with potential purchasers of the pole network. However, no further progress has been made on this in the current quarter.

The main variances from budget include:

- Operational – the variance is largely due to WCCL internal operational costs which have been carefully managed and are currently tracking under budget. Included in this is reactive maintenance expenditure on the network, which is under budget, however, has increased in March/April, unfortunately, due to the reliability and quality of the trolley buses being operated on the network.
- Pole Replacements – this is partially a timing variance given the start of the year and poling process, but also WCCL is constrained by the change-over practices of external parties on the network to be able to complete pole changeovers, and WCCL therefore occasionally incur additional costs.
- The business case items being over budget relates to the timing of the expenditure incurred in relation to the decommissioning project, specifically the tendering process.

A full re-forecast has been completed in conjunction with GWRC for the remainder of the 2016/17-year Trolley Bus expenditure is grant funded by GWRC).

5. External Activities and Corporate

External income relating to pole user licence charging is as budgeted for the third quarter of the year (and year to date), however, given the extensive rollout process by Chorus of the fibre network (as mentioned above), this will be increasing over the coming periods given the amount of activity currently underway, including replacement of poles.

The large variance in sundry external income relates to the WCC grant funding in respect of the electric drive replacement project. The total funding was \$2.5 Million and was budgeted to be received in the 2015/16 year (when the project was first planned to be completed by). For a variety of reasons, including changes in the WCC IT systems for processing payments, grant funding of \$0.5 Million of the total \$2.5 Million slipped right into the 2016/17 financial year.

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WCCL Third Quarterly Report 2016/17

6. Other Activities

- 2017/18 Statement of Intent – The draft of this has been completed and tabled for review and discussion by the committee. The Company is currently working through the feedback received, and this will be updated and resubmitted to WCC in early May for finalisation.
- 2016/17 financial audit – Planning for this has commenced and the interim audit undertaken week commencing 01 May 2017. The Company had previously held detailed discussions with Audit NZ regarding issues and service levels to be addressed and is confident the audit process will be a more efficient and timely process than the 2015/16 year. There have also been personnel changes within the Audit NZ team.

Please do not hesitate to contact me if you have any further queries in relation to any of the matters contained within this report.

Yours faithfully,



Simon Fleisher
Chief Executive

COUNCIL CONTROLLED ORGANISATIONS

24 MAY 2017

Absolutely Positively
Wellington City Council
Me Heke Ki Pōneke

Wellington Cable Car Limited
Profit and Loss for the Period Ended 31 March 2017

	Actual 2017 - Qtr 3 \$000	Budget 2017 - Qtr 3 \$000	Variance 2017 - Qtr 3 \$000	Actual 2017 - YTD \$000	Budget 2017 - YTD \$000	Variance 2017 - YTD \$000	Budget 2016 / 2017 - Total \$000	Re-Forecast 2016 / 2017 - Total \$000	Variance 2016 / 2017 - Total \$000
OVERHEAD DIVISION									
Income	863	1,093	(230)	2,509	3,278	(769)	4,290	4,439	149
Contractor Operations Costs	423	451	27	1,270	1,352	81	1,814	1,777	36
Reactive Maintenance	73	138	65	223	413	190	551	476	75
Wellington Cable Car Operations Costs	275	328	50	793	977	184	1,303	1,543	(240)
Total Operating Expenses	772	914	142	2,286	2,742	456	3,667	3,796	(129)
Operating Surplus/Loss before Replacements	91	179	(88)	223	536	(313)	623	643	20
Contact Wire Replacements / Rentensions	0	35	35	0	105	105	70	140	(70)
Pole Replacements	48	93	44	87	278	191	371	221	150
Feeder Pillar Replacements	0	5	5	0	15	15	20	20	0
Special Works Replacement	7	19	12	26	56	30	62	62	0
Business Case Items	36	28	(9)	109	83	(27)	100	200	(100)
Total Replacements	91	179	88	223	536	313	623	643	(20)
Total Maintenance & Replacement Cost	91	179	88	223	536	313	623	643	(20)
Depreciation	56	56	0	168	169	1	225	225	0
Total Expenses	919	1,149	(231)	2,677	3,447	(770)	4,515	4,664	(149)
Overhead Overall Surplus / (Loss)	(56)	(56)	0	(168)	(169)	1	(225)	(225)	0
COMPANY ACTIVITIES DIVISION									
Cable Car Income	987	994	(7)	1,833	2,135	(301)	2,626	2,509	(117)
Cable Car Operations	276	236	(40)	748	706	(42)	942	942	0
Cable Car Maintenance	241	169	(72)	657	511	(146)	681	856	(175)
Depreciation - CC	41	42	1	123	126	3	168	168	0
	558	448	(110)	1,528	1,343	(184)	1,791	1,966	(175)
Electric Bus Income	0	0	0	0	0	0	0	0	0
Electric Bus Operations	0	0	0	0	0	0	0	0	0
Electric Bus Maintenance	2	0	(2)	6	0	(6)	0	0	0
	2	0	(2)	6	0	(6)	0	0	0
Cable Car Operating Surplus / (Loss)	427	546	(119)	300	792	(491)	836	543	(292)
3rd Party Services Net Contribution	85	2	83	99	6	93	8	8	0
External Pole Work Net Contribution	0	0	0	0	0	0	0	0	0
3rd Party Overhead Projects Net Contribution	0	0	0	0	0	0	0	0	0
Sundry External Income	32	59	(27)	617	177	439	237	680	443
External Activities Operating Contribution Surplus / (Loss)	117	61	56	716	183	533	244	687	443
Total Company Activities Operating Contribution Surplus / (Loss)	0	0	0	1,016	975	41	1,080	1,231	151
Administration Expenses	116	134	18	364	402	38	536	536	0
Revaluation of Property, Plant and Equipment							0		0
Company Activities Division Operating Surplus / (Loss)	427	473	(46)	652	573	79	544	695	151
WELLINGTON CABLE CAR - TOTAL SURPLUS / (LOSS) BEFORE TAX	371	417	(46)	484	404	80	319	470	151
Tax Expense	99	118	(20)	136	118	17	96	14	82
Subvention Payment	0	0	0	0	0	0	0		0
WELLINGTON CABLE CAR - TOTAL SURPLUS / (LOSS) AFTER TAX	273	299	(26)	349	286	63	223	455	233
The Total Surplus / (Loss) After Tax Consists of:									
Total Income	2,092	2,100	(8)	5,274	5,634	(360)	7,279	7,886	475
Total Expenditure	(1,819)	(1,862)	42	(4,925)	(5,348)	423	(7,057)	(7,230)	(242)
	273	299	(26)	349	286	63	223	455	233
	0	0	0	0	0	0	0	0	0

Wellington Cable Car Limited
Statement of Financial Position
As at 31 March 2017

	2017		2016	
	\$	\$	\$	\$
ASSETS				
Current Assets				
Bank Accounts Total	2,244,476		2,594,939	
Inventory	374,151		574,887	
WIP	211		(153)	
Accounts Receivable less Provision	478,212		1,013,883	
Sundry Debtors & Prepayments	137,561		131,175	
RWT Deductions	1,446		19,688	
Total Current Assets		3,236,056		4,334,419
Fixed Assets				
Cable Car & Civil Works				
Cable Car Equipment (2%)	4,552,909		5,228,496	
Cable Car Equipment (10%)	408,629		408,629	
Cable Car Tracks & Wires	1,363,778		1,363,778	
Furniture & Fittings	67,880		61,238	
Computer Equipment	275,428		284,235	
Computer Software	207,952		194,254	
Overhead Equipment	79,506		79,506	
Overhead Wire System			461,333	
Overhead Motor Vehicles	1,026,849		1,026,849	
Fixed Asset Clearing Account	3,631,518		3,110,715	
Accumulated Depreciation	(3,017,312)		(3,026,941)	
Total Fixed Assets		8,597,138		9,192,093
TOTAL ASSETS		11,833,193		13,526,513
LIABILITIES				
Current Liabilities				
Accounts Payable	361,903		269,636	
Accruals	669,224		682,509	
Purchases Received not yet Invoiced	107,109		103,651	
Social Fund	1,980			
Income Rec'd in Advance				
Ostendo Clearing Account				
GST TOTAL	55,498		112,891	
PAYE Suspense	16,703		11,336	
Revenue received in advance				
Prebilled charges TOTAL				
Total Credit Card	4,394		4,305	
Current Portion of Term Liabilities				
Total Current Liabilities		1,216,812		1,184,328
Non Current Liabilities				
ANZ Bank Loan facility				
Provision for Income Tax	138,925		224,121	
Deferred Tax Liability	780,613		1,019,028	
Sundry Creditors			15,140	
Telecom Lease/Rentals				
Total Non Current Liabilities		919,538		1,258,289
Ostendo Clearing Accounts				
Total Ostendo Clearing Accounts		(1,965)		87
TOTAL LIABILITIES		2,134,384		2,442,703
NET ASSETS		9,698,809		11,083,809
SHAREHOLDER'S FUNDS				
Ordinary Shares	7,434,846		7,434,846	
Retained Earnings	2,009,491		2,058,265	
Revaluation Reserve				
Tax on Equity items				
Less: Dividend Paid	(94,306)		(94,306)	
Current Year Earnings	348,778		1,685,005	
TOTAL SHAREHOLDER'S FUNDS		9,698,809		11,083,809

Wellington Cable Car Limited
Statement of Cashflows
For the Period Ended 30 June 2017

	Year Ended 30 June 2017
Cash flows from operating activities	
<u>Cash was received from:</u>	
Operating receipts	6,055
<u>Cash was disbursed to:</u>	
Payments to suppliers and employees	(4,867)
Payment of Tax	(690)
Subvention Payment	-
GST	154
Net cash inflow / (outflow) from operating activities	652
Cash flows from investing activities	
<u>Cash was received from:</u>	
Investments	-
Interest received	534
Sale of Fixed Assets	
<u>Cash was applied to:</u>	
Purchase of fixed assets	(202)
Net cash inflow / (outflow) from investing activities	332
Cash flows from financing activities	
<u>Cash was received from:</u>	
Term Loan	-
<u>Cash was applied to:</u>	
Payment of Dividend	(839)
Term Loan	-
Net cash inflow/(outflow) from financing activities	(839)
Net Increase/(decrease) in Cash held	145
Opening Cash Balance	2,100
Closing Cash Balance	2,245

Wellington Cable Car Limited
Cashflow Reconciliation Statement
For the Period Ended 30 June 2017

	Year Ended 30 June 2017
Net Profit/(Loss) before tax	484
Add non cash items:	
Movement in provision for impairment of doubtful debts	-
Depreciation	290
Impairment/revaluation	-
(Gain)/Loss on Assets sold/disused	-
	775
Add / (deduct) movements in Working Capital:	
(Increase) / Decrease in accounts receivable & other assets	571
Increase / (Decrease) in accounts payable & other accruals	(198)
(Increase) / Decrease in inventory	221
Add / (deduct) investing activities:	
Net (gain) / loss on sale of assets	-
Net (receipt) / payment interest income	(27)
Net receipt / (payment) withholding tax	(690)
Net receipt / (payment) Subvention Payment	-
Net (receipt) / payment Income Tax	
Add / (deduct) Financing activities:	
Net receipt / (payment) of Dividend	
Net (receipt) / payment of Finance Leases	-
Net cash inflow from operating activities	652

Experience Wellington 2016-17

Quarter 3 Report to Council, as at 31 March 2017



Visitor Numbers

Institution	2016-17 Target	YTD Visitor Numbers (to 31 Mar 2017)	% of Annual Target	Q3 Target	Q3 Visitor Numbers Achieved	% of Q3 Target
Cable Car	220,000	189,879	86%	78,000	95,517	122%
Capital E	105,000	93,231	89%	46,200	54,682	118%
Space Place	46,800	36,043	77%	10,296	13,552	132%
City Gallery Wellington	150,000	124,357	83%	39,000	48,076	123%
Nairn Street Cottage	3,200	2,088	65%	2,034	1,378	68%
Wellington Museum	134,000	108,429	81%	42,000	40,743	97%
TOTAL	659,000	554,027	84%	217,530	253,948	117%

Commentary on variation against Target

- **Cable Car Museum:** a strong third quarter has seen Cable Car Museum make up for lower numbers than target in Q1 when the Cable Car was not operating.
- **Capital E:** the 2017 Capital E National Arts Festival attracted over 45,000 visits during March.
- **Space Place:** visitor numbers are tracking well against target.
- **City Gallery Wellington:** curiosity to find out about Cindy Sherman boosted City Gallery's Q3 visitation.
- **Nairn Street Cottage:** did not achieve the Q3 target due to lower than expected school visits.
- **Wellington Museum:** on track to reach its full year visitation.

Highlights

- Wellington Museum opened a new exhibition space for 18-30 year olds *Flux*. This new space is programmed by the Flux Cooperative.
- Wellington Museum's *Secrets of Newtown* Walk sold out with great feedback.
- Athfield Architects and Holmes Consulting Group have been engaged to carry out the scoping work on the next phase of the Wellington Museum development.
- Further items from the descendants of the Wallis family (Nairn Street Cottage) have been donated to the city's heritage collections.
- A project with the Institute of the New Zealand Centre for Literary Translation at Victoria University has commenced with Wellington Museum to provide museum trail brochures in up to 13 languages.
- The Plimmer's Ark display at the Old Bank Arcade has been removed to enable access to the escalators for maintenance; the new display will be installed once work is complete.
- Space Place has purchased a new planetarium show created specifically for Matariki.
- New donation signage at Wellington Museum has seen a strong uptake on giving.
- City Gallery's front door project is now fully funded thanks to an additional amount allocated by Council. Lottery Grants Environment and Heritage Committee made a \$300,000 grant towards the \$741,000 the project cost.
- The Cindy Sherman Exhibition closed on 19 March. Preliminary assessment of visitation numbers shows total attendance over the duration of the exhibition was 71,232 of which 25,328 were ticketed to the Cindy Sherman exhibition (either purchasing a ticket, using a Friends entry, complimentary ticket or as part of an education group or event). This total represents a 14% increase on the same period last year.
- Capacity has been reached with 30 registrations for Capital E's 2017 *Roxy5 Short Film Competition*.
- The annual *Great Scavenger Hunt* event went extremely well with over 1,000 participants. Capital E partnered with twelve other organisations to inspire children and adults to race around the waterfront solving clues. The break in the weather ensured numbers weren't compromised. The *Great Scavenger Hunt* also showcased programmes delivered via Virtual Reality headsets, bringing cutting-edge technology to the Wellington public.
- The 2017 *Capital E National Arts Festival* was another roaring success with more than 45,000 people enjoying a Festival experience with Capital E over the two weeks. Over 13,000 children attended from 167 schools around the Wellington region. The Festival offered 206 performances across the 2 week period, with 17 different performances (four of which were international acts). 98% of the projected revenue target was met (an increase of \$8.5K on 2015 achievement). Public sales met 100% of revised target (the target was lowered by \$4K in September 2016 to reflect a reduction in programming capacity once negotiations with artists had been completed). Fundraising exceeded its target.

Pat Stuart
Chief Executive

Experience Wellington 2016-17 Quarter 3 Report to Council, as at 31 March 2017

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2016-17 KEY PERFORMANCE INDICATORS QUARTERLY REPORT

Achieved as at: 31 March 2017 (Q3)



TABLE 1: RESIDENTS' AWARENESS (ANNUAL SURVEY)

Annual Council Survey of residents' ("ratepayers") awareness.

Residents' Awareness	Achieved 2015-16	Target 2016-17	Achieved 2016-17
City Gallery Wellington	95%	95%	
Wellington Museum	97%	95%	
Capital E	90%	90%	
Cable Car Museum	97%	95%	
Space Place at Carter Observatory	97%	95%	
Nairn Street Cottage	58%	60%	
Trust Average	89%	88%	

TABLE 2: PHYSICAL VISITATION

Visitor Numbers	Achieved 2015-16	Target 2016-17	Achieved (YTD) 2016-17	Q1 Target	Q1 Achieved	Q2 Target	Q2 Achieved	Q3 Target	Q3 Achieved	Q4 Target	Q4 Achieved
City Gallery Wellington*	178,228	150,000	124,357	36,000	41,553	38,000	34,728	39,000	48,076	37,000	
Wellington Museum	133,470	134,000	108,429	23,000	28,848	42,000	38,838	42,000	40,743	27,000	
Capital E**	79,120	105,000	93,231	13,650	17,646	17,850	20,903	46,200	54,682	27,300	
Cable Car Museum	241,638	220,000	189,879	35,200	26,993	63,800	67,369	78,000	95,517	43,000	
Space Place at Carter Observatory	52,838	46,800	36,043	10,764	10,888	11,700	11,603	10,296	13,552	14,040	
Nairn Street Cottage	2,875	3,200	2,088	286	408	440	302	2,034	1,378	440	
Trust Total	688,169	659,000	554,027	118,900	126,336	173,790	173,743	217,530	253,948	148,780	

* Visitation at City Gallery may be affected by the Cindy Sherman exhibition which will have an entry charge. It may also be affected if the Entrance/Foyer development goes ahead in April 2017.

** Capital E's National Arts Festival for Children will boost visitation in 2017.

2016-17 KEY PERFORMANCE INDICATORS QUARTERLY REPORT

Achieved as at: 31 March 2017 (Q3)



TABLE 3: VIRTUAL VISITATION

The total number of unique user visits to institutional web/mobile sites and YouTube channels.

Virtual Visitor Numbers	Achieved 2015-16	Target 2016-17	Achieved (YTD) 2016-17	Q1 Achieved	Q2 Achieved	Q3 Achieved	Q4 Achieved
City Gallery Wellington	126,804	110,000	81,075	23,414	24,900	32,761	
Museums Wellington*	116,743	78,000	73,369	23,655	22,290	27,424	
Capital E	50,263	62,000	34,598	11,351	10,778	12,469	
Trust Total	293,810	250,000	189,042	58,420	57,968	72,654	

* Wellington Museum, Cable Car Museum, Nairn Street Cottage, and Space Place at Carter Observatory are all represented by the Museums Wellington website.

TABLE 4: SOCIAL MEDIA PROFILE

A snapshot of the number Facebook friends and Twitter and Instagram followers at period end.

Social Media Numbers	Achieved 2015-16	Target 2016-17	Achieved (YTD) 2016-17	Q1 Achieved	Q2 Achieved	Q3 Achieved	Q4 Achieved
City Gallery Wellington	24,266	22,000	29,254	27,792	29,254	30,300	
Museums Wellington*	5,887	6,590	7,520	7,196	7,520	7,733	
Capital E	4,089	4,500	4,897	4,662	4,897	5,406	
Space Place at Carter Observatory	7,359	8,800	8,540	8,379	8,540	8,630	
Trust Total	41,601	41,890	50,211	48,029	50,211	52,069	

* Wellington Museum, Cable Car Museum, and Nairn Street Cottage are covered by a Museums Wellington social media profile but Space Place at Carter Observatory has its own social media profile.

2016-17 KEY PERFORMANCE INDICATORS QUARTERLY REPORT

Achieved as at: 31 March 2017 (Q3)



TABLE 5: QUALITY OF PHYSICAL VISIT

Quality is measured in terms of: the relevance of experience; information acquired; friendliness of staff; length of visit; and overall enjoyment

Quality of the Visitor Experience	Achieved 2015-16	Target 2016-17	Achieved (YTD) 2016-17	Q1 Achieved	Q2 Achieved	Q3 Achieved	Q4 Achieved
City Gallery Wellington	89%	90%	93%	92%	93%	94%	
Wellington Museum	89%	90%	92%	93%	93%	90%	
Capital E	89%	90%	98%	100%	94%	99%	
Cable Car Museum	75%	90%	82%	77%	87%	81%	
Space Place at Carter Observatory	90%	90%	89%	92%	88%	88%	
Nairn Street Cottage	86%	90%	97%	98%	95%	97%	
Trust Total	89%	90%	92%	92%	92%	92%	

TABLE 6: REPEAT VISITATION

Repeat Visitation	Achieved 2015-16	Target 2016-17	Achieved (YTD) 2016-17	Q1 Achieved	Q2 Achieved	Q3 Achieved	Q4 Achieved
City Gallery Wellington	63%	40%	51%	46%	65%	41%	
Wellington Museum	28%	25%	27%	29%	33%	20%	
Capital E	59%	40%	54%	46%	56%	59%	
Cable Car Museum	23%	25%	20%	21%	20%	19%	
Space Place at Carter Observatory	15%	22%	20%	26%	24%	11%	
Trust Total	44%	30%	34%	34%	40%	30%	

2016-17 KEY PERFORMANCE INDICATORS QUARTERLY REPORT

Achieved as at: 31 March 2017 (Q3)



TABLE 7: NON COUNCIL REVENUE

Non Council Revenue (\$)	Achieved 2015-16	Target 2016-17	Achieved 2016-17	Q1 Achieved	Q2 Achieved	Q3 Achieved	Q4 Achieved
City Gallery Wellington*	609,542	1,284,000		147,200	366,222	242,008	
Museums Wellington**	671,532	573,000		178,465	275,834	376,207	
Capital E***	1,023,489	1,534,000		345,219	542,359	608,252	
Space Place at Carter Observatory	539,519	588,000		138,360	143,283	168,844	
Trust Total	3,049,374	4,144,000		809,244	1,383,633	1,525,996	

* City Gallery Wellington revenue in 2016-17 will be boosted by the Cindy Sherman exhibition.

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

***Capital E will hold the National Arts Festival for Children in 2017.

TABLE 8: SPEND PER VISIT

Spend per Visit (\$)	Achieved 2015-16	Target 2016-17	Achieved 2016-17	Q1 Achieved	Q2 Achieved	Q3 Achieved	Q4 Achieved
City Gallery Wellington*	1.18	4.67		0.66	3.31	2.94	
Museums Wellington**	1.97	1.30		2.59	2.29	2.39	
Capital E***	3.20	5.48		4.65	6.77	5.34	
Space Place at Carter Observatory	8.39	10.38		8.68	10.14	10.41	
Trust Total	2.51	3.52		2.22	3.56	3.56	

*City Gallery increased spend target in 2016-17 is due to the Cindy Sherman exhibition.

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

***Capital E will hold the National Arts Festival for Children in 2017.

2016-17 KEY PERFORMANCE INDICATORS QUARTERLY REPORT

Achieved as at: 31 March 2017 (Q3)



TABLE 9: COUNCIL SUBSIDY PER VISIT

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

Subsidy per Visit (\$)	Achieved 2015-16	Target 2016-17	Achieved 2016-17	Q1 Achieved	Q2 Achieved	Q3 Achieved	Q4 Achieved
City Gallery Wellington	11.53	12.87		11.4	21.96	11.11	
Museums Wellington*	4.29	5.34		9.92	4.21	3.05	
Capital E	16.02	14.36		21.65	16.7	17.97	
Space Place at Carter Observatory	8.89	10.59		11.79	11.41	8.3	
Trust Total	9.85	10.45		16.79	11.09	6.61	

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

SOI Statement of Financial Performance Space Place

Experience Wellington

For the 3 months ended 31 March 2017

Institution is 26 Space Place.

	ACTUAL	BUDGET	YTD ACTUAL	FULL YR BUDGET
Trading Income				
Trading Income	143,492	134,751	369,439	539,004
WCC Operating Grant	86,869	86,751	260,606	347,004
Sponsorship and Donations	16	249	275	996
Grants Other	25,336	25,499	78,635	101,996
Other Income	-	-	2,139	-
Total Revenue	255,713	247,250	711,094	989,000
Cost of Sales				
Cost of Sales	14,398	13,230	38,507	52,920
Total Cost of Sales	14,398	13,230	38,507	52,920
Net Revenue	241,315	234,020	672,587	936,080
Operating Expenses				
Employee Costs	183,062	171,851	546,402	690,404
Exhibitions & Programmes	13,773	22,164	42,698	87,243
Marketing & Promotions	21,550	30,002	60,758	120,008
Occupancy Costs	15,164	16,649	45,004	65,321
Communication Costs	871	1,875	4,815	7,500
Technology Costs	7,147	1,350	7,944	5,400
Professional Fees	18,750	18,750	56,411	75,000
Administration Fees	5,934	5,851	13,822	23,404
Depreciation	3,780	2,751	10,231	11,004
Total Operating Expenses	270,030	271,243	788,086	1,085,284
Net Surplus/(Deficit)	(28,715)	(37,223)	(115,499)	(149,204)

SOI Statement of Financial Performance (Excl. SP)

Experience Wellington

For the 3 months ended 31 March 2017

Institution is Unassigned, 10 Trust Office, 30 Capital E, 21 Cable Car, 40 City Gallery, 23 Collections Store, 20 Museum, 25 Naenae, 22 Nairn St, 31 Hannah.

	ACTUAL	BUDGET	YTD ACTUAL	FULL YR BUDGET
Trading Income				
Trading Income	789,020	782,888	1,665,353	1,620,000
WCC Operating Grant	1,592,672	1,617,669	4,778,015	6,470,000
WCC Rental Subsidy	442,245	442,329	1,326,735	1,769,000
Sponsorship and Donations	65,576	32,988	293,692	896,000
Grants Other	320,184	238,752	1,020,770	762,000
Investment Income	11,269	27,000	50,875	90,000
Other Income	169,289	50,251	267,330	188,000
Wages On-charged	988	-	988	-
Contractors fees On-charged	825	-	825	-
Total Revenue	3,392,068	3,191,877	9,404,583	11,795,000
Cost of Sales				
Cost of Sales	150,631	102,675	437,765	-
Total Cost of Sales	150,631	102,675	437,765	-
Net Revenue	3,241,436	3,089,202	8,966,818	11,795,000
Operating Expenses				
Employee Costs	1,250,291	1,257,931	3,765,769	4,849,000
Council Rent	334,621	334,707	1,003,864	1,433,000
Exhibitions & Programmes	828,115	766,074	1,912,195	2,488,000
Marketing & Promotions	200,350	214,228	615,399	740,000
Occupancy Costs	321,213	284,799	867,630	1,012,000
Communication Costs	33,702	27,018	99,961	108,000
Trustee Fees and Expenses	20,615	21,000	61,108	84,000
Technology Costs	48,721	55,016	130,243	154,000
Professional Fees	8,001	29,126	51,182	152,000
Administration Fees	39,405	48,946	130,201	350,000
Depreciation	132,891	102,102	396,660	425,000
Total Operating Expenses	3,217,926	3,140,947	9,034,210	11,795,000
Net Surplus/(Deficit)	23,510	(51,745)	(67,392)	-

Balance Sheet

Experience Wellington
As at 31 March 2017

31 MAR 2017

Assets

Bank	3,104,589.83
Current Assets	430,646.35
Fixed Assets	4,394,809.99
Total Assets	7,930,046.17

Liabilities

Current Liabilities	3,372,430.13
Total Liabilities	3,372,430.13

Net Assets

4,557,616.04

Equity

Capital E Reserves	144,500.00
Capital Reserve	2,122,961.39
City Gallery Reserves	291,832.00
Current Year Earnings	(182,891.09)
Development Funds	2,534.34
Nairn Street Cottage Reserves	23,895.40
Retained Earnings	2,013,725.00
Wellington Museum Reserves	141,059.00
Total Equity	4,557,616.04

Statement of Cash Flows

Experience Wellington

For the 3 months ended 31 March 2017

	JAN-MAR 2017	OCT-DEC 2016	JUL-SEP 2016
Cash Flows from Operating Activities			
Receipts from customers	2,018,626.04	2,182,024.92	4,954,837.14
Payments to suppliers and employees	(3,391,877.26)	(3,949,144.81)	(3,086,304.48)
Cash receipts from other operating activities	(34,928.94)	(35,972.16)	(217,678.05)
Total Cash Flows from Operating Activities	(1,408,180.16)	(1,803,092.05)	1,650,854.61
Cash Flows from Investing Activities			
Proceeds from sale of property, plant and equipment	-	123,955.00	185,115.00
Payment for property, plant and equipment	(59,514.56)	(243,421.67)	(253,085.35)
Other cash items from investing activities	16,815.57	93,364.71	2,566.06
Total Cash Flows from Investing Activities	(42,698.99)	(26,101.96)	(65,404.29)
Cash Flows from Financing Activities			
Other cash items from financing activities	3,304,466.08	(152,814.90)	(76,427.82)
Total Cash Flows from Financing Activities	3,304,466.08	(152,814.90)	(76,427.82)
Net Cash Flows	1,853,586.93	(1,982,008.91)	1,509,022.50
Cash Balances			
Cash and cash equivalents at beginning of period	1,241,500.07	3,223,508.98	1,714,486.48
Cash and cash equivalents at end of period	3,095,087.00	1,241,500.07	3,223,508.98
Net change in cash for period	1,853,586.93	(1,982,008.91)	1,509,022.50



Q3 Report

2016/17

January-March 2017

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EXECUTIVE SUMMARY

Projecting a compelling and attractive image of the Wellington region in key markets and sectors during a challenging summer characterised our work in the third quarter of the 2017 financial year.

The success of the first phase of the LookSee Wellington tech talent attraction programme looms large over this report. More than 48,000 candidates from around the world completed applications, in the hopes of coming to live and work in Wellington. At almost ten times our target, this exceptionally high level of interest was driven by international media coverage. Some 130 articles to date have been carried by international media outlets in Asia, Europe, Africa, Australia and North America, including, *The New York Times*, *USA Today*, *CNBC*, *US China News*, *The Independent*, *The Straits Times*, *Forbes*, and *The Seattle Times*.

There can be little doubt this coverage has fundamentally shifted the needle in terms of the perception of Wellington in the international tech community. Purely as a marketing exercise, LookSee Wellington has been an outstanding success, with talent attraction benefits still to follow.

LookSee Wellington's influence also saw WellingtonNZ.com traffic almost triple the total for the previous Q3, with visitors exploring beyond the campaign landing page to discover more about living and working in Wellington. We also received nine enquiries from tech businesses in Israel, Brazil, Argentina, India, Yemen and the United States. These companies were intrigued by LookSee Wellington's depiction of the region as a rising Asia-Pacific tech hub, and are keen to explore relocation and expansion options here.

Our tourism teams continued to manage the post-earthquake softening, exacerbated by poor summer weather, and a nationwide slowing in domestic visitation. Additional resources upweighted our summer brand and event marketing, as we pushed back against these adverse circumstances. Latest figures for December to February show a 3.2% decline in guest nights, although February 2016, with the massive upsurge of visitation via the Edinburgh Tattoo (not to mention an additional night for leap year), makes the comparison somewhat unbalanced.

More positively, our marketing and PR support for Te Papa's summer exhibition *Bug Lab* helped it perform very strongly, and international guest nights continued to grow. Our commitment to offshore travel trade marketing is key here, where a long-term market expansion strategy enhances resilience in the sector, mitigating unpredictable domestic impacts.

Our international education team was very active in our critical Asian markets in the past quarter. Over 100 education agents, (the primary sales channel), met with WREDA's International Education Business Development Manager and representatives from 17 regional institutions during a recruitment tour in China. The delegation also spoke directly with prospective students and their parents at one the largest education fairs in China, and at a Wellington-specific event in Guangzhou, China's third most-populous city.

Business Events Wellington had another successful quarter, involved in winning bids for more than \$5 million in major international conference business for Wellington, lifting their year-to-date contribution to Wellington above \$15 million. Our major events programme generated an estimated \$21.5 million in out-of-region spending, reaching \$59 million for the year, while our Venues team delivered 107 business and performance events, hosting over 124,000 attendees.

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Our subsidiary Creative HQ is performing ahead of forecasts in terms of service delivery revenue, due to the success of its incubation and acceleration programmes. In the past quarter, Creative HQ won all three of its bids for programme delivery, completed the Lightning Lab Energy Innovation Challenge, and delivered innovation programmes for government and corporate clients. Meanwhile, two companies successfully made high-growth exits from Creative HQ's incubation programme.

Wellington's screen sector was once again in the international limelight this quarter, with the release of *Ghost in the Shell*, which spent four months shooting in the region, with local production expenditure topping \$87 million. Despite mixed reviews for the film, Wellington's reputation as a creative design, production and post-production destination was further enhanced. Wellington City itself was showcased as an urban shooting location, a valuable addition to our pitch to international producers. Alongside the major projects, our Screen Wellington programme continues to support the breadth of the local screen sector, facilitating 114 filming permits worth almost \$2 million in production expenditure during the quarter.

Looking ahead, early data suggests the post-earthquake 'shadow' over domestic tourism is passing, and the incoming British & Irish Lions supporters will be a welcome boost to the sector at the end of Q4. Our major events team are finalising arrangements for fan engagement activity, to ensure Wellington is vibrant and welcoming for locals and visitors alike. Meanwhile, with participating employers now reviewing a shortlist that represents the top 2% of LookSee Wellington's international applicants, focus now shifts to their interview week in May. International media interest in this phase is once again high, making it another opportunity to present Wellington's credentials as an exceptionally prosperous, vibrant and liveable destination to create your future.

There are no shortcuts to successful city/regional transformation, economic development and long-term prosperity. Global examples abound that 15 to 25 year horizons are the most appropriate to aim for. To that end, steady action, focussed on clear priorities, brings success.

This goes to the heart of the economic development agency rationale, where strong placemaking (including storytelling, destination marketing and advocacy), leveraging the 'regional vitals', with a consistent focus, are key. It is this framework which enables high-profile intervention projects like LookSee Wellington to effectively complement WREDA's continuing drive towards our core development objectives. WREDA is well-positioned to build on this foundation for success.

Chris Whelan
Chief Executive
WREDA

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1. WREDA ACTIVITY REPORT

1.1. BUSINESS GROWTH AND INNOVATION

The key activities over this quarter for the Business Growth & Innovation team were continued delivery of the core Regional Business Partner programme, sponsor activity around Webstock and Techweek'17, China market promotion for international education, and the launch of LookSee Wellington.

On the Primary/Food & Beverage front, we managed the Visa Wellington On a Plate Supplier Showcase, securing new business for several regional producers. Screen Wellington facilitated almost \$2 million worth of production in the quarter, and the ongoing success of the Summer of Tech internship programme gave rise to a new programme on the same model, for the HR and marketing sectors.

Table 1: SOI Measures subset

Programme	Measure	2016/17 Performance Measures	YTD Actual	YTD Forecast
Regional Business Partner Programme	Performance against measured contract KPIs	100%	90%	100%
Screen Wellington	Conversion rate of logged enquiries to confirmed production	25%	30%	25%
	Total revenue from screen industry	\$650M	\$706M (FY 2016) ¹	\$650M

1.1.1. Regional Business Partner (RBP) Programme

Through the Regional Business Partner Programme, we provide regional businesses with access to mentorship, capability development, and R&D support services and funding.

Our performance against measured contract KPIs is accelerating and narrowing down on target, from 80% at the half-year point, to 90% currently. Actions put into place during the past quarter to improve performance have been successful, and will be continued and augmented.

¹ On 12 April Statistics NZ released the results of the latest Screen Industry Survey, which provided figures for the 2016 Financial Year. This showed a significant lift in Wellington's screen revenue, driven by a \$644 million in film production, more than double the total for 2015.

Table 2: RBP Programme activity Q3 2016

Measure	Result
In-depth business engagements	123
Connections to providers	96
Businesses matched with a mentor	40
Capability voucher funding delivered	\$77,725
R&D grant funding delivered	\$281,348

Customer satisfaction of our business clients under the programme is averaging at 77% across all surveyed customers. While this is an acceptable result, the team is focussed on lifting it further.

1.1.2. Catalytic Initiatives: Wellington International Student Growth Programme

In February, Education NZ released international student enrolment data for Jan – Aug 2016. Wellington achieved a 12% (+770) increase. This compares with 10% growth in Auckland and 9% growth in Canterbury.² Enrolment data for the full 2016 calendar year is released in July.

Asia is the largest and most important regional target market for international education, and education agents are the primary sales channel. In the past quarter, eight agents from Vietnam and Thailand were hosted and introduced to institutions throughout the region as part of a familiarisation trip. Leveraging Education NZ activity, we also presented to eight key Chinese, Hong Kong and Taiwanese agents.

In March, a WREDA International Student Growth Business Development Manager (BDO) accompanied representatives from 17 regional institutions on a recruitment tour of four Chinese cities. During the trip, the group met with over 100 agents, with the BDO conveying destination, lifestyle and workforce messaging, and providing information on regional institutions that were unable to attend.

As well as agent training, this trip included the Beijing leg of the consumer-focussed Chinese International Education Exhibition Tour (CIEET), one of the largest education fairs in China. In Guangzhou, WREDA hosted a Wellington-specific event, in partnership with a local education agency. At both these events, we met directly with prospective parents and students.

We also attended the Australia New Zealand Agents Workshop in Auckland, organised by ICEF (International Consultants for Education and Fairs), briefing a further 27 agents.

Brazil is an emerging international market with tremendous growth potential. We hosted Brazilian journalists from Exame, (a large lifestyle magazine) and Huffington Post Brazil, who immediately published an article on LookSee Wellington, with further results are pending.

² This data was presented verbally to committee with the Q2 report, and is recorded in the current report as it was released in the past quarter.

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Three Japanese education journalists were also hosted in Wellington, with media results pending.

In March, we organised and hosted the Wellington International Student Welcome event for approximately 500 new-to-region international students. Wellington regional Mayors Lester, Wallace and Guppy were in attendance.

1.1.3. Catalytic Initiatives: The Wellington Partnership

As part of the Partnership programme, WREDA is represented on the Kapiti Economic Development Leadership Group (KEDLG).

In the past quarter, a short notice international investment opportunity presented itself to the Kapiti region. WREDA worked with Kāpiti Coast District Council (KCDC) and business interests to develop and produce investment collateral. This collateral will be used and adapted for future investment opportunities which KCDC will manage going forward.

This was also an opportunity to build stronger relationships with KCDC and increase their capability by sharing WREDA's knowledge, tools and resources.

1.1.4. Catalytic Initiatives: Scale-Ups

Paused for reprioritisation of personnel and resources following the November earthquake, the Scale Up programme is once again moving forward. In the past quarter, the pilot programme was fully scoped and written into a Request for Proposal (RFP), which is now being legally reviewed for risk and compliance.

Next quarter, the RFP will be sent out to selected service providers to deliver the pilot programme in partnership with WREDA.

Success metrics for businesses participating in the programme will include; increased turnover, profitability and employment; new markets and clients; new products and intellectual property; plus favourable survey feedback in survey for WREDA and our delivery partner.

1.1.5. Talent & Skills

Table 3:SOI Measures subset

Programme	Measure	2016/17 Performance Measures	YTD Actual	YTD Forecast
Talent Attraction	Net permanent and long-term arrivals	2000	3914	2000
	Wellington share of total net permanent and long-term arrivals	4%	5.4%	4%
Business attraction	Number of jobs in successfully attracted prospect businesses	50	40	37.5

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Sector Growth Initiatives	Interns placed in priority sectors	200	205	187
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Launched in the past quarter, the first phase of the **LookSee Wellington** tech talent attraction programme has been a tremendous success. More than 48,000 candidates from all around the world completed their submissions, almost ten times our programme target. The scale of success means participating employers will be able to select from the very best of a substantial talent pool for interviews.

LookSee Wellington's global media coverage has been unprecedented. In the United States alone, cumulative circulation to date is over 400 million, with an Advertising Value Equivalent of approximately \$4 million. Considered purely as a destination marketing campaign, positioning Wellington in the minds of the global tech community, LookSee Wellington has already delivered a significant return on investment.

In May, we host the 100 candidates who secure multiple interviews with participating employers. While the ultimate outcomes of the recruitment phase of LookSee Wellington depend on these interviews and subsequent negotiations, the promotional phase has created ideal conditions for success.

The next phase of national and international media communications regarding LookSee Wellington is planned, with numerous media requests received already.

We are exploring options to further leverage the interest and talent database generated by LookSee Wellington.

One hundred and eighteen **Summer of Tech** internships were completed in February, with 80% of interns converting their placement into full- or part-time employment. To date, for this summer's programme we have more than 200 registered students. The programme of pre-internship "bootcamps" is underway.

Based on the successful Summer of Tech model and platform, in the past quarter we launched a new internship programme for HR and marketing students. **Summer of Biz**, an industry-led initiative supported by WREDA, has a target of 30 paid internships in its first year.

1.1.6. Business & Investment Attraction

In March, we received nine enquiries from offshore tech businesses interested in potentially setting up their business in Wellington. Enquiries came from Israel, Brazil, Argentina, USA, India, Yemen.

These businesses all became aware of Wellington's potential as a tech location through LookSee Wellington.

Our team has responded to the enquiries and will report results.

1.1.7. Primary/F & B Sector

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In January, we ran the Supplier Showcase at Shed 6, in support of Visa Wellington On a Plate. Approximately 150 Wellington hospitality sector representatives attended, while 46 suppliers from across the region exhibited.

We hosted buyers from Foodstuffs South Island and My Food Bag at the Supplier Showcase. Foodstuffs' buyer took a range of products first seen at the Showcase to their buyer forums. As a result, four new Wellington products immediately secured listings with Foodstuffs, and three additional regional suppliers are engaged in individual store negotiations.

At the bi-annual PinotNZ conference in late January, we convened a discussion dinner with key industry contacts, including:

- Wellington Culinary Events Trust,
- Toast Martinborough,
- Wellington Wine Country,
- Tranzit Wine Tours,
- Destination Wairarapa,
- Colliers International's vineyard specialist, and
- South Wairarapa Mayor.

We discussed WREDA's role in supporting promotion and development of the regional wine industry, and the role of wine in Wellington's destination story. Participants now have greater shared understanding and cohesion in terms of future projects and strategy.

1.1.8. Tech

WREDA is regional sponsor for **Techweek'17** (6-9 May), acting as coordinator and point of contact for Wellington event organisers. We also support digital marketing through our channels and media promotion in partnership with the national organisers.

We have more than 50 events scheduled across the region, from large conferences and hackathons, to specialist seminars on global market entry and venture capital attraction. Hutt STEMM Festival and Lux Light Festival are also participating as Techweek'17 events.

WREDA is supporting the **Space & Science Festival** to bring two NASA astronauts to Wellington for the event in May. We introduced organisers to key personnel at Te Papa and the Ministry of Education, resulting in commitments for partnership with next year's event.

In February, as **Webstock** sponsor, we hosted a session with keynote speaker Genevieve Bell, and organised a private session for WCC and WREDA staff with architect Indy Johar on the future of cities.

We hosted tech journalist Juha Saarinen from the NZ Herald at the Webstock, who interviewed WREDA in relation to LookSee Wellington, as part of his coverage. We also managed media access and coverage for Wellington-based tech journalists from Geekzone.co.nz and Fairfax.

Webstock's reputation as a world-class conference continues to grow. Of the 825 Webstock attendees this year, 40% travelled to Wellington for the event, with 112 coming from outside New Zealand.

1.1.9. Screen Sector

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In the past quarter, we facilitated 114 filming permits, worth a total of \$1,939,745 in production expenditure across the region. This brings the financial year-to-date total of Screen Wellington-facilitated production to \$93.2 million. The comparatively low figure for the quarter as compared to the preceding half-year relates to the major project *Mortal Engines* being counted in full in Q2, although production continued in Q3.

Ghost in the Shell premiered in the quarter, having shot in Wellington for four months and spending \$85 million. We collaborated with the New Zealand Film Commission to tell a strong Wellington story alongside the release. This included a feature on *Breakfast* including Wellington Mayor and WREDA spokesperson, live coverage on One News for the New York premiere, and the creation of a behind the scenes video talking about the urban transformation of Wellington for this production.

We began drafting a tripartite agreement with Screen ACT in Canberra and Info-communications Media Development Authority (IMDA) in Singapore. Due to be signed by the end of the financial year, this agreement pledges collaboration on screen sector development across the three centres. Specific opportunities for Wellington include improved access to the Asian film market, capital investment in co-productions, and participation in talent development programmes for Wellington screen creatives.

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1.2. MAJOR EVENTS & BUSINESS EVENTS

Major events have contributed an estimated \$21.5 million to Wellington during the past quarter.

In addition to enhancing Wellington's vibrancy and quality of life, supported Major Events attracted significant out-of-town visitation over the past quarter, including an average of 49% out of region attendance across music and arts events.

Table 4: SOI Measures subset

Programme	Measure	2016/17 Performance Measures	YTD Actual	YTD Forecast
Major events	Total event attendance	600,000	487,316	450,000

Stadium Concert: Guns n Roses

This one-night concert attracted 31,634 people with an out of region attendance of 12,504 people.

Pinot Noir 2017

This four-day international Pinot Noir wine conference held every four years in NZ. The event achieved sell out registration, attracting 688 high net worth and influential wine industry individuals.

Over 95% of participants travelled to Wellington for the event.

International Cricket

Wellington hosted a Test match against the Bangladesh as well as Test and ODI matches against South Africa. Attendance was 25,844 across the three matches.

HSBC Wellington Sevens

NZ leg of the World Rugby Sevens tournament. Attendance was 17,600 over two days.

Jim Beam Homegrown

One day NZ music festival showcasing the best of kiwi music across a range of genres. A sellout audience of 18,150 people attended, with 62% travelling from out of region.

CubaDupa

CubaDupa again brought the inner-city streets to life with 250 performances by 1,350 artists across the two-day street arts festival.

Hurricanes Rugby

Super Rugby matches played at Westpac Stadium against the Rebels and Highlanders achieved cumulative attendance of 32,696. Out of region average for home pool play matches is 10%.

Cindy Sherman Exhibition

Leading photographer and social commentator Cindy Sherman's collections of work exhibited in the City Gallery over four months. The public programme included guest speakers, education visits and celebrity commentators. The exhibition was attended by 20,398 people in this quarter, with 46% out of region visitation.

