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**ORDINARY MEETING**

**OF**

**COUNCIL CONTROLLED ORGANISATIONS SUBCOMMITTEE**

**AGENDA**

**Time:** 1.30pm  
**Date:** Wednesday, 30 May 2018  
**Venue:** Committee Room 1  
Ground Floor, Council Offices  
101 Wakefield Street  
Wellington

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**MEMBERSHIP**

Mayor Lester  
Councillor Fitzsimons  
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](mailto: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.*

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## **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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**TABLE OF CONTENTS**  
**30 MAY 2018**

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<b>Business</b>	<b>Page No.</b>
<hr/>	
<b>1. Meeting Conduct</b>	<b>5</b>
1.1 Apologies	5
1.2 Conflict of Interest Declarations	5
1.3 Confirmation of Minutes	5
1.4 Items not on the Agenda	5
1.5 Public Participation	5
<b>2. General Business</b>	<b>7</b>
2.1 Review of Quarter Three Reports for the Council Controlled Organisations for the Period Ending 31 March 2018	7
2.2 Final Statements of Intent for Council Controlled Organisations	167
2.3 WREDA's Final Statement of Intent 2018-21	529
2.4 Review of the Annual Report for Wellington International Airport Limited to 31 March 2018	537

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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 4 April 2018 will be put to the Council Controlled Organisations Subcommittee for confirmation.

### **1.4 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.

### **1.5 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.

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## 2. General Business

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# REVIEW OF QUARTER THREE REPORTS FOR THE COUNCIL CONTROLLED ORGANISATIONS FOR THE PERIOD ENDING 31 MARCH 2018

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### 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 Subcommittee 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 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 stakeholders jointly monitor the company via the Wellington Regional Strategy Committee.
4. 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.

# COUNCIL CONTROLLED ORGANISATIONS SUBCOMMITTEE 30 MAY 2018

## Discussion

5. 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
6. The third quarter reports have been reviewed by officers to assess any risks or issues and where any significant issues were identified these have been discussed with the relevant entity.
7. 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.
8. BASIN RESERVE TRUST

### ACTIVITY SUMMARY

On 6 and 19 January the Basin Reserve held two well attended One Day International games between the Black Caps and Pakistan. These fixtures provided opportunities to test the improvements to the northern entrance, scoreboard and RA Vance stand that were completed in December 2017 before the West Indies Test Match. Positive feedback was received for each although noting that the northern entrance landscaping was incomplete.

During this reporting period the Basin Reserve hosted a week-long festival of community engagement events. The events provided an opportunity for community cricket players of all ages to experience playing on one of the New Zealand's iconic venues. The events included the following teams;

- Primary School qualifiers and finals featuring Raroa Intermediate, Hutt International Boys School, Evans Bay Intermediate and Wellesley College
- Regional boys and girls Secondary Schools finals that involved Wellington College, St Pats Sliverstream, Tawa College and Wellington Girls College
- Governor General's girls XI fixture
- Club three-day final between Eastern Suburbs and Johnsonville

The Firebirds, Blaze and Wellington Age Group teams completed their seasons with games and trainings held at the venue. The T20 Burger King Super Smash games were well attended with fans enjoying the ground improvements.



**Community Cricket**



**Community Cricket**



**Tawa & Wellington Girls Colleges**



**Raroa Intermediate**



**Wellington Blaze**



**Pakistan ODI: Jan 2018**

The Basin Reserve continues to be one of the most well utilised sports facilities in the region.

# COUNCIL CONTROLLED ORGANISATIONS SUBCOMMITTEE

30 MAY 2018

## Events

- Seven Community (Secondary and Primary School) Cricket Games (5 days)
- Two Wellington Women's Club Cricket Games (2 day)
- Two Wellington Men's Club Cricket Games (4 days)
- Two Men's Provincial A Cricket Games (4 days)
- 25 Wellington Firebirds training sessions
- 7 Wellington Blaze training sessions
- 10 International trainings
- 4 Wellington A and Under 19s Trainings
- Two International Cricket One-Day Internationals (2 days)
- Two Plunket Shield (four day) cricket matches (8 days)
- Four Ford Trophy (One-Day) cricket matches (4 days)
- One Wellington Firebirds Twenty20 match (1 day)
- One Wellington Blaze One-Day Match (1 day)
- Black & Gold functions (10 days)

## Master Plan

During Q3 the design and tendering processes were completed to redevelop the Players' Pavilion and the South Western Terrace ready for the next cricket season.

Council is expected to consider options for the seismic strengthening and refurbishment of the Museum Stand at its City Strategy Committee meeting to be held on 17 May.

## 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	348	412	64 ✓	832	850	18 ✓	911
Total Expenses	231	289	58 ✗	686	732	46 ✗	863
Net Surplus (Loss)	117	123	6 ✓	146	118	28 ✗	48
FINANCIAL POSITION							
Total Assets	899	912	13 ✓				840
Total Liabilities	85	202	177 ✗				125
Equity	814	710	104 ✗				715
CASH FLOWS							
Total Net Cash Flows	92	215	123 ✓	87	227	140 ✓	56
Opening Cash	19	40		24	28		24
Closing Cash	111	255		111	255		80

The Trust's YTD financials are broadly in line with the budget and the Trust expects to meet its full year budget. A review of the financial statements of the Trust highlights the following points:

- Revenue and expenditure was slightly ahead of budget due to increased ground hire income and event running expenses as a result of an increased number of international and domestic cricket games.
- Total income was negatively affected as a naming rights sponsor has not yet been

**SUMMARY FINANCIALS**

secured. The YTD impact is negative \$60k.

**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

MEASURE		Q3 31 Mar 17	Q3 31 Mar 18	YTD 31 Mar 18	3 Year Trend
Cricket Events	Actual	11 <span>✗</span>	20 <span>✓</span>	32 <span>✓</span>	→
	Target	14	