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All Whites vs Fiji

This FIFA Oceania Conference qualifying pool match was played at Westpac Stadium. Event attendance was 10,133 with strong last minute ticket sales and walk up crowd. The match is a prelude to an Intercontinental Playoff against the South American Conference qualifier in November 2017 (subject to All Whites qualification).

1.2.1. Business Events Wellington

Our business events team won 14 bids, worth an estimated \$5,015,000 to the region in the past quarter, including:

- NZ Maritime Pilots Association 2018 (300+ delegates)
- Asia Pacific Climate Change 2018 (500+ delegates)
- IEEE Congress on Evolutionary Computation 2019 (500+ delegates)
- International Internet Consortium 2018 (150+ delegates)
- 51st International Conference on Architectural Science 2017 (150+ delegates)

It is notable that, in line with our strategy, these wins are for knowledge-intensive, internationally networked professional communities.

Table 5: Major conference wins – Q3 2017

Event name	Estimated value
NZ Maritime Pilots Association 2018	\$675,000
Asia Pacific Climate Change 2018	\$875,000
IEEE Congress on Evolutionary Computation 2019	\$875,000
International Internet Consortium 2018	\$350,000
51st International Conference on Architectural Science 2017	\$280,000

We are currently tracking ahead of our market share KPI target, at 21% of New Zealand's multi-day conferences.

The Business Events team conducted the following sales activity over the past quarter;

- Sales calls in Auckland, Wellington, Melbourne and Sydney,
- Tourism New Zealand Roadshow - Sydney, Melbourne, Canberra and Brisbane,
- Asia-Pacific Incentives and Meetings Expo in Melbourne,
- Hosted buyers at Show Me Wellington, and 8 clients from the Association of Anaesthetists of Australasia.

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1.3. DESTINATION & MARKETING

Tourism in the past quarter was impacted by the November earthquake and sub-par summer weather, as well as a soft trend across the whole of New Zealand, particularly in terms of domestic visitation.

Marketing activity focussed on mitigating the effect of these events and the associated media coverage. We significantly upweighted both summer event marketing, and our summer domestic brand campaign, as well as increasing promotional media activity.

Latest commercial accommodation figures show a 3.2% decline in guest nights in the months Dec-Feb. However, this figure is deceptive, given the largest decline is seen in February 2017, where it is exacerbated by comparison with February 2016. That month contained the bi-annual New Zealand Festival, with the Royal Edinburgh Military Tattoo in particular providing an extraordinary boost to visitation.

It is notable that over the December - February period, international guest nights in Wellington remained in steady growth, increasing by 4%.

Overall effect is a flattening of our year-ending-February visitor spending to 0.7% growth.

Preliminary indications from our partner hotel data suggests the worst of the post-earthquake effect has passed, with March likely to return to growth. From late in the quarter we continued our business-as-usual campaign and media activity, while looking ahead to the welcome boost to the sector of the British & Irish Lions Tour at the end of the financial year.

Table 6: SOI Measures subset

Programme	Measure	2016/17 Performance Measures	YTD Actual	YTD Forecast
Destination marketing	Total commercial guest nights	3.15M	2.08M	2.1M
	Estimated Australian visitor spend	\$195M	\$233M	\$180M

1.3.1. Domestic Marketing

In late March, we launched our winter domestic visitation campaign, featuring a lead television/cinema commercial, backed by digital advertising, social video content and outdoor display advertising in Auckland and Christchurch.

The campaign positions Wellington as New Zealand's 'creative heart', and features our winter events programme, nightlife and culture. The campaign runs through mid-June.

1.3.2. Australia Marketing

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Our 'always on' digital activity targeting Australia includes monthly e-newsletters to a subscriber base of more than 46,000 Australians, social activity and content marketing via the Outbrain³ platform.

In the past quarter, our Outbrain content marketing achieved an average of 2,200 clickthroughs per month to tailored promotional content, notably;

- Five spots for a summer beer,
- Get your fix of festivals in Wellington,
- 20 awesome things to do in Wellington under \$20, and
- Tasty reasons to break your New Year's resolution in Wellington

Our Shoulder Season Campaign targeting Canberra and Melbourne has been developed during the past quarter and will be in market May-June 2017.

1.3.3. Events marketing

The third and final phase of our campaign with Te Papa supporting the **Bug Lab** exhibition focused on a 'closing soon' message to trigger visitation. Combining digital video content and banner advertising, the campaign also included experiential activations in the drive-range centres of Palmerston North, Whanganui and Hawkes Bay. Hundreds of children and families across the three centres took part in our insect face-painting and travelling photo booth experience, which sought to drive excitement for a Wellington road-trip to Bug Lab.

Te Papa has indicated that Bug Lab performed ahead of expectations.

1.3.4. Travel Trade

WREDA represented the region at the Pacific Asia Travel Association (PATA) Exchange UK event, followed by three Tourism New Zealand training events. We also undertook independent sales calls with travel trade in England, Scotland and Germany.

Three additional training evenings were held with Trailfinders, (the United Kingdom's largest seller of New Zealand holidays) with KiwiRail and Weta Workshop.

We also met with Lions Rugby Travel to train their staff on Wellington tourism product, ahead of their team becoming Lions Ground Crew during the tour.

Table 7: Travel trade training activity

Q3 In-market training & sales calls	Total agents seen/trained
TNZ Australia RTO Workshop	24
PATA UK	20
TNZ UK training in Glasgow, Manchester and London	153
UK/Europe training	158
Q3 Trade Famils	

³ Outbrain is an online advertising service which uses behavioural targeting to recommend articles, slideshows, blog posts, photos or videos to internet users as 'sponsored links' embedded in web articles on popular sites

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Total trade hosted	81
Total famils hosted	14

Appointment scheduling and operation liaison for TRENZ, New Zealand tourism's annual trade show in May, is well advanced. Thirteen regional operators will attend, the highest number in several years.

A WREDA-led post-earthquake meeting with around 65 regional tourism operators provided an update on the i-SITE situation and offered actionable advice to help bookings during the period.

Tourism NZ hosted the annual Regional Tourism Organisation Workshop in Sydney where we met with 24 Australian independent, coach and online sellers. Overall the mood of these sellers with regards Wellington was very positive, with their key question being the availability of accommodation and activity inventory for large group bookings in the next two years.

1.3.5. Digital

WellingtonNZ.com visitation for the past quarter has exceeded all previous records, due to the international interest in LookSee Wellington, which had a campaign landing page on the site.

Just under two million visits (1,944,564) were made to WellingtonNZ.com in January to March, close to tripling the total for Q3 2016 (705,539). Three quarters of that traffic was from outside New Zealand.

It is notable that beyond the LookSee campaign page, many visitors took in other Wellington site content. Compared to the preceding quarter, traffic to the *Life in Wellington* section increased 94%, while the *Things to Do* and *Accommodation* sections (consistently two of the most popular) each increased by 19%. Overall pages-per-visit increased by 16%, and average time-on-site was up by 26%.

Social media fan numbers increased by 12% in the quarter, to 213,380.

1.3.6. Media / PR

Alongside the international and domestic media coverage of LookSee Wellington, (excluded from the below results for clarity), the past quarter our media team drove or contributed to 195 Australasian media stories.

Table 8: SOI Measures subset

Programme	Measure	2016/17 Performance Measures	YTD Actual	YTD Forecast
Media hosting programme	Number of media hosted in Wellington	120	153	90
Champion Wellington success stories	Number of stories in Australasian media	625	706	468

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From a travel media perspective, international media highlights include working with Tourism New Zealand to plan and schedule a PR campaign for the China market. A crew of 25 people were in Wellington for five days shooting footage for two 5-minute videos.

Australian media highlights include hosting Jetstar in-flight magazine, 7Travel, Qantas Travel Insider, New Weekly magazine, AWOL and This Magnificent Life. One notable hosted media result appearing in February was Ute Junker's *Six essential Wellington food experiences*, syndicated across 119 Australasian travel and news websites.

Domestic travel media hosted included TV3 The Café, NZ Herald, NZME, Chinese Herald and Sunday Star Times Escape.

A major highlight of our 'work/live' destination media was an 18-page partnership feature in **Idealog** magazine, (repeated as an article series online), entitled *Idealog's Guide to Wellington*. Wellington's creative tech strength is highlighted in the feature, from leading edge businesses such as 8i and L2VR, through new players like interactive hologram makers Point Zero, to game-developers PikPok and creative agencies Resn, Springload and Touchcast.

Design and manufacturing across the region are also highlighted, talent attraction messaging is conveyed through case studies of successful migrants, and a vivid picture of rising business confidence is painted. Alongside an in-depth interview with Mayor Justin Lester, this fresh energy is termed by Idealog 'The Welly Swagger'.

Table 9: Media hosting and coverage

Hosted media origin	Q3
Total	33
-Domestic	4
-Australia	18
-International	11
Number of articles	
Total	195
-Domestic	60
-Australia	135
Reach	3,165,579
ASR	\$245,589

To date, LookSee Wellington has generated approximately 130 media results outside of New Zealand, with an estimated value of around \$4 million and cumulative circulation of 400 million in the US alone. Coverage highlights include New York Times, SF Gate, Mashable, Huffington Post, Esquire, Straits Times Singapore, Forbes, and India Times.

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With further media coverage planned around the next phase of LookSee, a full media report for the programme will be available in the next quarter.

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1.4. VENUES

In the past quarter, an estimated \$8,124,157 was spent in Wellington by out of region attendees to events held our Venues.

1.4.1. Q3 Highlights Venues Wellington Conventions and Meetings

In the past quarter, we delivered 54 events for more than 54,000 attendees in total. This represents an increase of 15 events and 10,000 attendees on the previous Q3. Events included 13 multi-day conferences with more than 4,000 delegates from outside the Wellington region. Highlights include: Show Me Wellington, Webstock, National Rural Health Conference, Pinot 2017.

1.4.2. Q3 highlights for Venues Wellington Show and Performance Events

We delivered 53 events for over 74,000 attendees in total. Approximately 18,000 delegates were from outside the Wellington region. Highlights include: Nick Cave, PJ Harvey, Don Henley & 21 Pilots, all sold out.

Table 10: SOI Measures subset

Programme	Measure	2016/17 Performance Measures	YTD Actual	YTD forecast
Venue operations	Utilisation of venues	65%	51.2%	65%
	Growth in number of out of town venue attendees	2.50%	1.35%	2.5%
	Net surplus target	\$100K	\$219K	\$150K ⁴

Utilisation and out-of-town growth were impacted by earthquake-related reduction in attendee numbers.

⁴ Forecast year-end position

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1.5. CREATIVE HQ

During the past quarter, Creative HQ (CHQ) successfully won three out of three Request for Proposal bids for programme delivery. As these are yet to be announced by the partner organisations, further details will be available in subsequent reports.

The Lightning Lab Energy Innovation Challenge was successfully completed, following 141 applications, 36 shortlisted teams, eight finalists and three winning teams. The challenge was New Zealand's first-ever nationwide call for innovative ideas, ventures and products in electricity and sustainable energy. Run by Creative HQ in partnership with Callaghan Innovation, the programme was sponsored by Westpac NZ, Genesis Energy, GE New Zealand, Unison Networks, and Z Energy, with support from New Zealand Trade and Enterprise.

CHQ delivered a workshop series for Fonterra, and innovation programmes for the Department of Internal Affairs, New Zealand Police and Statistics New Zealand.

Two companies made high-growth exits from CHQ incubation programme, with local startups PartTime, Fuelled and Patternsnap all closing investment rounds with a total investment value of \$1.07 million.

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2. FY2017 KEY PERFORMANCE INDICATORS

Table 21: Statement of Intent (SOI) Measures

Objective	Programme	Measure	2016/17 Performance Measures	YTD Actual	YTD Forecast
Facilitate growth in Wellington business	Scale-Up programme	Metrics for evaluation are developed during programme design	TBC	TBC	TBC
	Regional Business Partner Programme	Performance against measured contract KPIs	100%	90% ⁵	100%
	Creative HQ	Revenue from commercial innovation services	\$0.5M	\$1.068M	\$0.4M
		Lightning Lab participant investment raised	\$3.5M	N/A	\$1.75M
	Screen Wellington	Conversion rate of logged enquiries to confirmed production	25%	30%	25%
		Total revenue from screen industry	\$650M	\$706M (FY 2016)	\$650M ⁶
		Customer satisfaction survey	80%	End of FY	80%
	Sector Growth Initiatives	GDP growth of priority sectors above Wellington average	0.50%	Annual measure	Annual measure
		Employment growth of priority sectors above Wellington average	0.50%	Annual measure	Annual measure
	Wellington International Student Growth Program	International student enrolments	8500	Annual measure ⁷	N/A
		NZ Market share of International students	6.5%	Annual measure	N/A
Develop available skills in the Wellington workforce	Sector Growth Initiatives	Interns placed in priority sectors	200	207	190
	Creative HQ	Students completing Venture Up programme	50	51	50

⁵ Our performance against measured contract KPIs is accelerating and narrowing down on target, from 80% at the half-year point, to 90% currently. Actions put into place during the past quarter to improve performance have been successful, and will be continued and augmented.

⁶ Annual target

⁷ Official enrolments data for full calendar year 2016 will be released July 2017. Jan-Aug 2016 enrolments data is outlined in section 1.1.2

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Objective	Programme	Measure	2016/17 Performance Measures	YTD Actual	YTD Forecast
	Talent Attraction	Net permanent and long-term arrivals	2000	3576	1700
		Wellington share of total net permanent and long-term arrivals	4%	5.8%	4.5%
Attract new business and direct investment	Business attraction	Number of jobs in successfully attracted prospect businesses	50	160	37.5
Increase GDP contribution of visitor spending	Destination marketing	Total commercial guest nights	3.15M	2.08M ⁸	2.1M
		Estimated Australian visitor spend	\$195M	\$233M	\$180M
	Business Events Wellington	NZ market share multi-day conferences	16%	21%	16%
	Venue operations	Utilisation of venues	65%	52.2% ⁹	65%
		Growth in number of out of town venue attendees	2.50%	1.35%	2.5%
		Net surplus target	\$120K	\$219K	\$150K ¹⁰
Maximise return on Wellington investment in major events portfolio	Major events	ROI via out of Wellington spend	20:1	Annual measure	Annual measure
		Total event attendance	600,000	487,316	450,000
Leverage major infrastructure investment		Value of pre-bookings for Wellington Convention Centre	\$1M	N/A	N/A
Enhance Wellington's global reputation	Media hosting programme	Number of media hosted in Wellington	120	153	90
	The Wellington Partnership	Partnership participation numbers	20	Annual measure	Annual measure
		Partnership satisfaction score	80%	Annual measure	Annual measure
	Global liveability reputation	Mercer Liveable Cities ranking	#11	#15	#11
	Champion Wellington success stories	Number of stories in Australasian media	625	706	470

⁸ Commercial guest nights are primarily affected by the November earthquake

⁹ Utilisation and out-of-town attendance were impacted by earthquake-related reduction in event attendees

¹⁰ Forecast year-end position

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**3. WELLINGTON REGIONAL ECONOMIC DEVELOPMENT AGENCY
CONSOLIDATED 3rd QUARTER FINANCIAL REPORT
AS AT 31 MARCH 2017
(EXCLUDING VENUES PROJECT)**

	YTD Q3 31/12/2016	SOI Q3 YTD FY17	SOI Q4 FY17
REVENUE			
Shareholder Revenue	17,640,653	16,989,269	20,961,659
Other Revenue	6,274,110	5,631,384	6,871,679
TOTAL REVENUE	23,914,763	22,620,653	27,833,338
EXPENDITURE			
Employment Costs	9,041,989	8,992,201	12,214,359
Direct Project/Marketing/ COS	9,609,397	9,817,654	9,813,000
Other Expenses	3,043,540	1,794,564	5,830,372
TOTAL EXPENDITURE	21,694,926	20,604,419	27,857,731
NET SURPLUS (DEFICIT)	2,219,837	2,016,234 -	24,393

WREDA'S financial emphasis in the first half of FY17 was the containment of costs. We made positive progress in this regard, which will enable transfer of budgets from transition, operating and employment costs, to project-based expenditure.

As a result, we are forecasting over \$600k of additional project based expenditure by year end, due to occur in Q4.

The group as a whole is now forecast to achieve just under \$31m of revenue by year end.

Creative HQ are currently \$800k above their budgeted revenue and are forecasted to be \$1.1m ahead by year end. This is mainly as the result of an uplift of service generated revenue from the likes of Fonterra.

WREDA Venues revenue is tracking to SOI and forecast.

The remainder of WREDA, (i.e. excluding Creative HQ & Venues) forecasts revenue to be down \$220k on budget. This is primarily the result of a reduction of \$930k in i-SITE revenue and cruise shuttle revenue following the November earthquake.

The i-SITE revenue reduction is partially offset by a reduction in COGS and a containment in costs for the i-SITE, as well as an increase in partnership funding within WREDA.

Employment costs are now tracking closer to SOI figures as the result of organisational changes at the beginning of the financial year. There is a slight uplift in Creative HQ salaries

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as the result of additional work created. This has offset higher savings in non-Creative HQ WREDA.

On 1 April, we moved the bulk of WREDA (excluding Venues/Creative HQ) into new premises on Victoria Street. This is anticipated to save \$60k per annum in rental costs and other operational savings.

Other expenditure is tracking ahead of SOI as the result of expenditure in Creative HQ to match increased service revenue.

Overall our forecasted result for the financial year is anticipated to be slightly ahead of the SOI and budgeted results.

STATEMENT OF FINANCIAL POSITION
as at 31 March 2017

	Q3 31/3/17	SOI Q3 FY17	SOI Q4 FY17
ASSETS			
Current Assets	6,007,852	3,371,087	2,214,168
Invest. in Incubator and Acceleration companies	1,427,407	1,400,000	1,400,000
Fixed Assets	286,838	309,950	288,200
TOTAL ASSETS	7,722,097	5,081,037	3,902,368
LIABILITIES			
Current	3,980,583	1,521,154	2,383,113
TOTAL LIABILITIES	3,980,583	1,521,154	2,383,113
NET ASSETS	3,741,514	3,559,883	1,519,255
SHAREHOLDER FUNDS	3,741,514	3,559,883	1,519,255

WREDA is currently financial sound, with no cash flow issues. At March end the group was holding \$5m of cash. This will fall throughout Q4, as most funding has now been physically received for FY17.

CHQ's investments will be revalued prior to year-end.

WREDA is currently holding \$1.7m of revenue in advance, the majority of which will be released to the P&L during Q4 as projects are completed.

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STATEMENT OF CASHFLOWS

	Q3 9 months 31/03/2017	SOI Q4 FY17
Total Net Cashflows	3,072,565	16,497
Opening Cash	1,958,494	2,000,000
Closing Cash	5,031,059	2,016,497

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WELLINGTON



To: Wellington City Council
From: Wellington Zoo Trust
Date: 31 March 2017

Third Quarter Report 2016/17 Financial Year

Highlights

We successfully brought our global and local conservation partners together for the first time for a week of events being held in Wellington and at the Zoo. Wild Ideas was an amazing opportunity for us to share our Zoo's efforts to save animals in the wild and inspire Wellingtonians with forward-thinking ideas to make positive steps for global change. The twelve conservation partners told their stories and talked about Wellington Zoo's partnership to save critically endangered species. We were delighted to host the following global and local conservation partners:

21st Century Tiger
 Esther Conway

Cheetah Outreach
 Dean Colliers

Fauna & Flora International Vietnam Programme - Gibbon Project
 Josh Kempinski

Free The Bears
 Matt Hunt

Golden Lion Tamarin Association (AMLD)
 Luis Paulo Ferraz

Jane Goodall Institute
 Ferran Guallar

Kea Conservation Trust
 Tamsin Orr-Walker

Madagascar Fauna and Flora Group
 Eric Miller

Proyecto Titi- Cotton top Tamarin Network
 Johanna Vega

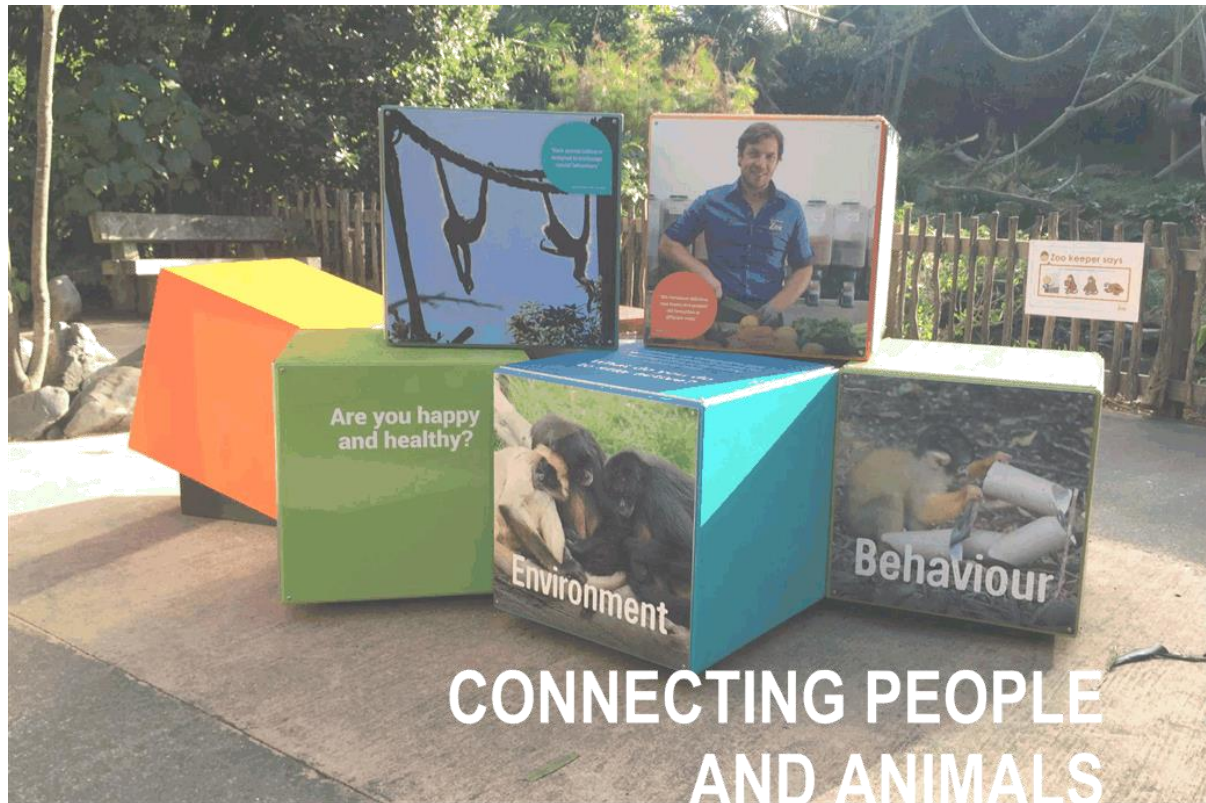
Red Panda Network
 Ang Phuri Sherpa

Save the Tasmanian Devil Program
 Carolyn Hogg

TRAFFIC South East Asia – Fighting Illegal Wildlife Trade
 Chris Shepherd

Challenges this Quarter

- The result for the nine months to 31 March 2017 shows an operating surplus of \$109,342 before transfers to restricted funds against a budgeted operating surplus of \$111,728.
- Operating Revenue is above budget by \$76K and expenditure is above budget YTD March by \$78K mainly due to the new uniform purchases.
- We are forecasting a breakeven position as at 30 June 2017.
- Visitation for 2016-2017 as at end of March was 166,830. This is 8% behind target and 13% behind last year's actual visitation. Zoo visitation targets were set aggressively for growth in the 2016/17 year. Prolonged periods of unusually inclement weather after the November earthquake has adversely affected visitation.



- The Happy Animals (Animal Welfare) visitor experience project is now installed. This project explains to visitors how the Zoo cares for the animals so that they are healthy and happy. The information is based on the Five Domains of Animal Welfare which Wellington Zoo is accredited for but it explains this scientific model in plain language.
- The revamp of the Living Room, the Zoo's indoor learning space, is almost complete to make it feel more connected in theming to the rest of the Zoo and more suitable for the different uses of the space. LEOTC visitation is an important part of the Zoo's child friendly programmes so having this indoor space more in keeping with what those visitors need is important.

Visitor Numbers

	QUARTER ENDING 31 MARCH 2017	CURRENT YEAR TO DATE 2016/17
ACTUAL	63,125	166,830
TARGET	65,310	180,083
DIFFERENCE	-2,185	-13,253

LEOTC Numbers

	Annual Target	YTD 16/17
School Visits (LEOTC)	10,000	8,142
Holiday Programme	1,300	1,221
Total	11,300	9,363

Species Planning

Arrivals			
Species	Gender	Status	Due
Green Iguana	1	From Ti Point Reptile Park	Due to arrive during in 2017
Chimpanzees	2 females		Due to arrive when individuals have been identified
Water Dragon	2		Due to arrive when individuals have been identified
Bearded Dragon	4		Due to arrive when individuals have been identified
African Crested Porcupine	1 female		Due to arrive when individuals have been identified

Planned Transfers Out			
Species	Gender	To	When
Squirrel Monkeys	9 females	Perth Zoo	2 May
Bongo	1 female	Taronga Western Plains Zoo	4 May
Nyala	4 females	Werribee Open Range Zoo	4 May
Fiordland Crested Penguin	1 female	Taronga Zoo	16 May
Scheltopusik	2	Auckland Zoo	May
Cotton Top Tamarin	1	Natureland Zoo, Nelson	May
Pygmy Marmoset	1	Natureland Zoo, Nelson	May
Pygmy Marmoset	2	Brooklands Zoo, New Plymouth	May



Neighbours Night was enjoyed by over 1,700 Newtown locals this year

- On 26 January we held our twelfth annual Neighbours Night with over 1,700 Newtown locals enjoying our busiest Neighbours Night ever. With support from our partners at WCC Social Housing and Trade Me, as well as Zoo staff volunteers we delivered a successful evening enjoyed by all. We also had a large number of City Councillors and the Deputy Mayor come along to spend some time meeting our locals.
- Planning is underway for Open Weekend in May. This is usually a bumper accessibility weekend for both Wellington Zoo and Zealandia. This event enables people to visit both organisations over the weekend for a gold coin donation to conservation.
- In the month of March we have reached 128,124 people via Facebook with 42,838 post engagements. Twitter has had 21,000 impressions and Instagram with 16,200 impressions.



Keeper Josh Forrest has been in Nepal supporting the Red Panda Network

- With support from the Wellington Zoo Conservation Fund, Keeper Josh Forrest went to Nepal for just under four weeks to work with Red Panda Network, one of Wellington Zoo's conservation partners, tracking and monitoring Red Pandas in the wild and assisting with their Forest Guardian programme. This conservation project for these animals works with community and in the field to protect Red Panda.
- The Nest Te Kōhanga's Practice Manager, Amanda Tiffin in with support from the Wellington Zoo Conservation Fund, went to Vietnam for just over two weeks to work with Fauna & Flora International on Wellington Zoo's latest and largest conservation project for gibbons. While in Vietnam, Amanda got a better understanding of the threats that Vietnam native wildlife face, and how we can contribute to ensuring a safe habitat for all animals living in Pu Mat National Park. Ensuring our household products come from sustainable sources can directly help animals like the White Cheeked Gibbons and Delacour Langurs by reducing the demand for their forest habitat. Using FSC sustainable wood and paper products can make a huge difference to countries like Vietnam, where rainforest wood is sometimes cut down for simple things like toilet paper, or school books.

Native animals brought to The Nest Te Kōhanga in the last year

Native Animal Admission Statistics	2015	2016	2017
January	63	67	76
February	51	41	52
March	60	39	33
April	30	28	
May	37	33	
June	34	23	
July	33	17	
August	26	15	
September	25	24	
October	19	43	
November	33	41	
December	67	58	



Pictured are Wellington Zoo's local and global conservation partners, Wild Ideas week was widely enjoyed and hugely successful

- Wellington Zoo's Wild Ideas is a unique symposium for bringing together local and global conservation partners. As far as we can ascertain no other zoo has done this type of event and feedback from the partners, other zoos and those who attended has been spectacular. The partners gained so much by being able to spend time together as well as telling their stories to Wellingtonians at the symposium and at the Zoo. We thank our Mayor, Justin Lester for opening the symposium with the Minister for Conservation, Maggie Barry.
- At the Resene NZILA Pride of Place 2017 Landscape Architecture Awards, Wellington Zoo and Isthmus Group Ltd were announced as the winners of the Institutional category for Meet The Locals He Tuku Aroha (MTLHTA). The judges said that 'MTLHTA is a celebration of all things New Zealand and a wonderfully immersive experience for adults and children of all ages. Through a collaborative approach, a deep understanding of the site and the New Zealand context, a restrained design sensibility, high quality execution, and meticulous maintenance, the team behind Meet The Locals He Tuka Aroha have created a joyful experience that succeeds at every level through elements of play, interpretation and activity, skilfully integrated to enhance the experience.'

Craig Ellison
Board Chair
Wellington Zoo Trust

Appendix 1 – Wellington Zoo Strategy Framework 2016-17

Measure	Target 2016-17	Tracking YTD 31 March	Notes
CONNECT PEOPLE WITH ANIMALS			
Contact animals meeting visitors in Zoo	1,000 hours	961 hrs 5 mins	Extra contacts over summer and volunteers being trained on Weta and Rabbit handling have contributed to this result.
People participating in Animal Close Encounters	4,069	3,071	On track; more people participate in Animal Close Encounters during the summer months.
Number of students participating in LEOTC sessions	10,000	8,142	On track YTD, we had a large number of Zoofari schools visit the Zoo in March.
PEOPLE LOVE AND SUPPORT THE ZOO			
Increase total visitation	239,408	166,830	Zoo visitation targets were set aggressively for growth in the 2016/17 year. Prolonged periods of unusually inclement weather during the summer holidays following the large earthquake have together adversely affected visitation since the October school holidays.
Percentage of operating costs generated by the Trust	55%	58%	
Ratio of Trust generated income as percentage of WCC grant	122%	137%	
Average income per visitor from Trust generated revenue	\$15.94	\$18.33	
Average WCC subsidy per visitor	\$13.05	\$13.33	
Full cost per visitor including WCC costs	\$21.22	Annual target	
Volunteer engagement survey	1	Annual target	Survey being delivered to all volunteers first week in May
SAVE ANIMALS IN THE WILD			
Number of vulnerable, endangered or critically endangered species (IUCN Red List and DOC National list) in the Zoo's collection	≥26	27	Giraffe are now classed as Vulnerable by the IUCN.
Percentage of native patient successful release to the wild after treatment in the Nest Te Kōhanga <i>(This measure is a reporting requirement despite being omitted from the 2016/17 SOI)</i>	≥55%	Annual target	
Number of threatened Native species (DOC rating) treated in the Nest Te Kōhanga	≥30	Annual target	

Number of Field Conservation Projects supported for threatened (NZ) endangered or critically endangered (global) species	≥ 4	9	Kea Conservation Trust (NZ-TH); Madagascar Fauna and Flora Group, Black and white Ruffed Lemurs (CR), Proyecto Titi, Cotton Top Tamarins (CR), Associação Mico-Leão-Dourado, Golden Lion Tamarins (EN), 21st Century Tiger, Sumatran Tigers (CR), Save the Tasmanian Devils Programme (EN), FFI Vietnam White Cheeked Gibbons (CR), Red Panda Network (EN), Jane Goodall Institute Chimpanzees (EN).
% of OPEX directly contributed to field conservation	3%	Annual target	This measure uses the American Zoo Association Framework (now adopted by the Zoo Aquarium Association Australasia) to measure direct contribution to field conservation. We achieved 5.68% in 2015-16.
Participate in animal based scientific projects and paper publication	≥ 4	3	Hughes & Allan published in International Zoo Yearbook Volume 50; Allan published in IZE journal 2016.
LEAD THE WAY			
Maintain Zoo and Aquarium Association Animal Welfare Accreditation	Achieved	Achieved	This was achieved in October 2015.
Maintain carboNZero certification	Achieved	Achieved	Audit held in October, and measure achieved.
H&S targets met	ACC work levy discount applied Achieved	(Lag) Discount has been applied to WTZ's work levies based on experience rating (Lead) On track to date	Lag indicator – WZT gets a discount applied on work levies if we perform better than our industry peer group & Total Levy Risk Group in terms of the number and severity of work-related injury claims. WSMP Audit was carried out 31 January 2017 and passed at Primary level. Lead indicators - H&S included in weekly 'Zoo Staff News' emails (e.g. monthly metrics, drill and incident debriefs, topical reminders). Monthly SIT meeting Minutes available to all staff. Code Yellow drill held in December 2016. Code Blue Drill held March 2017. FRT workshop training at Tiger & Lion Habitats. 35% increase in Hazard reporting. 60% increase in Near Miss reporting.
Initiatives to embed professional development of our people	≥ 8	12	Resilience Programme completed. Keeper Progression Process implemented and first round of employees have passed assessment. Two BeConfident workshops and eleven Learning sessions delivered.
Staff turnover (permanent staff only)	≤ 18.5%	28.15%	28.15% YTD 31 March 2017. This is particularly high for us but given the end of the ZCP and changes to people's personal circumstances some people have chosen to move on after over 10 years at the Zoo. The other contributor to this is that many resignations have come about in our younger demographic. This is line with research indicating that millennials typically stay 2-3 years in roles. However, we do believe that we have recruited some excellent new team members and we see this phase of our organisational life as renewal and preparatory for the future.

Appendix 2 – Financial Statements

CCO: Wellington Zoo Trust			
Quarter Three 2016/17			
\$NZ000's			
Actual 30-Jun-16	EARNINGS STATEMENT	Actual 31-Mar-17	Budget 31-Mar-17
	Revenue		
3378	Trading Income	2554	2663
2894	WCC Grants	2344	2343
82	Other Grants	62	62
272	Sponsorships and Donations-Operational	304	139
241	Sponsorships and Donations-Capital	277	0
94	Investment Income	55	37
240	Other Income	83	81
7,201	Total Revenue	5,679	5,325
	Expenditure		
4,357	Employee Costs	3,568	3621
2,279	Other Operating Expenses	1,714	1579
14	Depreciation	11	15
167	Interest		
	Vested Assets		
6,817	Total Expenditure	5,293	5,215
384	Net Surplus/(Deficit) before Taxation	386	110
0	Taxation Expense		
15	Operating Surplus (Deficit)	109	110
384	Net Surplus/(Deficit)	386	110
0.2%	Operating Margin	1.9%	2.1%

Actual 30-Jun-16	STATEMENT OF FINANCIAL POSITION	Actual 31-Mar-17	Budget 31-Mar-17
	Shareholder/Trust Funds		
0	Share Capital/Settled Funds	0	0
0	Revaluation Reserves	0	0
1,993	Restricted Funds	1,999	1,424
333	Retained Earnings	719	428
2,326	Total Shareholder/Trust Funds	2,718	1,852
	Current Assets		
3,322	Cash and Bank	3,143	3,816
316	Accounts Receivable	49	60
170	Other Current Assets	1,237	60
3,808	Total Current Assets	4,429	3,936
	Investments		
0	Deposits on Call	0	0
0	Other Investments	0	0
0	Total Investments	0	0
	Non-Current Assets		
35	Fixed Assets	24	31
0	Other Non-current Assets	0	0
35	Total Non-current Assets	24	31
3,843	Total Assets	4,453	3,967
	Current Liabilities		
731	Accounts Payable and Accruals	478	830
	Provisions		
774	Other Current Liabilities	1,257	1,273
1,505	Total Current Liabilities	1,735	2,103
	Non-Current Liabilities		
0	Loans - WCC	0	0
0	Loans - Other	0	0
12	Other Non-Current Liabilities	0	12
12	Total Non-Current Liabilities	0	12
2,326	Net Assets	2,718	1,852
2.5	Current Ratio	2.6	1.9
60.5%	Equity Ratio	61.0%	46.7%

Actual 30-Jun-16	STATEMENT OF CASH FLOWS	Actual Mar-17	Budget Mar-17
	Cash provided from:		
3378	Trading Receipts	2,554	2,663
2894	WCC Grants	2344	2,757
82	Other Grants	62	62
513	Sponsorships and Donations	581	139
94	Investment Income	55	37
241	Other Income	2,755	81
7202		8,351	5,739
	Cash applied to:		
4,357	Payments to Employees	4,968	3,621
2,830	Payments to Suppliers	3,562	1,579
	Net GST Cashflow		
167	Other Operating Costs (VESTING)		
	Interest Paid	0	0
7354		8,530	5,200
-152	Total Operating Cash Flow	(179)	539
	Investing Cash Flow		
	Cash provided from:		
18	Sale of Fixed Assets		
	Other		
18		0	0
	Cash applied to:		
	Purchase of Fixed Assets		
	Other -vesting Cash for Capital Projects	0	0
0		0	0
18	Total Investing Cash Flow	0	0

Actual 30-Jun-16	STATEMENT OF CASH FLOWS (CONT)	Actual 31-Mar-17	Budget 31-Mar-17
	Financing Cash Flow		
	Cash provided from:		
	Drawdown of Loans		
	Other		
0		0	0
	Cash applied to:		
	Repayment of Loans		
	Other		
0		0	0
0	Total Financing Cash Flow	0	0
(134)	Net Increase/(Decrease) in Cash Held	(179)	539
3,456	Opening Cash Equivalents	3,322	3,277
3,322	Closing Cash Equivalents	3,143	3,816

Actual 30-Jun-16	CASH FLOW RECONCILIATION	Actual 31-Mar-17	Budget 31-Mar-17
384	Operating Surplus/(Deficit) for the Year	386	110
	Add Non Cash Items		
14	Depreciation	11	15
	Other (movement restricted funds)	6	
398		403	125
	Movements in Working Capital		
45	(Increase)/Decrease in Receivables	267	90
(86)	(Increase)/Decrease in Other Current Assets	(1,067)	20
(537)	Increase/(Decrease) in Accounts Payable	(253)	(269)
28	Increase/(Decrease) in Other Current Liabilities	471	573
(550)		(582)	414
	Net Gain/(Loss) on Sale:		
0	Fixed Assets	0	0
	Investments	0	0
0		0	0
(152)	Net Cash Flow from Operations	(179)	539

STATEMENT OF INTENT FOR WELLINGTON REGIONAL STADIUM TRUST

Purpose

1. To receive and consider the 2017/18 Statement of Intent (SOI) for the Wellington Regional Stadium Trust.

Summary

2. Officers have reviewed the SOI for the Trust and assessed that the SOI has addressed the issues raised by the letter of expectation.

Recommendations

That the Council Controlled Organisations Sub-committee:

1. Receive the information.
2. Agree to recommend to Council approval of the Wellington Regional Stadium Trust Statement of Intent for 2017/18

Background

3. The Trust submit a SOI to the Council and as a matter of good practice, the Council precedes this with a letter of expectation, which outlines the Council's expectations in respect of the SOI it will receive.
4. The SOI process provides both the Council and the Trust with an opportunity to fine-tune respective expectations.
5. The letter of expectation was agreed by this sub-committee on 14 December 2016 and the SOI has now been received.

Discussion

6. Officers have reviewed the SOI and acknowledge that it responds constructively to the letter of expectation.
7. The SOI will be presented to this sub-committee at its meeting on 24 May 2017.
8. The following pages include summary details of the Trust's SOI plus, where appropriate, recommendations for certain points to be addressed in the final SOI.
9. The SOI is appended to this report.

OFFICER SUMMARY

The Wellington Regional Stadium Trust has presented its Statement Of Intent for 2017/18 (SOI). The SOI is well presented and informative, and responds positively to the sub-committee's letter of expectations.

The SOI describes the Trust's alignment with Council as a core strategic priority. The Trust is closely aligned with Council's events policy, digital and accessibility strategies and demonstrates clearly its support for Council's economic growth agenda.

The Stadium clearly supports Council's event policy in delivering the most diverse sporting events calendar supplemented with other major events, concerts and performances, of any stadium in New Zealand. Major events such as concerts and test matches consistently draw upwards of 50% of attendees from out of the region. The Stadium remains on track to record its 10 millionth visitor towards the end of 2018 and it is estimated that spending by visitors from outside the Wellington region, that is directly attributed to events hosted by the Stadium, has now passed the \$1.0 billion.

The Trust has spent \$11.6m in the last few years completing the following key master plan projects:

- Addition of new changing rooms and upgrade of existing ones
- New media facility
- Upgrade of Stadium Members Lounge
- Construction of the East Mezzanine Bar/Lounge
- Deployment of the connected stadium project
- Full replacement of Stadium turf.

Over the next twelve months the Trust, with the support of Council, will invest in a significant upgrade of the internal concourse. The Trust has partnered with Spark and Huawei to install high density WiFi through all areas of the Stadium to cater for the growing need to share experiences socially as they happen and to open opportunities to use connected technologies to enhance the overall patron experience.

The Stadium upgrade will see 24km of new cabling along with the installation of around 300 access points. The entire seating area is being covered by 350 directional antennas, allowing around 20,000 people to connect to Wi-Fi concurrently, supported by a 20 Gb/second fibre backbone running around the stadium. The rollout is expected to be completed in July 2017.

With Wellington-based partner Eyemagnet, the Stadium will also be delivering internet protocol television (IPTV) and content management to the WiFi services. The upgrades will provide the foundation for a more fully-fledged fan experience, which Westpac Stadium plans to deliver over the next year.

In terms of accessibility the Stadium provides people movers operating up and down the Fran Wilde Walk, special drop off areas, mobility parks and assisting people with wheelchairs directly to their seats. In 2014 Be.Accessible reviewed the Stadium and issued a Gold rating. Several recent changes have been made to further enhance accessibility including allowing all vehicles displaying a valid mobility pass to drop off at the top of the vehicle ramp for most events.

SUMMARY FINANCIALS (\$000)

The Trust baseline figures to 30 June 2017 are the prior year's SOI.

FINANCIAL PERFORMANCE (\$000)					
30 JUNE	Actual 2016	Prior SOI 2017	SOI 2018	SOI 2019	SOI 2020
Total Revenue	15,852	14,320	14,710	12,640	12,950
Opex before Interest & Depn	9,718	8,830	9,870	9,140	9,210
Interest & Depn	4,053	4,110	3,990	4,230	4,390
Net Surplus	2,081	1,380	850	(730)	(650)
FINANCIAL POSITION					
Total Assets	96,426	98,810	98,970	101,280	100,170
Bank borrowings	4,000	6,500	5,000	6,300	5,600
Total Liabilities	9,909	11,420	9,070	9,610	8,900

SUMMARY FINANCIALS (\$000)

Equity	86,517	87,390	89,900	91,670	91,270
CASH FLOWS					
Net Cash Flow	(3,663)	(800)	(60)	60	(10)
Opening Cash	4,332	1,750	1,010	950	1,010
Closing Cash On Hand	669	950	950	1,010	1,000

The Trust derives a diverse range of recurring revenue streams and securing new revenues will be a prime focus for the Trust during the year. In 2017/18 the Trust will review the existing membership programme and develop new products to meet needs. There will be an increased focus on casual hospitality revenue reflecting the market's needs. In addition the Trust will develop a commercial rights strategy around the connected stadium to develop new revenues.

KEY PERFORMANCE INDICATORS

The Trust's performance measures are largely non-financial but commit the Trust to outcomes that are appropriate for the Stadium and the expectations of its settlor Council's.

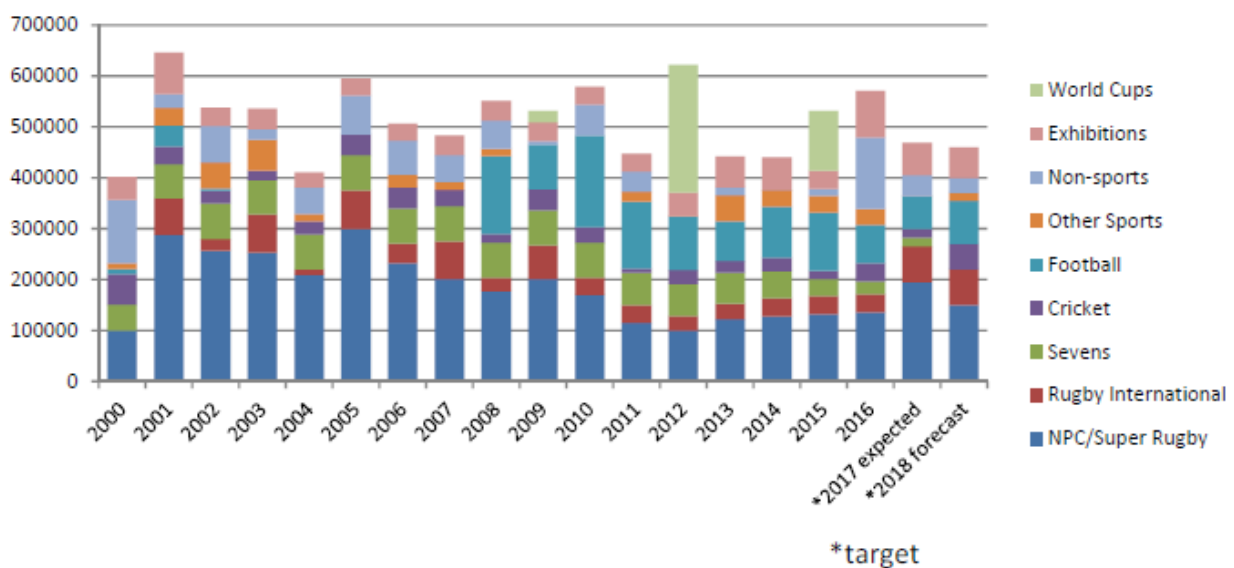
NON FINANCIAL PERFORMANCE MEASURES

Measure	How measured
Deliver a strong Rugby international test programme for 2018 and 2019	<ul style="list-style-type: none"> Key stakeholders are satisfied with management of the test operation Sell-out crowds for test matches 40% out of region visitors At least two test matches over the period 2018 and 2019. (Note: only two test matches in NZ in 2019 due to RWC 2019)
Deliver more large scale non-sporting events	<ul style="list-style-type: none"> Secure at least one concert per year Secure at least two other events outside the traditional rugby and football regular season calendar per year
Continued investment in stadium infrastructure	<ul style="list-style-type: none"> Stadium technology deployed successfully To develop a stadium app that features a number of enhancements to the fan experience Concourse upgrade commences and is 50% complete
Deliver a full event calendar	<ul style="list-style-type: none"> Securing 45-50 event days per year. (Excludes community events).
Host unique events that deliver economic benefit to the region	<ul style="list-style-type: none"> Maintaining economic benefit to the Region at an average of \$40 million per year Working with promoters to deliver special events to Wellington
Continue to enhance food and beverage offering	<ul style="list-style-type: none"> Greater range and quality of offerings

Improved fan experience and hirer satisfaction

- Higher customer satisfaction in research
- To achieve a net satisfaction score above 80% for major sports and entertainment events.
- To achieve a net satisfaction score above 70% for all other sporting events.
- To develop an action plan for areas identified for improvement in our event surveys
- To develop an accessibility improvement plan

In terms of attendances at Stadium events, annual attendances have averaged around 500,000 in the 17 years since the Stadium opened and while attendances vary year-on-year depending on the mix of events this trend is expected to continue.



Westpac Stadium remains the busiest stadium in New Zealand, hosting over 50 event days each year in addition to community event days. In addition, the Stadium hosts up to 1,000 non-event day functions, conference and meetings each year.

PROJECTED EVENTS	Actual	Forecast	SOI	SOI	SOI
30 June	2016	2017	2018	2019	2020
Total event days	70		51	49	49
· Confirmed	n/a	n/a	30	23	22
· Unconfirmed	n/a	n/a	16	21	22
· Days reserved for semis and finals			11	11	11
Confirmed and Unconfirmed Events					
Rugby events	15		13	13	12
Cricket events	2		3	2	2
Football events	11		10	10	10

Exhibition days	23	16	16	16
Other sporting events	2	3	1	2
Concerts / non-sporting	6	1	2	2
Community	11	5	5	5

As noted above, the Trust does not supply baseline figures to 30 June 2017, which is consistent with prior years SOIs.

The past two years have boasted arguably the strongest events calendar since the Stadium opened including four concerts, two world cups, three rugby test matches and the Edinburgh Military Tattoo. The events outlook for 2017/18 is positive building on the return of major non-sporting events over the past few years and the return of the British and Irish Lions. The Trust's focus lies particularly on those events that will fill the Stadium and generate economic return for the region. Other large events on the horizon include the Rugby League World Cup, the FIFA World Cup Intercontinental play-off and a strong Black Caps calendar including the return of England for two matches. It is expected that New Zealand Rugby will announce the allocation of test matches for the 2018 and 2019 seasons in July 2017.

Attachments

Attachment 1. Wellington Regional Stadium Trust SOI 2017/18

Page 117

Author	Warwick Hayes, CCO Project Manager
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.



Wellington Regional Stadium Trust
Statement of Trustees Intent
For the year ending 30 June 2018

Registered Office:	Westpac Stadium Waterloo Quay Wellington
Chair:	John Shewan
Chief Executive:	Shane Harmon

The Wellington Regional Stadium Trust (the Trust) was established by the Wellington Regional Council (Stadium Empowering) Act 1996 and the settlors of the Trust are the Wellington City Council and the Greater Wellington Regional Council.

The Trust recognises the interest that the ratepayers of Wellington City Council and the Greater Wellington Regional Council have in the Trust and its activities and have agreed to be subject to the reporting requirements of both Councils and their monitoring procedures. The Trust is not a Council Controlled Organisation, for the purposes of the Local Government Act 2002.

May 2017



1. INTRODUCTION

The financial year ending 30 June 2018 will once again be a very active year for the Trust as it embarks on a significant upgrade of the internal concourse while at the same time hosting another full calendar of events.

The year will feature the following highlights:

- A strong events calendar building on the successful return of concerts over the summers of 2015/16 and 2016/17;
- The return of the British and Irish Lions;
- Major capital investment in upgrading the internal concourse;
- Leveraging the opportunities provided by the stadium technology upgrade.

In 2014 the Trust developed its long term strategic plan that identified seven key strategic pillars:

1. Future Regional Venues Strategy
2. Attracting Domestic & International Events
3. Marketing and Branding
4. Improving Customer Experience
5. Building relationships with our Hirers
6. Maximising Revenue
7. Facility Management

Each of these pillars remains relevant and the associated activities for 2017/2018 are addressed in this Statement of Intent (SOI).

In the 2018 financial year, Westpac Stadium will remain New Zealand's most utilised stadium. Crowd attendances are projected to hold up well in a very competitive market for patrons' time and attention. Annual attendances have averaged around 500,000 in the 17 years since the Stadium opened and while attendances vary year-on-year depending on the mix of events we expect this trend to continue.

The Trust derives a diverse range of recurring revenue streams. However, securing new revenues will be a prime focus for the Trust during the year.

Over the next twelve months the Trust, with the support of Wellington City Council, will invest in a significant upgrade of the internal concourse. This follows the major capital investments undertaken in the 2016/17 year with full replacement of the turf and the installation of high density Wi-Fi throughout the Stadium. The Trust is also looking at other business opportunities. These will be incorporated into financial projections if and when there is certainty that the individual initiatives will proceed.

The Trust continues to enjoy a collaborative and supportive relationship with the Greater Wellington Regional Council and Wellington City Council as well as the Wellington Regional Economic Development Authority (WREDA).



2. STRATEGIC DIRECTION

a) CORE PURPOSE

The objectives of the Wellington Regional Stadium Trust as set out in the founding Trust Deed established by the Wellington City and Greater Wellington Regional Councils ('the Councils') are as follows:

- To own, operate and maintain the Stadium as a high quality multi-purpose sporting and cultural venue;
- To provide high quality facilities to be used by rugby, cricket and other sports codes, musical, cultural and other users including sponsors, event and fixture organisers and promoters so as to attract to the Stadium high quality and popular events for the benefit of the public of the region; and
- To administer the Trust's assets on a prudent commercial basis so that the Stadium is a successful, financially autonomous community asset.

The Councils have also established general objectives for the Trust. These are that it should:

- Adopt a partnership approach in dealing with the Councils and their associated entities;
- Have a regional focus where this is appropriate;
- Appropriately acknowledge the contribution of Councils;
- Achieve maximum effectiveness and efficiency of, and concentrated focus on service delivery;
- Operate at better than breakeven after depreciation expense.

The Trust meets all the general objectives of the Councils noting that the overriding requirement of the Trust Deed means that the Trust must generate sufficient profit to repay loans and finance capital expenditure.

Alignment with Council's Policies and Strategies

In 2011 the Wellington City Council (WCC) developed a 2040 Strategy setting out its vision for the city. The Trust fully supports these policies and strategies and contributes directly to the priority areas set out.

The Economic Development Strategy

The WCCs' Economic Development Strategy sets out the city's plans for ensuring long term economic development of the city that improves the citizens' quality of life and community prosperity.

In 2015 WRST completed a 15-year study showing that almost 7.8 million visits have been made by people attending events at the Stadium. Of these visits, around 1.8 million have been from people outside the Wellington region spending an additional \$889 million in the region's economy, this is more than two and half times original estimates.

It is estimated that this spending has now passed the \$1bn mark given the events hosted over the past two years. The Stadium remains on track to record its 10 millionth visitor towards the end of 2018.



Major events such as concerts and test matches consistently draw upwards of 50% of attendees from out of the region, and as such the Stadium remains an economic powerhouse for the region.

The Stadium has continued to deliver an exceptional return on the original investment made.

The Event Policy

The 2040 strategy records that the Westpac Stadium is a significant amenity and provider of key international events.

The Stadium has played a critical role in recent years in hosting major events including the Rugby, Cricket and FIFA U20 World Cups. Large events such as Elton John, AC/DC and Guns 'n Roses as well as the four nights of the Edinburgh Military Tattoo have reignited promoter interest in Wellington as a strong major event performer. Rugby test matches over the last two years have all sold out.

While the 2017/18 event calendar is still work in progress, a number of major events are already confirmed and others are in negotiation. The Stadium's diverse sporting events calendar will continue to remain unrivalled in New Zealand.

The Accessible Wellington Action Plan

The Accessible Wellington Action Plan aims to enhance Wellington's reputation as an inclusive and socially responsible city and one that is accessible, safe and easy to get around. The Plan seeks to improve access for people with disabilities, parents with prams, older people with age related decrease in mobility and sensory abilities.

The location of the Stadium and its design were in large part driven by the power of its accessibility. The Stadium is ranked as the No.1 accessible stadium in New Zealand according to strategy and communications consultancy, the Gemba Group.

Its position in the transport hub and as an easy walk from the CBD and entertainment precinct ensures the city, its residents and its visitors all benefit from the Stadium's events.

Westpac Stadium has a well-developed access plan to enable easy access for all patrons. It provides people movers operating up and down the Fran Wilde Walk, special drop off areas, mobility parks and assisting people with wheelchairs directly to their seats. In 2014 Be.Accessible reviewed the Stadium and issued a Gold rating. The Stadium achieved excellent levels of accessibility across all areas measured. The Trust will continue to provide easy access for its patrons.

Several recent changes have been made to further enhance accessibility including allowing all vehicles displaying a valid mobility pass to drop off at the top of the vehicle ramp for most events.

The Digital Strategy

The Digital Strategy aims to achieve global recognition as a creative, digital city.

The Trust has partnered with Spark and Huawei to install high density WiFi through all areas of the Stadium to cater for the growing need to share experiences socially as they happen and to open opportunities to use connected technologies to enhance the overall patron experience.



The Stadium upgrade will see 24km of new cabling laid, along with the installation of around 300 access points. The entire seating area is being covered by 350 directional antennas, allowing around 20,000 people to connect to Wi-Fi concurrently, supported by a 20 Gb/second fibre backbone running around the stadium. The rollout is expected to be completed in July 2017.

With Wellington-based partner Eyemagnet, the Stadium will also be delivering internet protocol television (IPTV) and content management to the WiFi services. The upgrades will provide the foundation for a more fully-fledged fan experience, which Westpac Stadium plans to deliver over the next year.

Wellington Regional Economic Development Agency (WREDA)

The Trust adopts a strong partnership approach with WREDA with a view to enhancing Wellington's standing as a major event host. Management and Trustees engage with the WREDA Chair, Chief Executive and officers on a regular basis and are supportive of WREDA's goal of driving innovation and economic activity and enhancing the region's reputation as a centre of world-class film, IT, education, arts, food and tourism.

WRST partnered with WREDA to successfully secure the rights to host the FIFA World Cup Intercontinental play-off at the end of the year should the All Whites qualify.

Wellington City Council's Long Term Plan

The Trust is fully supportive of the city and region's long term plans. In particular the Trust identifies the following that provide strong synergies with the Stadium's plans:

1. A longer airport runway: bringing in more international visitors, and enhancing business and education connections.

The Stadium will be a beneficiary of a longer runway through increased visitor numbers for major events. In addition a longer runway removes one of the impediments for major artists visiting Wellington, as staging and equipment often has to be transported via road from Auckland.

2. Screen and tech industries: supporting smart and sustainable economic growth.

The Stadium is using Wellington based Eyemagnet to deliver internet protocol television (IPTV) and content management to the WiFi services.

3. New and improved venues for music, sport, and conventions

The Trust is very supportive of the proposed investment in sports and events infrastructure.

A new indoor arena and the proposed Wellington Convention Centre will complement the Stadium's current offerings. The convention centre will complement the Stadium's already busy functions business.

The Trust is also supportive of the planned investment in the Basin Reserve. It is important that both venues continue to complement each other and that the investment ensures a growth in the number



of events and overall attendances for Wellington as opposed to displacement of existing events within the region.

4. Reigniting our sense of place through events and public space improvements

The Trust applauds the commitment to increase funding for major events. A partnership driven approach to attracting and securing the right events for Wellington is vital. The Trust commits to being an active partner in this strategy.

Greater Wellington Regional Council's Long Term Plan

The Trust supports Greater Wellington Regional Council's Long Term Plan in particular those plans which cover public transport infrastructure and getting more people on public transport

The Trust supports further investment in public transport and actively encourages patrons to utilise public transport while attending events at the Stadium.

The Trust monitors green-house gas emissions and where practical will take action to reduce those emissions.

b) OPERATING ENVIRONMENT UPDATE

The operating environment remains positive for the Trust, albeit within a very competitive marketplace.

The past two years have boasted arguably the strongest events calendar since the Stadium opened including four concerts, two world cups, three rugby test matches and the Edinburgh Military Tattoo.

The events outlook for 2017/18 is positive building on the return of major non-sporting events over the past few years and the return of the British and Irish Lions. Other large events on the horizon include the Rugby League World Cup, the FIFA World Cup Intercontinental play-off and a strong Black Caps calendar including the return of England for two matches. It is expected that New Zealand Rugby will announce the allocation of test matches for the 2018 and 2019 seasons in July 2017.

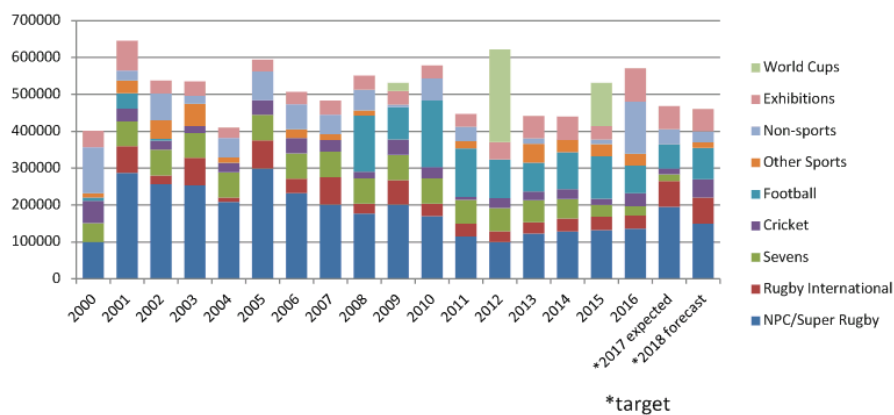
The Trust's focus lies particularly on those events that will fill the Stadium and generate economic return for the region.

The focus on capital expenditure to enhance the facility and improve the patron experience will see borrowings and therefore interest on borrowings increase. Deprecation will also increase, and increases in insurance premiums are likely. The Trust will continue to operate with positive cash flows enabling the Trust to continue to invest in the facility.

While crowds at some events have been trending down in recent years, the Stadium continues to attract similar overall annual attendances as it has since opening in 2000.

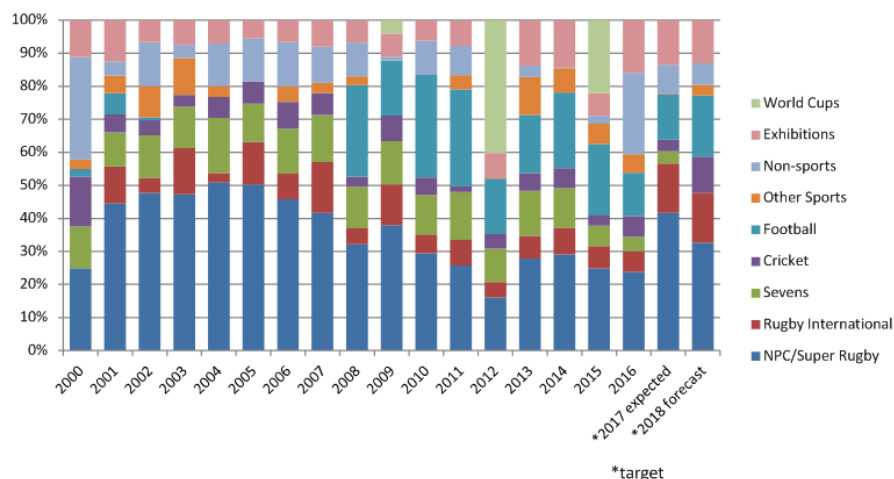
The following table highlights aggregate crowds by event type since the Stadium opened. In the June 17 financial year around 470,000 fans are expected to attend events at the Stadium which is consistent with our long term average.

estpac | STADIUM



The mix of events has changed significantly since the Stadium opened, and it is no longer reliant on any one code or event for its attendances.

The following table highlights the diverse mix of attendances over the years represented as a percentage of the overall attendance in any given year.



c) STRATEGIC FRAMEWORK

The Trust's objectives are:

1. To be viewed by the residents of the region and other stakeholders as a valued and essential asset.
2. To operate the best venue in New Zealand measured by:
 - Satisfaction of hirers
 - Patron satisfaction
 - Event calendar and diversity



- Calibre of international events held
- Environmental impact
- Relationship with our neighbours
- Adherence to world's best practice

3. To remain financially autonomous
4. To provide a full and balanced event calendar to patrons
5. To maintain and enhance the facility to the standard of international best practice
6. To be a good employer and provide personal development opportunities to employees
7. To provide and maintain a safe and healthy working environment for employees, visitors and all persons using the premises as a place of work

The board hosts a strategic planning day in March of each year to reassess priorities and strategic direction.

3. NATURE AND SCOPE OF ACTIVITIES

The nature and scope of the Trust's activities are dictated in the first instance by the Trust Deed, settled with both Councils.

To meet its obligations under its Trust Deed, the Trust identifies the key objectives of:

- Presenting a full and balanced event calendar;
- Maintaining and enhancing the facility;
- Achieving a level of profitability that finances continuing capital expenditure and meets debt reduction obligations.

The Board and management have taken a longer term view of the Stadium's business. In 2014, the Trust identified what we believe are going to be the key issues and opportunities over the next 10-15 years and how we can position ourselves optimally.

In line with the obligations listed above under its Trust Deed, the Trust has developed a number of themes that form the basis of its long term planning;

1. Future Regional Venues Strategy;
2. Attracting Domestic & International Events;
3. Marketing and Branding;
4. Improving Customer Experience;
5. Building relationships with our Hirers;
6. Maximising Revenue;
7. Facility Management.



For the 2017/18 year the Trust's focus on each is outlined as follows:

1. Future regional venues strategy

The Trust supports a right event/right venue approach to securing events for the region.

As an example, the Trust varied its agreements with New Zealand Cricket in order to permit a Black Caps ODI to be played at the Basin Reserve. This has resulted in tests and smaller events being held at the Basin Reserve, with the Stadium retaining larger matches and an overall increase in cricket internationals in Wellington. In addition, the recent concerts at the Basin Reserve have proven to be a success.

The Trust is also supportive of the investment in the Basin Reserve. It is important that both venues continue to complement each other and that the investment ensures a growth in the number of events and overall attendances for events in Wellington as opposed to replacement of existing events within the region.

The Trust remains open to discussions with Wellington City Council around the Stadium/Basin Reserve relationship and whether the current governance arrangements are optimal. Stadium management will assist in a cooperative manner as required.

The Trust continues to support the development of a larger indoor arena in Wellington. The Trust has previously argued that an indoor arena would generate a bigger increase in events and therefore greater economic return for the region than a roof on the Stadium.

2. Attracting domestic and international events

Westpac Stadium remains the busiest stadium in New Zealand, hosting over 50 event days each year in addition to community event days. In addition, the Stadium hosts up to 1,000 non-event day functions, conference and meetings each year.

The events outlook for 2017/18 is positive, building on the return of major non-sporting events and the return of the British and Irish Lions. Other large events on the horizon include the Rugby League World Cup, the FIFA World Cup Intercontinental play-off, a strong Black Caps calendar including the return of England for two matches. It is expected that New Zealand Rugby will announce the allocation of test matches for the 2018 and 2019 seasons in July.

Large events are significant drivers of revenue and are crucial to the viability of the Stadium. Securing such events remains a major focus of the Trust ongoing.

The events schedule through to June 2018, while still being finalised, will remain healthy. The likely calendar for 2017/18 can be seen in the following tables. Some of these are placeholders in advance of schedules being confirmed.



Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17
Test	Super Rugby Final	Mitre 10 Cup	Mitre 10 Cup	Phoenix	Phoenix
Hurricanes	Expo	Mitre 10 Cup	Mitre 10 Cup	Phoenix	Phoenix
Super Rugby QFs	Mitre 10 Cup	Expo	Phoenix	Intercontinental Play-off	
Super SFs		Expo	Mitre 10 Cup Finals	Rugby League World Cup QF	
			Expo	Expo	

Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18
Phoenix	TBA event	Hurricanes	Hurricanes	Hurricanes	Expo
Phoenix	Phoenix	Phoenix	Hurricanes	Hurricanes	Test
Cricket	Phoenix	Hurricanes	Phoenix	Expo	
	Cricket	Cricket	A-League Finals	Expo	
		TBA event			

Exhibitions continue to occupy a large number of events days and fill out the calendar when sporting events are not taking place.

The Trust aims to secure at least one concert/large scale non-sporting event for the 2017/18 year as well as a strong international rugby calendar for 2018 and 2019.

3. Marketing and branding

Media and PR

The Trust continues to adopt a proactive public relations approach with key media outlets, being on the front foot as issues have arisen. The main objective is to achieve a balanced and fact-based debate rather than an emotional, inaccurate or misleading one. By and large the Trust is pleased with what it views to be more balanced reporting of its activities.

Digital Strategy

With more fans consuming their news and information online than ever before it is important that the Stadium is connecting with fans across multiple platforms. We have seen significant increases in engagement across all platforms over the last twelve months. The Stadium is very active on social media having established a presence on YouTube, LinkedIn, Instagram, Facebook and Twitter. Each of these channels offers different ways to publish relevant information and connect with fans in the environments in which they are operating daily.



The connected Stadium project provides a number of opportunities for the Stadium to improve its digital footprint and embrace technology to improve the patron experience. Phase 2 of this project will commence once deployment of the platform had been completed. This will involve the development of applications to improve the customer experience. We will also investigate what technologies can be utilised to assist patrons with accessibility challenges

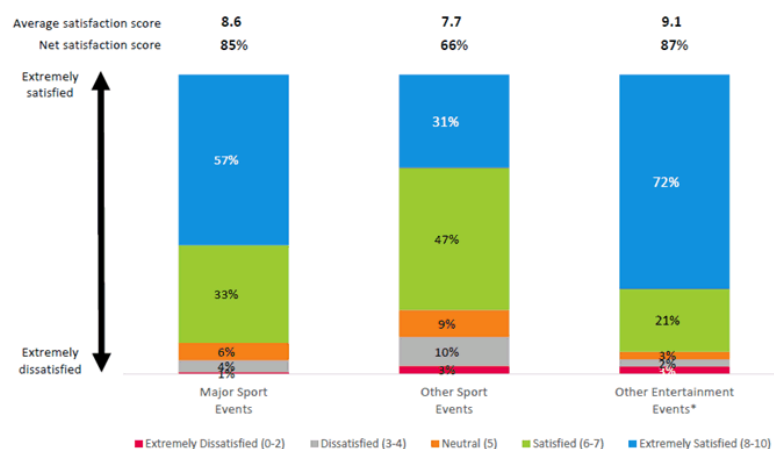
4. Improving customer experience

Alongside our hirers we aim to continuously improve the fan experience. The Stadium facilitates the sharing of issues and ideas, develops proactive solutions and works towards best practice across all our events.

In 2015 the Trust implemented a three-year fan research programme. This programme, which began in late 2015, tracks monthly performance against a range of measures. These performance measures cover the full breath of the game day experience including those managed by the hirer and the Stadium. The results are shared with hirers with a view towards working together to improve the experience.

In the most recent reporting period (August 2016-January 2017) we are pleased that the average event satisfaction score for major sports events (Test matches, Super Rugby Finals), other sports events (Phoenix, Wellington Lions), and other Entertainment events (Beervana, Keith Urban) have all increased.

SATISFACTION BY EVENT CLASSIFICATION



Base n = 177 – 564

Q. How satisfied were you with your overall experiences when you attended (insert event) at Westpac Stadium? Please rate each of the following aspects where 10 = 'the best it could be' and 0 is the 'worst it could be'

The report also provides a number of suggestions around how the Stadium can continue to improve and these are all considered in our planning. These include food and beverage and entry and egress.



In relation to accessibility, while the Stadium achieved excellent levels of accessibility across all areas measured by Be.Accessible and a Gold rating assessment, there are still areas for improvement and we commit to developing an accessibility improvement plan.

5. Building relationships with our hirers

Ultimately our key customer is our hirer. We continue to work hard to develop strong relationships with our hirers.

Key to hirer relationships for 2017/18 will be working jointly with them to maximise the benefits of the connected stadium technology initiative.

The Trust is also mindful of its community responsibilities. It hosts a number of community events at no charge each year such as Sports Wellington's School Day and the Wellington marathon in addition to providing a training venue for groups from the police and defence forces.

6. Maximising revenue

The Trust has diverse revenue streams. The mix of events and hirers provides some degree of risk mitigation to a downturn in any one sport or event. The Trust's mix of revenue streams compare favourably to other major stadiums around the world and in many cases better in terms of diversity.

We are particularly pleased to welcome Spark and Huawei on board as new sponsors to start the 2017/18 year.

Maintaining and growing revenue is critical to our business. In 2017/18 the Trust will review the existing membership programme and develop new products to meet needs. There will be an increased focus on casual hospitality revenue reflecting the market's needs. In addition we will develop a commercial rights strategy around the connected stadium to develop new revenues.

7. Facility Management

The stadium environment is increasingly competitive. There has been significant investment in stadiums in both Australia and New Zealand in recent years. Regional, state and federal governments recognise the value of modern stadiums in attracting events, generating economic activity and promoting sport. Continued investment in Westpac Stadium is vital to ensure events are not lost to new facilities.

The Trust has spent \$11.6m in the last few years completing the following key master plan projects:

- Addition of new changing rooms and upgrade of existing ones
- New media facility
- Upgrade of Stadium Members Lounge
- Construction of the East Mezzanine Bar/Lounge
- Deployment of the connected stadium project
- Full replacement of Stadium turf.



Over the next three years, the Trust has will invest \$9.8 m in the facility. This will be supported by a contribution of \$5.0m from the WCC long term plan.

The main capital project for the facility for 2017/18 will be a significant upgrade of the public concourse with a view towards:

- (i) Improving the overall fan experience for sporting events;
- (ii) Making Westpac Stadium a more desirable host for large scale exhibitions that drive out-of-region visitation and grow the local economy. This is consistent with the Councils' desires for more non-sporting events to be held at the Stadium.

A Project Manager has been appointed for this project and in coming months we will finalise detailed designs and develop tenders, with works to commence in the first half of the 2017/18 financial year.

The proposed upgrades will cover the following elements:

- (i) Removal of some of the steel cladding around the major thoroughfares to bring natural light and the city's wonderful vista into the Stadium;
- (ii) The enhancement and renovation of food and beverage outlets;
- (iii) Refurbishment of parts of the concourse floor;
- (iv) Cladding of some of the current grey concrete walls and pillars;
- (v) Develop consistent look and feel and way finding around the concourse;
- (vi) Making the space more suitable for exhibition clients;
- (vii) Improved lighting.

It is expected that the project will take 18 months to complete, as it is vital that we can continue to host events as normal during this process, with minimal disruption.

Operating Profitability

The Trust Deed requires the Trust to be financially autonomous. This requires the generation of sufficient profits to meet loan repayments and provide funds for the capital replacement and development programmes that are necessary to enable the Trust to meet its obligation to maintain the building to the standard of international best practice.

The major difference the Stadium can make to attendance at events is to improve the experience of the patrons across all areas of the facility. The Stadium Master Plan was developed to do that, but it can only be completed if we can continue to satisfactorily fund these projects.

The financial projections are outlined on the following pages. WCC has granted the Trust \$5m to go towards capital expenditure, particularly in the concourse area. This is required to be shown in the year of receipt, and we have shown it as a separate line item. This has the effect of increasing the projected surplus, and operating cash flows in the next three years. The offsetting capital expenditure is included in the same year.

Excluding this grant income, the Trust projects a healthy operating surplus of between \$3.12m and \$4.54m and operating cash flows of between \$2.35m and \$4.0m.

Depreciation increases over the three year period from \$3.69m to \$3.95m as a result of the ongoing capital expenditure programme, which has spending of \$14.75m.



PROJECTED EVENTS SCHEDULE

12 months ending 30 June

CONFIRMED	2018	2019	2020
Rugby Union	12	12	11
Cricket	3	1	1
Football	10	10	10
Other Sporting Events	1		
Exhibition Days	4		
Total Confirmed	30	23	22
UNCONFIRMED			
Rugby	1	1	1
Cricket		1	1
Other Sporting Events	2	1	2
Concerts/Other Events	1	2	2
Exhibition Days	12	16	16
Total Unconfirmed	16	21	22
Community Events	5	5	5
Total Events	51	49	49

Days reserved for semi's & finals	11	11	11
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SENSITIVITY OF NET SURPLUS TO UNCONFIRMED EVENTS

Net Revenues from Events	2018 \$m	2019 \$m	2020 \$m
Confirmed	2.75	0.97	0.87
Unconfirmed	1.20	1.57	1.94
Total	3.95	2.54	2.81

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**SUMMARY STATEMENT OF FINANCIAL PERFORMANCE
FOR THE THREE YEARS ENDING 30 JUNE**

	2017/18 \$m	2018/19 \$m	2019/20 \$m
Revenue			
Events	6.93	4.79	5.13
Members Boxes & Sponsorship	4.82	4.89	4.86
Other	2.96	2.96	2.96
Total Revenue	14.71	12.64	12.95
<i>Less:</i>			
Event Operating Costs	2.98	2.25	2.32
Other Operating Costs	6.89	6.89	6.89
Interest	0.30	0.38	0.44
Total Operating Expenses	10.17	9.52	9.65
Operating Surplus before depreciation	4.54	3.12	3.30
<i>Less:</i>			
Depreciation	3.69	3.85	3.95
Net Surplus	0.85	(0.73)	(0.65)
<i>Plus:</i>			
Grant income (for capital expenditure)	1.75	2.50	0.25
Total Surplus	2.60	1.77	(0.40)

Net operating cash flows	5.75	4.86	3.54
Surplus cash at the end of each year after meeting loan repayments	0.95	1.01	1.00
Bank Loan at year end	5.00	6.30	5.60
Net debt (Loan less cash)	4.05	5.29	4.60

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**SUMMARY STATEMENT OF CASHFLOWS
FOR THE THREE YEARS ENDING 30 JUNE**

	2017/18 \$m	2018/19 \$m	2019/20 \$m
Cashflows provided from operating activities	14.32	11.88	12.94
Cashflows from grants (to be used for capital expenditure)*	1.75	2.50	0.25
Cashflows applied to operating activities	(10.32)	(9.53)	(9.65)
Net cashflows from operating activities	5.75	4.85	3.54
Cashflows applied to investing activities	(5.81)	(6.09)	(2.85)
Net cashflows from investing activities	(5.81)	(6.09)	(2.85)
Cashflows provided from financing activities		1.30	
Cashflows applied to financing activities			(0.70)
Net cashflows from financing activities	0.00	1.30	(0.70)
Net increase (decrease) in cash	(0.06)	0.06	(0.01)
Opening balance brought forward	1.01	0.95	1.01
Cash at year end	0.95	1.01	1.00



STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE

	30-Jun 2018 \$m	30-Jun 2019 \$m	30-Jun 2020 \$m	30-Jun 2021 \$m	30-Jun 2022 \$m
Trust Funds					
Retained Surpluses	49.51	51.28	50.88	50.47	50.25
Limited Recourse Loans	40.39	40.39	40.39	40.39	40.39
	89.90	91.67	91.27	90.86	90.64
Non Current liabilities					
Revenue in Advance	0.26	0.00	0.00	0.00	0.00
Bank Loan	5.00	6.30	5.60	3.75	4.85
	5.26	6.30	5.60	3.75	4.85
Current Liabilities					
Revenue in Advance	2.58	2.08	2.07	2.08	2.10
Payables	1.23	1.23	1.23	1.23	1.23
	3.81	3.31	3.30	3.31	3.33
Total Funding	98.97	101.28	100.17	97.92	98.82
Represented by:					
Property Plant & Equipment	97.26	99.50	98.39	96.16	97.08
Current Assets	1.71	1.78	1.78	1.76	1.74
Total Assets	98.97	101.28	100.17	97.92	98.82



4. PERFORMANCE MEASURES

Non-Financial Performance Measures

Measure	How Measured
<ul style="list-style-type: none"> Deliver a strong Rugby international test programme for 2018 and 2019 	<ul style="list-style-type: none"> Key stakeholders are satisfied with management of the test operation Sell-out crowds for test matches 40% out of region visitors At least two test matches over the period 2018 and 2019. (Note: only two test matches in NZ in 2019 due to RWC 2019)
<ul style="list-style-type: none"> Deliver more large scale non-sporting events 	<ul style="list-style-type: none"> Secure at least one concert per year Secure at least two other events outside the traditional rugby and football regular season calendar per year
<ul style="list-style-type: none"> Continued investment in stadium infrastructure 	<ul style="list-style-type: none"> Stadium technology deployed successfully To develop a stadium app that features a number of enhancements to the fan experience Concourse upgrade commences and is 50% complete
<ul style="list-style-type: none"> Deliver a full event calendar 	<ul style="list-style-type: none"> Securing 45-50 event days per year. (Excludes community events).
<ul style="list-style-type: none"> Host unique events that deliver economic benefit to the region 	<ul style="list-style-type: none"> Maintaining economic benefit to the Region at an average of \$40 million per year Working with promoters to deliver special events to Wellington
<ul style="list-style-type: none"> Continue to enhance food and beverage offering 	<ul style="list-style-type: none"> Greater range and quality of offerings Higher customer satisfaction in research
<ul style="list-style-type: none"> Improved fan experience and hirer satisfaction 	<ul style="list-style-type: none"> To achieve a net satisfaction score above 80% for major sports and entertainment events. To achieve a net satisfaction score above 70% for all other sporting events. To develop an action plan for areas identified for improvement in our event surveys To develop an accessibility improvement plan

Financial Performance Measures

The key performance indicators agreed with the Wellington City Council and Greater Wellington Regional Council are:

- Revenue – total, and event
- Net surplus (deficit)
- Net cash flow
- Liquidity ratio
- Bank borrowing to total assets
- Capital expenditure

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We have reviewed these indicators and believe these are appropriate to the purpose of the Council's monitoring the Trust performance. They are reported on by the Trustees in their six monthly reports.

5. BOARD APPROACH TO GOVERNANCE

Role of the Board

The Board of Trustees is responsible for the proper direction and control of the Trust's activities. This responsibility includes such areas of stewardship as the identification and control of the Trust's business risks, the integrity of management information systems and reporting to stakeholders. While the Board acknowledges that it is responsible for the overall control framework of the Trust, it recognises that no cost effective internal control system will prevent all errors and irregularities. The system is based on written procedures, policies and guidelines, and an organisational structure that provides an appropriate division of responsibility, sound risk management and the careful selection and training of qualified personnel.

Board Operation

The Board has three Standing Committees that focus on specific areas of the Board's responsibilities. These Committees are the Finance Committee, the Audit Committee and Health & Safety Board Sub-Committee.

The Board meets regularly, generally eight times per year. The Finance Committee meets when required. The Audit Committee meets at least annually. The Health & Safety Committee meets quarterly.

Board Performance

The policy of the Board has been that the Chairman conducts an interview with each Board member prior to the expiry of their term. Each new Board member undertakes an induction program to familiarise themselves with the Stadium, its operation and Board issues. Given the experience of the current Board it has been deemed that a Board development program is not necessary. If there are any Board performance issues, the Chair will bring them to the attention of the Mayor of WCC and the Chair of GWRC.

At the first meeting of the new financial year, the Chairman of the Audit Committee conducts a review of the Chairman's performance.

A full Board performance review has recently been conducted and no significant issues identified.

Board Membership

The Trust Deed states that there shall be not less than five, nor more than eight Trustees.

The Trustees are appointed jointly by the Settlers (Wellington City Council and Greater Wellington Regional Council).

The Wellington City Council and the Greater Wellington Regional Council can each independently appoint one of their elected Councillors as a Trustee.



The current Trustees are:

Name	Appointed until:
John Shewan (Chair)	30 June 2018
Susan Elliott	30 June 2017
Mark McGuinness	30 June 2017
Rachel Taulelei	30 June 2017
Therese Walsh	30 June 2018
Steven Fyfe	30 June 2019
Simon Marsh	declaration of results of 2019 Council elections
David Ogden	declaration of results of 2019 Council elections

6. ORGANISATIONAL HEALTH, CAPABILITY AND RISK ASSESSMENT

Health & Safety

The Trust is across the changes to Health and Safety legislation and takes these changes into account in its ongoing planning and monitoring of Stadium activities.

The Trust has well developed health & safety policies which were reviewed by an external consultant and are regularly updated.

Health and Safety documentation includes the following:

- Document Control Register
- Responsibilities Matrix
- Management Review Process
- H&S Action Plan
- Management H&S Report
- New Hazard ID Form
- Hazard Register
- Personal Protective Equipment (PPE) Register
- Health Monitoring Register
- Health Monitoring Matrix
- Hazardous Substance Register
- Emergency Contacts
- Emergency Response & Evacuation Procedures (EREP)
- Emergency Preparedness Docs for various Stadium modes
- First Aid Kit Contents Checklist
- Employee Induction Checklist
- Employee H&S Handbook
- Training Register
- Approved Trainers List
- Near Miss/Injury Investigation Report
- Near Miss/Injury Register
- Contractor H&S Agreement
- Contractor Induction Checklist
- Contractor Monitoring Checklist
- Evaluation of Contractors
- Contractor Safety Plan Content Checklist

Wellington Regional Stadium Trust
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- Approved Contractor List
- Physical Conditions Checklist: Office and Grounds staff
- Activations & Temp. Structures at Westpac Stadium
- Site Risk Assessment Form
- WRST Safe Work Method Template
- Roof Access Permit

Staff who have influence over Health and Safety matters are required to acquire and keep up to date with Health and Safety matters including attendance at relevant course and conferences.

All staff receive regular training in respect of health & safety procedures.

A Health & Safety booklet has been produced which includes Stadium policies, the roles for staff and contractors, incidents and accident investigation, general site safety, emergency procedures and induction.

There are three Committees with a health and safety focus:

- Emergency Control Organisation/Emergency Planning Committee (meets ahead of each major event);
- Health and Safety Committee which includes key WRST staff as well as contractors and tenant organisations (meets monthly);
- Board Health and Safety Committee (meets quarterly).

All contractors coming on-site are required to:

- Complete a health & safety agreement
- Complete a health & safety induction plan
- Provide a contractors safety plan
- Operate safely and report any hazards, near misses and injuries

RISK MANAGEMENT

Earthquakes

Prior to construction (July 1995), the Trust commissioned a full geo-technical report on the site. The ground was improved with vibro-replacement producing gravel columns at spacing of two to three metres to mitigate the effect of earthquakes.

The Trust has used the learnings from the recent earthquakes to strengthen its crowd control and evacuation procedures.

The Trust has conducted a study to enable the Stadium to better understand its current percentage of New Building Standard (% NBS), the interaction between the reclaimed land and the building structure, the differential lateral spread expected and as well as a building seismic assessment. While no significant issues emerged, we will be implementing some resilience works that will enhance the structures.

Insurance

The Stadium insurance programme is managed by Marsh Ltd. The Trust operates a maximum first loss policy that provides cover for the maximum credible loss for fire, earthquake and other perils. The current maximum cover insured is \$170m for material damage and \$28 m for business interruption.

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The building reinstatement value was assessed in September 2015 at \$237.5m. The Trust has used the maximum first loss policy since 2003 based on modelling work undertaken with Marsh which has supported \$170m as being appropriate cover in this context.

The Stadium is required to cover the first \$7.0 million of any earthquake claim. There have been no material changes to the cover or the deductibles from the previous year.

Business Continuity Plan

The Trust has a Business Continuity Plan. The Trust has ongoing interactive training sessions with all staff to reinforce the content and requirements of the plan.

Communication and Access to Information

The Trust enjoys a positive and open relationship with both of its settlors, and both settlors have representation on the Board of Trustees. The Trustees confirm they intend to continue to operate on a “no surprises” basis with communication of any significant event likely to impact on either party made as soon as possible. This has worked well in the past.

7. ADDITIONAL INFORMATION

Reporting

The Trustees will present a six monthly report to both Councils, which will include a written report on agreed key performance indicators and financial statements for the period. The Trust will provide a formal briefing to both Councils, twice a year, on activities to date and review the outlook.

Audited financial statements will also be available on completion of the annual audit.

The Trustees will inform the Councils of any significant expected obligations or contingent liabilities to third parties.

Major Transactions

There are no major transactions likely to occur in the planning period that are not identified in the Business Plan.

Any particularly contentious transactions will be brought to attention of the Council at the earliest opportunity.

Accounting Policies

General accounting policies of the Trust are set out in the Statement of Significant Accounting Policies. These policies are consistent with the policies applied in the previous year, apart from the presentation change relating to the limited recourse loans.



OTHER ITEMS TO BE INCLUDED IN THE STATEMENT OF INTENT

Ratios

The ratio of Trust Funds to Total Assets is expected to be:

30 June 2018	50%
30 June 2019	51%
30 June 2020	51%

The ratio of total Trust Assets to Trust Liabilities is expected to be:

30 June 2018	200%
30 June 2019	203%
30 June 2020	203%

Trust Funds are defined as the residual interest in the assets of the Trust after the deduction of its liabilities.

Assets are defined as service potential or future economic benefits controlled by the Trust as a result of past transactions or other past events.

Liabilities are defined as future sacrifices of service potential or of future economic benefits that the Trust is presently obliged to make to other entities as a result of past transactions or other past events.

Distributions to Settlers

Section 5 of the Trust Deed sets out the powers of the Trustees regarding the income of the Trust.

The Trust is required to pay surplus funds to the Wellington City Council and Wellington Regional Council in reduction of their limited recourse loans after meeting costs, liabilities and debt reductions and after allowing for the appropriate capital expenditure and transfers to reserves.

The Trust does not expect to have surplus funds available for repayment in the years covered by this Statement of Intent.

No other distributions to settlers are intended to be made.

Investments in other organisations

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

Compensation from local authority

There are no activities for which the Trust seeks compensation from any local authority.

Trust's estimate of the commercial value of settlor's investment in the Trust

Not applicable



Other matters as set out in the Funding Deed

Significant Third Party Obligations

There are no significant third party obligations other than those disclosed in the Financial Statements.

Relevant Legislation

The Trustees confirm that the Trust will comply with all relevant legislation affecting the conduct of this business.



STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity and Period

Wellington Regional Stadium Trust Incorporated (the Trust) is a charitable trust established by the Wellington City Council ('WCC') and Greater Wellington Regional Council ('GWRC'). The Trust is domiciled in New Zealand.

The Trust is responsible for the planning, development, construction, ownership, operation and maintenance of the Westpac Stadium, Wellington, as a multi-purpose sporting and cultural venue.

The Trust was incorporated under the Charitable Trust Act 1957. The Trust is also a charitable entity under the Charities Act 2005, registration CC10754.

Statement of Compliance and Basis of Preparation

The financial statements have been prepared in accordance with the Trust Deed which requires compliance with generally accepted accounting practice in New Zealand.

As the primary purpose of the Trust to provide a community and social benefit, it is a public benefit entity for financial reporting purposes

The financial statements of the Trust comply with Public Benefit Entity (PBE) standards.

The financial statements have been prepared in accordance with Tier 2 PBE Standards. The Trust meets the requirements for Tier 2 reporting as does not have public accountability and is not large (as defined by XRB A1).

The financial statements have been prepared on a historical cost basis, except for interest rate swaps.

The financial statements are presented in New Zealand dollars, and all values are rounded to the nearest thousand dollars (000) unless otherwise stated.

The financial statements have been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the period.

Revenue

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

Corporate Box, Memberships & Sponsorship Revenues

Licenses for Corporate boxes are issued for terms of between four and six years. Signage and sponsorship properties are sold for a range of terms of between one and 10 years. The related license fees/revenues are paid annually with the revenue recognised on a straight line basis throughout the year.

Stadium memberships have been sold for terms ranging between two and five years. Payment may be made upfront or in a series of instalments. The payments received are recorded as Revenue in Advance, and recognised on a straight line basis over the term of the membership.



Amortisation of initial Membership and Corporate Box agreements

The development of the Stadium was partially funded by the sale of stadium club memberships, corporate boxes and sponsorship properties. The term of the original memberships and corporate box licenses was 15 years and this term expired on 31 December 2014. Payment for these items was received upfront and has been recognised as revenue on a straight line basis over the term of the agreement.

Interest

Interest income is accrued using the effective interest rate method.

Rental income

Rents are recognised on a straight line basis over the term of the lease.

Expenses

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

Interest

Interest expense is accrued using the effective interest rate method. The effective interest rate exactly discounts estimated future cash payments through the expected life of the financial liability to that liability's net carrying amount. The method applies this rate to the principal outstanding to determine interest expense each period.

Taxation

As a Charitable Trust, the Trust meets requirements for exemption from income tax and accordingly no provision for income tax is recorded in the financial statements.

All items in the financial statements are exclusive of GST, with the exception of receivables and payables, which are stated as GST inclusive.

Financial Instruments

The Trust classifies its financial assets and financial liabilities according to the purpose for which they were acquired. The Trust determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

Non-derivative Financial Instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit and loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the Trust becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Trust's contractual rights to the cash flows from the financial assets expire or if the Trust transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date. Financial liabilities are derecognised if the Trust's obligations specified in the contract expire or are discharged or cancelled.



Financial Assets

Cash and cash equivalents comprise cash balances and call deposits with up to six months maturity. These are recorded at their nominal value.

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

Financial Liabilities

Financial liabilities comprise trade and other payables and borrowings, and are all classified as other financial liabilities. Financial liabilities with duration more than 12 months are recognised initially at fair value less transaction costs and subsequently measured at amortised cost using the effective interest rate method.

Amortisation is recognised in the Statement of Comprehensive Revenue & Expense as is any gain or loss when the liability is derecognised.

Financial liabilities entered into with duration less than 12 months are recognised at their nominal value.

Derivative Financial Instruments

Derivative financial instruments are recognised at fair value as either assets or liabilities. The Trust does not hold any derivatives that qualify for hedge accounting. Derivatives that do not qualify for hedge accounting are classified as held for trading financial instruments with fair value gains or losses recognised in the Statement of Comprehensive Revenue & Expense. Fair value is determined based on quoted market prices.

Employee Entitlements

Employee entitlements that the Trust expects to be settled within 12 months of balance date are measured at undiscounted nominal values based on accrued entitlements at current rates of pay. These benefits are principally annual leave earned but not yet taken at balance date, and bonus payments.

No provision for sick leave is accrued, as past experience indicates that compensated absences in the current year are not expected to be greater than sick leave entitlements earned in the coming year.

Other Liabilities & Provisions

Other Liabilities and provisions are recorded at the best estimate of the expenditure required to settle the obligation. Liabilities and provisions to be settled beyond 12 months are recorded at their present value.

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 & Expense in the period in which they are incurred. Payments made under operating leases are recognised in the Statement of Comprehensive Revenue & Expense on a straight-line basis over the term of the lease.



Property, Plant and Equipment

Recognition

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.

Measurement

Items of 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. Borrowing costs are not 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. Losses resulting from impairment are reported in the Statement of Comprehensive Revenue & Expense.

Disposal

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 & Expense in the period in which the transaction occurs.

Depreciation

Depreciation is provided on all property, plant and equipment, with certain exceptions. The exceptions are land, some aspects of the pitch category and 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 major classes of property, plant and equipment are as follows:

Land	indefinite
Pitch	10 years to indefinite
Buildings	8 to 70 years
Replay screen & production equipment	3 to 25 years
Fitout	5 to 50 years
Fittings	3 to 20 years
Plant & machinery & equipment	2 to 70 years

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, and then depreciated.



Critical accounting estimates and assumptions

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

Estimating useful lives and residual values of property, plant, and equipment

At each balance date, the useful lives and residual values of property, plant, and equipment are reviewed. Assessing the appropriateness of useful life and residual value estimates of property, plant, and equipment requires a number of factors to be considered such as the physical condition of the asset, expected period of use of the asset by Trust, and expected disposal proceeds from the future sale of the asset

An incorrect estimate of the useful life or residual value will affect the depreciation expense recognised in the statement of comprehensive revenue and expense, and carrying amount of the asset in the statement of financial position. The Trust minimises the risk of this estimation uncertainty by regular physical inspection of assets, a planned preventative maintenance and asset replacement programme.

Statement of Cash Flows

The statement of cash flows has been prepared using the direct approach. Operating activities include cash received from all income sources of the Trust; record the cash payments made for the supply of goods and services and include cash flows from other activities that are neither investing nor financing activities. Investing activities relate to the acquisition and disposal of assets. Financing activities relate to activities that change the funding structure of the Trust.

Changes in Accounting Policies

There have been no changes in accounting policies.

John Shewan
Chair
FOR THE TRUSTEES
WELLINGTON REGIONAL STADIUM TRUST

FINAL STATEMENTS OF INTENT FOR COUNCIL CONTROLLED ORGANISATIONS

Purpose

1. To receive and consider the final 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 received draft SOIs and reported on these at the sub-committee meeting on 12 April 2017. The report included any issues with the draft SOIs that were expected to be addressed in the final SOIs.
3. Officers highlighted these to the CCOs and requested that they be addressed in the final SOI.
4. Officers have reviewed the final SOI for each CCO and assessed that each SOI has addressed any issues raised by the sub-committee at its meeting held on 12 April 2017.

Recommendations

That the Council Controlled Organisations Sub-committee:

1. Receive the information.
2. Note that following the sub-committee meeting on 12 April 2017 the officers requested changes to be made to the Statements of Intent and that these changes have been included in the final Statements of Intent.
3. Agree to recommend to the City Strategy Committee that it approves the 2017/18 Statements of Intent for the Basin Reserve Trust, the Karori Sanctuary Trust, the Wellington Cable Car Limited, the Wellington Museums Trust and the Wellington Zoo Trust.

Background

5. 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 which outlines the Council's expectations in respect of the SOIs it will receive.
6. The final SOIs are included in this report for referral to the City Strategy Committee for its approval. As the key accountability document between the Council and the Board of

each entity, the approval or support of the SOI is important in confirming the strategic direction and accountability to Council of each organisation.

7. The draft 2017/18 SOI for the Wellington Regional Stadium Trust is presented to the sub-committee under a separate covering report.
8. The 2017/18 SOI for Wellington Regional Development Agency Limited will be considered by the Wellington Regional Strategy Committee.
9. The 2017/18 SOI for Wellington Water Limited will be considered by the Wellington Water Committee.

Discussion

10. Officers have reviewed the SOI received from each entity and acknowledge that they respond constructively to the comments from this sub-committee.
11. Final SOIs are appended to this report.

Basin Reserve Trust

12. The Trust has set out the Master Plan works that are intended to be undertaken during 2017/18 and beyond. These work include the refurbishment of the scoreboard, replacement of exterior seating in front of the RA Vance Stand, upgrading the northern entrance from Kent & Cambridge Terrace and its interface with the ground, working with Council and Cricket Wellington to relocate the Brierley Pavilion and develop this area as an open and functional space, and the detailed design of the eastern grass embankments.
13. The Trust has also acknowledged the Council's expectation that it will focus on fund raising to support Council's investment in the upgrade of the Basin Reserve. It will also engage a specialist to assist with securing a suitable naming rights sponsor for the Basin Reserve.
14. Officers recommend that the sub-committee recommend that the City Strategy Committee approve the Basin Reserve Trust 2017/18 SOI.

Karori Sanctuary Trust

15. The Trust's SOI was updated to include the appropriate visitor satisfaction measure in its key performance indicators and officers recommend that the sub-committee recommend that the City Strategy Committee approve the Karori Sanctuary Trust 2017/18 SOI.

Wellington Cable Car Limited

16. The company has updated its SOI to include the various matters raised and officers recommend that the sub-committee recommend that the City Strategy Committee approve the Wellington Cable Car Limited 2017/18 SOI.

Wellington Museums Trust

17. The Trust's SOI now articulates that the Trust will work with Council in considering a full range of options for the future of the Space Place and acknowledges that funding for future capital projects will be subject to Council's planning processes.

18. Relevant adjustments and inclusions for key performance indicators have been made and officers recommend that the sub-committee recommend that the City Strategy Committee approve the Wellington Museums Trust 2017/18 SOI.

Wellington Zoo Trust

19. The Trust has retained key performance indicators and included baseline forecasts as requested and officers recommend that the sub-committee recommend that the City Strategy Committee approve the Wellington Zoo Trust 2017/18 SOI.

Attachments

Attachment 1.	Basin Reserve Trust 2017/18 Statement of Intent	Page 151
Attachment 2.	Karori Sanctuary Trust 2017/18 Statement of Intent	Page 171
Attachment 3.	Wellington Cable Car Ltd 2017/18 Statement of Intent	Page 206
Attachment 4.	Wellington Museums Trust 2017/18 Statement of Intent	Page 245
Attachment 5.	Wellington Zoo Trust 2017/18 Statement of Intent	Page 275

Author	Warwick Hayes, CCO Project Manager
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.



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

Work on the re-development of the Basin Reserve continued through 2016/17 with the completion of the exterior of the RA Vance Stand. The interior upgrade of the RA Vance stand is progressing and is expected to be completed in Quarter 1 of 2017/18 and we look forward to seeing the stand brought back up to a high standard befitting the home of Cricket in New Zealand.

2017/18 will see the following projects progressed:

- Refurbishment of the scoreboard;
- Replacement of the exterior seating in front of the RA Vance Stand;
- Upgrading of the Kent and Cambridge Terrace entrance and interface;
- Working with Council and Cricket Wellington to relocate the Brierley Pavilion and develop this area as open and functional space
- Detailed design of the changes to the Eastern grass embankments; and
- Presentation to Council of the options for the future of the Museum Stand

The Trust is keen to see momentum maintained over the winter of 2017 that should see the ground presenting well for the upcoming cricket season.

The Trust acknowledges Council's expectation that the Trust will have a significant focus on fund raising to support the Council investment in the upgrade of the Basin Reserve.

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	2016-17 Forecast	2017- 18	2018- 19	2019- 20
Number of event days	Quarterly					
• Cricket Events		Cricket days	42	38	38	43
• Other Sports Events		Sports days	20	20	22	24
• Practice facility usage		Practice days	100	100	105	110
• Community Events		Other days	12	13	14	15
• Functions		Function days	15	17	19	21
Numbers attending events		Attendance figures	35000	40,000	42,000	44,000

Non-financial Performance Measures 2017-18

Measure	Frequency	Measurement	2017-18 Q1	2017-18 Q2	2017-18 Q3	2017-18 Q4	2017-18 Total
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	40	45	0	100
• 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

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

0.85 : 1.00

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 \$715,000 as at 30 June 2018.

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

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 and there have been no changes in accounting policies from the previous financial year.

APPENDIX: FORECAST FINANCIAL STATEMENTS

BASIN RESERVE TRUST

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEARS ENDING

	30 June 2017 Forecast \$'s	30 June 2018 \$'s	30 June 2019 \$'s	30 June 2020 \$'s
Revenue				
Council funding	658,695	628,993	656,900	686,043
Sales of goods and services	271,663	278,000	255,000	353,000
Interest revenue	905	3,500	3,500	3,500
Total Revenue	931,263	910,493	915,400	1,042,543
Expenses				
Depreciation of property, plant and equipment	108,569	120,000	130,000	150,000
Costs related to providing goods and services	731,388	608,300	639,000	708,800
Other expenses	135,578	134,625	135,125	140,625
Total Expenses	975,535	862,925	904,125	999,425
Surplus for the year	(44,272)	47,568	11,275	43,118

BASIN RESERVE TRUST

STATEMENT OF FINANCIAL POSITION AS AT

	30 June 2017 Forecast \$'s	30 June 2018 \$'s	30 June 2019 \$'s	30 June 2020 \$'s
Assets				
Current Assets				
Bank accounts and cash	76,000	79,633	92,898	138,616
Debtors and prepayments	186,000	166,137	194,057	223,637
Total Current Assets	262,000	245,770	286,955	362,253
Non-Current Assets				
Property, plant and equipment	646,000	594,429	524,429	499,429
Total Non-Current Assets	646,000	594,429	524,429	499,429
Total Assets	908,000	840,199	811,384	861,682
Liabilities				
Current Liabilities				
Creditors and accrued expenses	194,000	125,360	85,270	92,450
Total Current Liabilities	194,000	125,360	85,270	92,450
Total Liabilities	194,000	125,360	85,270	92,450
Total Assets less Total Liabilities	714,000	714,839	726,114	769,232
Trust Equity				
Contributed capital	100	100	100	100
Accumulated surpluses	713,900	714,000	725,275	768,393
Total Trust Equity	714,000	714,100	725,375	768,493

BASIN RESERVE TRUST

STATEMENT OF CASH FLOWS FOR THE YEARS ENDING

	30 June 2017 Forecast \$'s	30 June 2018 \$'s	30 June 2019 \$'s	30 June 2020 \$'s
Cash Flows from Operating Activities				
Receipts of council funding	544,000	578,993	601,900	626,043
Receipts from sale of goods and services	175,000	178,000	155,000	253,000
Interest receipts	4,000	3,500	3,500	3,500
Payments to suppliers and employees	(676,000)	(612,925)	(639,125)	(709,425)
GST (net)	(36,000)	(42,060)	(48,010)	(52,400)
Net Cash Flows from Operating Activities	11,000	105,508	73,265	120,718
Cash Flows from Investing and Financing Activities				
Payments to acquire property, plant and equipment	0	(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	11,000	55,508	13,265	45,718
Add opening bank accounts and cash	65,000	24,125	79,633	92,898
Closing Bank Accounts and Cash	76,000	79,633	92,898	138,616

BASIN RESERVE TRUST

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEARS ENDING

	30 June 2017 Forecast \$'s	30 June 2018 \$'s	30 June 2019 \$'s	30 June 2020 \$'s
Grant Income				
Grant Wellington City Council	632,937	628,993	656,900	686,043
Grant Other	25,758	-	-	-
	<u>658,695</u>	<u>628,993</u>	<u>656,900</u>	<u>686,043</u>
Ground Hire Income				
Ground Hire International	145,000	95,000	65,000	145,000
Ground Hire Domestic Cricket	38,000	58,000	58,000	58,000
Ground Hire Winter Sports	2,500	-	-	-
Ground Hire Other Events	20,000	20,000	30,000	40,000
	<u>205,500</u>	<u>173,000</u>	<u>153,000</u>	<u>243,000</u>
Other Income				
Concession Income	6,545	25,000	22,000	30,000
Signage	-	80,000	80,000	80,000
Screen Hireage	-	-	-	-
Donations	-	-	-	-
Picket Fence Income	631	-	-	-
Miscellaneous Income	58,987	-	-	-
	<u>66,163</u>	<u>105,000</u>	<u>102,000</u>	<u>110,000</u>
Interest Income				
Interest Income	905	3,500	3,500	3,500
	<u>905</u>	<u>3,500</u>	<u>3,500</u>	<u>3,500</u>
Total Income	<u>931,263</u>	<u>910,493</u>	<u>915,400</u>	<u>1,042,543</u>

BASIN RESERVE TRUST

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEARS ENDING

	30 June 2017 Forecast \$'s	30 June 2018 \$'s	30 June 2019 \$'s	30 June 2020 \$'s
Expenditure				
Building Expenses				
Repairs & Maintenance	14,453	25,000	30,000	35,000
Cleaning	6,193	8,000	8,500	10,000
Electrical Services	4,583	3,000	4,000	5,000
Fire System	9,522	7,000	7,500	8,000
Painting	585	2,000	2,200	3,000
Pest Control	2,974	3,000	3,500	4,000
Plumbing	7,485	5,000	5,500	6,000
Other	138	500	500	500
	<u>45,933</u>	<u>53,500</u>	<u>61,700</u>	<u>71,500</u>
Ground Expenses				
Electrical Services	2,097	1,000	1,500	2,000
Equipment Hire	824	800	800	800
Cleaning	120	1,000	1,500	2,000
Irrigation	110	500	500	500
Painting	9,845	8,000	9,000	10,000
Plumbing	22,521	10,000	12,000	14,000
Rubbish Removal	20,073	15,000	16,000	18,000
Ground Structures	60,315	40,000	45,000	50,000
Turf	315,600	280,000	290,000	300,000
Karori Park Operation Contribution	10,000	10,000	10,000	10,000
	<u>441,505</u>	<u>366,300</u>	<u>386,300</u>	<u>407,300</u>
Occupancy Expenses				
Gas	8,446	7,000	7,500	8,000
Electricity	26,696	23,000	24,000	25,000
Rates	30,880	30,000	33,000	36,000
Security	13,016	12,000	12,500	13,000
Telephones	3,752	3,000	3,000	3,000
Water Rates	20,852	12,000	14,000	16,000
Television	5,265	6,000	6,500	7,000
Insurance	7,965	7,500	1,000	1,000
Consumables Laundry & Toilet	12,043	10,000	11,000	12,000
	<u>128,915</u>	<u>110,500</u>	<u>112,500</u>	<u>121,000</u>

BASIN RESERVE TRUST

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEARS ENDING

	30 June 2017 Forecast \$'s	30 June 2018 \$'s	30 June 2019 \$'s	30 June 2020 \$'s
Expenditure				
Event Running Expenses				
Event Running	94,741	70,000	70,000	100,000
Casual Staff	20,294	8,000	8,500	9,000
	<u>115,035</u>	<u>78,000</u>	<u>78,500</u>	<u>109,000</u>
Administration Expenses				
Audit	13,200	13,500	14,000	14,500
Accounting	12,000	12,000	12,000	12,000
Bank Fees	100	125	125	125
Consultants	28,947	30,000	30,000	30,000
Management Fee	68,000	68,000	68,000	68,000
	<u>122,247</u>	<u>123,625</u>	<u>124,125</u>	<u>124,625</u>
Other Expenses				
Interest Expense	-	-	-	-
Marketing	12,486	10,000	10,000	15,000
Miscellaneous	745	1,000	1,000	1,000
Picket Fence Expenses	100	-	-	-
	<u>13,331</u>	<u>11,000</u>	<u>11,000</u>	<u>16,000</u>
Depreciation Expense				
Depreciation Expense	108,569	120,000	130,000	150,000
	<u>108,569</u>	<u>120,000</u>	<u>130,000</u>	<u>150,000</u>
Total Expenditure	975,535	862,925	904,125	999,425
Net Surplus (Deficit) for the Year	(44,272)	47,568	11,275	43,118

Statement of Intent 2017-2018 Karori Sanctuary Trust

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

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Appendices

Appendix A: Accounting Policies

Appendix B: ZEALANDIA 2017/18 Budget

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

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.

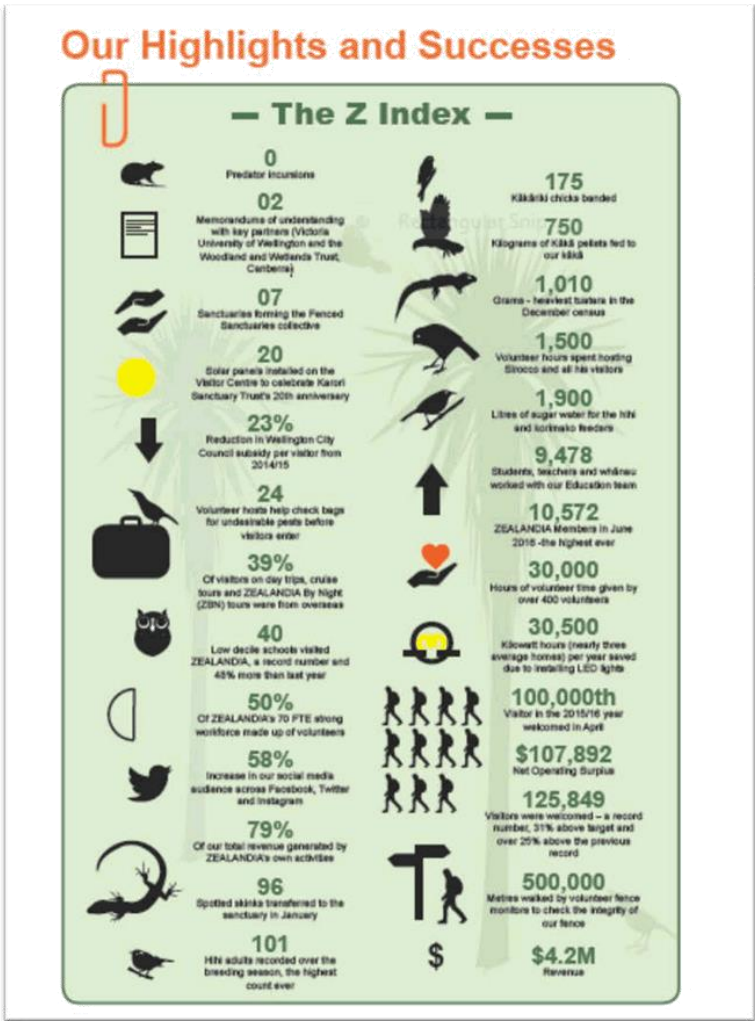
International travellers from Germany, Scandinavia, and Canada are boosting Wellington significantly. Chinese tourism has also seen large growth over the last two years. The way Chinese tourists travel in New Zealand is changing, moving away from organised tours to more self-organised trips.

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



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 Mara a
Tāne and its extending
halo 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) \$18.78
- 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 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

Restoring Te Māra a Tāne and its extending halo of biodiversity (4.2) <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. 	Building our organisation's capacity to drive transformation (4.3) <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) \$18.78 ▪ Average WCC subsidy per visitor \$9.07 ▪ Average revenue per visit \$26.22 ▪ Non-Council Donations/Funding \$265,000
Creating inspiring, accessible experiences and change through example and shared passion for action (4.4) <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 	Forming strong and enduring local, national and international partnerships based on shared goals (4.5) <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.
Embracing Mātauranga Māori and other knowledge frameworks (4.6) <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. 	Being a hub where people of all ages can learn, create new knowledge and share their insights and understanding (4.7) <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	

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	N/A	>94%	>95%	>95%

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)	\$16.90	\$18.78	\$18.35	\$18.23
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, and the Trusts Board can appoint up to 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.

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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
Matthew 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 PCBU's 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.

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.





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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WCCL SOI 2017/18

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, which may impact on the 2017/18 year as outlined in section 6(b).
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.

There should not be any negative financial impact on the Company arising from the decommissioning of the Trolley Bus Network, as the Company believes the costs will be fully funded by external parties as outlined in Section 7(e). The restructuring costs that may result from the cessation of the Overhead division of the business have been provided for by the Company and are minor in value.

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.

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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>
a. <u>Operation of Cable Car Service</u>	<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's Marketing Plan. This includes the promotion of Wellington as a place to live, work and play. 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>
b. <u>Operation and De-Commissioning of Trolley Bus Traction Services</u>	<p>13. Ensure the future planning for the Cable Car and its importance to the Wellington visitor economy and visitor experience, specifically by working closely with WCC, WREDA and other CCOs / Trusts.</p> <p>14. Ensure the Company considers opportunities to utilise WCC's shared services capabilities which are fit for purposes and scale of the Company's activities, as and when these opportunities are presented; specifically in relation to the provision of information technology support.</p> <p><u>Key Generic Activities and Outcomes</u></p> <p>1. Ensure all legal and statutory requirements are met.</p> <p>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.</p> <p>3. Operate, maintain, repair and replace (where required) the Trolley Bus overhead electrical network assets in accordance with the Asset Management Plan.</p> <p>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.</p> <p>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).</p> <p>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.</p> <p>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.</p> <p>8. Ensure appropriate insurance cover is held for Traction Services assets and vehicles, excluding</p>

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<u>Core Strategies</u>	<u>Key Activities and Outcomes Sought</u>
	<p>9. Ensure the Trolley Bus Traction Services Health and Safety Plan is kept up to date and appropriately managed.</p> <p>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.</p> <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>X% travel on the Cable Car at least once every year</p> <p>2017/18 – 50% 2018/19 – 52% 2019/20 – 54%</p> <p>Y% of respondents provide a rating of greater than 6 on a scale of 1 to 10</p> <p>2017/18 – 90% 2018/19 – 91% 2019/20 – 92%</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
2016/17 (Revenue)	210,316	636,218	986,848	675,935 ¹	2,509,317
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 statutes	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.
 - A 'no surprises' approach to its shareholder and stakeholders

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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Should the Company be successful in becoming part of the Metlink public transport network, this may have an impact on the 2017/18 financial year financial statements as it would form part of the 2018 Long Term Plan of GWRC and the business case is premised on the Company receiving funding from the 2018 year onwards. Should this initiative not be successful, the Company will work to assess other options and funding mechanisms as the Company would not be financially viable in the long term. This can be seen from the following charts which show the Company's cashflow over the next 15 years and its 50 year capital expenditure forecast.

Chart 1: Cable Car 15 year cash flow analysis (Incl. 3% inflation)

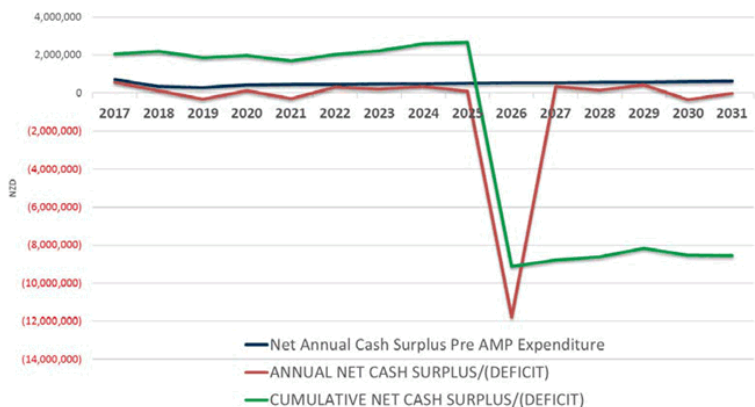
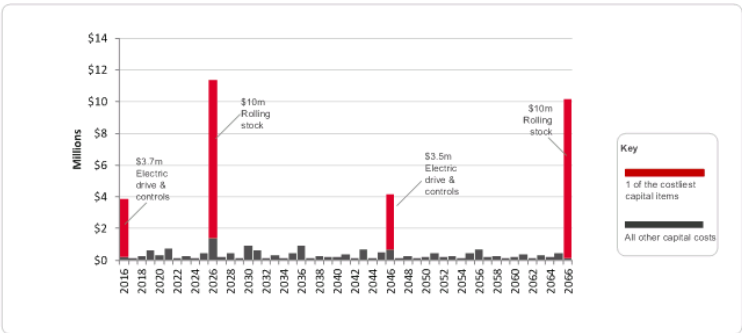


Chart 2: Cable Car 50 year capital expenditure forecast (current costs)



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

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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:

- 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.

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

WCCL regularly reviews and updates its 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 PCBU 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 2016 – 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) and also the major project for the 2017/18 year, the decommissioning of the Trolley Bus Overhead Network, the Company will not declare any dividends in respect of the 2017/18 year and the subsequent two financial years.

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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).

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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.

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.

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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.

(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									
					5 - Car evacuation procedures taught and practised regularly as detailed in Drivers and Health & Safety Manuals									
					6 - Telephone interconnects with radio in both Cars, programmed with emergency numbers									
					7 - Tunnels, bridges, visual inspection before service recommences									
					8 - Tunnel convergence monitored									
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									
					5 - Drivers notify each other when workers are in the proximity of the track									
					6 - Drivers use Cable Car bell from a distance of no less than 4 sets of track rollers as a warning to workers. If no acknowledgement received, Cars must be stopped									
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 straps 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

WCCL SOI 2017/18

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.

WCCL SOI 2017/18

Appendix 3: Forecast Financial Statements

WCCL SOI 2017/18

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

COMPANY ACTIVITIES DIVISION

	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
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
EXTERNAL ACTIVITIES								
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 2018, 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	1,748	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>
	<u>2,948</u>	<u>3,190</u>	<u>3,765</u>	<u>4,241</u>
FIXED ASSETS	<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>
	<u>600</u>	<u>316</u>	<u>319</u>	<u>385</u>
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>
	<u>1,050</u>	<u>1,050</u>	<u>1,050</u>	<u>1,050</u>
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 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 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.



Experience Wellington – Statement of Intent 2017-18 3

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. It is anticipated that for any project requiring an increase in Council's baseline funding or capital investment, the work on scoping these projects will be undertaken in conjunction with Council with a view to them being considered as part of the 2018-28 Long-term Plan (LTP).

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 also continue our programme of business systems improvement.



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. As noted in the *OVERVIEW*, scoping of visitor experience projects will be undertaken with Council and with a view to them being considered as part of Council's 2018-28 Long-Term Plan.
- 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. The review will be undertaken with Council and will consider a full range of operating options. 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 with potential to be a flagship project for the Council's Capital of Culture initiative.

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; 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 with Council's full involvement. 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 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 VALUES

Purpose: Working with and for Wellington to create remarkable art, culture and science experiences that generate vitality: enriching the city we love.

Vision: Engaged Curious Communities.

Values: Connected / Quality First / Boldness / Leading

- **Connected:** We work together to deepen our engagement with, and relevance to, the communities we serve.
- **Quality First:** We set ourselves high standards prioritising what will make a real difference to Wellington.
- **Boldness:** We are agile, proactive and use innovation and creativity to achieve the best outcomes for our city.
- **Leading:** We commit to providing an environment in which a high performing organisation culture will flourish.



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.



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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



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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
Sub Total	2,845	3,979	3,152	3,603	3,262
Sub-letting, Interest & Other	205	165	364	371	405
Experience Wellington Total	3,050	4,144	3,516	3,974	3,667

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.

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.



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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 Subsidy per Visit

The Council subsidy per physical visitor is calculated first by dividing the number of forecast visits into the operating grant received from Council (Table 1). Council's ownership costs such as insurance, maintenance and depreciation are then added (Table 2) to provide an estimate of the full subsidy per visit. The information regarding ownership costs is supplied by Council.

Table 1: Operating subsidy per visit

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

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

Capital E includes Hannah Playhouse; the National Arts Festival for Children occurs in 2016-17 and 2018-19.

Table 2: Full subsidy per visit inclusive of Council's ownership costs

Full Subsidy per Visit (\$)	2016-17 Forecast	2017-18	2018-19	2019-20
City Gallery Wellington	18.62	18.01	17.20	17.14
Museums Wellington	7.15	6.97	6.86	6.81
Capital E	14.36	14.53	14.91	14.61
Space Place	15.51	14.30	14.47	14.26

Council's estimated ownership costs are supplied by Council.



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:

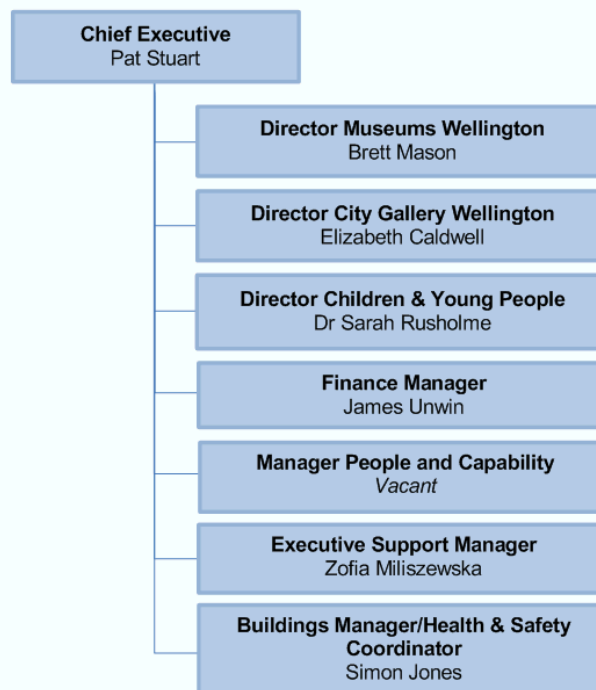
- Operating on a “no surprises” basis so that any significant event that may impact on either party is brought to their attention as soon as it can be reasonably done.
- Open and frank communication will occur between Experience Wellington and Council.
- Full disclosure of information will be provided 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 strategic leadership and centralised management and accountability for visitor experiences delivered through institutions. Reporting to the Chief Executive are three Directors who have responsibility for our visitor experience outputs, the Finance Manager, a new position of Manager People and Capability, the Executive Support Manager 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 (\$'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
E: cablecar@experiencewellington.org.nz
www.museumswellington.org.nz/cable-car-museum

Nairn Street Cottage

68 Nairn Street
PO Box 893, Wellington
P: 04 384 9122
E: cottage@experiencewellington.org.nz
www.museumswellington.org.nz/nairn-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/>





April 27, 2017

Cr Simon Woolf
Chair
CCO Sub Committee
Wellington City Council
PO Box 2199
WELLINGTON 6140

Dear Simon,

RE: Statement of Intent (SOI) 2017-18

Thank you for your letter of December 15, 2016 regarding the Wellington Zoo Trust's Statement of Intent for 2017-18.

Our SOI addresses the issues for the Trust which you have raised in your letter. These specifically refer to the following matters:

- alignment with the Council's strategic direction and aims in the 2015-25 LTP
- continue to tell stories and promote Wellington as a place to live, work and play
- continue to develop the school age offering and opportunities for low decile schools
- continue the no surprises approach with WCC especially in relation to branding
- maintain a high degree of legislative compliance especially in regard to H&S
- completion of an annual Board performance review.

We have also addressed the changes requested from our Draft SOI – namely reinstatement of some measures and addressing the CAPEX Plan for the 2018-28 LTP deliberations.

The Trust looks forward to continuing the positive working relationship we have with Council to create celebration and pride in our boutique but mighty Zoo.

We are looking forward to an exciting year for Wellington Zoo as we ignite a Zoo revolution.

Yours sincerely

A handwritten signature in dark ink, appearing to read "Craig Ellison".

Craig Ellison
Chair
Wellington Zoo Trust

Wellington Zoo Trust
200 Daniell Street, Newtown, Wellington, New Zealand
Ph 64-4-381 6755, Fax 64-4-803 0777
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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 as discussed with the CCO Sub Committee we will prepare the appropriate information in line with planning for the 2018-28 Long Term Plan. We are keeping a watching brief on some areas of the Zoo since the earthquake such as the Lion habitat which had a serious slip requiring insurance claims.

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 know that demographics of zoo based visitation (US based data) show that 55% of zoo visitors are millennials, 23% Gen X, 23% Boomers, 3% matures with an average age of 42 years. This data means that our capacity for social conversations is across all demographic groups and that as well visited cultural organisations we are well placed to influence with environmental messages and create a tomorrow we can all be proud of for the 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. **There is also the possibility that the World Zoo and Aquarium Association Council will also be attending this conference.**

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	Forecast 2016-17	Target 2017-18	Target 2018-19	Target 2019-20	Notes
Connect people with animals						
Contact animals meeting visitors in Zoo	Quarterly	1,000	1,100 hours	1,100 hours	1,100 hours	
People participating in Animal Close Encounters	Quarterly	4,000	4,000	4,000	4,000	
Number of students participating in LEOTC sessions	Quarterly	10,000	10,500	10,750	11,000	Our annual target is 5,500 students for our LEOTC contract so this is a stretch target
People love and support the Zoo						
Increase total visitation	Annually	226,805	242,000	244,420	246,864	
Percentage of operating costs generated by the Trust	Annually	53%	54%	54%	54%	
Ratio of Trust generated income as percentage of WCC grant	Annually	123%	120%	119%	119%	
Average income per visitor from Trust generated revenue	Annually	\$16.99	\$16.26	\$16.41	\$16.62	
Average WCC subsidy per visitor	Annually	\$13.78	\$13.57	\$13.77	\$13.98	
WCC full subsidy per visitor	Annually	\$22.85	\$21.21	\$21.33	\$21.40	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	1	1	

Measure <i>(continued...)</i>	Frequency of Measure	Forecast 2016-17	Target 2017-18	Target 2018-19	Target 2019-20	Notes
Save animals in the wild						
Number of vulnerable, endangered or critically endangered species (IUCN Red List and DOC National list) in the Zoo's collection	Annually	27	≥ 27	≥ 27	≥ 27	
Percentage of native patients successful release to the wild after treatment in The Nest Te Kōhanga	Annually	≥ 55	≥ 55	≥ 55	≥ 55	
Number of Field Conservation Projects supported for threatened (NZ) endangered or critically endangered (global) species	Annually	≥ 5	≥ 5	≥ 6	≥ 8	
% of OPEX directly contributed to field conservation	Annually	4%	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	3	≥ 5	≥ 6	≥ 6	
Lead the way						
Maintain Zoo and Aquarium Association Animal Welfare Accreditation	Annually	Achieved	Achieved	Achieved	Achieved	
Maintain carboNZero certification	Annually	Achieved	Achieved	Achieved	Achieved	
Health & Safety targets met	Annually	Achieved	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	Achieved	This measure will include such targets as staff turnover, learning and development plans and other HR measures

Budgeted Visitor Numbers by Quarter 2017-18

Q1	Q2	Q3	Q4	TOTAL
49,603	61,060	68,694	62,643	242,000

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.

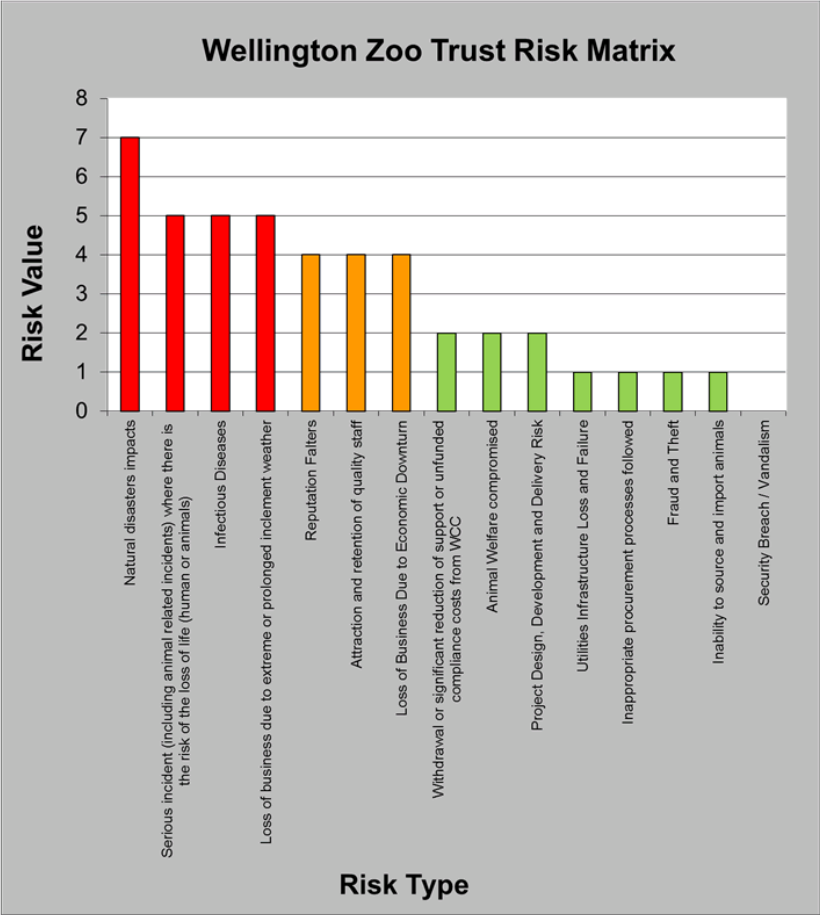
As with all our H&S responsibilities the Board (and other officers of the Trust) acknowledges and understands its accountability. We have made the appropriate improvements to ensure the new H&S legislation (effective April 2016) is well managed and that the Trust meets the required reporting, monitoring 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	0	7	7	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 WOFs. Annual MPI audit 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	5	Whole Zoo Operation and Management	Health & Safety Management Plan, EPA/MPI 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 event are also covered in the Business Continuity Plan. Review budgets, reduce spending, and investigate new revenue raising initiatives.	CE & Board	Board GMB&P GMCE
Reputation Falters	-2	6	4	Whole Zoo Operation and Management	Communications protocols 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 this 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
Attraction and retention of quality staff	-1	5	4	Financial, H&S, Operations, Visitation, 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 GMP&C
Loss of Business Due to Economic Downturn	-1	5	4	Financial, Visitation, 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, Visitation, 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, Councilors, Chief Executive and ELT, 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 portfolios managers	CE & Board	CE Board
Animal Welfare compromised	-3	5	2	Financial, Operations, Reputational Fundraising, Species Plan	Through ZAA Accreditation the Zoo's animals welfare state 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 WZT Animal Welfare Committee	CE & Board	Board GMAC&S
Project Design, Development and Delivery Risk	-3	5	2	Financial, Operations, Visitation, Fundraising	Project Management Process as agreed with the Board, following 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, Visitation, Fundraising, Species Plan, H&S	Business Continuity Plan, WCC Business Continuity Plan. Minor Works 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 approvals, 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 front 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 Audit NZ. Pre-employment Criminal checks.	CE & Board	Board GMBP/CFO
Inability to source and import animals	-3	4	1	Financial, Operations, Visitation, Reputational Fund Raising	Zoo Species Plan that is continually updated. Animal Science Manager position that is responsible for sourcing animals, ZAA and WAZA 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
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.	\$3.5m								\$3.5m
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.	\$500k								\$500k
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.		\$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
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.		\$2m							\$2m
Australia (Including Australian Birds) <i>Neighbours</i> 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.				\$800k	\$2m				\$2.8m
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.				\$500k					\$500k
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.						\$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 Business Plan 2017/18								
\$NZ000's								
Estimate 30-Jun-17	EARNINGS STATEMENT	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
	Revenue							
3264	Trading Income	716	969	1043	772	3,500	3,560	3,631
3125	WCC Grants	821	821	821	821	3,283	3,365	3,452
82	Other Grants	21	21	21	21	82	82	82
332	Sponsorships and Donations-Operational	53	53	53	53	210	230	250
277	Sponsorships and Donations-Capital	0	0	0	0	0	0	0
77	Investment Income	8	8	8	8	30	30	30
99	Other Income	28	28	28	28	113	110	110
7,256	Total Revenue	1,646	1,898	1,972	1,702	7,218	7,377	7,555
	Expenditure							
4,819	Employee Costs	1,261	1,261	1,261	1,261	5,043	5,144	5,247
2,139	Other Operating Expenses	556	557	515	536	2,163	2,232	2,308
21	Depreciation	3	3	3	3	12	0	0
0	Interest	0	0	0	0	0	0	0
277	Vested Assets	0	0	0	0	0	0	0
7,256	Total Expenditure	1,820	1,820	1,778	1,799	7,218	7,376	7,555
0	Net Surplus/(Deficit) before Taxation	(174)	78	194	(97)	(0)	0	(0)
0	Taxation Expense	0	0	0	0	0	0	0
0	Operating Surplus (Deficit)	(174)	78	194	(97)	(0)	0	(0)
0	Net Surplus/(Deficit)	(174)	78	194	(97)	(0)	0	(0)
0.0%	Operating Margin	-10.6%	4.1%	9.8%	-5.7%	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
333	Retained Earnings	159	237	430	333		333	333
1,355	Total Shareholder/Trust Funds	1,181	1,259	1,452	955		955	955
	Current Assets							
2,372	Cash and Bank	3,021	2,281	3,299	1,984		1,984	2,006
80	Accounts Receivable	30	30	30	30		30	60
130	Other Current Assets	100	100	100	100		100	60
2,582	Total Current Assets	3,151	2,411	3,429	2,114		2,114	2,126
	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	8	5	2		2	2
0	Other Non-current Assets	0	0	0	0		0	0
14	Total Non-current Assets	11	8	5	2		2	2
2,596	Total Assets	3,162	2,419	3,434	2,116		2,116	2,128
	Current Liabilities							
900	Accounts Payable and Accruals	400	400	400	400		520	520
0	Provisions	0	0	0	0		0	0
341	Other Current Liabilities	1,581	760	1,582	761		641	653
1,241	Total Current Liabilities	1,981	1,160	1,982	1,161		1,161	1,173
	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
1,355	Net Assets	1,181	1,259	1,452	955		955	955
2.1	Current Ratio	1.6	2.1	2	1.8		2	1.8
52.2%	Equity Ratio	37.3%	52.0%	42.3%	45.1%		45.1%	44.9%

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	716	969	1,043	772	3,500	3,560	3,631
3,125	WCC Grants	1641	0	1642	0	3,283	3,365	3,452
82	Other Grants	21	21	21	21	82	82	82
609	Sponsorships and Donations	53	53	53	53	210	230	250
77	Investment Income	8	8	8	8	30	30	30
99	Other Income	28	28	28	28	113	110	110
7,256		2,466	1,077	2,793	881	7,218	7,377	7,555
	<i>Cash applied to:</i>							
4,819	Payments to Employees	1,261	1,261	1,261	1,261	5,043	5,144	5,247
2,139	Payments to Suppliers	556	557	515	536	2,163	2,232	2,286
0	Net GST Cashflow	0	0	0	0	0	0	0
277	Other Operating Costs (VESTING)	0	0	0	0	0	0	0
0	Interest Paid	0	0	0	0	0	0	0
7,235		1,817	1,817	1,775	1,796	7,206	7,376	7,533
21	Total Operating Cash Flow	649	(740)	1,018	(915)	12	0	22
	Investing Cash Flow							
	<i>Cash provided from:</i>							
0	Sale of Fixed Assets	0	0	0	0	0	0	0
0	Other	0	0	0	0	0	0	0
0		0	0	0	0	0	0	0
	<i>Cash applied to:</i>							
0	Purchase of Fixed Assets	0	0	0	0	0	0	0
971	Other -vesting Cash for Capital Projects	0	0	0	400	400	0	0
971		0	0	0	400	400	0	0
(971)	Total Investing Cash Flow	0	0	0	(400)	(400)	0	0

Estimate 30-Jun-17	STATEMENT OF CASH FLOWS (CONT)	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
	Financing Cash Flow							
	<i>Cash provided from:</i>							
0	Drawdown of Loans	0	0	0	0	0	0	0
0	Other	0	0	0	0	0	0	0
0		0	0	0	0	0	0	0
	<i>Cash applied to:</i>							
0	Repayment of Loans	0	0	0	0	0	0	0
0	Other	0	0	0	0	0	0	0
0		0	0	0	0	0	0	0
0	Total Financing Cash Flow	0	0	0	0	0	0	0
(950)	Net Increase/(Decrease) in Cash Held	649	(740)	1,018	(1,315)	(388)	0	22
3,322	Opening Cash Equivalents	2,372	3,021	2,281	3,299	2,372	1,984	1,984
2,372	Closing Cash Equivalents	3,021	2,281	3,299	1,984	1,984	1,984	2,006

Estimate 30-Jun-17	CASH FLOW RECONCILIATION	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
0	Operating Surplus/(Deficit) for the Year	(174)	78	194	(97)	(0)	0	(0)
	<i>Add Non Cash Items</i>							
21	Depreciation	3	3	2	3	12	0	0
0	Other (Gifted Hospital Assets)	0	0		0	0	0	0
21		(171)	81	196	(94)	12	0	(0)
	Movements in Working Capital							
236	(Increase)/Decrease in Receivables	50	0	0	0	50	0	(30)
40	(Increase)/Decrease in Other Current Assets	30	0	0	0	30	0	40
169	Increase/(Decrease) in Accounts Payable	(500)	0	0	0	(500)	120	0
(445)	Increase/(Decrease) in Other Current Liabilities	1,240	(821)	822	(821)	420	(120)	12
0		820	(821)	822	(821)	0	0	22
	Net Gain/(Loss) on Sale:							
0	Fixed Assets	0	0	0	0	0	0	0
0	Investments	0	0	0	0	0	0	0
0		0	0	0	0	0	0	0
21	Net Cash Flow from Operations	649	(740)	1,018	(915)	12	1	22

Craig Ellison
Board Chair, Wellington Zoo Trust

FINAL STATEMENT OF INTENT FOR THE WELLINGTON REGIONAL ECONOMIC DEVELOPMENT AGENCY

Purpose

1. To receive and consider the final Statement of Intent (SOI) for the Wellington Regional Economic Development Agency (WREDA).

Summary

2. Officers reviewed WREDA's draft SOI and reported on any matters for the sub-Committee's to consider at its meeting on 22 March. Following that meeting the Wellington Regional Strategy Committee (WRSC) also considered WREDA's draft SOI. As a result those meetings the WRSC sent a letter to WREDA outlining the matters that they wanted addressed in the final SOI.
3. Officers have reviewed WREDA's final SOI, it has constructively addressed the matters raised in the letter.

Recommendations

That the Council Controlled Organisations Subcommittee sub Committee:

1. Receive the information.
2. Note that following the sub-Committee's meeting on 22 March 2017 and the Wellington Regional Strategy Committee meeting on 28 March changes were requested to be made to WREDA's final Statements of Intent.
3. Note that WREDA has constructively addressed the requested changes in their final Statement of Intent.
4. Agrees to recommend to the City Strategy Committee that it approves the Wellington Regional Economic Development Agency 2017-19 Statement of Intent.

Background

4. WREDA is jointly owned by the Wellington City Council (80%) and the Greater Wellington Regional Council (20%). In addition to the monitoring by this sub-Committee, the shareholders and the other councils in the region also monitor the company via the WRSC.
5. WREDA is required to submit a draft SOI to the WRSC and this sub Committee by 1 March, for the following financial year. As a matter of good practice, the WRS Committee (with input from this sub Committee) precedes this with a Letter of Expectation which outlines any matters to be considered in respect of the draft SOI. Following the Committee's review of the draft SOI, WREDA must produce their final SOI by 30 June.
6. WREDA's draft SOI was considered by both Committees in March and following those meetings the WRSC sent a letter to WREDA outlining the additional matters that the stakeholders wanted to be considered in respect of WREDA's final SOI. In summary these were;
 - Specific actions in a number of areas.

- Increasing job attraction targets.
- Further development of Major Events.
- International Student Programme going forward.
- Expansion of Creative HQs (CHQ) activities.

7. The letter from the WRSC is included as Attachment 1, WREDA's final SOI is Attachment 2.

Discussion

8. Officers have reviewed WREDA's final 2017-19 SOI, they have largely responded to the comments raised by WRSC in their letter.
9. In particular;
- Targets and performance measures have been made more ambitious.
 - CHQs activities have been expanded and their performance metrics are now more meaningful.
 - More specific actions have been outline in the areas targeted.
 - Additional information as requested is provided.

Having responded to the WRSC letter the WREDA SOI is a much improved document, areas such as inward investment with a focus on hotel investment is appropriate, however the broader area of inward investment still requires further thought.

10. Officers propose that the sub-Committee recommends to the City Strategy Committee that they approve WREDA's 2017-20 SOI.

Attachments

Attachment 1.	Letter from the Wellington Regional Strategy Committee	Page 318
Attachment 2.	WREDA - Final Statement of Intent 2017-2020	Page 322

Author	Barry Turfrey, Economic Development Unit
Authoriser	Danny McComb, Manager CCOs & City Growth Projects Derek Fry, Director City Growth & Partnerships

SUPPORTING INFORMATION

Engagement and Consultation

Not applicable

Treaty of Waitangi considerations

Not applicable.

Financial implications

WREDA works within the confines of the Council's overall Long Term Plan and Annual Plan framework

Policy and legislative implications

Not relevant

Risks / legal

Not relevant.

Climate Change impact and considerations

WREDA works with the Council and other organisations as part of considering environmental sustainability in their operations, including with the Council's Our Living City programme.

Communications Plan

Not applicable.

Health and Safety Impact considered

Not relevant.



Peter Biggs
Chair
Wellington Regional Economic Development Agency (WREDA)
P O Box 10017
Wellington
pbiggs@assignmentgroup.com

29 April 2017

WREDA Statement of Intent (SOI) 2017-2020

Dear Peter

Following the Wellington Regional Strategy's recent meeting I have noted below the matters raised by the Committee in respect of WREDA's draft SOI.

1. While SOIs generally focus more on the "What" and less on the "How", there were a number of instances where the Letter of Expectations (LoE) did request specific actions, including;
 - Growing the visitor economy.
 - What actions need to be taken to put in place a programme of inward investment, particularly in tourism?
 - Growing science, technology, innovation companies.
 - Actions that contribute to a "step change" in skilled migrants, particularly in the tech sector.
 - Actions to address skills shortages through skills and workforce development.

The final SOI should contain brief outlines on the specific actions that are planned to be undertaken in the areas noted above.

2. The SOI forecasts increases in visitor spend by \$600m over the next 3 years, a growth rate of 27%. What are the estimated increases in the number of jobs created by this additional spend?
3. The number of jobs successfully attracted to Wellington falls from the current year's forecast of 130 to 120 in 2017/18 and falling to 50 in 2018/19. The increase of 120 in 2017/18 is due entirely to increases in staff at Concentrix. Therefore, apart from this there are no additional jobs attracted in 2017/18. The Committee expects that the targets in the SOI would assume that there would be increases in the targets for jobs attracted over and above the Concentrix jobs.

4. The continued development and delivery of Major Events (including new events) is noted in the LoE, this should be reflected in increases in both attendances and the economic returns targets in the SOI.
5. A listing of the Major Events for 2017/18 could be noted in the final SOI.
6. The source of the performance measures should be noted - for example, the Department of Statistics.
7. The 2017/18 year is the third and final year of the international student programme. Is the programme going to continue or be replaced? If it is not replaced, will this have an impact on international student numbers?
8. The programmes undertaken by Creative HQ could be expanded in the final SOI, as they are only mentioned in passing.
9. There needs to be better metrics regarding the performance of Creative HQ. Currently they are limited to the investment portfolio value and investments raised re the Lighting Lab programme (both of which are static) and the commercialisation of revenue from commercial services.
10. Delivering the benefits and efficiencies from WREDA being one organisation to create a project fund is noted in the SOI, but there is no mention of the timing and the dollars that may be available.
11. The Regional Business Partner Programme is a contract with Government related to the number of businesses supported through government programmes. Of greater relevance to the WRS is the outcome for Wellington of any such support, and details about this should be included. For example, exports won, level of R&D grants attracted, investment attracted, additional staff employed. These align better with the Key Goals stated in the SOI.
12. In the Attract Business and Investment section there needs to be further detail on what specific "support" is to be provided and the "value-add" of WREDA involvement.
13. One of WREDA's aims is to be the go-to organisation for trade growth, yet there are no specific references to helping grow exports (apart from Tourism). New revenue generation from exports is a performance indicator in the regional strategy and specific activities in this area would be expected.
14. There are some targets which are not particularly ambitious, in particular:
 - Long-term migration, which is static at current levels (although these are at historically high levels)
 - Media programme, visitor attraction stories are below the current year's SOI
 - Investments raised re the Lighting Lab programme are only a third of the targets set in the current SOI.
15. An additional performance measure should be the number of Australian visitors arriving via Wellington Airport. This is an important and early indicator of the success or otherwise of WREDA's Australian marketing.

16. WREDA's vision is;

To be the most prosperous, liveable and vibrant region in Australasia by 2025

The final SOI should include discussion on how progress against the vision will be measured.

The Committee next meets on 30 May and the Committee would appreciate having WREDA's final SOI to discuss at this meeting.

Yours sincerely,



Justin Lester
Chair
Wellington Regional Strategy Committee

cc: Chris Whelan chris.whelan@wellingtonnz.com

WREDA

Wellington
Regional Economic
Development Agency
wellington.govt.nz/WREDA
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**WELLINGTON REGIONAL ECONOMIC
DEVELOPMENT AGENCY**

STATEMENT OF INTENT 2017

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DRAFT WREDA STATEMENT OF INTENT - 2017

Foreword

This Statement of Intent (SOI) sets out the Wellington Regional Economic Development Agency's strategic framework, activities and performance measures for the next three years.

Through the Letter of Expectation, the Wellington Regional Strategy Committee has articulated an expectation that WREDA will use its resources to support, facilitate and contribute to a step-change in Wellington's economic growth performance. WREDA's specific activities towards this aim are articulated through this SOI.

WREDA's commitment is to advance the prosperity, vibrancy and liveability of the Wellington region through enhanced economic growth and resilience. Our vision is for Wellington to be the most prosperous, liveable and vibrant region in Australasia by 2025.

Over the next three years WREDA will build on its 2016 achievements. These include attracting technology service centre Concentrix to Wellington, the ground breaking LookSee talent attraction programme and the continued attraction of major events to Wellington, and performance events to the venues we manage. WREDA will implement and deliver programmes, new and existing, which will aim to shift the dial on Wellington's key economic indicators.

We are pleased to present this Statement of Intent as our road map for driving towards Wellington's positive future.

Peter Biggs
Chair

DRAFT WREDA STATEMENT OF INTENT - 2017

1. Purpose of the SOI

In accordance with the Local Government Act 2002, this annual Statement of Intent (SOI) publicly states the activities and intentions of the Wellington Regional Economic Development Agency (WREDA) for the next three years, and the objectives to which those activities will contribute. It is written in response to the Wellington Regional Strategy (WRS) Committee's December 2016 Letter of Expectation (refer to Appendix).

Page 4 of 33

DRAFT WREDA STATEMENT OF INTENT - 2017

2. About WREDA

2.1 Who we are

WREDA is Wellington's Economic Development Agency. It is owned by Wellington City Council (WCC) and Greater Wellington Regional Council (GWRC), on behalf of the region. Funding for WREDA comes from these two councils, central government and the private sector.

WREDA combines the activities and functions of the following legacy organisations, previously located within, and supported by, the two shareholders

- Grow Wellington and its subsidiary, Creative HQ;
- Positively Wellington Tourism;
- Positively Wellington Venues; and
- WCC Major Events Office.

These organisations came together in a merger commencing in late 2014.

2.2 WREDA's purpose, aim and values

WREDA's purpose is to fuel the growth of Wellington's prosperity. We are the go-to organisation for Wellington tourism, trade growth and promotion and investment attraction.

Our aim is to be New Zealand's best destination marketer, venues manager, curator of the Wellington events programme, and economic development agency, providing an excellent economic return on the investment made by ratepayers of the region.

In doing so, we work closely with our key partners, including councils, government agencies, individual businesses and business organisations, institutions and venue service providers.

We are focussed, dynamic, innovative, action-oriented, engaging and bold. We empower our people to make good decisions.

2.3 What we do

WREDA's work is focused on interventions or actions that can realistically make a significant difference to the greater Wellington regional economy and are appropriate for a Council Controlled Organisation.

This work revolves around promoting and marketing Wellington as a destination (for tourists, migrants, students, businesses, and investors), helping businesses grow and

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innovate, particularly in identified priority sectors, using influence to create an environment conducive to economic growth, attracting and promoting major events and running a number of venues that host major events and conferences and provide a stage for the Wellington creative and arts economy.

Essentially, we actively engage in the visitor economy, trade promotion and investment attraction. As part of that work, we conduct major events attraction activities and operate several civic venues on behalf of the Wellington City Council to enhance the liveability, vibrancy and prosperity of the Wellington region.

WREDA is a catalytic advocacy organisation. We tell the stories of our region and market Wellington as Australasia's ultimate urban destination for visitors, students, business, investment and migration.

WREDA makes things happen by connecting people and bringing together ideas, talent, business, national and international opportunities for the region's economic benefit.

WREDA's Board is cognisant of the fact that as a publicly funded organisation WREDA needs to take care with its public interventions both in terms of utilising ratepayer investment but also by not inappropriately competing with or duplicating private sector or central government activity. For these reasons WREDA has adopted a rigorous set of principles against which proposed projects and programmes are tested, including ensuring that there is clear market failure, before proceeding.

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3. WREDA's Contribution to the Wellington Regional Strategy

WREDA works towards achieving the goals of the Wellington Regional Strategy (WRS). This Strategy was developed by the nine local authorities in the region, working in tandem with central government and business, education, research and voluntary sector interests. The Strategy, which was created prior to the formation of WREDA, was most recently refreshed in 2012. We will work with relevant stakeholders during this SOI period to further refine the strategy to deliver the greatest value to shareholders and ratepayers.

The WRS aims to build a resilient, diverse economy - which retains and creates jobs (especially high-value jobs), supports the growth of high-value companies and improves the region's position in relation to New Zealand's Gross Domestic Product (GDP) and employment. Taking the stories of Wellington and telling them to a global audience through marketing, storytelling and media activity is an important part of this.

There are a number of other policies, plans and strategies of local government in the Wellington region with which our work is aligned to further keep the Wellington economy growing. Important amongst these are the Wellington City Council Economic Development Strategy, the Events Policy, the Arts and Culture Strategy and Wellington Towards 2040: Smart Capital.

Vibrancy and liveability are crucial to long-term prosperity. WREDA manages several Wellington City Council civic venues and runs the major events attraction programme, both of which play an important role in making Wellington a better place to live and visit. Our work in attracting tourists and the development of the visitor economy also contributes to this.

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3.1 The Wellington Regional Strategy Implementation Pathway

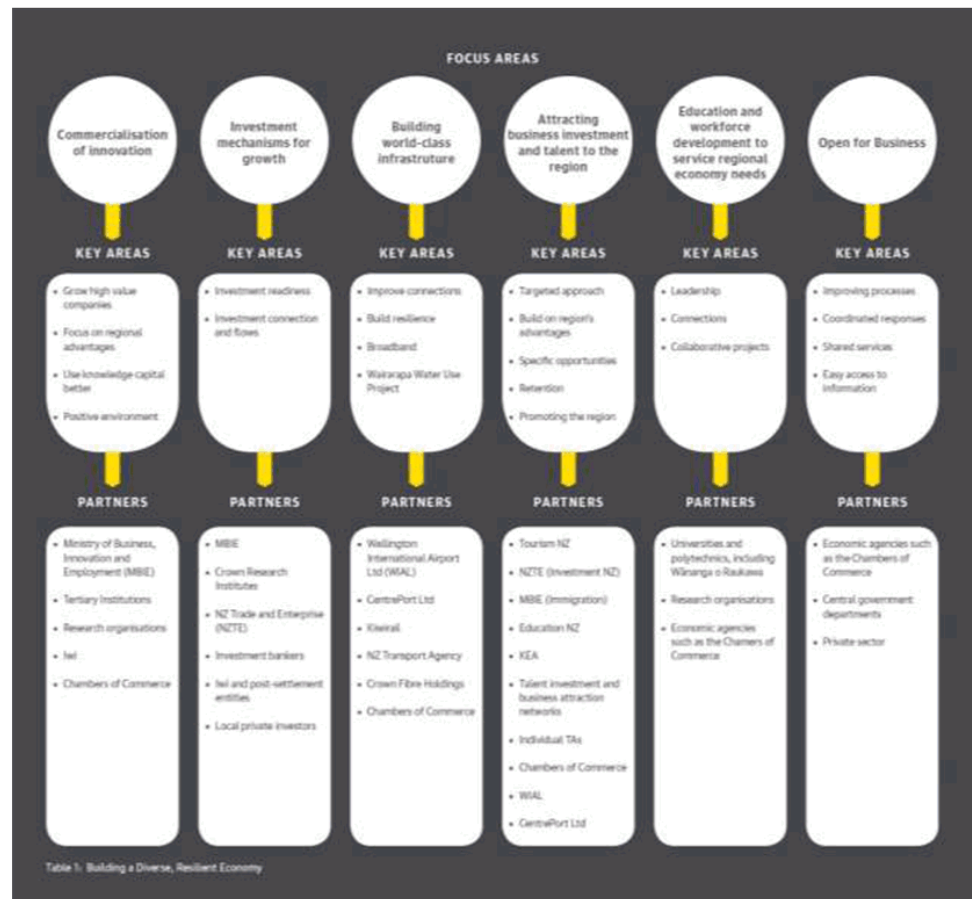


Figure 1: Building a Diverse, Resilient Economy

Source: Wellington Regional Strategy 2012 – Growing a Sustainable Economy

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4. Vision for Wellington

Consistent with the Wellington Regional Strategy, WREDA's vision for Wellington is:

**To be the most prosperous, liveable
and vibrant region in Australasia by 2025**

The vision is deliberately bold. It demands that Wellington exceed expectations, compete in a global context, and become internationally recognised as a leading city region.

We see Wellington as 'the place of the possible', a destination of choice to visit, study, work, live, invest and succeed.

In working to achieve this vision we are mindful of what are known as the four regional 'vitals': Talent, Connectedness, Distinctiveness and Innovation. Everything we do is viewed through these lenses. While all important – and getting them right provides the foundation for long-term prosperity – Talent is 'first amongst equals' and we continually seek to attract, retain and grow the region's talent pool.

We will know Wellington has achieved this vision when it:

- Is growing sustainably;
- Has an outstanding events programme befitting New Zealand's most vibrant city region;
- Is exceptionally connected, both internally and globally;
- Is an acclaimed hub of creativity culture and technology; and
- Its compelling regional narrative is articulated by residents and visitors alike.

In conjunction with the activities of other local and central government agencies, and the private sector, delivering upon our framework will make progress towards the vision of being the most prosperous, vibrant and liveable city in Australasia. To achieve this vision not only does Wellington have to demonstrate these characteristics but its reputation needs to be heard far and wide. WREDA plays a critical role in leading the telling of the Wellington story to the world.

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5. Key Goals

WREDA has identified a number of goals which work towards achieving this vision and to which its programmes and interventions contribute:

- Increased contribution to Wellington's economy from visitor spending;
- Increased number of international students in the Wellington region;
- Available skills in the Wellington workforce meeting demand;
- Establishment of new businesses in the Wellington region together with revenue and employment growth in existing businesses;
- Maximum return on investment of an unrivalled Wellington major events programme;
- Increased economic contribution of events hosted in WREDA-managed venues;
- Major new infrastructural investment scheduled for the Wellington region;
- Wellington's global reputation as a destination to visit, live, work, study and invest enhanced;
- Retention of key businesses and cultural institutions in Wellington; and
- Wellington's reputation as an unrivalled centre for the arts maintained and enhanced.

These goals inform the development of programmes of activity for WREDA which will attach specific success measures (KPIs) to ensure effective delivery. The KPIs were selected to be consistent with improved prosperity, liveability and vibrancy and achievement of them will demonstrate progress towards the vision. Wider regional economic indicators, which are impacted by a range of factors outside of WREDA's direct control, will also be monitored.

The full performance measurement framework is articulated in the remainder of the SOL.

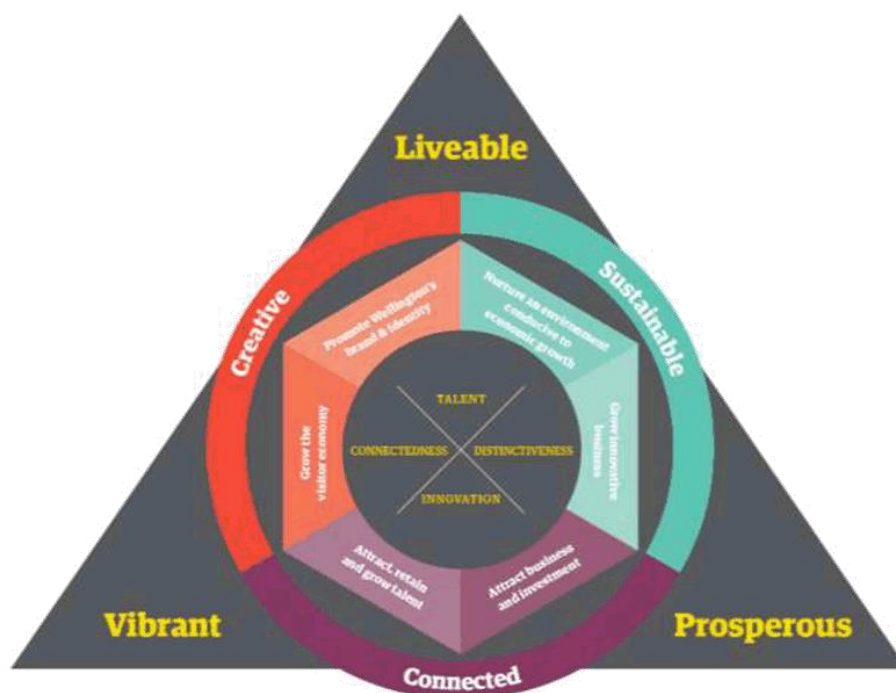
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6. Key Activities and Programmes

WREDA has designed several programmes and interventions to fuel the region's prosperity and to achieve our strategy. These are the things we are going to do to help make Wellington what we want it to be. They fall under the following broad categories:

- Promote Wellington's brand and unique identity;
- Attract business and investment;
- Nurture an environment conducive to economic growth;
- Grow the visitor economy;
- Expand innovative businesses; and
- Develop education, talent and skills.



This graphic shows how our vision of being the most prosperous, liveable and vibrant region in Australasia links through to our activities which are viewed through the lenses of the regional vitals: talent, innovation, distinctiveness and connectedness.

Figure 2: WREDA Strategic Framework

7. Programme Description Table

The following section lists and describes these programmes. The WREDA Business Plan which describes the planned activity programmes of the various parts of WREDA provides additional detail upon the activities within these programmes.

7.1 Promote Wellington's brand and unique identity

Programme	Description
<i>Enhance Wellington's global reputation as a destination to visit, live, work, study and invest</i>	
Promote Wellington Narrative	Engage with central government agencies and business leaders to ensure the Wellington story they are telling internationally is 'our' Wellington story. Continue to thread the stories of Wellington people and businesses into our marketing campaigns both domestically and internationally and across all sectors.
Drive Media Programme	Pro-actively generate media coverage highlighting Wellington's economic success stories and data releases to enhance the reputation of Wellington as a place to do business and to enjoy life. Deliver a multi-sector media programme that utilises third party writers/journalists/bloggers to showcase and promote Wellington in target geographical locations and business sectors. Continue to work in partnership with central government agencies (Tourism NZ, Immigration NZ, NZTE, ENZ etc.) to drive content to media in wider international markets.
Leverage Digital Platform	Maintain and enhance WellingtonNZ.com and the Venues Wellington website experience to grow Wellington's digital audience and continually provide new content that will provoke digital visitors to visit, study, meet, invest and move to Wellington.
Conduct Major Events Programme	Effectively manage the investment in Wellington's major events programme, including leveraging the investment in events to market and promote Wellington and attract visitors to the region. In partnership with event owners ensure the successful delivery of major events and provide expertise and support with the city operations for major events.
Enable Regional Promotion Through Events	Promote events happening in the city, region and in Venues Wellington to highlight the wealth of different experiences to be had by visitors to and residents in the region. Secure event product that reflects Wellington's creative and arts interest and that leverages the visitation of international artists and talent through supporting media and promotional programmes. Provide promotional support to conferences happening in Wellington to increase delegate numbers particularly in targeted sectors for growth in Wellington such as the tech sector.

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Leverage Major Events	Leverage investment in major events to develop trade, tourism, education, investment and visitor opportunities using major events both in Wellington and overseas. This will include activity to leverage investment in the British & Irish Lions series, World of Wearable Art and the NZ Festival, along with activity leveraging both Te Papa's and the World of Wearable Art touring exhibitions.
Enable Arts Capitalisation	Through our investments in the events fund, management of the major Venues, and engagement with the Arts and creative sectors we will collaborate to enhance business/producer capability and refocus Wellington's creative brand reputation.
Manage Venues	Manage portfolio of Wellington City major venues, maximising utilisation rate, sellable days, client satisfaction, audience numbers and spend-per-attendee. Develop event programme that contributes to talent, business and visitor attraction priorities. Support Wellington arts and cultural organisations through prioritising opportunities for major hirers such as NZSO and NZ Festival; with Wellington City Council consider different pricing / support packages for local smaller arts organisations.

Table 2: Promote Wellington's Brand and Unique Identity

7.2 Attract Business and Investment

Programme	Description
<i>Targeted approach to attracting businesses and direct investment to the region</i>	
Drive Business Attraction and Investment	Deliberately encourage businesses to locate, expand and / or invest in the Wellington region using a combination of marketing and relationship building done through trialling in-market activity in two overseas locations on the West Coast of the USA and/or Canada and Singapore as a hub for Asia, as well as Australia. Further, partner with New Zealand Government departments to leverage their in-market overseas activity to encourage increased trade, investment in and talent attraction for Wellington businesses. We will facilitate and support a series of events that align with our target sectors and make Wellington a leading place for particular sectors, not least Tech. We will do this through supporting key events, like the NZ Tech Week, STEMM Festival in Hutt City and SPADA's annual conference. We will host investors and connect them to local businesses with a view to facilitating investment pitches. This will be done in partnership with our subsidiary, Creative HQ.
Screen Wellington	Deliver local and international screen production companies with location and facility sourcing, filming permits and community liaison. WREDA will secure screen production attraction with famils and hosting, leveraging co-production treaties and in-market promotion. Increase commercial capability of Wellington screen producers, directors and writers via industry-supported Masterclasses. Work to increase the Wellington region's film production infrastructure at key locations of Miramar and Avalon.

Table 3: Attract Business and Investment

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7.3 Grow Businesses and Innovation

Programme	Description
<i>Facilitate opportunities for revenue and employment growth in Wellington region businesses</i>	
Regional Business Partner Programme	<p>Support regional business through delivery of the Regional Business Partner Programme in conjunction with the Wellington Chamber of Commerce. Work with a portfolio of 445 growth-oriented regional businesses, facilitating access to business mentorship and capability development.</p> <p>From the relationships built with these businesses graduate our work with them to further support their development in scale-up and innovation linking them into our key sector growth initiatives.</p> <p>WREDA will review on and report on how businesses supported by the RBPP are better enabled to support growth in the regional economy through participating in our programmes of work.</p>
Business Support Development	<p>Create and conduct an intensive pilot programme with ten Wellington region businesses or more ready to scale and increase their operation significantly through a Wellington scale-up programme.</p> <p>Explore how WREDA can facilitate further business support provision across the region beyond the delivery of existing funded activity that links to the creation of start-ups and growing existing businesses. Supporting and facilitating a programme of business focused events delivered across the region will be central to this.</p>
Innovation Development	<p>Work with the tertiary, Crown Research Institute's and business sector to stimulate innovation activity and investment, with specific exploration of the medical and healthcare sectors, working alongside Callaghan Innovation. We will also examine the possibility of capital investment in this sector to create increased impact.</p> <p>Specifically, drive innovative R&D intensive businesses through the delivery of the Regional Business Partner Programme. Work with a portfolio of 70 STEM-oriented businesses, facilitating access to technical expertise and innovation programmes, and facilitating investment in R&D.</p>
Sector Growth Initiatives	<p>Deliver facilitation projects across priority sectors. Includes convening industry cluster networks, and feasibility research for development proposals as well as delivery of action plans for target sectors. These include but should not be limited to tech, digital, creative, screen, science, food & beverage and manufacturing. This includes working with partners across the region on specific initiatives such as Tech Valley to advance these sectors as well as new facilities like Te Auaha for the creative and arts sector.</p> <p>We will continue to focus on key regional business sectors through supporting events like the Supplier Showcase and Wellington on a Plate in August 2017 for the food and beverage sector.</p> <p>We will assist with facilitating new trade secured by regional businesses in our target sectors.</p>
Creative HQ Programmes	<p>Creative HQ will deliver support for the start-up business community across four key areas.</p>

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	<ul style="list-style-type: none"> Acceleration through Lightning Labs and other key programmes of acceleration and scaling for businesses. Incubation at Creative HQ's premises, lead for a national incubation network for Callaghan Innovation and leveraging the Creative HQ alumni. Customer Engagement through developing and nurturing communities that make up the Wellington regional innovation ecosystem, growing Startup garage and ExoSphere, establishing Wellington City Hack and run a Venture Up youth entrepreneur programme for the Wellington region. Enterprise Innovation for commercial clients through enterprise innovation workshops, innovation forums, design sprints, problem / customer discovery labs and corporate accelerators.
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Table 4: Grow Businesses and Innovation

7.4 Grow the Visitor Economy

Programme	Description
<i>Increase the number of visitors to Wellington and the value of visitor spending. This includes maximising the impact of Wellington's major events portfolio and the economic contribution of events hosted in WREDA-managed venues</i>	
Visitor Marketing Campaigns	Deliver targeted seasonal domestic marketing campaigns in partnership with Wellington commercial partners to increase visitation at quieter times of year, for instance by promoting event programmes. Execute Australia market visitor campaign in air-linked Australian cities with city, air sector and regional partners including Tourism New Zealand Singapore Airlines and Visit Canberra in addition to our usual marketing programme. Provide marketing support to Major events such as World of Wearable Arts, Visa Wellington On a Plate and New Zealand Festival. Represent Wellington in international visitor markets through participation in Tourism New Zealand-led international trade and media programmes.
Business Events Wellington	Deliver marketing and convention bureau support for the region and commercial partners to increase business event bookings in Wellington, sustaining market share for Wellington through high utilisation of public and private sector venues. Use business events to address seasonality in the visitor economy, and to support growth of Wellington's key sectors. Partner with Tourism New Zealand to attract international events to Wellington.
Visitor Infrastructure	Work with the tourism industry and others to identify and secure the investment needed to maximise opportunity to develop visitor attractions and experiences such as proposals for Film Museum and Convention Centre, Shelley Bay, Porirua Adventure Park and Te Papa's three-year exhibition refreshment process. Support sustainable growth of hotel inventory through working with investors and promoting consistent hotel development policy across the Wellington region.
i-SITE Visitor	Enhance the visitor experience in Wellington through operation of the

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Information Centre	Wellington i-SITE Visitor Information Centre. Promote and sell Wellington tourism product and support cruise passenger management.
Major Events Portfolio Development	Work with the industry to identify and secure new events, and lead the ongoing development of the Major Events portfolio to attract visitors to Wellington and making it a more attractive place to live.

Table 5: Grow the Visitor Economy

7.5 Nurture an environment conducive to economic growth

Programme	Description
<i>Work with central and local government to improve the local economic environment by promoting good public policy, investment in infrastructure, improved connectivity and a competitive economy</i>	
Policy Advocacy	By forming coalitions of interest and employing compelling arguments, we will influence central government policy formation and operations for the betterment of Wellington in areas including but not limited to the housing market, monetary policy, immigration settings, tourism policy, urban development agencies, free trade agreements, state services and public sector office accommodation, industry assistance and regional development policy.
Infrastructure Investment	Work with partners to identify and implement opportunities to be unlocked by the region's infrastructure projects including the Northern Roadway Corridor, the airport runway extension, Centreport and Shelly Bay. Champion and advocate new infrastructure development where appropriate, including supporting the development of a business case for the Wairarapa Water Project.
International Connectivity	Leverage EDA connections and civic relationships to enhance Wellington's international connectivity from an economic development perspective.
Retention of Businesses and Institutions	Facilitate networks and business enhancement activity that increases the economic resilience of the Wellington region and contributes to the retention of key businesses and cultural institutions.
Central Government Engagement	Deliver a comprehensive relationship management and engagement programme with key central government agencies.
Local Government Engagement	Work with our local council partners in a range of areas ensuring Wellington is seen as 'open for business' with a business-friendly environment.
Iwi Economy	Deliver an engagement framework in partnership with territorial authorities, regional iwi leaders, trustees and Māori-owned SMEs. Objectives include building relationships, identifying resource and capability needs and developing action plans to support the growth of the Iwi economy of the region.
Economic Resilience to Natural Disasters	Establish a plan that will enable WREDA to refocus its activities and resources to assist Wellington respond to natural disasters that can be deployed at short notice. We will specifically explore the potential that the Kaikoura Earthquake is an inhibitor to investor confidence and prepare a business retention strategy which will involve working alongside the business community to know their needs and wants for the future.

Table 6: Nurture an Environment Conducive to Economic Growth

7.6 Attract, Retain and Grow Talent

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Programme	Description
<i>Develop the available skills in the Wellington workforce; attracting the right talent and increasing the number of international students</i>	
Talent Attraction	Deliver marketing and PR campaigns in key domestic and international markets to attract target-sector, skilled migrant talent to the Wellington region, particularly in the tech sector with LookSee running from January to May 2017. That we will evaluate and then repeat if successful. WREDA will become a partner with the Edmund Hillary Fellowship which will attract 100 Global Investment Visa applicants to New Zealand per year, also working with Immigration New Zealand.
International Student Attraction	Support the education sector to significantly increase in the number of international students in Wellington, deploying comprehensive destination marketing activity that will lead to an increase the number of international students in Wellington. We will specifically look to secure an investment decision from one internationally connected new Tertiary Education Institution to provide quality education in the Wellington region, reflecting our target industry sectors. We will explore securing a new quality Tertiary Education Institution for the Wellington region, reflecting our target industry sectors.
Student Experience	Work in partnership with the education sector to increase local capacity and improve the student experience, leading to positive recommendations from students, domestic and international, to study in Wellington.
Student Employment Pathways	Create employment pathways from education into internships/employment for domestic and international students. Specifically, we will continue to work with Summer of Tech as a partner and be instrumental in the starting of the Summer of Biz this year.
Talent and skills	Partner with industry and central government to produce and deliver a talent and skills action plan to address regional skills shortages and opportunities. We will develop a specific programmes focussed on inspiring and developing young people to meet skills gaps identified.

Table 7: Attract, Retain and Grow Talent

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8. Internal Management

8.1 Insights and Analysis

WREDA will maintain an in-depth knowledge and understanding of the Wellington economy, including the visitor economy, how it is evolving and what is driving it which will help it determine which areas of its business to allocate resources. It will provide reports to stakeholders, keeping them informed of trends and how WREDA is responding to them.

It will aim to be seen as the expert on the Wellington economy and the go-to agency for economic information on the Wellington region by media and stakeholders.

8.2 Revenue Sources

WREDA receives funding from shareholding councils in the form of operating contributions as well as additional payments for contractual services delivered. It also receives funding from commercial and government partners for a range of activities where the benefits lie jointly across them and the economy as a whole.

As well as reducing the demands on scarce council funds, the latter sources provide valuable sector involvement, partnership and scrutiny. This ensures the work we do is relevant to and supported by identified key sectors.

WREDA's approach to business is founded upon carrying out activities in partnership with others.

Our partners include other parts of local and central government institutions and organisations, individual businesses, business collectives, event owners and event promoters. By working in partnership with others we test the appropriateness of our ideas and leverage the investment being made to grow the economy of the Wellington region.

WREDA secures significant investment each year from various partners. This investment is often monetary but can also be in-kind, or aligned investment. WREDA has now examined all its current streams of work to identify gaps in the co-investment portfolio such that new investing partner opportunities can be identified, sought and secured.

In this way WREDA will be enabled to grow its external revenue towards a target that for every dollar contributed by councils, a dollar comes from new and existing commercial and government partners. This will enable us to deliver better outcomes without significantly increasing the rate-funding requirement.

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To maintain existing partnership investments and to build new ones, it is critical for WREDA to manage its broad portfolio of partners effectively. WREDA will use planned engagement schedules to ensure that investing partners are kept informed of our activities and that their views and aspirations are able to influence our decision-making processes.

8.3 Finding Efficiencies

In keeping with best management practice, WREDA aims to operate efficiently and effectively always.

As the recent merger continues to bed in, WREDA will continue to regularly review its internal processes. Improving practices, removing duplication, and finding efficiencies will be an ongoing focus area for WREDA. We will work from improved CRM systems and have a common and consistent approach to project management and delivery.

Monetary savings that will be targeted from these efficiencies and redeployed within WREDA and allocated to existing or new programmes of activity consistent with our goals of growing Wellington's economy.

Continual review of processes will ensure optimum efficiency and effectiveness; WREDA will consider the use of Councils' shared services programmes and any other opportunities that will enable WREDA to increase its activities.

8.4 Review Venues Operation

WREDA works closely with Wellington City Council to identify the best ways to utilise the Venues it operates so that utilisation is maximised, commercial hire revenues are grown, costs are closely managed and community and arts community usage is facilitated in ways which are both accessible and affordable. We also seek to leverage the venues to enhance the overall economic contribution into the region.

In 2017 WREDA will work with Wellington City Council to evaluate the way it charges for Venues and the way these charges are coordinated with other Council funding programmes such that Wellington can champion a flourishing arts community alongside a commercial venue for conferences and business events. The combination of support mechanisms available to Arts groups and independent arts practitioners can have a powerful influence on the success of such entities/organisations and it is important that WREDA and WCC work hand in hand to provide the very best outcomes for this sector.

In reviewing current venues operation, WREDA will consider a variety of proposals including the development of new venues in Wellington.

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8.5 Health and Safety

WREDA is very aware of the importance of Health and Safety for its employees, partners, those we host, and venue patrons. As such WREDA will ensure it meets its obligations with respect to New Zealand laws and regulations and will undertake an annual review based on established best practice guidelines. WREDA aims to provide a workplace that not only meets requirements. We aim to enable employees to thrive through excellence in all areas, including health and safety.

Through the venues management agreement WREDA will, with WCC ensure that Health and Safety requirements are fully considered as part of asset management.

8.6 Human Resources

WREDA's success is fundamentally driven by the efforts of our people through the programmes and projects they design, lead and deliver, and through their connections and networks in the region and globally. People costs account for a significant portion of our operating expenditure and people are clearly our primary resource for creating value.

WREDA's people are focused on delivering its purpose and strategy in an organisation that inspires us to be:

- Passionate about fuelling Wellington's prosperity;
- Active in our vibrant, liveable region;
- Growing their careers in Wellington; and
- Focused on delivery in a culture of collaboration.

Our people are:

- Focused;
- Dynamic;
- Innovative;
- Action oriented;
- Engaging; and
- Bold.

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9. Performance Measures

WREDA's performance measure framework identifies quantifiable measures of our programmes and activities as well as a number of key indicators tightly aligned to our objectives. These form the basis of our accountability and will be reported on quarterly.

At a business planning level, qualitative as well as quantitative measures will be used to assess the delivery and effectiveness of the full range of WREDA activity.

Programme of Activity		Measure	2016/17 (forecast)	2017/18	2018/19	2019/20
Grow Business and Innovation	Business Support Development	No. of companies on the scale-up programme ¹	N/a	10	12	14
	Sector Events	No. of events supported in key sectors.	N/a	3	4	5
	Regional Business Partner Programme	Number of actively supported businesses ²	445	445	445	445
	Creative HQ	No. of Wellington start-up ventures and early stage businesses on the CHQ Platform ³	N/a	25	40	20
		No. of acceleration programmes (Lightning Lab and Venture Up)	N/a	2	2	2
		No. of members in "Start-up Garage"	N/a	3000	4000	5000
		No. of companies becoming investable	N/a	5	5	5
Attract Business and Investment	Screen Wellington	Conversion rate of logged enquiries to confirmed production or business	25%	25%	25%	25%
		Value of facilitated screen production	\$100m	\$100m	\$110m	\$120m

¹ Beyond pilot running during 2017/18 an evaluation of the impact of the pilot will be undertaken which will inform future years delivery

² Targets are subject to NZTE/Callaghan Innovation target levels for the RBP Programme contract delivered by WREDA

³ The reduction in 2019/20 is in anticipation that financial support for founder-focused incubators may end

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		Customer satisfaction survey	80%	80%	85%	90%
	Grow businesses and innovation ⁴	Number of jobs created from WREDA intervention	285	335	310	305
Attract, Retain and Grow Talent	International Student Attraction ⁵	International student visas ⁶	6,400	6,930	7,680	8,360
		International student enrolments ^{7,8}	8,500	9,200 (+8.2%)	10,200 (+10.9%)	11,100 (+8.8%)
		NZ Market share of International students ⁷	7%	7%	8%	8.5%
	Student Employment Pathways	Interns placed in priority sectors	200	225	250	300
	Talent Attraction	Net permanent and long-term arrivals ⁹	3,500	3,600	3,700	3,800
		Wellington share of total net permanent and long-term arrivals ¹⁰	5%	6%	7%	8%
Nurture Environment Conducive to Economic Growth	Policy Advocacy	No. of significant government policy changes successfully influenced for Wellington's benefit	N/a	2	2	2
	Partner / Stakeholder Engagement	Partner/Stakeholder satisfaction score with engagement	Set baseline	80%	85%	90%
	Iwi Economy	Mana Whenua satisfaction score with engagement	New measure	Set baseline	85%	90%
	Visitor Marketing Campaigns	Total commercial guest nights ¹⁰	3.1m	3.2m	3.4m	3.5m
		Visitor spend ^{11 12} : Total	\$2.4b	\$2.6b	\$2.8b	\$3.05b
		- International	\$0.78b	\$0.86b	\$0.95b	\$1.05b
		(of which from Australia)	\$0.23b	\$0.24b	\$0.25b	\$0.26b
		(of which from China)	\$0.061b	\$0.079b	\$0.103b	\$0.134b

⁴ Drop off is due to a conservative view as to replacement of existing programmes

⁵ It is assumed that existing programmes continue to be funded.

⁶ Source: Immigration New Zealand

⁷ Source: Education New Zealand

⁸ These figures assume the current WISGP funding programme due to expire in 2018 continues

⁹ Net migration is currently at an historical high

¹⁰ Source: Statistics New Zealand

¹¹ Source: MBIE

¹² Based on industry benchmarks we estimate the additional visitors would generate around 3,300 jobs by the end of the three-year period.

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Grow the Visitor Economy		- Domestic	\$1.6b	\$1.7b	\$1.75b	\$1.85b
		Australian arrivals via Wellington Airport	157.0K	160.9k	164.9k	169.1k
	Business Events Wellington	NZ market share multi-day conferences ¹¹	16%	18%	18%	14% ¹³
		Number of international business event bids submitted and/or supported in FY	New measure	20	20	20
		Value of business events (international and domestic) secured in FY	New measure	\$15m	\$17m	\$19m
		Value of expenditure by out of town venue attendees	\$46.5m	\$45.4m	\$43.6m	\$51.8m
	Venue Management ¹⁴	Advance the Cultural well-being of Wellington – Number of Wellingtonians attending performance events at Venues Wellington	308,904	290,720	263,465	308,890
		Number of Events: Total	630	624	605	661
		- Performance	340	320	290	340
		- Conference	290	304	315	321
		ROI via out of Wellington spend	20:1	20:1	20:1	20:1
Promote Wellington's Brand and Unique Identity	Major Events Programme	Economic value of major events invested in.	New measure	\$80m	\$80m	\$90m
		Total event attendance	600,000	700,000	700,000	700,000
		Visitor attraction stories in NZ, Australian media	500	500	500	500
	Media Programme	Live, work, do business, invest stories in local NZ and Australian media ¹⁵	85	85	85	85

¹³ The drop in market share for 2019/20 reflects the opening of the New Zealand International Convention Centre, which will impact market share.

¹⁴ The Venue Management performance measures reflect the changing inventory that will be available through the next three years as the St James Theatre will be closed for earthquake strengthening

¹⁵ Targets focus on maintaining coverage whilst ensuring coverage is focussed upon high quality and notable publications appropriate to the target segment.

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Table 8: Performance Issues

9.1 Benchmark indicators

In addition to the program success measures above, WREDA has identified a further set of metrics. Whilst impacted by a range of factors not in WREDA's control, the metrics are nevertheless important to overall regional success. WREDA will take a leadership role in monitoring, reporting and influencing these indicators through our activity. We aim to ensure these baseline indicators are exceeded.

	2015/16	2016/17	2017/18	2018/19	2019/20
Wellington real GDP growth	\$29,925m	3.0%	3.0%	3.0%	3.0%
Wellington GDP per capita	\$59.3k	1.5%	1.5%	1.5%	1.5%
Wellington exports growth	\$5,813m	\$6,166m	6.0%	6.0%	6.0%
Wellington jobs growth	274,000	285,000	2.5%	2.5%	2.5%
Population	504,800	1.5%	1.5%	1.5%	1.5%
Wellington Region GPI	91.3	91.5	91.7	91.9	92.1

Table 9: Benchmark Indicators

DRAFT WREDA STATEMENT OF INTENT - 2017

10. Risk and Mitigation

We have identified a number of risks to WREDA achieving these KPIs. These are listed below together with how we intend to mitigate each of them.

Area of Risk	Risk Description	Mitigation
Partner funding	Partner funding is provided to a number of WREDA's programmes of activities. This funding is dependent upon several factors such as affordability, a return made on the investment made, and alignment of activity with partner goals.	<ul style="list-style-type: none"> • Maintain a regular schedule of meeting with and reporting to commercial partners • Engage partners in planning sessions to ensure programmes meet their expectations • Understand what is happening in the business market of individual partnership groups so that their concerns can be anticipated.
Wellington's reputation	As the key external marketing and messaging agent for the Wellington region around the globe the impact of natural and man-made circumstances can be significant. WREDA needs appropriate plans to mitigate these impacts in all circumstances.	<ul style="list-style-type: none"> • Focus on telling the Wellington story with facts to support and emphasising its strengths and diversity. • Have a tone of voice in communications that highlights the positives of living in a dynamic environment • Use personal stories of Wellingtonians to bring authenticity to storytelling / messaging
Rise of competing cities	City-Regions around the world compete with Wellington for visitors, students, migrants, investors. Representing a small and for most part distant city WREDA needs to make sure its interventions are targeted	<ul style="list-style-type: none"> • All activity must fit within parameters of Statement of Intent and Business Plan intention. • Each business unit is responsible for regularly working through its activity programme with sector support to determine priority.
Changing international geo-political climate	Wellington is not isolated from global factors that will affect the prosperity of Wellingtonians. WREDA must be ready to adapt its work to changing circumstances.	<ul style="list-style-type: none"> • WREDA will always use messaging on the constant positives of Wellington relative to other places such as safety, environment and economic/political stability. • If economic factors change, such as exchange rate movements WREDA will consider the impact of such changes on the outcomes of its activities and changes programmes when required. • Where political changes happen elsewhere WREDA will look to maximise the opportunity for Wellington by changing programme activity to increase the awareness of Wellington as a good place to live and invest.

DRAFT WREDA STATEMENT OF INTENT - 2017

Key project delivery	WREDA is involved in the development of various infrastructure projects across the region. WREDA needs to ensure that its work outcomes are sufficiently broad based not to depend on individual project outcomes	<ul style="list-style-type: none"> WREDA employees will keep abreast of major initiatives in the region so that different opportunities are understood and leveraging programmes are considered WREDA corporate communications will focus on a spread of initiatives boosting the region rather than being focused on individual projects.
Venue Availability	To allow seismic strengthening at the St James Theatre, the theatre will need to close for 14-15 months from March 2018.	<ul style="list-style-type: none"> WREDA will work with organisations that utilise the St James theatre to facilitate their relocation of activity to the Opera House and Michael Fowler Centre. WREDA will work with wellington City Council to ensure facilities at the Opera House and Michael Fowler Centre are adapted where necessary and appropriate to accommodate increased usage during the period of closure.
Maintaining working relationships across the Wellington region	As an organisation that is invested in and works for the whole Wellington region it is critical that WREDA maintains processes which continually meet the needs of the whole region at a local level	<ul style="list-style-type: none"> WREDA will work with both its shareholders and the other Councils in a structured manner such that both elected officials and employees of these organisations are well informed of WREDA's programme of activities at all times WREDA will participate in work groups and meetings across the Wellington region to support economic development activity. Where appropriate WREDA will provide expertise it houses to support project development by individual councils or groups of councils in the region
Shrinkage of key sectors	Over time different sectors gather more prominence in their growth within the regional economy. WREDA needs to retain a balanced sectoral portfolio to sustain a mixed economy in the region	<ul style="list-style-type: none"> WREDA works with the private sector to understand the changing dynamics of sector growth in the Wellington region. Where appropriate WREDA will change, or alter its programmes to reflect the changing needs and opportunities of the region. WREDA will through its annual Statement of Intent and Business Planning process identify to shareholder's changes in programmes as a result of changing sectoral priorities

Table 10: Risk and Mitigation

DRAFT WREDA STATEMENT OF INTENT - 2017

Appendices

- 1) Appendix 1 – Letter of Expectations
- 2) Appendix 2 - Governance and Accounting

DRAFT WREDA STATEMENT OF INTENT - 2017

Appendix 1 – Letter of Expectations

Absolutely Positively
Wellington City Council
Me Heke Ki Pōneke

11 January 2017

Peter Biggs
Chair, Wellington Regional Economic Development Agency
P O Box 10017
Wellington

Dear Peter

This letter sets out the Wellington Regional Strategy Committee's (WRSC) expectations for the Wellington Regional Economic Development Agency and its subsidiary, Creative HQ (WREDA) regarding WREDA's Statement of Intent (SOI) for 2017/18.

General

1. WREDA will deliver and report on activities that contribute directly to the outcomes in the Wellington Regional Strategy, we expect evidence of commitment to these outcomes.
2. WREDA receives substantial funding from the shareholding councils and it is expected that WREDA will grow the funding contribution from other sources. The target should be that for every \$1 contributed by the current funding councils being matched by \$1 from other sources in respect of the visitor economy and economic development.
3. The KPIs in the 2017/18 SOI should have clear targets (both qualitative and quantitative), define what success looks like and be ambitious. Such targets will be a reflection of additionality to a business as usual approach and build annually as circumstances allow. Such targets will also enable shareholding councils to identify how WREDA benefits their districts (and ratepayers).
4. We expect that WREDA will take a greater leadership role in initiating projects and programmes where there is clear market failure and a robust rationale for public intervention. This will be in contrast to supporting initiatives that are fundamentally owned and/or managed by other parties.

Specific

5. The 2016/17 SOI did not give sufficient weight to the importance of the visitor economy to the region with only a passing mention of the key projects and programmes. As significant amount funding is provided to WREDA, the 2017/18 SOI will outline the specific actions to continue to grow the visitor economy.
6. Continue with and where appropriate, improve the current international student program, to attract and retain increasing numbers of students, including international students in the region, particularly in the areas of skills shortages.

Wellington City Council

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PO Box 2199,
Wellington 6140,
New Zealand

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Fax +64 4 801 3033
mayor@wcl.govt.nz
Wellington.govt.nz



DRAFT WREDA STATEMENT OF INTENT - 2017

1. Specific actions and measures that support, facilitate and strongly contribute to a step change in the growth in both numbers and capability of skilled migrants, particularly in the tech sector.
2. Ensure that every opportunity is taken to promote and market the Wellington region including supporting and leveraging off major and other events in Wellington City and the region.
3. Identify, assess and promote economic opportunities that would arise from the major infrastructure projects planned across the region.
4. What actions need to be taken to put in place for a major programme of targeted inward investment for the region, including for tourism.
5. Identify opportunities to lead recovery programmes to ensure business continuity and resilience in the region following significant events such as earthquakes and flooding.
6. Continuing development of the Major Events portfolio including additional and new events.
7. The visit of the Lions and their supporters in late June and early July 2017 is a major event for Wellington and it is expected that WREDA will maximise the benefits that this opportunity offers.
8. Focus on delivering the benefits and efficiencies from WREDA being one organisation to free funding for direct investment in projects.
9. Specific actions and measures that support business growth through science, technology and innovation including the growth of start-up companies.
10. Address skills shortages in the region through specific actions and measures to support skills and workforce development.
11. Identify opportunities to grow the region's Iwi economy.
12. Note the importance of Health and Safety.
13. Where possible consider the use of the councils' shared services programmes.
14. Leverage off major events to tell the Wellington Region story overseas, for example WOW in Seattle.
15. Undertake a review of the Venues operation, specifically the relationship with the arts community and costs and access to the Venues for these groups.

Yours sincerely



Justin Lester
CHAIR, WELLINGTON REGIONAL STRATEGY COMMITTEE

DRAFT WREDA STATEMENT OF INTENT - 2017

DRAFT WREDA STATEMENT OF INTENT - 2017

Appendix 2 - Governance and Accounting

WREDA is a not for profit council controlled organisation as defined by the Local Government Act 2002. WREDA is owned 80% by the Wellington City Council and 20% by the Greater Wellington Regional Council.

Governance Board

The Board is responsible for the strategic direction of WREDA's activities. The Board guides and monitors the business and affairs of WREDA, in accordance with the Companies Act 1993 and the Local Government Act 2002, the Company's constitutions and this Statement of Intent.

All current Board directors are independent and appointed by our shareholders. The Board will meet on a regular basis. The Board will have 2 sub-committees, Risk and Audit and the People & Culture Committee.

Dividend policy

It is unlikely that WREDA will deliver a financial dividend to its Shareholders, due to it being deemed a not for profit council controlled organisation.

Wellington Regional Strategy Committee (WRSC)

The WRSC is made up of ten local body elected members.

The role of the WRSC is to:

- Review the performance of WREDA and the Board, and report to the Shareholders on that performance on a periodic basis,
- Make recommendations to Shareholders as to the appointment, removal and replacement of directors;
- Make recommendations to Shareholders as to any changes to policies, or the SOI, requiring their approval.

The Board aims to ensure that the WRSC and the Shareholders are informed of all major developments affecting WREDA's state of affairs, while at the same time recognising that commercial sensitivity may preclude certain information from being made public. WREDA will adhere to a 'no surprises' approach in its dealings with its Shareholders and WRSC.

Reporting

By 1 March in each year WREDA will deliver to the Shareholders its draft **Statement of Intent** for the following year in the form required by Clause 9(1) of Schedule 8 and Section 64 (1) of the Local Government Act 2002.

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DRAFT WREDA STATEMENT OF INTENT - 2017

Having considered any comments from the WRSC received by 30 April, the Board will deliver the completed SOI to the Shareholders on or before 30 June each year.

By 31 October and 30 April each year, WREDA will provide to the Shareholders a **quarterly report**. The quarterly report will include WREDA's commentary on operations for the relevant quarter and a comparison of WREDA's performance regarding the objectives and performance targets set out in the SOI, with an explanation of any material variances.

By the end of February each year, WREDA will provide to the Shareholders a **Half Yearly Report** complying with Section 66 of the Local Government Act 2002.

By the end of September each year, WREDA will provide to the Shareholders an **Annual Report** on the organisations operations during the year. This will include audited financial statements in accordance with generally accepted accounting practices and NZ International Financial Reporting Standards. The Annual report shall also contain an Auditor's report on both those financial statements and the performance targets and other measures by which performance was judged in relation to that organisation's objectives.

Acquisition/Divestment Policy

Any subscription, purchase of acquisition by WREDA of shares in a company or organisation will require Shareholder approval, other than those shares received in return for providing mentoring services.

Commercial value of Shareholder's investment

WREDA will seek to achieve the outcomes as set by the WRSC and its Shareholders from time to time.

WREDA's share capital is represented by \$1,000 fully paid shares.

Shareholder's funds at 30 June 2016 was \$1.5m, this is considered by the Board to be the current commercial value of WREDA.

Accounting Policies

WREDA has adopted accounting policies that are in accordance with the NZ International Financial Reporting Standards and generally accepted accounting practice. The detailed policies are as disclosed in WREDA's 2015/2016 Annual Report.

DRAFT WREDA STATEMENT OF INTENT - 2017

Financial Forecasts

WREDA EXCLUDING VENUES PROJECT

STATEMENT OF COMPREHENSIVE INCOME			
	2017-2018	2018-2019	2019-2020
Revenue from Shareholders	21,508,075	21,500,000	21,500,000
Other Revenue	7,579,820	8,751,020	9,756,300
TOTAL REVENUE	29,087,895	30,251,020	31,256,300
Operating Expenditure			
Employment Costs	12,446,400	12,797,760	13,499,344
Investment in Projects & Events	14,575,895	15,153,420	15,246,060
Other	1,965,600	2,199,840	2,410,896
TOTAL OPERATING EXPENDITURE	28,987,895	30,151,020	31,156,300
NET SURPLUS / (DEFICIT)	100,000	100,000	100,000

STATEMENT OF FINANCIAL POSITION			
	2017-2018	2018-2019	2019-2020
SHAREHOLDER FUNDS	1,614,945	1,714,945	1,814,945
ASSETS			
Current Assets	3,283,945	3,558,945	3,938,945
Investments	1,500,000	1,500,000	1,500,000
Fixed Assets	331,000	356,000	376,000
TOTAL ASSETS	5,114,945	5,414,945	5,814,945
CURRENT LIABILITIES	3,500,000	3,700,000	4,000,000
NET ASSETS	1,614,945	1,714,945	1,814,945

DRAFT WREDA STATEMENT OF INTENT - 2017

STATEMENT OF CASHFLOWS			
	2017-2018	2018-2019	2019-2020
Opening Cash	2,100,000	1,840,000	2,063,020
Operating Cash Receipts	29,057,895	29,921,020	30,065,000
Operating Cash Payments	29,287,895	29,673,000	30,123,000
Other Receipts	30,000	35,000	40,000
Other Payments	60,000	60,000	60,000
Net Cashflow	- 260,000	223,020	- 78,000
Closing Cash	1,840,000	2,063,020	1,985,020

REVIEW OF THE ANNUAL REPORT FOR WELLINGTON INTERNATIONAL AIRPORT LIMITED TO 31 MARCH 2017

Purpose

This report provides the sub-committee with a review of the report submitted by Wellington International Airport Limited for consideration.

Recommendation

That the Council Controlled Organisations Subcommittee Sub-committee:

1. Receive the information.

Background

1. Wellington International Airport Limited is 34% owned by the Council and majority owned by Infratil Limited, a publicly listed company on the New Zealand securities and derivatives market, which is operated by NZX Limited (NZX). The market operates under a legislative framework established by the Financial Markets Conduct Act 2013.
2. The reporting from Wellington International Airport Limited is considered by this sub-committee under the cover of a separate sub-committee report and depending upon timing of the sub-committee meeting and the publication of the company's report, this process is sometimes considered Public Excluded by this sub-committee.
3. Consideration of the report by this sub-committee in the Public Excluded forum is not necessary as the company's report has been publicly released.

Discussion

4. The annual report has been received from Wellington International Airport Limited for consideration by the sub-committee and is attached as an appendix.
5. The report has already been provided to the NZX and therefore is not required to be considered Public Excluded by this sub-committee.
6. The report has been reviewed by officers and no risks or issues have been identified.

Attachments

Attachment 1.	Wellington International Airport Ltd 2017 Annual Review	Page 359
Attachment 2.	Wellington International Airport Ltd 2017 Annual Report	Page 371

Author	Warwick Hayes, CCO Project Manager
Authoriser	Danny McComb, Manager CCOs & City Growth Projects Derek Fry, Director City Growth & Partnerships

SUPPORTING INFORMATION

Engagement and Consultation

Not applicable.

Treaty of Waitangi considerations

Not applicable.

Financial implications

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

Policy and legislative implications

Not relevant.

Risks / legal

Not relevant.

Climate Change impact and considerations

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

Communications Plan

Officers will incorporate feedback from the Committee into the Letters of Expectation that will be sent to the chair of the relevant CCO.

Health and Safety Impact considered

Not relevant.







Annual Report

Chairman Tim Brown
Chief Executive Steven Sanderson

Wellington Airport is pleased to announce its audited results for the year ended 31 March 2017.

A net profit after tax of \$16.1 million with underlying earnings showing an EBITDAF¹ before subvention payment of \$90.5 million, up 5.1% on the last year. EBITDAF is expected to continue to increase, reflecting investment in route development, new and expanded airport facilities and services, growth in passenger numbers and scheduled aeronautical charges.

¹ EBITDAF before subvention payment is a useful non-NZ GAAP measure of earnings which presents management's view of the underlying business operating performance. A reconciliation between WIAL's NPAT and EBITDAF before subvention payment is set out in the NZX announcement and Note A1 of the Financial Statements for the year ended 31 March 2017.

	Audited Year Ended 31 March 17	Audited Year Ended 31 March 16	Variance
Passengers Domestic	5,076,479	4,899,326	177,153
Passengers International	888,427	897,316	(8,889)
Aeronautical income	\$70.3m	\$65.9m	\$4.4m
Passenger services income	\$37.0m	\$35.7m	\$1.3m
Property/other income	\$12.2m	\$11.8m	\$0.4m
Operating expenses	(\$29.0m)	(\$27.3m)	(\$1.7m)
EBITDAF before subvention payment¹	\$90.5m	\$86.1m	\$4.4m
Net Profit After Tax	\$16.1m	\$12.5m	\$3.6m
Capital investment	\$79.3m	\$56.9m	\$22.4m

Airline Services & Passenger Numbers

Wellington is already seeing the much-anticipated benefits of connectivity to one of the World's largest hubs thanks to the commencement of Singapore Airline's service between Wellington, Canberra and Singapore on 21 September 2016.

Its commencement reflected the work and commitment of Wellington and Canberra Airports, Australia Capital Territory, Wellington City Council, and of course Singapore Airlines. It is ground breaking in too many ways to list and like many new things any initial scepticism has given way to enthusiasm and expectation for more.

Not only is the service a convenient and comfortable way for people to access central New Zealand, and for the region's residents to access the world, it is proof there is strong demand for long haul services to central New Zealand.

Air New Zealand's move to introduce larger aircraft on some domestic services and increased capacity on others, contributed towards a 3.6% increase and a milestone of over 5,000,000 domestic passengers using Wellington Airport. The highest domestic growth has been between Auckland and Wellington, but there has been strong regional growth, in particular with Jetstar's Dunedin and Nelson routes and additional Sounds Air services.

While these services are quite different to the level provided by Singapore Airlines they illustrate the dynamics of the aviation market and that reliable, affordable services attract users.

International passenger numbers have more than doubled in the last 15 years to nearly 900,000. This year the growth has levelled off following a significant increase of 16% or 122,000 passengers last year (five times the average) which was driven by new airlines, additional capacity and the marketing of Wellington as a destination. In part this was an expected consolidation, but there are other factors channelling New Zealand's international growth via Auckland and Christchurch as a lot of that growth is on long-haul services.

Figure 1
Welcoming Singapore Airlines
first inaugural flight in Wellington
on 21 September 2016.



133,000

Over the last decade total passengers have increased on average, by 133,000 a year.

26% ↑



Since its inaugural flight on 21 September 2016, the Singapore service has added 58,000 additional seats and delivered a 26% increase in Asian visitors overall. The number of Singaporean visitors has increased 80%, and visitors from Canberra have more than doubled.

Better Passenger Services

The Airport has almost completed stage one of its \$300m capital investment programme with most of the work on the domestic terminal extension completed. Given the extremely warm response to the first part of this upgrade, airport users will be delighted with the next phase.

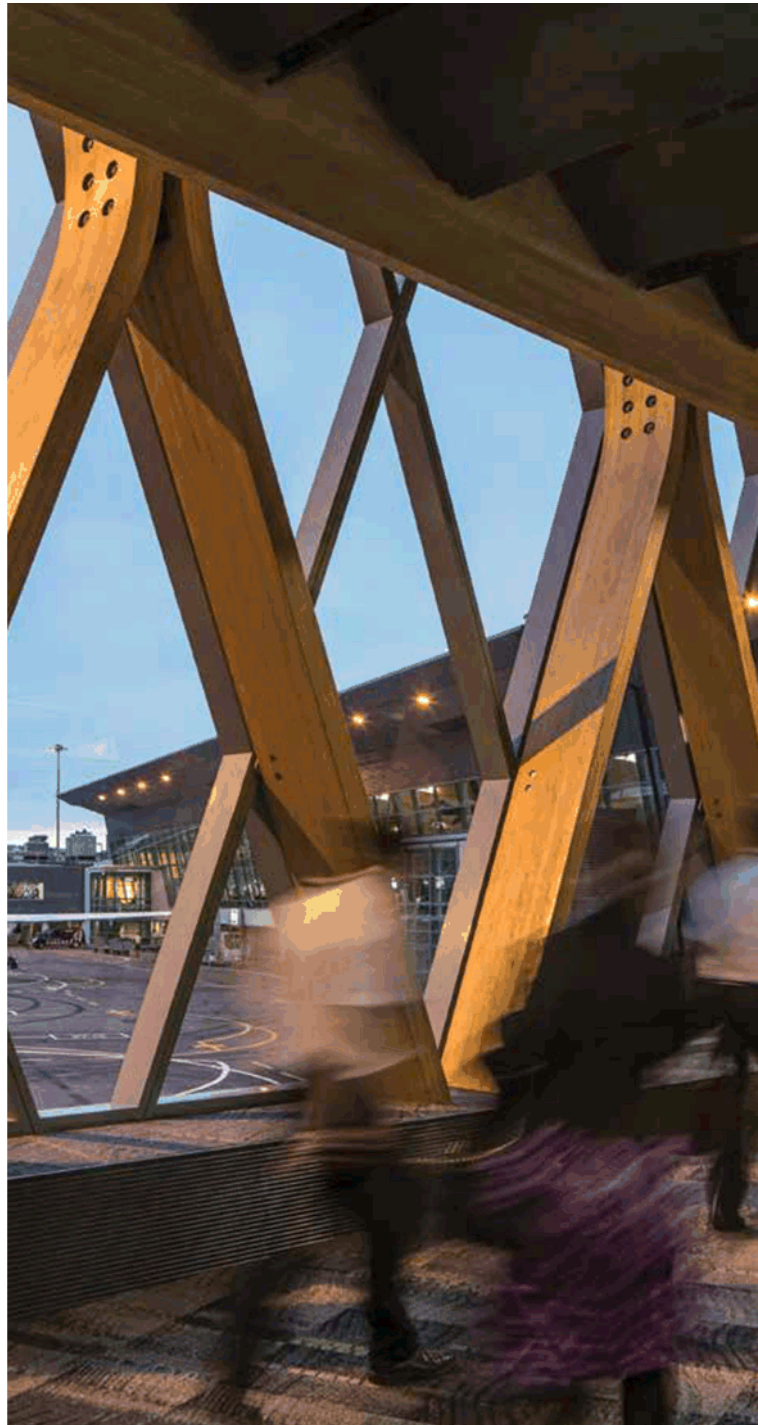
Work is well underway on the multi-level transport hub. It will incorporate a range of state of the art features such as electronic wayfinding and electric vehicle charging points. People dropping off and picking up have been inconvenienced by the construction work, but have started to benefit from new Licence Plate Recognition technology that is enabling faster and easier exiting from the car park. For customers who have booked their car park online it will have the added convenience of allowing them to drive in and out without any tickets at all.

The main terminal extension is transforming the terminal and passenger experience. Air New Zealand's new design standard in its regional Koru Lounge is also pleasing airport users. The next stage is the refurbishment of the original terminal space and to improve the retail, food and beverage options. The first of the new operators, Al Brown's Best Ugly Bagels opened in March and is proving popular.

The International Arrivals area underwent a small expansion to enhance the experience for passengers and to improve processing efficiency. A more significant expansion of the International Terminal is under development.

Construction has commenced on the 4-star hotel which is to be managed by Rydges. It is expected to be complete in late 2018. It is a part of the Airport's wider efforts to improve the experience of everyone who has to catch an early flight or arrive on a late one. Many travellers utilise these international flights and the Airport's particular focus is on improving its role as the gateway for central New Zealand.

Figure 2
Passengers coming and going in the South Terminal.

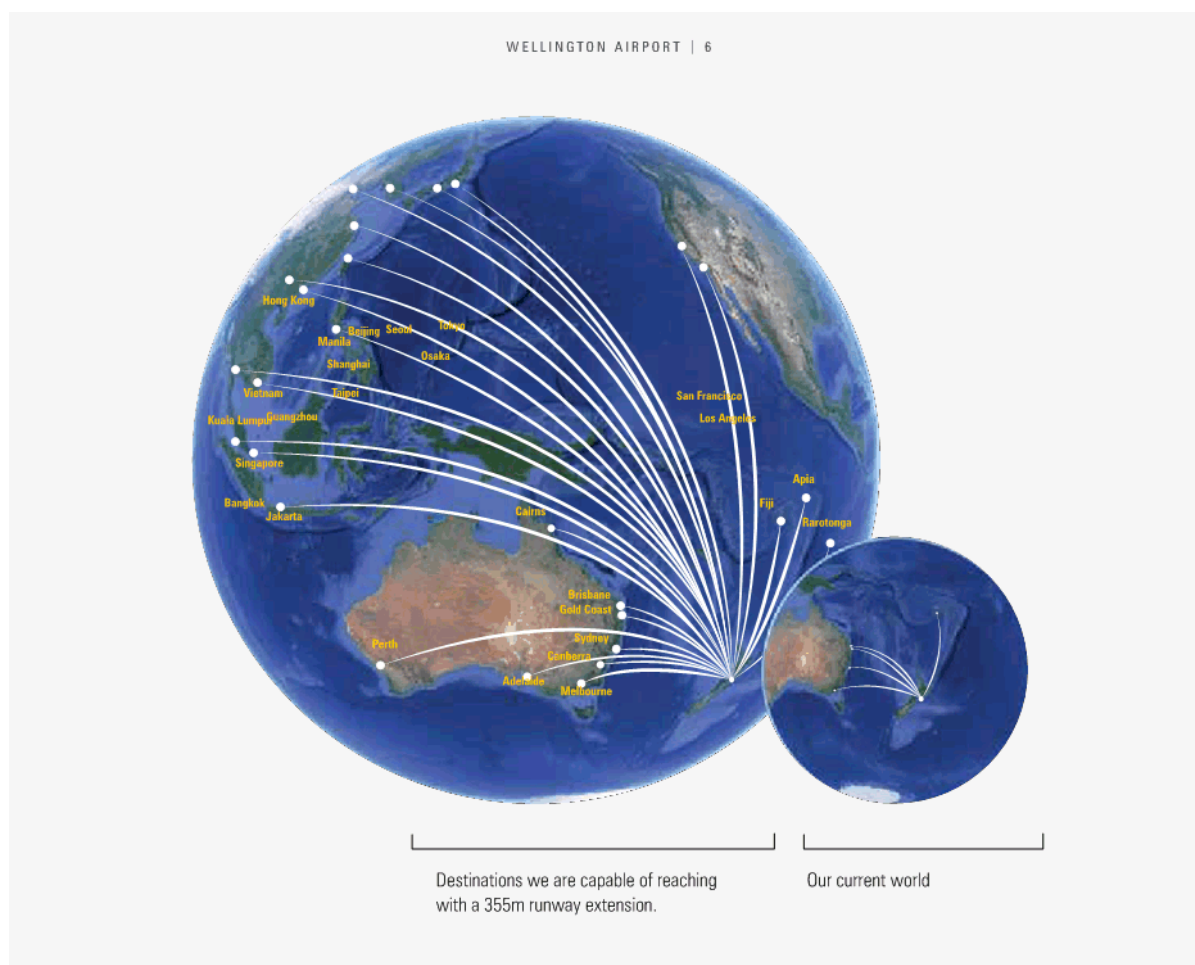


12% ↑

Asia Visitor Spend in Wellington increased from \$61.1M-\$68.5M since the launch in February, despite the negative impact of earthquakes. This compares with a -10% reduction in the whole of New Zealand.

16 thousand per day

When the main terminal was opened in 1999 around 9,500 passengers came through the airport each day. That number now averages 16,000 and over 20,000 on busy days.



Bringing Long Haul Air Services to Central New Zealand

After a four year preparatory process, the Environment Court proceedings for Wellington Airport's application to extend its runway and enable long haul services was scheduled to commence in June 2017.

It has been placed on hold at Wellington Airport's request due to an unexpected development involving the government agency that regulates NZ airports, the Civil Aviation Authority, and the New Zealand Airline Pilots' Association. In separate proceedings the Court of Appeal overturned a previous High Court decision and found the CAA had misapplied the requirements around the length of safety areas for New Zealand Airports.

The CAA's previous practice was consistent with similar agencies and industries elsewhere in the developed world (including Australia, USA, Europe). However, until the issue is resolved it represents an impediment to Wellington progressing its resource consent.

Figure 3
Destinations we are capable of reaching with runway extension.

1635 people every day

Had to take additional connections and time on the ground to reach their long-haul destination from Wellington's catchment this year.

\$2.3b billion dollars is forecast

As a direct benefit to New Zealand by enabling long haul services to and from central New Zealand.

Wellington’s runway extension will open the door for long-haul airlines to operate to and from central New Zealand, delivering significant visitor growth, business connectivity and more convenient, affordable long haul services.

This is naturally disappointing, but Wellington Airport’s commitment hasn’t dimmed especially as all the recent evidence has reinforced the huge benefits that would arise to the region and New Zealand from Wellington being able to accept long haul airlines.

The New Zealand Airports Association has approached the Minister of Transport for his assistance and Wellington Airport and the CAA have appealed the decision to the Supreme Court.

Figure 4
Singapore being one of the target destinations for long haul flights.



27% ↑

The Nelson to Wellington route has 16 flights per day and is now the region’s third busiest route with over 330,000 passengers (+27%).



Licence Plate Recognition technology was introduced this year which enables faster and easier access for all vehicles. It will be most convenient for customers who have booked their car park online as they will be able to drive in and out without any tickets.



WELLINGTON AIRPORT | 8



Wellington Airport ambassadors assist travellers with airport services and facilities, and directions to various terminal locations and gates. The programme has now 55 volunteer ambassadors from Mon-Fri, between 8am and 5pm operating at two kiosks.

9

Initial interest has been high with the quieter home package, while many are still in the stages of application and site inspections, nine houses are close to having the acoustic enhancements fully completed.



To provide greater resilience in the event of a major disaster, the airport has implemented high-speed fibre connections including one microwave link & free wireless internet access.

Supporting Wellington's Vibrant Community, and Culture

The Airport is proud to play a supporting role in the region's events and community endeavors.

The Airport is a major supporter of New Zealand's most successful innovative performing arts and design event, the World of Wearable Art, which this year attracted a record audience to Wellington.

We also honour and celebrate the contribution of community group volunteers with the Wellington Airport Regional Community Awards, which this year attracted 236 nominations from volunteer organisations from across the region. The Supreme Award was taken out by CubaDupa, Wellington's vibrant street arts festival. This year its over 1,000 performers entertained over 110,000 people over the weekend of 25th and 26th March.

Wellington's recreational activities are of significant value to the community. This year, the Airport contributed funding to the Makara Peak Mountain Bike Park, an award-winning community built bike park set in 250 hectares of bird filled native bush. Funds helped build a 66m long suspension bridge across a gully to reach the summit of Makara Peak. The bridge is likely to become an iconic feature for the region's riders.

Closer to the runway, Lyall Bay Surf Club has voluntarily patrolled the beach for over 100 years and has commenced the construction of their new clubhouse. The Airport has contributed towards the build that will meet the needs of a modern club for both lifeguarding and sports.

Figure 5
Makara Bike Park Supporters
Karori, Wellington

We are proud to support:

- Wellington Airport Regional Community Awards
- Wild at Heart Spirit Awards
- World of Wearable Art
- Makara Peak Mountain Bike Park
- CubaDupa
- Lifeflight Trust
- Wellington on a Plate
- Beervana
- New Zealand Festival
- New Zealand Fringe Festival
- Marine Education Centre
- Lyall Bay Surf Lifesaving Club
- Wellington Phoenix

"We are proud to be able to bring such a vibrant street arts festival to Wellington and are honoured to be recognised alongside other amazing movers and shakers in our community. So many people contribute to this event with their time, energy, creativity and enthusiasm to make Wellington's CubaDupa such an extraordinary experience for all. A huge thank you to everyone who becomes part of our community in delivering this event."

Kate Louise Elliot
General Manager CubaDupa



Common Use Terminal Equipment platforms were implemented providing airlines with universal check in terminals, access to all applications they need for passenger processing and overall better passenger experience by increasing efficiency and reducing waiting time during check-in.



A new Emergency Operations Centre along with a new Airport Emergency Response app, has opened to provide the airport community with a command centre during an emergency. During the Kaikoura earthquake the two accelerometers on the runway showed a level of shaking that required a full runway inspection but was able to reopen within 30 minutes. The new terminals are built to Importance Level 3 and are some of the most resilient buildings in Wellington.



Thank you

We want to warmly thank our team at Wellington Airport and the many people who work within the wider airport community including our volunteer ambassadors and all our airlines: Air New Zealand, Jetstar, Qantas, Fiji Airways, Virgin Australia, Singapore Airlines and Sounds Air.

- From left to right:
- Jackie Holley**
General Manager People and Culture
 - Martin Harrington**
Chief Financial Officer
 - Matt Clarke**
Chief Commercial Officer
 - Steven Sanderson**
Chief Executive

- Ayolt Wiertsema**
General Manager Aeronautical Operations
- Greg Thomas**
General Manager Communications
- Leanne Gibson**
General Manager IT and Facilities
- John Howarth**
General Manager Infrastructure







WELLINGTON INTERNATIONAL AIRPORT LIMITED

Consolidated Annual Report
For the Year Ended 31 March 2017

DIRECTORS' REPORT

The Directors have pleasure in presenting to shareholders the consolidated annual report for Wellington International Airport Limited (WIAL and/or the Company) for the year ended 31 March 2017.

Directors

The Directors of WIAL during the year were:

- Timothy Brown, Chairman
- Jason Boyes
- Keith Sutton
- Andrew Foster (appointed 26 October 2016)
- Phillip Walker (appointed 1 November 2016)
- Alison Gerry (appointed 1 February 2017)
- Celia Wade-Brown (retired 26 October 2016)
- Steven Fitzgerald (retired 1 November 2016)
- Peter Coman (retired 1 February 2017)

Andrew Lamb joined the Board as an observer from 22 August 2016 as part of a Cadetship under the Company's Aspiring Directors Programme.

Group's Affairs and Nature of Business

The Group operates in Wellington providing integrated airport and commercial facilities and services to various airlines and other airport users. The Group also operates a commercial retail park adjacent to the airport site. WIAL's wholly owned subsidiary, Wellington Airport Noise Treatment Limited (WANT Limited), provides noise mitigation activities to manage the impact of noise generated from the airport on the surrounding community. As a result WIAL comprises a Group for financial reporting purposes and is required to prepare a consolidated report.

The Directors regard the state of the Group's affairs to be satisfactory.

The nature of the Group's business has not changed during the year.

Earnings After Subvention Payment and Dividends

Total revenue for the year was \$119.6 million. The net profit after taxation amounted to \$16.1 million after a \$38.9 million subvention was paid to a subsidiary of Infratil Limited.

During the year a dividend of \$12.1 million was paid to Wellington City Council.

Retained Earnings

Retained earnings was \$98.7 million, an increase for the year of \$4.0 million.

Asset Revaluation Reserve

The asset revaluation reserve at 31 March 2017 was \$404.9 million.

Liabilities

The liabilities of WIAL are not guaranteed by its shareholders.

Auditors

KPMG remained the Group's auditors during the year.

On behalf of the Board



Timothy Brown
Chairman
9 May 2017



Alison Gerry
Chair of the Audit and Risk Committee
9 May 2017

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2017

	Note	2017 \$000	2016 \$000
Aircraft movement and terminal charges		70,313	65,939
Property rent and lease income		12,211	11,826
Retail and trading activities		37,039	35,745
Total revenue		119,563	113,510
Operating expenses	A3	(18,879)	(17,724)
Employee remuneration and benefits	A4	(10,140)	(9,645)
Subvention payment	D2	(38,894)	(39,517)
Total operating and other expenditure		(67,913)	(66,886)
Investment properties revaluation net increase	B2	820	1,889
Depreciation	B1	(21,654)	(16,469)
Loss on sale of property, plant and equipment		(654)	(114)
Operating earnings before interest and financing expense		30,162	31,930
Interest income		834	342
Interest expense	C2	(22,265)	(17,116)
Increase/(Decrease) in value of financial instruments designated at fair value through profit or loss	C3	8,327	(2,636)
Net financing expense		(13,104)	(19,410)
Net profit from continuing operations before taxation		17,058	12,520
Taxation (expense)/income	A5	(960)	3
Net profit after taxation		16,098	12,523
Other comprehensive income			
Items which will not be reclassified to profit or loss			
Property, plant and equipment revaluation	B1	2,870	91,399
Income tax relating to components of other comprehensive income	A5	(717)	(22,441)
		2,153	68,958
Total comprehensive income		18,251	81,481

The accompanying accounting policies and notes form part of and are to be read in conjunction with these consolidated financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2017**

	Note	Attributable to Equity Holders				Total Equity \$000
		Capital \$000	Asset Revaluation Reserve \$000	Other Reserve \$000	Retained Earnings \$000	
Balance as at 1 April 2016		9,050	402,787	141	94,662	506,640
Comprehensive income						
Net profit		-	-	-	16,098	16,098
Other comprehensive income		-	2,153	-	-	2,153
Total comprehensive income		-	2,153	-	16,098	18,251
Contributions by and distributions to owners						
Executive redeemable shares issued		-	-	95	-	95
Executive redeemable shares converted		-	-	(67)	-	(67)
Dividends to equity holders		-	-	-	(12,059)	(12,059)
Total contributions by and distributions to owners		-	-	28	(12,059)	(12,031)
Balance as at 31 March 2017	C1	9,050	404,940	169	98,701	512,866

		Attributable to Equity Holders				
	Note	Capital \$000	Asset Revaluation Reserve \$000	Other Reserve \$000	Retained Earnings \$000	Total Equity \$000
Balance as at 1 April 2015		9,050	333,829	140	95,089	438,108
Comprehensive income						
Net profit		-	-	-	12,523	12,523
Other comprehensive income		-	68,958	-	-	68,958
Total comprehensive income		-	68,958	-	12,523	81,481
Contributions by and distributions to owners						
Executive redeemable shares issued		-	-	60	-	60
Executive redeemable shares converted		-	-	(59)	-	(59)
Dividends to equity holders		-	-	-	(12,950)	(12,950)
Total contributions by and distributions to owners		-	-	1	(12,950)	(12,949)
Balance as at 31 March 2016	C1	9,050	402,787	141	94,662	506,640

The accompanying accounting policies and notes form part of and are to be read in conjunction with these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2017

	Note	2017 \$000	2016 \$000
Cash and cash equivalents	C3	67,830	5,911
Trade receivables	C3	13,082	11,224
Prepayments and sundry receivables		4,558	3,086
Current assets		85,470	20,221
Property, plant and equipment	B1	930,422	870,076
Investment properties	B2	69,795	68,850
Non current assets		1,000,217	938,926
Total assets		1,085,687	959,147
Trade and other payables	C3	2,523	683
Current tax payable	A5	14,803	15,496
Accruals and other liabilities		15,435	13,204
Accrued employee benefits	A4	2,595	2,037
Loans and borrowings	C2	90,000	-
Current liabilities		125,356	31,420
Deferred taxation	A5	115,223	112,852
Derivative financial instruments	C3	4,811	13,138
Loans and borrowings	C2	327,437	295,097
Non current liabilities		447,471	421,087
Attributable to shareholders		512,860	506,640
Total equity		512,860	506,640
Total equity and liabilities		1,085,687	959,147

The accompanying accounting policies and notes form part of and are to be read in conjunction with these consolidated financial statements.

On behalf of the Board

Timothy Brown
Chairman
9 May 2017



Alison Gerry
Chair of the Audit and Risk Committee
9 May 2017



**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2017**

	Note	2017 \$000	2016 \$000
Cash flows from operating activities			
<i>Cash was provided from:</i>			
Receipts from customers		117,448	112,867
Interest received		343	342
		117,791	113,209
<i>Cash was disbursed to:</i>			
Payments to suppliers and employees		(24,530)	(26,794)
Interest paid		(21,664)	(15,997)
		71,597	70,418
Subvention payment	D2	(38,894)	(39,517)
Net cash flows from operating activities		32,703	30,901
Cash flows from investing activities			
<i>Cash was provided from:</i>			
Proceeds from sale of property, plant and equipment		12	10
		12	10
<i>Cash was disbursed to:</i>			
Purchase of property, plant and equipment		(80,477)	(55,359)
		(80,477)	(55,359)
Net cash flows from investing activities		(80,465)	(55,349)
Cash flows from financing activities			
<i>Cash was provided from:</i>			
Drawdown of loans and borrowings		-	21,000
Issue of bonds		205,000	-
		205,000	21,000
<i>Cash was disbursed to:</i>			
Repayment of bonds		(60,000)	-
Bond issue costs		(2,260)	-
Repayment of loans and borrowings		(21,000)	-
Dividend payment	D2	(12,059)	(12,950)
		(95,319)	(12,950)
Net cash flows from financing activities		109,681	8,050
Net increase/(decrease) in cash and cash equivalents		61,919	(16,398)
Cash and cash equivalents balance at the beginning of the year		5,911	22,309
Cash and cash equivalents balance at the end of the year	C3	67,830	5,911

	2017 \$000	2016 \$000
Reconciliation of net profit after taxation to net cash flows from operating activities:		
Net profit after taxation	16,098	12,523
(Increase)/Decrease in value of financial instruments designated as fair value through profit or loss	(8,327)	2,636
Depreciation	21,654	16,469
Investment properties revaluation net increase	(820)	(1,889)
Other movements not involving cash flows	1,188	(1,532)
Movements in working capital	2,910	2,694
Net cash flows from operating activities	32,703	30,901

The accompanying accounting policies and notes form part of and are to be read in conjunction with these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

REPORTING ENTITY

The financial statements presented are those of the consolidated Wellington International Airport Limited Group (the Group), comprising Wellington International Airport Limited (WIAL and/or the Company) and its subsidiary, WANT Limited.

The Group operates in Wellington providing integrated airport and commercial facilities and services to various airlines and other airport users. The Group also operates a commercial retail park adjacent to the airport site.

STATUTORY BASE

The parent company, WIAL, is a profit oriented company incorporated and domiciled in New Zealand as a limited liability company registered under the Companies Act 1993. The company has bonds listed on the NZDX and on that basis meets the definition of a Reporting Entity under the Financial Markets Conduct Act 2013 and the Financial Reporting Act 2013.

BASIS OF PREPARATION

The consolidated financial statements are general purpose financial statements and have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). They comply with New Zealand equivalents to International Financial Reporting Standards (NZIFRS) and other applicable financial reporting standards as appropriate for profit-oriented entities. The consolidated financial statements also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

The consolidated financial statements are presented for the year ended 31 March 2017 and were approved by the Board of Directors on 9 May 2017.

Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, with the exception of certain items as identified in specific accounting policies, and are presented in New Zealand Dollars which is the Group's functional currency. Where indicated, values are rounded to the nearest thousand dollars (\$000).

SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements have been consistently applied to all periods presented.

USE OF ACCOUNTING ESTIMATES AND JUDGEMENT

These consolidated financial statements comply with NZIFRS, which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Future outcomes could differ from those estimates.

Areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed within the specific notes shown below:

Area of estimate or judgement	Note
Valuation of property, plant and equipment	Note B1 Property, plant and equipment
Valuation of investment properties	Note B2 Investment properties

FINANCIAL RISK MANAGEMENT

The Board of Directors has overall responsibility for the establishment and oversight of the Group's financial risk management framework. The Audit and Risk Committee also has a function of reviewing management practices in relation to identification and management of significant business risk areas and regulatory compliance. The Group has developed a comprehensive enterprise wide risk management framework. Management and the Board participate in the identification, assessment and monitoring of new and existing risks. Particular attention is given to strategic risks that could affect the Group. Management report to the Audit and Risk Committee and the Board on the Group's risks and the controls and treatments for those risks. Financial risk management principles are disclosed within the specific notes shown below:

Area of risk management	Note
Capital risk	Note C1 Share capital
Market risk	Note C2 Loans and borrowings
Liquidity risk	Note C3 Financial Instruments
Credit risk	Note C3 Financial Instruments

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2017

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The notes include information that is required to understand the consolidated financial statements and is material and relevant to the operations, financial position and performance of the Group. Information is considered material and relevant if, for example:

- the amount in question is significant because of its size or nature;
- it is important for understanding the results of the Group;
- it helps to explain the impact of significant changes in the Group's business; and/or
- it relates to an aspect of the Group's operations that is important to its future performance.

NOTE CATEGORIES

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2017

A. FINANCIAL PERFORMANCE

A1. Segment reporting and non-NZ GAAP measure

P Operating segments are identified based on the nature of the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker of the Group has been identified as the Chief Executive Officer. Based on the internal reporting to the Chief Executive Officer, the Group is considered to have one operating segment.

The Group has two major customers that individually contribute greater than 10% of the Group's revenue. The revenue earned from these customers for the year ended 31 March 2017 was \$65.6 million (2016: \$59.0 million).

The Group refers to a non-NZ GAAP financial measure of earnings before interest, tax, depreciation, amortisation, change in fair value of financial instruments, impairments and gain/(loss) on sale of assets (EBITDAF) and subvention payment within these consolidated financial statements. The Board and management consider it a useful non-NZ GAAP financial measure as it shows the contribution to earnings prior to non-cash items, cost of financing and subvention and is used by management, in conjunction with other measures, to monitor financial performance. The limited use of this non-NZ GAAP measure is intended to supplement NZ GAAP measures and is not a substitute for NZ GAAP measures. As these measures are not defined by NZ GAAP, NZIFRS, or any other body of accounting standards, the Group's calculations may differ from similarly titled measures presented by other companies.

	2017	2016
	\$000	\$000
Net profit after taxation	16,098	12,523
Subvention payment	38,894	39,517
Net financing expense	13,104	19,410
Taxation expense/(income)	960	(3)
Depreciation	21,654	16,469
Investment property revaluation net increase	(820)	(1,889)
Loss on sale of property, plant and equipment	654	114
EBITDAF before subvention payment	90,544	86,141

A2. Revenue

Revenue is earned from aircraft movement and terminal charges, retail and trading activities and property leases.

Revenue recognition

P Revenue comprises the fair value of the consideration received or receivable for the sale of goods or services in the ordinary course of the Group's activities net of the amount of Goods and Services Tax (GST).

Aircraft movement and terminal charges

Airfield income, passenger service charges and terminal service charges are recognised as revenue when the passenger travels or the airport facilities are used.

Property rent and lease income

Rental revenue, net of lease incentives, is recognised on a straight line basis over the term of the lease.

Retail and trading activities

Retail concession fees are recognised as revenue on an accrual basis in accordance with the agreements. Revenue from car parks is recognised once the service is delivered.

Interest income

Interest income is recognised as it accrues, using the effective interest rate method. Refer to note C2 and C3 for further information regarding the interest rate contracts in place.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2017

A3. Operating expenses

The Group incurs operating expenses in delivering its services as an integrated airport to various airlines and other airport users. The main components comprising operating expenses are outlined below.

	2017	2016
Fees paid to auditors:	\$000	\$000
Audit of statutory financial statements	82	96
Taxation and other assurance services (Note 1)	62	66
Directors' fees	455	458
Regulatory compliance and airline pricing consultation (Note 2)	703	923
Marketing and development	1,393	1,657
Cleaning and energy	2,049	1,796
Rates and insurance	4,795	4,161
Repairs and maintenance	2,412	2,319
Operating lease expenses	731	845
Administration and other expenses	6,197	5,403
Total operating expenses	18,879	17,724

Note 1 - Includes audit of WIAL's regulatory annual disclosures.

Note 2 - In addition to these costs, the Group have incurred \$0.2m (2016: \$0.2m) of regulatory and compliance costs in relation to the proposed runway extension including costs associated with the judicial review process. These costs have been capitalised and included in capital work in progress at note B1.

A4. Employee remuneration and benefits

P

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and the amount can be measured reliably. Provisions made in respect of employee benefits expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

WIAL participates in two staff share schemes, namely an executive share scheme and a staff share purchase scheme. In association with employee participation in the staff share purchase scheme, WIAL has recorded \$35,410 in interest free loans as at 31 March 2017 (2016: \$25,170).

Accrued employee benefits	2017	2016
	\$000	\$000
Salaries and wages	1,980	1,503
Annual and long service leave	615	534
Total accrued employee benefits	2,595	2,037

Key management personnel disclosures

Key management personnel include the Directors of WIAL, the Chief Executive Officer and those personnel reporting directly to the Chief Executive Officer. The Directors' fees for the year ended 31 March 2017 of \$455,156 (2016: \$458,000) disclosed in Note A3 are included within short-term employee benefits as they form part of the remuneration to key management personnel.

WIAL has recorded \$778,342 as an expense in profit or loss in respect of the executive share scheme for the year ended 31 March 2017 (2016: \$510,104).

	2017	2016
	\$000	\$000
Short-term employee benefits	3,581	3,444

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2017

A5. Taxation

P Current and deferred tax is recognised in profit or loss in the statement of comprehensive income, except when it relates to items credited or debited directly to equity or in other comprehensive income, in which case the deferred tax or current tax is also recognised directly in equity or in other comprehensive income. Current tax is the expected tax receivable/(payable) on the taxable (loss)/income for the year, using tax rates enacted or substantially enacted at the balance date, and any adjustment to tax payable in respect of previous years.

	2017 \$000	2016 \$000
Net profit before taxation	17,058	12,520
Taxation for the year at 28% (2016: 28%)	(4,776)	(3,506)
Subvention payment made in respect of prior period	(10,890)	(11,064)
Taxation effect of non deductible expenses	(88)	381
Loss offset	4,596	3,314
Over provision in prior years	10,198	10,878
Taxation (expense)/income	(960)	3
Current taxation	694	(1,643)
Deferred taxation	(1,654)	1,646
Taxation (expense)/income	(960)	3

P Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts 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.

	Property, plant and equipment \$000	Investment properties \$000	Derivative financial instruments \$000	Accrued employee benefits \$000	Other \$000	Total \$000
Balance at 1 April 2016	(108,318)	(9,101)	4,603	306	(342)	(112,852)
Recognised in profit and loss	1,887	(867)	(2,720)	95	(49)	(1,654)
Recognised in other comprehensive income	(717)	-	-	-	-	(717)
Balance at 31 March 2017	(107,148)	(9,968)	1,883	401	(391)	(115,223)
Balance at 1 April 2015	(86,804)	(9,036)	3,814	139	(170)	(92,057)
Recognised in profit and loss	927	(65)	789	167	(172)	1,646
Recognised in other comprehensive income	(22,441)	-	-	-	-	(22,441)
Balance at 31 March 2016	(108,318)	(9,101)	4,603	306	(342)	(112,852)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2017

B. FIXED ASSETS

B1. Property, plant and equipment

P Property, plant and equipment are recorded at cost less accumulated depreciation and impairment losses, or at fair value less accumulated depreciation and impairment losses as referred to in the table on page 14. Fair value is based on valuations which are undertaken on a systematic basis and at least every five years. The fair value of assets are reviewed at the end of each reporting period to ensure that there is no material difference to the carrying value at the reporting date. Property, plant and equipment are also reviewed annually for indications of impairment with any identified impairment adjustments charged to profit or loss.

Depreciation

E Depreciation is calculated systematically on a straight-line basis to allocate the cost or revalued amount of an asset, less any residual value, over its estimated useful life. Land and certain civil foundation works are not depreciated.

The Group makes estimates of the remaining useful lives of assets, which are as follows:

Building ancillary services	2 – 30 years
Buildings	40 – 55 years
Civil works	0 – 120 years
Vehicles, plant and equipment	3 – 40 years

Individual asset remaining useful lives and residual values are assessed at least annually.

Capitalised interest

For the year ended 31 March 2017, capitalised borrowing costs relating to capital work in progress, as referred to in Note C2, amounted to \$2.4 million (2016: \$2.2 million), with an average interest rate of 5.60% per annum (2016: 6.21% per annum).

Valuation of property, plant and equipment

P Fair value is determined by an independent valuation or by management using recognised valuation techniques. An independent valuer is engaged to provide a valuation if management does not have sufficient expertise to perform the valuation. Where the assets are of a specialised nature and do not have observable market values in their existing use, optimised depreciated replacement cost is used as the basis of the valuation. Where there is an observable market, an income based approach is used.

E Property, plant and equipment was last revalued at 31 March 2016. At the end of the current reporting period, the Group made an assessment of whether the carrying amounts differ materially from fair value. This assessment considered changes in significant inputs since the last revaluation, movements in the capital goods price index and changes in valuations of investment property as an indicator of property, plant and equipment. At 31 March 2017, the assessment is that there is no material change in the fair value of property plant and equipment. The major inputs and assumptions that form the basis of determining fair value and the relevant relationship of the inputs requiring judgement are outlined below.

Description of different valuation approaches

Discounted cash flow (DCF)	A valuation methodology which requires the application of financial modelling techniques. Discounted cash flow analysis requires assumptions to be made regarding the prospective income and expenses of a property, such assumptions pertaining to the quantity, quality, variability, timing, and duration of inflows and outflows over an assumed period. The assessed cash flows are discounted to present value at an appropriate, market-derived discount rate to determine fair value.
Income capitalisation approach (Cap rate)	A valuation methodology which determines fair value by capitalising an asset's sustainable net income at an appropriate, market derived capitalisation rate based on an analysis of sales of comparable assets.
Optimised depreciated replacement costs (ODRC)	A valuation methodology whereby fair value is determined by calculating the cost of constructing a modern equivalent asset at current market based input cost rates, adjusted for the remaining useful life of the assets (depreciation) and any sub-optimal usage of the assets in their current application (optimisation).
Market value existing use approach (MVEU)	A valuation methodology whereby fair value, based on the highest and best alternative use (MVAU), is determined as the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction plus consenting and holding costs to provide land suitable for airport use. The consenting and holding costs are derived by the valuer using assumptions regarding the direct costs of obtaining consent, the developer's weighted average cost of capital and the holding period for conversion to airport use.

Fair value hierarchy levels

The Group discloses fair value measurements by level of the following fair value measurement hierarchy:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;
 - Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); or
 - Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).
- There were no transfers between levels of the fair value hierarchy during the year ended 31 March 2017 (2016: none).

Unobservable inputs

The valuation methodology adopted by the Group makes use of inputs which do not have any market data available and are developed using the best information available that market participants would use when evaluating pricing.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2017

B1. Property, plant and equipment (continued)

The following table summarises the valuation approach and key assumptions used by the valuers to arrive at fair value:

Description	Valuation approach	Fair value hierarchy level	Significant unobservable inputs		Sensitivity +/- 5% valuation impact	Relationship of unobservable inputs to fair value
Land						
Aeronautical land - used for airport activities and specialised aeronautical assets. Non-aeronautical land - used for non-aeronautical purposes e.g. industrial, service, retail, residential and land associated with the vehicle business.	MVEU	3	MVAU rate per hectare	\$1.38 million per hectare	A 5% change equates to +/- \$13.5m	The higher the rate per hectare, the higher the fair value.
			Developer's WACC rate	11.30%	A 5% change equates to +/- \$6.1m	The higher the WACC rate, the higher the fair value.
			Holding period	6 years	A 5% change equates to +/- \$9.1m	The longer the holding period, the higher the fair value.
Valued at 31 March 2016 by Telfer Young Limited, registered valuers, at \$300.6 million.						
Civil						
Civil works include sea protection and site services, excluding such site services to the extent that they would otherwise create duplication of value.	ODRC	3	Average cost rates per sqm for concrete, asphalt, base course and foundations	Concrete \$800 Asphalt \$892 Base course \$96 Foundations \$19	A 5% change equates to +/- \$7.2m	The higher the average cost rates, the higher the fair value.
			Estimated remaining useful life	Average remaining useful life 30 years	A 5% change equates to +/- \$7.2m	The longer the estimated remaining useful life, the higher the fair value.
Valued at 31 March 2016 by Opus International Consultants Limited at \$144.7 million.						
Buildings						
Specialised buildings used for identified airport activities. Non specialised buildings used for purposes other than for identified airport activities, including space allocated within the main terminal building for retail activities, offices and storage.	ODRC	3	Modern equivalent asset rate per sqm	Specialised \$5,139 Non specialised \$1,875	A 5% change equates to +/- \$8.5m A 5% change equates to +/- \$0.4m	The higher the modern equivalent asset rate the higher the fair value. The higher the modern equivalent asset rate the higher the fair value.
			Revenue growth	1.81%	A 5% change equates to +/- \$0.7m	The higher the assumed revenue growth, the higher the fair value.
			Cost growth	1.81%	A 5% change equates to +/- \$0.5m	The higher the assumed cost growth, the lower the fair value.
Vehicle business assets associated with car parking and taxi, shuttle and bus services (excluding land and civil).	DCF and Cap rate	3	Discount rate	10.25%	A 5% change equates to +/- \$3.2m	The higher the discount rate, the lower the fair value.
			Income capitalisation rate	8.75%	A 5% change equates to +/- \$4.9m	An increase in the capitalisation rate will decrease the fair value.
Valued at 31 March 2016 by Telfer Young Limited, registered valuers, at \$344.6 million.						
Vehicles, plant and equipment						
Vehicles, plant and equipment comprises a mixture of specialised and non-specialised assets.			Cost less accumulated depreciation and impairment losses			

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2017

B1. Property, plant and equipment (continued)

The Group's assets are outlined by each class of asset and a reconciliation is presented to reflect the movement in the value of property, plant and equipment during the reporting period.

	Land at fair value \$000	Civil at fair value \$000	Buildings at fair value \$000	Vehicles, Plant and Equipment at cost \$000	Capital work in progress at cost \$000	Total \$000
Cost or valuation						
Balance at 1 April 2016	300,595	144,663	344,587	42,874	66,220	898,939
Additions	1,625	-	223	952	76,458	79,258
Transfer from capital work in progress	-	24,617	52,152	2,674	(79,443)	-
Transfer from capital work in progress to investment properties	-	-	-	-	-	-
Transfer from property, plant and equipment assets to investment properties	-	(10)	(115)	-	-	(125)
Disposals	-	-	-	(199)	-	(199)
Movement in asset revaluation	306	-	2,586	(22)	-	2,870
Balance at 31 March 2017	302,526	169,270	399,433	46,279	63,235	980,743
Accumulated depreciation and impairment losses						
Balance at 1 April 2016	-	-	-	28,863	-	28,863
Depreciation for the year	-	7,760	10,285	3,609	-	21,654
Disposals	-	-	-	(196)	-	(196)
Movement in asset revaluation	-	-	-	-	-	-
Balance at 31 March 2017	-	7,760	10,285	32,276	-	50,321
Net book value at 31 March 2017	302,526	161,510	389,148	14,003	63,235	930,422
Cost or valuation						
Balance at 1 April 2015	290,526	157,726	311,912	41,328	21,586	823,078
Additions	-	12	236	882	55,774	56,904
Transfer from capital work in progress	-	3,727	658	1,341	(5,726)	-
Transfer of capital work in progress to investment properties	-	-	-	-	(5,414)	(5,414)
Transfer from property, plant and equipment assets to investment properties	(1,181)	224	220	(5)	-	(742)
Disposals	-	-	(142)	(672)	-	(814)
Movement in asset revaluation	11,250	(17,026)	31,703	-	-	25,927
Balance at 31 March 2016	300,595	144,663	344,587	42,874	66,220	898,939
Accumulated depreciation and impairment losses						
Balance at 1 April 2015	-	22,222	30,245	26,089	-	78,556
Depreciation for the year	-	5,318	7,706	3,445	-	16,469
Disposals	-	-	(19)	(671)	-	(690)
Movement in asset revaluation	-	(27,540)	(37,932)	-	-	(65,472)
Balance at 31 March 2016	-	-	-	28,863	-	28,863
Net book value as at 31 March 2016	300,595	144,663	344,587	14,011	66,220	870,076

At 31 March 2017, had assets been carried at historic cost less accumulated depreciation and accumulated impairment losses, their carrying amount would have been \$88.2 million for land (2016: \$86.6 million), \$118.1 million for civil assets (2016: \$96.7 million) and \$215.3 million for buildings (2016: \$168.8 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2017

P	B2. Investment properties		
	Investment properties are measured at fair value with any change recognised in profit or loss. Investment properties are revalued annually at fair value as determined by an independent valuer.		
		2017	2016
		\$000	\$000
	Balance at the beginning of the year	68,850	60,805
	Transfer from capital work in progress to investment properties	-	5,414
	Transfer from property, plant and equipment assets to investment properties	125	742
	Investment properties revaluation net increase	820	1,889
	Balance at the end of the year	69,795	68,850
	Amounts recognised in profit or loss (excluding revaluations):		
	Rental income from investment properties	6,128	5,878
	Direct operating expenses arising from investment properties	(757)	(1,147)
	Net amount recognised in profit or loss (excluding revaluations)	5,371	4,731

E	Valuation of investment properties
	The fair value of investment properties is estimated by an independent valuer which reflects market conditions at balance date. Changes to market conditions or to assumptions made in the estimation of fair value will result in changes to the fair value of the investment properties.

The following table summarises the valuation approach and key assumptions used by the valuers to arrive at fair value:

Description	Valuation approach	Fair value hierarchy level	Relationship of unobservable inputs to fair value		
Investment Properties					
Properties held for investment income earning purposes.	DCF and Cap rate	3	Weighted average discount rate	8.92% (2016: 8.92%)	An increase in the discount rate will decrease the fair value.
			Weighted average income capitalisation rate	8.00% (2016: 8.05%)	An increase in the capitalisation rate will decrease the fair value.
			Weighted average lease term	3.87 years (2016: 3.66 years)	A decrease in the average lease term will ordinarily decrease the fair value.
Valued at 31 March 2017 by Jones Lang LaSalle, registered valuers, at \$69.8 million (Valued at 31 March 2016 by Jones Lang LaSalle, registered valuers at \$68.9 million).					

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2017

C. FUNDING

C1. Share capital

	2017 \$000	2016 \$000
Represented by:		
Total issued capital at the beginning and end of the year 40,155,942 ordinary shares	9,050	9,050
Balance at the end of the year	9,050	9,050

All ordinary shares have equal voting rights and share equally in dividends and equity. All shares have no par value.

Capital risk

The Group's capital includes share capital, reserves, retained earnings and loans and borrowings. The key factors in determining the Group's optimal capital structure are quality and dependability of earnings and cash flows, appropriate credit rating, capital needs and available sources, relative cost of capital and ability to withstand business shocks. The Group is subject to certain compliance ratios relevant to its bank facility agreements and Trust Deeds applicable to the bond borrowings.

C2. Loans and borrowings

Loans and borrowings are recorded at amortised cost. Fees and other costs incurred in raising debt finance are capitalised and amortised over the term of the relevant debt instrument or debt facility.

Borrowing costs are recognised as an expense in the period in which they are incurred using the effective interest rate method except to the extent that they are capitalised. Borrowing costs that are directly attributable to construction projects of a qualifying asset are capitalised as part of the cost of the assets, as set out in Note B1.

	Issue Date	Maturity	2017 Interest Rate	2016 Interest Rate	2017 \$000	2016 \$000
Bank facilities Tranche A	Jul-14	Jun-18	Various	Various	-	15,000
Bank facilities Tranche B	Jul-14	Jun-19	Various	Various	-	6,000
Wholesale bonds WIA0817	Aug-07	Aug-17	Floating	Floating	90,000	150,000
Wholesale bonds WIA0619	Jun-13	Jun-19	Floating	Floating	25,000	25,000
Wholesale bonds WIA0620	Jun-13	Jun-20	5.27%	5.27%	25,000	25,000
Retail bonds WIA020	Nov-13	May-21	6.25%	6.25%	75,000	75,000
Retail bonds WIA030	May-16	May-23	4.25%	-	75,000	-
Retail bonds WIA040	Aug-16	Aug-24	4.00%	-	60,000	-
Retail bonds WIA050	Dec-16	Jun-25	5.00%	-	70,000	-
Total borrowings at face value					420,000	296,000
Unamortised transaction costs					(2,563)	(903)
Carrying value of borrowings					417,437	295,097
Current					90,000	-
Non-current					327,437	295,097

Bonds

The Trust Deeds for the bonds require the Group to operate within defined performance and debt gearing ratios. The arrangements under the Trust Deeds create restrictions over the sale or disposal of certain assets. The Group complied with its debt covenant requirements during the year. At 31 March 2017, the bonds had a fair value of \$427.3 million (2016: \$284.1 million), based on the NZDX valuation at balance date.

During the year ended 31 March 2017, the Company undertook the following bond financing activities:

- on 12 May 2016, the issuance of \$75 million of 7 year fixed rate bonds maturing 12 May 2023 (WIA030);
- during August 2016, the issuance of \$60 million of 8 year fixed rate bonds maturing 5 August 2024 (WIA040) and the repayment of \$60 million of 10 year floating rate notes maturing 1 August 2017 (WIA0817); and
- during the period December 2016 to February 2017 issued \$70 million of 8.5 year fixed rate bonds maturing 16 June 2025 (WIA050).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2017

C2. Loans and borrowings (continued)

On 14 December 2016, NZX Regulation granted WIAL a waiver from NZX Listing Rule 5.2.3 (for a period of six months from 19 December 2016) in respect of WIAL's issue of \$70 million of unsecured, unsubordinated, fixed rate bonds ("WIA050 Bonds"). Listing Rule 5.2.3 provides that a class of securities will generally not be considered for quotation unless those securities are held by at least 100 members of the public, holding at least 25% of the number of securities in the class issued, with each member holding at least a minimum holding. The effect of the waiver from Listing Rule 5.2.3 is that the WIA050 Bonds may not be widely held and there may be reduced liquidity in the WIA050 Bonds.

Bank facilities	Maturity	2017 Facility \$000	2017 Drawn \$000	2016 Facility \$000	2016 Drawn \$000
Maturity					
Between 1 and 2 years	Jun-18	70,000	-	-	-
Between 2 and 3 years	Jun-19	30,000	-	70,000	15,000
More than 3 years		-	-	30,000	6,000
		100,000	-	100,000	21,000

The Group's debt includes bank facilities with a negative pledge arrangement, which with limited exceptions do not permit the borrower to grant any security over its assets. The bank facilities require the borrower to maintain certain levels of shareholder funds and operate within defined performance and gearing ratios. The banking arrangements also include restrictions over the sale or disposal of certain assets. The Group has complied with all its debt covenant requirements during the year. Interest rates were determined by reference to prevailing money market rates plus a margin. Interest rates paid during the period ranged from 2.7% to 3.6% (31 March 2016: 3.8% to 4.3%).

Market risk

R Market risk includes interest rate risk (cash flow and fair value) which is the risk of interest rate volatility negatively affecting the Group's interest expense cash flow and earnings. The Group is not exposed to material foreign currency risk.

Interest rate risk

The Group is exposed to interest rate fluctuations on its bank debt and borrowings. The Group mitigates this risk by issuing term borrowings at fixed interest rates or entering into interest rate swaps to convert floating rate exposures to fixed rate exposure. As at 31 March 2017 the Group has covered 100% of its wholesale bond exposure to floating interest rates with fixed rate swaps (2016: 100%).

At balance date the interest rate contracts outstanding were:		2017	2016
		\$000	\$000
Interest rate swaps notional value (Note 1)		190,000	275,000
Fair value of interest rate swaps		(4,811)	(13,138)
Maturity analysis			
Less than 1 year		90,000	-
Between 1 and 2 years		-	150,000
Between 2 to 5 years		75,000	100,000
More than five years		25,000	25,000
		190,000	275,000

Note 1 - During the year ended 31 March 2017, as a result of the financing activities outlined on page 16, WIAL terminated interest rate swaps with a combined notional value of \$85m.

Sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates for the year to the reporting date would have increased/(decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

	Profit or loss			
	2017	2017	2016	2016
	100 bp	100 bp	100 bp	100 bp
	increase	decrease	increase	decrease
	\$000	\$000	\$000	\$000
Wholesale bonds - variable rate instruments	(1,150)	1,150	(1,750)	1,750
Interest rate swaps	3,871	(4,104)	6,817	(6,997)
Net profit and loss sensitivity	2,721	(2,954)	5,067	(5,247)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2017

C3. Financial instruments

Financial instruments carried at amortised cost:	2017 \$000	2016 \$000
Assets		
Cash and cash equivalents	67,830	5,911
Trade receivables	13,082	11,224
Liabilities		
Trade and other payables	2,523	683
Wholesale bonds	139,869	199,688
Retail bonds	277,568	74,409
Bank facilities	-	21,000

Financial instruments carried at fair value

Derivatives

P Derivative financial instruments are recognised initially at fair value at the date they are entered into. Subsequent to initial recognition, derivative financial instruments are re-measured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss. Counterparties to derivative financial instruments are major financial institutions. The Group has not requested security to support derivative financial instruments entered into.

In August 2016, the Company terminated certain interest rate contracts with a combined notional value of \$85 million. This resulted in a one-off charge to interest expense of \$3.2 million during the year ended 31 March 2017, offset by a corresponding reduction in the consolidated statement of comprehensive income to reflect the revised fair value of financial instruments designated at fair value through profit or loss.

As at 31 March 2017, the Group has interest rate contracts with maturities up to August 2021. The fair value of these derivative financial instruments at 31 March 2017 are a liability of \$4.8 million (2016: \$13.1 million liability), which is calculated using market-quoted rates based on discounted cash flow analysis by applying marked to market values. The fair value adjustment resulted in an unrealised gain of \$8.3 million for the year ended 31 March 2017 (2016: unrealised loss \$2.6 million). The fair value measurement of derivatives is categorised as level 2 within the fair value hierarchy and there were no transfers between levels of the hierarchy during the year ended 31 March 2017 (2016: none).

Liquidity risk

R Liquidity risk is monitored by regularly forecasting cash flows and matching the maturity profiles of financial assets and liabilities. The Group's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group manages this risk by maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the spreading of debt maturities. In addition, covenant levels are monitored and reported to the Board, banks and the trustee.

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on the remaining period to the earliest possible contractual maturity date. The amounts in the tables below are disclosed at fair value, apart from bonds which are disclosed as contractual undiscounted cash flows and include interest through to maturity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2017

C3. Financial instruments (continued)

	Balance sheet \$000	Contractual cash flows \$000	6 months or less \$000	6-12 months \$000	1-2 years \$000	2-5 years \$000	More than 5 years \$000
At 31 March 2017							
Trade and other payables	2,523	2,523	2,523	-	-	-	-
Bank facilities	-	-	-	-	-	-	-
Retail bonds	277,568	369,563	6,888	6,888	13,775	113,981	228,031
Wholesale bonds	139,869	147,481	92,084	1,071	2,143	52,183	-
Derivative financial instruments	4,811	7,296	2,330	979	1,993	1,994	-
Total liabilities	424,771	526,863	103,825	8,938	17,911	168,158	228,031
At 31 March 2016							
Trade and other payables	683	683	683	-	-	-	-
Bank facilities	21,000	21,000	-	-	-	21,000	-
Retail bonds	74,409	100,782	2,344	2,344	4,688	14,063	77,343
Wholesale bonds	199,688	213,984	2,846	2,846	153,930	54,362	-
Derivative financial instruments	13,138	15,172	3,529	3,529	4,661	3,421	32
Total liabilities	308,918	351,621	9,402	8,719	163,279	92,846	77,375

Credit risk

R The Group is exposed to credit risk in the normal course of business including those arising from trade receivables with its customers, financial derivatives and transactions (including cash balances) with financial institutions. Cash is held with counterparties approved under the Group's Treasury Policy. At 31 March 2017 cash was held with ANZ Bank New Zealand Limited, Bank of New Zealand and The Bank of Tokyo-Mitsubishi UFJ, Limited. The Group minimises its exposure to credit risk of trade receivables through the adoption of counterparty credit limits and standard payment terms. Derivative and cash transactions are limited to high credit-quality financial institutions and other organisations in the relevant industry.

The Group's exposure and the credit ratings of counterparties are monitored, and the aggregate value of transactions are spread amongst approved counterparties.

The Group has exposure to various counterparties. Maximum exposures to credit risk at 31 March 2017 relate to bank balances of \$67.8 million (2016: \$5.9 million) and trade receivables of \$13.1 million (2016: \$11.2 million). No security is held for these amounts. Concentration of credit risk with respect to trade receivables is concentrated in a small number of accounts because the Group has a limited range of customers. At 31 March 2017, 76% of trade receivables were due from the top ten largest debtors (2016: 78%) and 10% of trade receivables were overdue (2016: 9%). The Group actively manages and monitors its accounts receivable on an ongoing basis. The Group is not exposed to any other concentrations of credit risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2017

D. OTHER NOTES

D1. Subsidiaries

	Balance Date	2017 Holding	2016 Holding	Principal activity	Country of incorporation
WANT Limited	31 March	100%	100%	Noise mitigation	New Zealand

The Land Use Management and Insulation for Airport Noise Study was undertaken by WIAL in conjunction with its airlines, Board of Airline Representatives New Zealand Inc, Wellington City Council and the local Air Noise Management Committee in order to fulfil WIAL's obligations arising from Environment Court proceedings in 1997. The work identified from this study includes the acquisition and removal of noise affected houses and the provision of noise mitigation and insulation activities for others. WIAL commenced charging the airlines operating at Wellington Airport for these activities from 1 April 2012 and the charge for the current year is approximately 32 cents per passenger. These charges and noise mitigation activities are managed in WANT Limited, a wholly owned subsidiary of WIAL. WANT Limited has forecast that it will have predominantly concluded the noise management activities by the end of the financial year ending 31 March 2022 and it is expected that the charges will recover the noise mitigation costs over the period from 1 April 2012 to 31 March 2022. WANT Limited commenced trading on 1 April 2012.

D2. Related parties

WIAL is 66% owned by NZ Airports Limited, which is wholly owned by Infratil Limited. Wellington City Council owns the remaining 34% of the Company.

	Transactions for the year ended 31 March		Balance receivable/(payable) as at 31 March	
	2017	2016	2017	2016
	\$000	\$000	\$000	\$000
Transactions made during the period				
Infratil and its subsidiaries				
Infratil Group - subvention payment	(38,894)	(39,517)	-	-
Cityline NZ Limited - Airport Flyer Bus concessions	274	281	29	28
Infratil Limited - Insurance and other costs	(83)	(128)	-	-
H.R.L. Morrison & Co Limited				
Directors' fees	(305)	(320)	(140)	(93)
Consulting and other fees	(48)	(42)	-	-
Wellington City Council				
Dividend payment	(12,059)	(12,950)	-	-
Directors' fees	(60)	(60)	-	-
Rates	(2,438)	(2,495)	-	(3)
Grants	1,508	1,261	-	10
Consents and compliance costs	(278)	(282)	-	-

Directors' fees of \$305,683 (2016: \$320,000) were paid during the year to H.R.L. Morrison & Co, the company responsible for the day-to-day management of Infratil Limited, for the directorial services of T Brown, P Coman, S Fitzgerald, J Boyes and P Walker, and S Fitzgerald and J Boyes as Audit and Risk Committee members.

Directors' fees of \$60,000 (2016: \$60,000) were paid during the year to the Wellington City Council, for the services of C Wade-Brown and A Foster as Directors.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2017

D3. Financial commitments

Capital commitments	2017 \$000	2016 \$000
Contracted but not provided for	32,229	59,382

The commitments contracted but not provided for includes the multi level car park works. In addition to the above, on 4 April 2017 the Group entered further contractual commitments of \$36.7m in relation to capital works.

Lease commitments

Lease commitments to the Group

The Group owns investment properties and other properties, plant and equipment which are leased to earn property income. The future minimum lease payments under non-cancellable leases are receivable as follows:

	2017 \$000	2016 \$000
Between 0 to 1 year	19,346	8,848
Between 1 to 2 years	17,683	6,463
Between 2 to 5 years	39,899	13,411
More than 5 years	15,698	7,303
Total lessor commitments	92,626	36,025

Lease commitments of the Group

The Group has commitments under operating leases relating to the lease of premises and hire of plant and equipment. The lease periods range from 1 to 20 years. The future minimum lease payments under non-cancellable leases are payable as follows:

	2017 \$000	2016 \$000
Between 0 to 1 year	846	816
Between 1 to 2 years	803	792
Between 2 to 5 years	2,312	2,246
More than 5 years	1,853	2,602
Total lessee commitments	5,814	6,456

D4. Contingency and subsequent events

There were no contingent liabilities at 31 March 2017 (2016: nil).

There were no events subsequent to 31 March 2017 to the date these financial statements are signed requiring adjustment or disclosure in the annual report, other than the contractual commitments disclosed in note D3.

D5. Changes in financial reporting standards

The following new standards, amendments to standards and interpretations are issued but not yet effective and have not been applied in preparation of these consolidated financial statements.

NZ IFRS 9 Financial Instruments, published in July 2014, replaces the existing guidance in NZ IAS 39 Financial Instruments: Recognition and Measurement. NZ IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from NZ IAS 39. NZ IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The likely impact of this standard has not yet been assessed, however it is not expected to have a material impact on the Group's financial statements.

NZ IFRS 15 Revenue from Contracts with Customers, establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including NZ IAS 18 Revenue, NZ IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. NZ IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The likely impact of this standard has not yet been assessed, however it is not expected to have a material impact on the Group's financial statements.

NZ IFRS 16 Leases, removes the classification of leases as either operating leases or finance leases – for the lessee – effectively treating all leases as finance leases. Lessor accounting remains similar to current practice – i.e. lessors continue to classify leases as finance and operating. The standard is effective for annual reporting periods beginning on or after 1 January 2019. The likely impact of this standard has not yet been assessed, however it is not expected to have a material impact on the Group's financial statements.

**STATUTORY INFORMATION
FOR THE YEAR ENDED 31 MARCH 2017**

Directors' Interests

The Directors have given the following notices of disclosure of interest which have been entered into the Company's register of interests.

Director	Name of party in which Director has an interest	Nature of interest
Timothy Brown	Creative Capital Arts Trust	Chairman
	MCL Capital Limited	Chairman
	MCL Capital No. 1 Limited	Chairman
	Mana Capital Holdings Limited	Director
	New Zealand Opera Limited	Director
	North West Auckland Airport Limited	Director
Jason Boyes	H.R.L. Morrison & Co Limited	Executive
	New Zealand Bus Limited	Director
	New Zealand Bus Company Finance Limited	Director
Andrew Foster	Wellington City Council	Councillor
Alison Gerry	New Zealand Clearing and Depository Limited	Chair
	Infratil Limited	Director
	NZX Limited	Director
	Spark New Zealand Limited	Director
	Vero Insurance New Zealand Limited	Director
	Vero Liability Insurance New Zealand Limited	Director
	Asteron Life Limited	Director
	Lindis Crossing Vineyard Limited	Director
	Glendora Holdings Limited	Director
	Glendora Avocados Limited	Director
Keith Sutton Independent Director	Bizgirls Limited	Director
	Tasmanian Land Company Limited	Chairman
	Gough Group Limited	Director
	Rural Livestock Limited	Director
	Te Tumu Paeroa Advisory Board	Member
	Sutton McCarthy Limited	Director
	The Van Diemen's Land Company	Governor
Phillip Walker	Tasman Farms Limited	Chairman
	H.R.L. Morrison & Co Limited	Executive
	Perth Airport Pty Limited	Alternate Director
	Perth Airport Development Group Pty Limited	Alternate Director
	PAPT Holdings Pty Limited	Alternate Director
	PAPT Nominees Pty Limited	Alternate Director

STATUTORY INFORMATION (continued)
FOR THE YEAR ENDED 31 MARCH 2017

Remuneration of Directors

Fees paid and payable to Directors during the year were as follows:

Director name	Fees
Timothy Brown (Chairman)	\$120,000
Jason Boyes	\$70,000
Peter Cornan (resigned 1 February 2017)	\$50,167
Steven Fitzgerald (resigned 1 November 2016)	\$40,897
Keith Sutton	\$77,200
Celia Wade-Brown (resigned 26 October 2016)	\$34,239
Andrew Foster (appointed 26 October 2016)	\$25,761
Alison Gerry (appointed 1 February 2017)	\$12,272
Phillip Walker (appointed 1 November 2016)	\$24,620

The Directors received no other remuneration or benefits for services in that office or in any other capacity other than as disclosed in Note D2.

Entries in the interest register

The information below is given pursuant to the New Zealand Exchange Listing Rules.

	Beneficial Interest	Non Beneficial Interest
Retail Bonds		
Timothy Brown	\$100,000	-
Keith Sutton	-	\$4,500,000

\$3.0m of Non Beneficial Interest bonds were purchased during the year ended 31 March 2017. All previously existing bonds were purchased during the year ended 31 March 2014.

Loans to Directors

No loans have been made by the Group to a Director nor has the Group guaranteed any debts incurred by a Director.

Use of Group information

There were no notices from Directors requesting use of Group information received in their capacity as Directors, which would not otherwise have been available to them.

Directors' indemnity insurance

As authorised by its constitution, the Group has arranged policies of Directors' and Officers' liability insurance with cover appropriate for the Group's operations.

STATUTORY INFORMATION (continued)
FOR THE YEAR ENDED 31 MARCH 2017

Remuneration of employees

Grouped below, in accordance with section 211(1)(g) of the Companies Act 1993, are the number of employees or former employees of the Company and its subsidiaries, excluding Directors of WIAL, who received remuneration and other benefits in their capacity as employees, totalling \$100,000 or more, during the year:

Amount of remuneration	Employees
\$100,000 to \$110,000	3
\$110,001 to \$120,000	5
\$130,001 to \$140,000	3
\$140,001 to \$150,000	1
\$150,001 to \$160,000	2
\$160,001 to \$170,000	3
\$170,001 to \$180,000	2
\$180,001 to \$190,000	1
\$190,001 to \$200,000	2
\$250,001 to \$260,000	1
\$270,001 to \$280,000	1
\$310,001 to \$320,000	1
\$340,001 to \$350,000	1
\$370,001 to \$380,000	1
\$430,001 to \$440,000	1
\$900,001 to \$910,000	1

Diversity of personnel

The Group considers that a merits based approach is appropriate for the selection and promotion of employees and executives, and for the composition of the Board and as such has not set specific targets for gender diversity.

At 31 March 2017, the WIAL Board consisted of five male Directors and one female Director (31 March 2016: five male Directors and one female Director), and the Executive consisted of six male Executives and two female Executives (31 March 2016: six male Executives and two female Executives).

CORPORATE GOVERNANCE

Role of the Board

The Board of Directors of WIAL is appointed by the shareholders to supervise the management of WIAL. The Board establishes WIAL's objectives, overall policy framework within which the business is conducted and confirms strategies for achieving these objectives, monitors management performance and ensures that procedures are in place to provide effective internal financial control.

The Board actively engages with the Health and Safety Risk Committee by attending meetings. The Committee is accountable to the Board with its purpose being to promote and execute a safety culture. The Committee provides a formal mechanism for consultation on safety issues whilst ensuring continuous measurement, review and improvement of safety policies and procedures with the goal of zero harm and meeting compliance requirements on an ongoing basis.

Board Membership

The Board currently comprises six non-executive Directors.

Infratil, as the majority shareholder of WIAL, appointed four of the current Directors. The two remaining Board members have been appointed by the Wellington City Council, including K Sutton, an independent director.

During the period under review, the Board met eight times with a full agenda.

Directors' Shareholding

Under the constitution Directors are not required to hold shares in the Company.

Audit and Risk Committee

The Board has established an Audit and Risk Committee comprising of three Directors, A Gerry (Chair), K Sutton and J Boyes with attendances by appropriate WIAL representatives.

The main objectives of the Audit and Risk Committee are to:

- Assist the Board to discharge its responsibility to exercise due care, diligence and skill in relation to the Group's governance processes including assessing the adequacy of the Group's:
 - o financial reporting;
 - o regulatory disclosure reporting;
 - o accounting policies;
 - o financial management;
 - o internal control system;
 - o procurement process controls;
 - o risk management system;
 - o systems for protecting Group assets;
 - o related party transactions; and
 - o compliance with applicable laws, regulations, standards and best practice guidelines as they relate to financial and non-financial disclosures.
- Enhance the efficiency of the Board by allowing delegated issues to be discussed in sufficient depth and, where necessary, with appropriate independent advice.
- Review management's letters of representation.
- Ensure the adequacy of the internal control system for financial reporting integrity.
- Facilitate the continuing independence of the external and internal auditors and enhancing the effectiveness of external and internal audit.
- Provide a formal forum for enhancing communication between the Board, senior financial management and external and internal auditors, ensuring there has been no unjustified restrictions or limitations placed on the auditors.

During the period under review the Audit and Risk Committee met four times with a full agenda.

Treasury Committee

The Board has established a Treasury Committee comprising of three Directors, T Brown (Chairman), K Sutton and J Boyes with attendances by appropriate WIAL representatives.

The duties of the Treasury Committee are delegated by the Board and include the following:

- to review and recommend to the Board any changes to the treasury management policy;
- to oversee the development of the strategy to implement the treasury management policy;
- to recommend to the Board instrument types that may be used; and
- to recommend to the Board bank counterparties and counterparty limits.

Remuneration Committee

The Board has established a Remuneration Committee comprising of two Directors, T Brown (Chairman) and K Sutton with attendances by appropriate WIAL representatives. The purpose of the Committee is to consider changes to human resources policy and to regularly review, and recommend changes to, executive remuneration to ensure that it is at an appropriate level and effectively managed.

CORPORATE GOVERNANCE (continued)

Internal Financial Control

The Board has overall responsibility for the Group's system of internal financial control. The Directors have established procedures and policies that are designed to provide effective internal financial control.

Annual budgets and long term strategic plans are agreed by the Board.

Financial statements are prepared regularly and reviewed by the Board throughout the year to monitor performance against budget targets and objectives.

Risk Management and Compliance

The Audit and Risk Committee also has a function of reviewing management practices in relation to the identification and management of significant business risk areas and regulatory compliance. Formal systems have been introduced for regular reporting to the Board on business risk and compliance matters.

Management is required to, and has confirmed to the Audit and Risk Committee and Board in writing that:

- Financial records have been properly maintained and the Group's financial statements present a true and fair view, in all material respects, of the Group's financial condition, and operating results are in accordance with relevant accounting standards;
- The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP) and comply with International Financial Reporting Standards (IFRS) and other applicable financial reporting standards for profit-orientated entities; and
- Appropriate and effective internal controls and risk management practices are in place to safeguard and protect the Group's assets and to identify, assess, monitor and manage risk, and identify material changes to the Group's risk profile.

Directors' and Officers' Insurance

The Group has arranged Directors' and Officers' liability insurance covering Directors acting on behalf of the Group. Cover is for damages, judgements, fines, penalties, legal costs awarded and defence costs arising from wrongful acts committed while acting for the Group. The types of acts that are not covered are dishonest, fraudulent, malicious acts, or omissions, wilful breach of statute or regulations, or duty to the Group, improper use of information to the detriment of the Group or breach of professional duty.

Independent Professional Advice

With the approval of the Chairman, Directors are entitled to seek independent professional advice on any aspect of the Directors' duties, at the Group's expense.

Going Concern

After reviewing the current results and detailed forecasts, taking into account available credit facilities and availability of further funding and making further enquiries as considered appropriate, the Directors are satisfied that the Group has adequate resources to enable it to continue in business for the foreseeable future. For this reason, the Directors believe it is appropriate to adopt the going concern basis in preparing the financial statements.

Shareholder and other Stakeholder Communications

The Board aims to ensure that shareholders and other stakeholders are informed of all major developments affecting the Group's state of affairs. Information is communicated to shareholders and other stakeholders in the annual report, interim report and media releases.

Corporate Governance Best Practice Code

The Group supports the Corporate Governance Best Practice Code promulgated by the New Zealand Exchange. In a number of respects, the Group's practice differs from this Code. In particular, the Group has not established a separate Director Nomination Committee. The Group considers that it is properly dealing with these issues at the full Board level. Copies of the Group's Code of Ethics are available upon request from the Company Secretary.

FIVE YEAR SUMMARY & STATISTICS

WIAL AIRPORT STATISTICS					
	2017	2016	2015	2014	2013
Passenger movements	000	000	000	000	000
Domestic	5,076	4,899	4,682	4,684	4,647
International	889	897	775	753	727
Total	5,965	5,796	5,457	5,437	5,374
Aircraft movements	2017	2016	2015	2014	2013
Domestic	78,496	79,541	78,448	81,744	84,064
International	6,554	6,523	5,526	5,742	5,800
Military, freight, private and other movements	9,764	10,985	9,232	9,055	10,134
Total	94,814	97,049	93,206	96,541	99,998
Number of employees	2017	2016	2015	2014	2013
FTE	99	94	94	90	86

WIAL CONSOLIDATED FINANCIAL RESULTS					
	2017	2016	2015	2015	2014
Summary of financial position	\$000	\$000	\$000	\$000	\$000
Non-current assets	1,000,217	938,926	805,327	799,478	794,089
Current assets	85,470	20,221	36,175	42,848	18,692
Total assets	1,085,687	959,147	841,502	842,326	812,781
Non-current liabilities	447,471	421,087	376,442	375,638	259,547
Current liabilities	125,356	31,420	26,952	26,356	125,546
Total liabilities	572,827	452,507	403,394	401,994	385,093
Net assets/Shareholders' equity	512,860	506,640	438,108	440,332	427,688
Summary of profit and loss	\$000	\$000	\$000	\$000	\$000
Revenue	119,563	113,510	108,310	110,890	106,189
Operating expenses (excluding subvention payment)	(29,019)	(27,369)	(26,202)	(24,858)	(23,249)
EBITDAF before subvention payment	90,544	86,141	82,108	86,032	82,940
Net profit after taxation	16,098	12,523	9,676	23,455	16,246



Independent Auditor's Report

To the shareholders of Wellington International Airport Limited

Report on the consolidated financial statements

Opinion

In our opinion, the accompanying consolidated financial statements of Wellington International Airport Limited (the company) and its subsidiaries (the Group) on pages 3 to 21:

- i. present fairly in all material respects the Group's financial position as at 31 March 2017 and its financial performance and cash flows for the year ended on that date; and
- ii. comply with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

We have audited the accompanying consolidated financial statements which comprise:

- the consolidated statement of financial position as at 31 March 2017;
- the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended; and
- notes, including a summary of significant accounting policies and other explanatory information.



Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ("ISAs (NZ)"). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Group in accordance with Professional and Ethical Standard 1 (Revised) Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our responsibilities under ISAs (NZ) are further described in the Auditor's Responsibilities for the Audit of the consolidated financial statements section of our report.

Our firm has also provided other services to the Group in relation to regulatory reporting and taxation compliance. Subject to certain restrictions, partners and employees of our firm may also deal with the Group on normal terms within the ordinary course of trading activities of the business of the Group. These matters have not impaired our independence as auditor of the Group. The firm has no other relationship with, or interest in, the Group.



Materiality

The scope of our audit was influenced by our application of materiality. Materiality helped us to determine the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the consolidated financial statements as a whole. The materiality for the consolidated financial statements as a whole was set at \$2.45million determined with reference to a benchmark of adjusted Group

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profit before tax. We chose the benchmark because, in our view, this is a key measure of the Group's performance. Materiality represents 4.4% of the adjusted benchmark.



Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements in the current period. We summarise below those matters and our key audit procedures to address those matters in order that the shareholders as a body may better understand the process by which we arrived at our audit opinion. Our procedures were undertaken in the context of and solely for the purpose of our statutory audit opinion on the consolidated financial statements as a whole and we do not express discrete opinions on separate elements of the consolidated financial statements

The key audit matter

How the matter was addressed in our audit

Valuation of property, plant and equipment

As disclosed in note B1 of the financial statements, the Group has land, buildings and civil assets of \$853,184,000 (2016: \$789,845,000). The Group has a policy of fair valuing land, buildings and civil assets and of having the assets revalued at least every 5 years by an independent valuer. The last independent valuation of land, civil works and buildings was carried out as at 31 March 2016.

Valuation of property, plant and equipment is considered to be a key audit matter due to the significance of the assets to the Group's consolidated statement of financial position, and due to the judgment involved in the assessment of the fair value of these assets by the Group's Directors. The judgment relates to the valuation methodology used and the assumptions used in each of those methodologies. The valuation methodology estimates the cost of building the airport in its current location to the specification required to provide its current services, and the business value of the existing vehicle assets.

In 2017 Management have considered, and sought input from the independent valuers as to, any changes to the key assumptions used in the valuation methodologies and whether these changes indicate that the property, plant and equipment is not held at fair value.

The assumptions that have the largest impact on the valuations are:

- The market value of the airport land if there was no airport on the site and the land was to be converted to the existing use. This is primarily driven by developer's weighted average cost of capital and the holding period for conversion to airport use;

Our procedures to assess the fair value of property, plant and equipment included, amongst others:

- Reassessing the competence, independence and objectivity of each valuer used by the Group to determine changes in key assumptions used to value the airport assets;
- In conjunction with our valuation specialists assessing the changes in key assumptions in the valuations which are judgemental in nature and which have the largest impact on the value of property, plant and equipment. This comprised assessing;
 - changes to the weighted average cost of capital against observable market data;
 - changes in the cost of buildings and civil assets; and
 - the future cash flows against approved budgets and historical financial performance.
- Comparing the valuation methodologies used by the valuer for the Group, to the valuation methodologies used by other airports within New Zealand for comparability.



The key audit matter

How the matter was addressed in our audit

- The replacement cost of buildings including the main terminal building;
- The replacement cost of civil assets including the runway, taxiways and roads;
- The estimated future cash flows and expected rate of return from the vehicle assets.

Valuation of investment property

As disclosed in note B2 of the consolidated financial statements, the Group has investment properties of \$69,795,000 (2016: \$68,850,000). The Group is required under accounting standards to fair value investment property.

Valuation of investment property is considered to be a key audit matter due to the significance of the assets to the Group's consolidated statement of financial position, and due to the judgement involved in the assessment of the fair value of these assets by the Group's Directors. These judgments include weighted average discount rate, weighted average income capitalisation rate and weighted average lease term.

Our procedures to assess the fair value of investment property included amongst other:

- Assessing the competence, independence and objectivity of the valuer used by the Group to determine the value of the investment property;
- In conjunction with our valuation specialists assessing the changes in key assumptions in the valuations which are judgemental in nature and which have the largest impact on the value of investment property. This comprised;
 - Assessing changes to the weighted average discount rate against observable market data;
 - Assessing changes to the weighted average capitalisation rate against observable market data
 - Agreeing a sample of income streams generated by the investment property to underlying contracts;
 - Confirming the remaining tenure of leases used in the valuation; and,
 - Comparing lease yields to other comparable market transactions within the region.
- Comparing the valuation methodology used by the Group, to the valuation methodology used for other investment property valuations within New Zealand and ensuring they are comparable;



Other Information

The Directors, on behalf of the Group, are responsible for the other information included in the entity's Annual Report. Other information includes the directors' report, statutory information, five year summary and statistics and corporate governance policies. Our opinion on the consolidated financial statements does not cover any other information and we do not express any form of assurance conclusion thereon.

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



Responsibilities of the Directors for the consolidated financial statements

The Directors, on behalf of the Group, are responsible for:

- the preparation and fair presentation of the consolidated financial statements in accordance with generally accepted accounting practice in New Zealand (being New Zealand Equivalents to International Financial Reporting Standards) and International Financial Reporting Standards;
- implementing necessary internal control to enable the preparation of a consolidated set of financial statements that is fairly presented and free from material misstatement, whether due to fraud or error; and
- assessing the ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations, or have no realistic alternative but to do so.



Auditor's Responsibilities for the Audit of the consolidated financial statements

Our objective is:

- to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error; and
- to issue an Independent Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs NZ will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of these consolidated financial statements is located at the External Reporting Board (XRB) website at:

https://www.xrb.govt.nz/Site/Auditing_Assurance_Standards/Current_Standards/Page1.aspx

This description forms part of our Independent Auditor's Report.

KPMG

Graeme Edwards for and on behalf of
KPMG Wellington
9 May 2017

LAMBTON HARBOUR DEVELOPMENT PROJECT FINANCIAL STATEMENTS FOR 30 JUNE 2016

Purpose

1. To receive the financial statements of the Lambton Harbour Development Project for the year ended 30 June 2016.

Summary

2. The Wellington Harbour Board and the Wellington City Council Vesting and Empowering Act 1987 (the Act) established the Lambton Harbour Development Project (the Project) as a joint venture between the Wellington Harbour Board and the Wellington City Council (the Council). With the dissolution of the Wellington Harbour Board on 31 October 1989, its interest in the Project was transferred to the Wellington City Council under the provisions of the Local Government (Wellington Region) Reorganisation Order 1989.
3. The Act requires that a full set of financial statements are prepared for the Project. These need to comply with General Accepted Accounting Practice in New Zealand and require a separate audit.

Recommendations

That the Council Controlled Organisations:

1. Receive the information.
2. Note that the Project has not complied with section 16 (2) of the Act as the full financial statements with the audit report were not presented by 31 December. All revenue and expenditure for the Project (including capital expenditure) were included in the Statements of Service Performance within the Council's Annual Report which was presented and adopted at the Council meeting on 28 September 2016. These separate financial statements are a procedural requirement of the Act and have no impact on the Council's Annual Report.

Background

4. From 1 July 2014 the Council took over the management services of the Project which had previously been carried out by Wellington Waterfront Limited, a Council Controlled Organisation (CCO). Therefore from 1 July 2014 all of the aspects of planning, management of day-to-day operations and property development in respect of the waterfront are performed by the Council.
5. Wellington Waterfront Limited is now a shell company and is exempt from the CCO reporting regime under the Local Government Act. It has not been wound up as it functions as a holding company for waterfront assets as a bare Trustee.

Discussion

6. The Project's financial statements for the year ended 30 June 2016, including the audit report from Audit New Zealand, are attached to this report.

7. The transactions of the Project are included within the Council's Annual Report. Most of the day-to-day operations of the Project fall under activity 2.1.9 Waterfront Public Space in the Statements of Service Performance. The capital expenditure of the Project is shown under activity 6.1.2 Waterfront Development. The Statements of Service Performance include financial information (both operating and capital) and commentary on any significant variances from budget.
8. Section 16 (2) of the Act requires that the financial statements and audit report should be presented before 31 December each year. This requirement was not met for the 2015/16 financial year. However, the revenue and expenditure for the Project (including capital expenditure) were included in the Statements of Service Performance within the Council's Annual Report which was presented and adopted at the Council meeting on 28 September 2016.
9. Appropriate disclosure of this non-compliance with section 16 (2) of the Act has been included in the notes to the financial statements.

Attachments

Attachment 1. Lambton Harbour Development Project financial statements for Page 406
30 June 2016

Author	Nicky Blacker, Specialist Financial Advisor
Authoriser	Andy Matthews, Chief Financial Officer

SUPPORTING INFORMATION

Engagement and Consultation

There is no consultation required on this matter.

Treaty of Waitangi considerations

There are no specific Treaty of Waitangi considerations.

Financial implications

There are no financial implications arising from this paper.

Policy and legislative implications

Appropriate disclosure of this non-compliance with section 16 (2) of the Act has been included in the notes to the financial statements.

Risks / legal

There are no legal issues arising from this paper.

Climate Change impact and considerations

There are no impacts on Climate change.

Communications Plan

There is no communication plan required.

Health and Safety Impact considered

There are no impacts on Health and Safety

**LAMBTON HARBOUR DEVELOPMENT PROJECT
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2016

Lambton Harbour Development Project
Financial Statements
For the year ended 30 June 2016

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Lambton Harbour Development Project
Financial Statements
For the year ended 30 June 2016

Responsibility Statement

The Council and management of Wellington City Council are responsible for preparing the financial statements and ensuring that they comply with New Zealand generally accepted accounting practice and give a true and fair view of the financial position of the Lambton Harbour Development Project as at 30 June 2016 and the results of its operations and cash flows for the year ended on that date.

The Council and management consider that the financial statements of the Lambton Harbour Development Project have been prepared using appropriate accounting policies, which have been consistently applied and supported by reasonable judgements and estimates and that all relevant financial reporting and accounting standards have been followed.

The Council and management believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the Lambton Harbour Development Project.


The Council and management consider that they have taken adequate steps to safeguard the assets of the Lambton Harbour Development Project, and to prevent and detect fraud and other irregularities. Internal control procedures are also considered to be sufficient to provide a reasonable assurance as to the integrity and reliability of the financial statements.

The Council and management are pleased to present the financial statements for the Lambton Harbour Development Project for the year ended 30 June 2016.

For and on behalf of the Council and management of Wellington City Council:



Justin Lester
Mayor



Kevin Lavery
Chief Executive



Andy Matthews
Chief Financial Officer

3 March 2017

Independent Auditor's Report

To the readers of the Lambton Harbour Development Project's financial statements for the year ended 30 June 2016

The Auditor-General is the auditor of the Lambton Harbour Development Project (the Project). The Auditor-General has appointed me, Bede Kearney, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements of the Project on his behalf.

Opinion on the financial statements

We have audited the financial statements of the Project on pages 7 to 28, that comprise the statement of financial position as at 30 June 2016, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information.

In our opinion the financial statements of the Project:

- present fairly, in all material respects:
 - its financial position as at 30 June 2016; and
 - its financial performance and cash flows for the year then ended; and
- comply with generally accepted accounting practice in New Zealand in accordance with Public Sector Public Benefit Entity Standards.

Our audit was completed on 27 March 2017. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Council and our responsibilities, and explain our independence.

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the Project's financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Project's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Council;
- the adequacy of the disclosures in the financial statements; and
- the overall presentation of the financial statements.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements.

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

Responsibilities of the Council

The Council is responsible for the preparation and fair presentation of financial statements for the Project that comply with generally accepted accounting practice in New Zealand.

The Council's responsibilities arise from section 16 of the Wellington Harbour Board and Wellington City Council Vesting and Empowering Act 1987.

The Council is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Council is also responsible for the publication of the financial statements, whether in printed or electronic form.

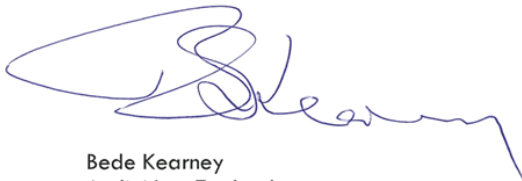
Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and reporting that opinion to you based on our audit. Our responsibility arises from the Public Audit Act 2001 and section 17 of the Wellington Harbour Board and Wellington City Council Vesting and Empowering Act 1987.

Independence

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

Other than the audit, we have no relationship with or interests in the Project.



Bede Kearney
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand

Lambton Harbour Development Project
Statement of Significant Accounting Policies
For the year ended 30 June 2016

Nature of the entity

The Wellington Harbour Board and the Wellington City Council Vesting and Empowering Act 1987 ('the Empowering Act') established the Lambton Harbour Development Project (known as 'the Wellington Waterfront Project' or 'the Project') is a joint venture between the Wellington Harbour Board and the Wellington City Council. With the dissolution of the Wellington Harbour Board on 31 October 1989, its interest in the Project was transferred to the Wellington City Council under the provisions of the Local Government (Wellington Region) Reorganisation Order 1989.

These financial statements have been prepared to meet the requirements of Section 16 of the Empowering Act. This section requires that annual financial statements of the Project be prepared. The statements cover the works and activities carried out for the Wellington City Council in the area described below. They have been prepared by Wellington City Council who undertakes the management and development of the Project.

In the Empowering Act:

- *the term 'Lambton Harbour Development Project' means:*
"the implementation and promotion of the concept plan and includes all works and activities-
 - (a) Within the Lambton Harbour Development Area; and
 - (b) Outside the Lambton Harbour Development Area in respect of land, airspace, or subsoil used as a means of ingress or egress, plaza, terrace, podium or for other purposes associated with or incidental to the Lambton Harbour Development Area."
- *the term 'Lambton Harbour Development Area' means:*
"the land described in the Second Schedule to this Act; and includes any variation of the Lambton Harbour Development Area".
The Second Schedule to the Empowering Act lists parcels of land totalling approximately twenty hectares in area. This land is on the seaward side of Waterloo and Jervois Quays, Wakefield Street and Oriental parade, and stretches from Wellington Railway Station in the north to the Overseas Passenger Terminal in the south.
- *the term 'land' includes:*
Land under the sea constituting part of the bed of the Harbour of Wellington. The Second Schedule to the Empowering Act also itemises twelve hectares, being part of the bed of the Harbour of Wellington, and this 'land' therefore also constitutes part of the Project.

Basis of preparation

These financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with Tier 2 Public Sector Public Benefit Entity Accounting Standards (PBE standards) and disclosure concessions have been applied.

Lambton Harbour Development Project
Statement of Significant Accounting Policies
For the year ended 30 June 2016

The Project has elected to report in accordance with Tier 2 PBE standards on the basis that it does not have public accountability and has total annual expenses of less than \$30 million.

Measurement base

The accounting principles recognised as appropriate for the measurement and reporting of comprehensive revenue and financial position on a historical cost basis are followed by the Project, with the exception of certain assets which are valued in accordance with the policies stated below.

The financial statements are presented in New Zealand dollars and are rounded to the nearest thousand.

Specific accounting policies

The following particular accounting policies that materially affect the measurement of financial performance and financial position have been applied:

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings as a current liability in the statement of financial position.

Financial instruments

The Project is party to financial instruments as part of its normal operations. These financial instruments include bank accounts, short term investments, receivables and payables. All financial instruments are recognised in the statement of financial position and all revenues and expenses in relation to financial instruments are recognised in the statement of comprehensive revenue and expense.

Revenue

Lease revenue

Lease revenue is exchange revenue and is measured at the fair value of the consideration received or receivable.

Other revenue

Other revenue may be derived from either exchange or non-exchange transactions and is measured at the fair value of the consideration received or receivable.

Vested asset revenue

Where a physical asset is acquired for nil or nominal consideration, with no conditions attached, the fair value of the asset received is recognised as non-exchange revenue when the control of the asset is transferred to the Project.

Interest

Interest revenue is exchange revenue and recognised using the effective interest rate method.

Lambton Harbour Development Project
Statement of Significant Accounting Policies
For the year ended 30 June 2016

Trade and Other receivables

Receivables are recorded at their face value, less any provision for impairment.

A provision for impairment of receivables is established when there is objective evidence that the Project will not be able to collect all amounts due according to the original terms of the receivables. 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 the effective interest method.

Deferred revenue

Lease revenue received that does not relate to the current accounting year has been recorded as deferred revenue. Development margins are recognised using the percentage of completion method.

Property, plant and equipment

Land comprising the Lambton Harbour Development Area (see 'Nature of the entity' above) is held by Wellington Waterfront Limited as bare trustee for Wellington City Council and is reflected in these financial statements.

"Property, plant and equipment" consists of the following asset classes:

- (a) Land, as above;
- (b) Building (includes other improvements attached to this land), and infrastructure assets (includes utilities infrastructure, wharves, seawalls, bridges and other structures);
- (c) 'Other assets' comprising office equipment, computers, and plant and equipment used in the management of the Project.

Property (land, buildings & other improvements together with infrastructure assets) is further categorised as follows:

- (a) Investment property: - property leased long term for an annual rental;
- (b) Development property: - property intended for future commercial development as either investment property or for realisation (but on which no specific commitment has been made or intention to proceed declared);
- (c) Property intended for realisation: - property intended to be realised by way of commercial development and on which a specific decision has been taken;
- (d) Other land, buildings, public space improvements and Infrastructure assets: – comprising all other property and includes land and buildings held primarily or solely for recreational purposes, plus roadways, promenades, wharves, seawalls bridges and the like.

In line with Wellington City Council's revaluation policy, all other land, buildings, public space improvements and Infrastructure assets are revalued on a three year cycle by an independent registered valuer.

Investment properties and development properties are valued at current market value as prescribed under PBE IPSAS 16 – Investment Property. Depreciation is not charged on these

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Lambton Harbour Development Project
Statement of Significant Accounting Policies
For the year ended 30 June 2016

properties. Revaluation gains or losses are recognised in the statement of comprehensive revenue and expenses in the year which they occur.

Wellington Waterfront Limited has entered into agreements with property developers to lease and develop various development sites around the Lambton Harbour Development Area. The term of these lease arrangements range from 35 to 999 years. On termination of the leases, the land and buildings revert to the Project or its successor.

The proceeds received from the granting of development rights at the commencement of these arrangements are credited against the investment property, with any surplus or loss taken to the statement of comprehensive revenue and expenses.

As these are investment properties they are re-valued annually to current market value, taking into account any future rental income and any reversionary interest in the property on termination of the lease.

Property intended for realisation is treated in a similar fashion to investment property and development property except that it is valued at the lower of cost (or carrying value at the time it was categorised as property intended for realisation) and net realisable value.

Other land is valued at fair value. Buildings and public space improvements together with infrastructure assets are valued on an optimised depreciated replacement cost (ODRC) basis. Revaluation gains or losses are credited or debited to the revaluation reserve under the asset class "other land, buildings and infrastructure assets", except that revaluation gains which reverse previous revaluation losses that were recognised in the statement of comprehensive revenue and expenses are recognised as revenue in the statement of comprehensive revenue and expenses. If losses debited to the revaluation reserve result in a debit balance in the other property class, then this balance is expensed in the statement of comprehensive revenue and expenses. On sale or disposal of a property in this category the gain or loss, calculated as the difference between the sale price and the carrying value is recognised in the statement of comprehensive revenue and expenses and any balance remaining for that property in the revaluation reserve is transferred to retained earnings.

Development work in progress is stated at cost.

Office equipment, architectural models, plant and equipment and fixtures and fittings are valued at cost.

Depreciation is provided on all property, plant and equipment, with the exception of land, investment properties and development properties. Depreciation is calculated on a straight line basis to allocate the cost or value of the asset over its estimated useful life.

The estimated useful lives of the major class of property, plant and equipment are as follows:

Land.....	unlimited
Buildings and public space improvements.....	1 to 75 years

10

Lambton Harbour Development Project
Statement of Significant Accounting Policies
For the year ended 30 June 2016

Water assets.....	3 to 175 years
Other assets.....	3 to 100 years

Capital work in progress is not depreciated. The total cost of a project is transferred to land and buildings and/or plant and equipment on its completion and then depreciated.

Intangible assets

Acquired computer software and licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs associated with maintaining computer software are recognised as an expense when incurred.

Software is a finite life intangible and is recorded at cost less accumulated amortisation and impairment.

Costs that are directly associated with the establishment and functional improvements of the Motorhome Park website are capitalised as incurred. Costs associated with maintaining and advertising the Motorhome Park website are recognised as an expense as incurred.

Major amortisation rates are:

Software	6 years
Website	6 years

Impairment

The carrying amounts of property, plant and equipment and intangible assets 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. Losses resulting from impairment are reported in the surplus or deficit, unless the asset is carried at a revalued amount in which case any impairment loss is treated as a revaluation decrease.

Revaluations

The result of any revaluation of the Project's property, plant and equipment is credited or debited to the asset revaluation reserve for that class of property, plant and equipment. Where this results in a debit balance in the reserve for a class of property, plant and equipment, the balance is expensed in the surplus or deficit. Any subsequent increase on revaluation that off-sets a previous decrease in value recognised in the surplus or deficit will be recognised firstly in the statement of comprehensive revenue and expenses up to the amount previously expensed, and then secondly credited to the revaluation reserve for that class of property, plant and equipment.

Accumulated depreciation at revaluation date is eliminated against the gross carrying amount so that the carrying amount after revaluation equals the revalued amount.

Lambton Harbour Development Project
Statement of Significant Accounting Policies
For the year ended 30 June 2016

The carrying amount of non-current assets measured at cost has been reviewed to determine whether it is in excess of the asset's recoverable amount. Where an asset's recoverable amount is lower than its carrying amount, it has been written down to that lower value.

Marina revaluation reserve

The Marina revaluation reserve comprises the unrealised development margin relating to the sale of Chaffers Marina. When Chaffers Marina was originally sold to Chaffers Marina Holdings Limited, Lambton Harbour Development Project received shares as payment for the unsold marina berths. This unrealised development margin is progressively realised as the shares are sold.

Associate companies

Wellington Waterfront Limited's shares in Chaffers Marina Holdings Limited are held in a fiduciary capacity for Wellington City Council.

The interest in Chaffers Marina Holdings Limited is reflected in the financial statements on an equity accounting basis, which shows the share of surpluses/deficits in the statement of comprehensive revenue and expenses and the share of post-acquisition increases/decreases in net assets in the statement of financial position.

Goods and services tax (GST)

All items in the financial statements are stated exclusive of GST, except for receivables and payables, which are stated on a GST inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

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

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

Commitments and contingencies are disclosed exclusive of GST.

Income tax

As Wellington Waterfront Project is part of Wellington City Council, its activities are exempt from income tax. As a result, no provision has been made for income tax expense.

Changes in accounting policies

All accounting policies have been applied on a basis consistent with those used in prior years.

Lambton Harbour Development Project
Statement of Comprehensive Revenue and Expenses
For the year ended 30 June 2016

		Actual 2016 \$000's	Actual 2015 \$000's
	Note		
Revenue			
Lease revenue	1	3,931	3,952
Other revenue		835	604
Interest revenue		11	11
Gain on disposal of property, plant and equipment		0	27
Unrealised gain on revaluation of investment and development properties	8	5,213	2,068
Gain on disposal of investment and development properties		888	0
Total revenue	2	10,878	6,662
Expenses			
Property expenses	3	8,160	8,559
Administration expenses	4	1,369	2,171
Interest expenses		344	431
Total expenses		9,873	11,161
Share of associate's surplus / (deficit)	7	(36)	(2)
Net surplus/(deficit) for the year		969	(4,501)
Other comprehensive revenue			
Gain/(loss) on revaluation - other land, buildings and infrastructure assets	9	0	(1,358)
Total comprehensive revenue		969	(5,859)

The accompanying accounting policies and notes form part of these financial statements.

Lambton Harbour Development Project
Statement of Changes in Equity
For the year ended 30 June 2016

		Actual 2016 \$000's	Actual 2015 \$000's
	Note		
Balance as at 1 July		198,745	204,476
Net surplus/(deficit) for the year		969	(4,501)
Other comprehensive revenue		0	(1,358)
Total comprehensive revenue		969	(5,859)
Contribution from owner - Wellington City Council		0	0
Change of equity in associate due to change in shareholding during the year	7	0	128
Balance as at 30 June		199,714	198,745

The accompanying accounting policies and notes form part of these financial statements.

Lambton Harbour Development Project
Statement of Financial Position
For the year ended 30 June 2016

		Actual 2016 \$000's	Actual 2015 \$000's
	Note		
Current assets			
Cash and cash equivalents	5	901	376
Trade and other receivables	6	698	665
Prepayments		268	110
		1,867	1,151
Non-current assets			
Investment in associate	7	903	939
Investment and development property	8	39,646	40,236
Property, plant and equipment	9	174,639	176,896
Intangible assets	10	16	20
Term receivables	11	231	256
		215,435	218,347
Total assets		217,302	219,498
Current Liabilities			
Trade and other payables	12	3,738	5,409
Deferred income (current)	14	691	691
Retentions and bonds	13	60	15
		4,489	6,115
Non-Current Liabilities			
Term liabilities - WCC Loan		9,698	9,698
Deferred income (non-current)	14	4,249	4,940
		13,947	14,638
Equity			
Accumulated funds	15	132,970	132,001
Asset revaluation reserve	15	65,896	66,744
		198,866	198,745
Total funds employed		217,302	219,498

The accompanying accounting policies and notes form part of these financial statements.

Lambton Harbour Development Project
Statement of Cash Flows
For the year ended 30 June 2016

		Actual 2016 \$000's	Actual 2015 \$000's
	Note		
Cash flows from operating activities:			
<i>Cash was provided from:</i>			
Receipts from customers		3,982	7,680
Interest received		11	11
Net goods and services tax received (paid)		85	360
<i>Cash was disbursed to:</i>			
Payment to suppliers		(5,470)	(6,119)
Net cash flows generated (to)/from operating activities	18	(1,392)	1,932
Cash flows from investing activities:			
<i>Cash was provided from:</i>			
Sale of shares		0	39
Sale of property, plant and equipment		0	27
Sale of investment and development property		6,691	0
<i>Cash was disbursed to:</i>			
Purchase of property, plant and equipment		(2,071)	(3,044)
Purchase of intangible assets		0	0
Net cash flows from investing activities		4,620	(2,978)
Cash flows from financing activities:			
<i>Cash was provided from:</i>			
Wellington City Council loan contributions		0	0
Wellington City Council working capital funding		(2,703)	4,550
<i>Cash was disbursed to:</i>			
Interest paid		0	(997)
Repayment of Wellington City Council loan		0	(3,500)
Net cash flows from financing activities		(2,703)	53
Net increase/(decrease) in cash held		525	(993)
Cash and cash equivalents at the beginning of the year		376	1,369
Cash and cash equivalents at the end of the year		901	376
The GST (net) component of operating activities reflects the net GST paid and received from the Inland Revenue Department. The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes.			

Lambton Harbour Development Project
Company Directory
For the year ended 30 June 2016

Note		2016 \$000's	2015 \$000's
1	Lease revenue		
	Rental income	1,908	1,898
	Car park, harbour market and motorhome park	2,023	2,054
	Total lease revenue	3,931	3,952
2	Revenue		
	Exchange revenue		
	Lease revenue	3,931	3,952
	Other revenue	835	604
	Interest revenue	11	11
	Total exchange revenue	4,777	4,567
	Non-exchange revenue		
	Gain on sale of property, plant and equipment	0	27
	Gain on disposal of investment and development properties	888	0
	Unrealised gain on revaluation of investment and development properties	5,213	2,068
	Vested assets revenue	0	0
	Total non-exchange revenue	6,101	2,095
	Total revenue	10,878	6,662
3	Property expenses		
	<i>Depreciation</i>		
	- Other land improvements and buildings	2,335	2,926
	- Other assets	1,969	1,932
	Amortisation	4	4
	Other property expenses	3,852	3,697
	Total property expenses	8,160	8,559
4	Administration expense		
	Audit fees	47	46
	Bad debts written off	1	59
	Other administration expenses	1,321	2,066
	Total administration expenses	1,369	2,171
	During the year ended 30 June 2016 donations totalling \$48 were made (2015: \$60)		
5	Cash and cash equivalents		
	Cash at bank and on hand	901	376
	The carrying value of cash and cash equivalents approximates the fair value.		

Lambton Harbour Development Project
Notes to the Financial Statements
For the year ended 30 June 2016

Note		2016 \$000's	2015 \$000's
6	Trade and other receivables		
	Accounts receivable	586	554
	Less: provision for impairment / doubtful debts	0	0
		586	554
	Accrued income	86	
	GST receivable	0	85
	Lease Inducements (current)	26	26
	Total trade and other receivables	698	665
	Analysis of trade and other receivables:		
	Not past due	441	294
	Past due 0-3 months	170	355
	Past due 3-6 months	34	13
	Past due more than 6 months	53	3
	Total trade and other receivables	698	665
	Analysis of trade and other receivables:		
	Receivables from exchange transactions	698	580
	Receivables from non-exchange transactions	0	85
	Total trade and other receivables	698	665
	There are no impairment provisions as all receivables are considered collectable. Therefore, the carrying value of trade and other receivables approximates their fair value.		
	There is no concentration of credit risk with respect to receivables outside Wellington City Council, as the Project has a number of customers.		

Lambton Harbour Development Project
Notes to the Financial Statements
For the year ended 30 June 2016

Note			2016 \$000's	2015 \$000's
7	Investment in associate			
	The Project holds shares in Chaffers Marina Holdings Limited (Chaffers) as bare trustee on behalf of Wellington City Council.			
	Share of equity at beginning of year		(351)	(477)
	Change of equity due to the change in shareholding during the year		0	128
	Share of surplus/(deficit) before tax		(36)	(2)
	Share of movement in asset revaluation reserve		0	0
	Total change in equity since acquisition		(387)	(351)
	Shares at beginning of year		1,264	1,303
	Change in shares during the year		0	(39)
	Shares at end of year		1,264	1,264
	Call option		26	26
	Total investment in associate		903	939
	Associate	Assets	Liabilities	Revenues
		2016	2016	2016
		\$000	\$000	\$000
	Chaffers Marina Holdings Limited	5,948	1,622	997
		2015	2015	2015
		\$000	\$000	\$000
	Chaffers Marina Holdings Limited	5,948	1,282	734
	The Project's interest in Chaffers Marina Limited of 10.52% (2015: 10.52%) has been reflected in the financial statements on an equity accounting basis reflecting the special rights (as set out in Chaffers Marina Limited's Constitution) which attach to the golden shares that it holds in Chaffers Marina Limited. The Project has significant influence in Chaffers Marina Limited as the single largest shareholder and the holder of the golden share with significant rights attached.			
	The share of surplus is recognised on unaudited figures. Any adjustment is recognised in the following year's financial statements.			

Lambton Harbour Development Project
Notes to the Financial Statements
For the year ended 30 June 2016

Note	2016 \$000's	2015 \$000's
8 Investment and development property		
Investment property - at valuation		
Investment land at valuation - opening balance	10,290	10,622
Revaluation movement	2,377	(426)
Reclassification to property, plant and equipment	0	94
Investment land at valuation - closing balance	12,667	10,290
Investment buildings at valuation - opening balance	8,926	6,424
Capitalised costs from work in progress	152	3
Revaluation movement	(268)	2,499
Investment buildings at valuation - closing balance	8,810	8,926
Total investment property - at valuation	21,477	19,216
Development property - at valuation		
Development land at valuation - opening balance	21,020	21,025
Disposals	(5,955)	0
Revaluation movement	3,104	(5)
Development land at valuation - closing balance	18,169	21,020
Development buildings at valuation - opening balance	0	0
Additions	0	0
Capitalised costs from work in progress	0	0
Revaluation movement	0	0
Development buildings at valuation - closing balance	0	0
Total development property - at valuation	18,169	21,020
Total investment and development property	39,646	40,236
Unrealised gain / (loss) on revaluation of investment and development properties		
Revaluation movement - Investment property land	2,377	(426)
Revaluation movement - Investment property buildings	(268)	2,499
Revaluation movement - Development property land	3,104	(5)
Revaluation movement - Development property buildings	0	0
Total unrealised gain / (loss) on revaluation of investment and development properties	5,213	2,068
Investment and development property		
The investment (and development) properties earned ground leases of \$1,569,649 (2015: \$1,913,000). Ground leases are parcels of land owned by the Project on the waterfront. The buildings on the ground leases are owned by other parties (building owners). The land has been leased to the building owners for periods ranging from 35 to 999 years. The land and buildings are properties which are not held for operational purposes and are leased to external parties.		
Direct operating expenses of investment properties		
- From investment properties that generated income	164	146
- From investment properties that did not generate income	0	0

Lambton Harbour Development Project
Notes to the Financial Statements
For the year ended 30 June 2016

Note									
8	Investment and development property (continued)								
	Investment and development property has been revalued at 30 June 2016 by William Bunt (FNZIV, FPINZ), registered valuer and Director of Valuation Services for CBRE Limited.								
	Operational land and building assets were revalued at 30 June 2015 by William Bunt (FNZIV, FPINZ), registered valuer and Director of Valuation Services for CBRE Limited.								
	Infrastructural assets were revalued at 30 June 2014 by John Vessey (MIPENZ), Partner of Opus International Consultants Limited.								
	Adjustments to consolidate valuations								
	These two valuations overlap in two specific areas that if unadjusted would double count those assets.								
	Seawalls								
	Seawalls are classified as part of infrastructural assets and valued on an Optimised Depreciated Replacement Cost (ODRC) basis. However for investment and development properties there is an inherent value of the seawalls in the values applied to those sites.								
	The valuation of investment property is market based and reflects the value of each property as a whole. Unlike seawalls, it is not component based. Therefore an adjustment is required to reduce the value of seawalls adjacent to investment and development properties. ;								
	$(\text{Reduction in sea wall value}) = (\text{Total value of all sea walls}) \times (\text{Footprint area of all investment property buildings and directly related surrounding land and future development sites on WWL Land}) / (\text{Area of WWL owned Land (excluding seabed)})$								
	This footprint of investment property buildings and directly related surrounding land and future development sites has been calculated by our surveyors Cardno as 30% of the total land area as at 30 June 2014. Seawalls were not revalued as at 30 June 2016 therefore no adjustment has been recorded as at 30 June 2016 (2015: \$Nil).								
	Wharf structure beneath buildings classified as investment or development								
	Wharf structures are classified as part of operational land and buildings and valued on an ODRC basis. However for investment and development properties there is an inherent value of the underlying wharf structure in the values applied to those sites.								
	The valuation of investment property is market based and reflects the fair value of each property as a whole. Unlike wharf structures, it is not component based. An adjustment has therefore been made to deduct the ODRC value of the wharf structures beneath those buildings.								
	The values deducted from the ODRC valuation of wharves were calculated by Opus as at 30 June 2015 as follows;								
	DRC of wharf structure under buildings (\$000)								
	Shed 1	2,609							
	Shed 3	610							
	Shed 5	1,546							
	Maritime Police Building	92							
	Linkspan	21							
	Total	4,878							
	Wharf structure beneath buildings classified as other buildings within property, plant and equipment								
	Wharf structures are classified as part of operational land and buildings and valued on an ODRC basis. For buildings valued as other buildings within property, plant and equipment no adjustment is required as the building value itself, based on depreciated replacement cost, contains no inherent value of the underlying wharf structure.								

Lambton Harbour Development Project
Notes to the Financial Statements
For the year ended 30 June 2016

Note	2016 \$000's	2015 \$000's
9 Property, plant & equipment		
Other land at valuation - opening balance	39,046	38,887
Capitalised costs from work in progress	95	1,351
Reclassification of assets	0	(122)
Reclassification to development property	0	(94)
Revaluation movement	0	(976)
Other land at valuation - closing balance	39,141	39,046
Other buildings at valuation - opening balance	71,472	136,318
Less accumulated depreciation	0	0
Total other buildings - opening balance	71,472	136,318
Depreciation expense	(2,069)	(2,666)
Capitalised costs from work in progress	1,334	1,969
Revaluation adjustment	(848)	0
Reclassification of assets	0	(63,767)
Revaluation movement	0	(382)
Other buildings at valuation - closing balance	69,889	71,472
Water assets at valuation - opening balance	19,494	0
Less accumulated depreciation	0	0
Total other assets - opening balance	19,494	0
Capitalised costs from work in progress	29	264
Reclassification of assets	0	19,490
Revaluation movement	0	0
Depreciation expense	(266)	(260)
Water assets at valuation - closing balance	19,257	19,494
Improvements to public space and other assets at valuation - opening balance	45,583	2,695
Less accumulated depreciation	0	0
Total other assets - opening balance	45,583	2,695
Capitalised costs from work in progress	427	448
Reclassification of assets	0	44,372
Revaluation movement	0	0
Depreciation expense	(1,969)	(1,932)
Improvements to public space and other assets at valuation - closing balance	44,041	45,583

Lambton Harbour Development Project
Notes to the Financial Statements
For the year ended 30 June 2016

Note		2016 \$000's	2015 \$000's
9	Property, plant & equipment (continued)		
	Work in progress		
	Work in progress - at cost - opening balance	1,301	2,404
	Additions	3,047	2,932
	Capitalised to property, plant and equipment, and investment and development property classes	(2,037)	(4,035)
	Work in progress - at cost - closing balance	2,311	1,301
	Total property, plant & equipment	174,639	176,896
	Unrealised gain / (loss) on revaluation of other land, buildings, and		
	Revaluation movement - Other land	0	(976)
	Revaluation movement - Other assets	0	(382)
	Revaluation movement - Other buildings	0	0
	Total unrealised gain / (loss) on revaluation of other land, buildings, and infrastructure assets	0	(1,358)
10	Intangible assets		
	Website		
	Website at cost opening balance	62	62
	Less accumulated depreciation	(42)	(38)
	Website opening balance	20	24
	Additions	0	0
	Amortisation expense	(4)	(4)
	Website closing balance at 30 June 2014	16	20
	Software		
	Software at cost opening balance	40	40
	Less accumulated depreciation	(40)	(40)
	Software opening balance	0	0
	Additions	0	0
	Amortisation expense	0	0
	Software closing balance at 30 June 2014	0	0
	Net carrying amount	16	20
	There are no restrictions over the Project's intangible assets, nor are any intangible assets pledged as security for liabilities.		
11	Term receivables		
	Lease inducements	231	256
	Total term receivables	231	256

Lambton Harbour Development Project
Notes to the Financial Statements
For the year ended 30 June 2016

Note	2016 \$000's	2015 \$000's
12 Trade payables		
Creditors	407	199
Intercompany balance - Wellington City Council	2,695	4,550
GST Payable	0	0
Accrued expenses	636	660
Other payables	0	0
Total trade payables	3,738	5,409
Analysis of trade payables:		
Receivables from exchange transactions	3,738	5,409
Receivables from non-exchange transactions	0	0
Total trade and other receivables	3,738	5,409
Trade payables are non-interest bearing and normally settled on 30 day terms. The carrying value of trade payables approximates their fair value.		
13 Retentions and bonds		
Retentions on construction contracts	60	14
Bonds held on hireage venues	0	1
Total retentions and bonds	60	15
14 Deferred income		
Deferred income (current)	691	691
Deferred income (non-current)	4,249	4,940
Total deferred income	4,940	5,631
15 Equity		
Shareholder funds & retained earnings		
Opening balance at 1 July	132,001	136,374
Net surplus/(deficit)	969	(4,501)
Change of equity in associate due to change in shareholding during the year	0	128
Contribution from Wellington City Council	0	0
Total shareholder funds & retained earnings	132,970	132,001
Asset revaluation reserve		
<i>Marina</i>		
Opening balance at 1 July	52	52
Realised during the year	0	0
Closing balance at 30 June	52	52
<i>Other land, buildings & infrastructure assets reserve</i>		
Opening balance at 1 July	66,692	68,050
Revaluation adjustment	(848)	0
Increase/(decrease) on revaluation	0	(1,358)
Closing balance 30 June	65,844	66,692

Lambton Harbour Development Project
Notes to the Financial Statements
For the year ended 30 June 2016

Note		2016 \$000's	2015 \$000's
16	Contingent asset and Contingent liability		
	There are no contingent assets (2015: \$Nil) or contingent liabilities (2015: \$Nil) at balance date.		
17	Contractual commitments		
	<i>Capital Commitments</i>		
	As at 30 June 2016 there were contractual commitments to a value of \$1,518,000 not provided for in the financial statements (2015: \$846,000).		
	<i>Operating Commitments</i>		
	<u>Non-cancellable operating lease commitments - as lessee</u>		
	The Project leases back space in buildings which have been sold to third parties for the purpose of maintaining control of ground floor spaces to ensure those spaces remain publicly accessible.		
	Operating Commitments		
	Not later than one year	175	175
	Later than one year and not later than five years	699	699
	Later than five years	359	534
	Total non-cancellable operating lease commitments - as lessee	1,233	1,408
	The project expects to recover an estimated \$nil (2015: \$nil) per year from subleasing these spaces.		
	<u>Non-cancellable operating lease commitments - as lessor</u>		
	The Project leases out land and buildings to various tenants for durations ranging from one month to 999 years.		
	Land and buildings		
	Not later than one year	1,861	1,920
	Later than one year and not later than five years	5,179	6,060
	Later than five years	3,805	5,174
	Total non-cancellable operating lease commitments - as lessor	10,845	13,154

Lambton Harbour Development Project
Notes to the Financial Statements
For the year ended 30 June 2016

Note	2016 \$000's	2015 \$000's
18 Reconciliation of net surplus with net cash flows from operations		
Net surplus / (loss) attributable to Wellington City Council	969	(5,859)
<i>Add / (less) non cash items and non-operating items</i>		
Depreciation	4,304	4,858
Amortisation	4	4
Vested assets income	0	0
Loss on sale of assets	(888)	(27)
Assets written off	0	0
Share of associate's deficit	(36)	(2)
Assets revalued	(5,213)	(710)
	(860)	(1,736)
<i>Add / (less) movements in working capital items relating to operations</i>		
GST receivable	85	360
Accounts receivable	(93)	173
Prepayments	(158)	9
Accounts payable	280	189
Retentions and bonds	45	12
Deferred income	(691)	2,925
Net cash flows from operating activities	(1,392)	1,932

Lambton Harbour Development Project
Notes to the Financial Statements
For the year ended 30 June 2016

Note		2016 \$000's	2015 \$000's
19	Financial Instruments		
	Categories of financial instruments		
	The carrying amount of financial instruments in each of the PBE IPSAS 30 categories are as follows:		
	Loans and receivables		
	Cash and cash equivalents	901	376
	Debtors and other receivables	698	665
	<i>Total loans and receivables</i>	1,599	1,041
	Financial liabilities		
	Trade and other payables	3,738	5,409
	Loans from WCC	9,698	9,698
	<i>Total financial liabilities</i>	13,436	15,107
	The carrying amount of the financial liabilities is equal to the contractual cash flows.		
	Credit risk		
	In the normal course of business the Project incurs credit risk from short term investments, trade debtors and term receivables. There are no significant concentrations of credit risk. The Project invests only in deposits with registered banks with satisfactory credit ratings. The Project has processes in place to review the credit quality of customers prior to the granting of credit. The Project's maximum credit exposure for each class of financial instrument is represented by the total carrying amount of cash equivalents (note 5), and trade receivables (note 6). There is no collateral held as security against these financial instruments, including those instruments that are overdue or impaired. The cash and cash equivalents and short term deposits are held with the ASB Bank Limited which has a credit rating of AA- as determined by Standard & Poor's Rating Services and a credit rating Aa3 as determined by Moody's Investors Service.		
	Interest rate risk		
	Interest on short term deposits is at fixed rates. Interest on call deposits is at a floating rate set by the bank.		
	Foreign currency risk		
	The Project is not exposed to foreign currency risk, as it does not enter into foreign currency transactions.		
	Liquidity Risk		
	Liquidity risk is the risk that the Project will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash. The Project has access to a loan facility with the Wellington City Council should the Project require extra funds. Any of the Project's deposits are short-term.		
20	Capital management		
	The Project's capital is its equity, which comprises capital and retained surpluses. Equity is represented by net assets. The Project requires the directors to manage its revenues, expenses, assets, liabilities, investments and general financial dealings prudently. The Project's equity is largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments and general financial dealings.		

Lambton Harbour Development Project
Notes to the Financial Statements
For the year ended 30 June 2016

Note		2016 \$000's	2015 \$000's
21	Related parties		
	<i>Wellington City Council</i>		
	From 1 July 2014 Wellington City Council as a business unit (City Shaper) took over the management services of the Project which had previously been carried out by Wellington Waterfront Limited. This includes aspects of planning, management of day-to-day operations and property development in respect of the Waterfront, with a changed brief to extend beyond the waterfront and include a wider responsibility in other parts of the city with a focus on place shaping, project management and urban design. As a result all no transactions took place between Wellington City Council and the Project as all transactions are recorded within the same entity.		
	On loan from Wellington City Council	6,841	6,841
	On loan from Wellington City Council relating to the seismic strengthening of Shed 6	2,857	2,857
	<i>Wellington Waterfront Limited</i>		
	Land, buildings, infrastructure and leasehold interests in land within the Lambton Harbour Development Area are held by Wellington Waterfront Limited as bare trustee for Wellington City Council and are included in these financial statements. Other assets and liabilities of Wellington Waterfront Limited held on behalf of the Lambton Harbour Development Project have also been reflected in these financial statements.		
	The Project has an advance from Wellington Waterfront Limited of \$1,000 (2015: \$1,000). The advance is repayable on demand.		
	<i>Chaffers Marina Holdings Ltd</i>		
	Net amount invoiced to Chaffers Marina Holdings Ltd during the year was:	79	60
	Net amount invoiced from Chaffers Marina Holdings Ltd during the year was:	0	0
	Net amount owed by Chaffers Marina Holdings Ltd at 30 June was:	52	21
	Net amount owed to Chaffers Marina Holdings Ltd at 30 June was:	0	0
	Amounts due on marina berth sales are secured over Chaffers Marina Holdings Limited shares.		
22	Compliance with legislation		
	The Project has not complied with the Wellington City Council Vesting and Empowering Act 1987 in that the financial statements with the audit report were not produced at the meeting of the Board and Council by 31 December 2016.		
22	Events after the end of the reporting period		
	There are no events after the end of the reporting period that require adjustment to the financial statements or the notes to the financial statements.		
	On 14 November 2016 there was a 7.8 magnitude earthquake near Kaikoura which caused damage to some of the assets of Wellington Waterfront Project. Engineering inspections are still underway and until they are complete we are unable to estimate the quantum of repairs that will be required. Repairs and any additional cost of working are expected to covered by the Wellington City Council self-insurance reserve fund.		

Lambton Harbour Development Project
 Notes to the Financial Statements
 For the year ended 30 June 2016

Company name:	Lambton Harbour Development Project (managed by Wellington City Council)
Nature of business:	Local authority – includes implementation of the development of Wellington’s waterfront and day to day operation of the waterfront area
Registered office:	101 Wakefield Street Wellington 6011
Postal address:	PO Box 2199 Wellington 6140
Telephone:	+64 4 499 4444
Facsimile	+64 4 801 3138
Chief Executive:	Kevin Lavery
Auditor:	Audit New Zealand on behalf of the Auditor-General
Website address:	www.wellington.govt.nz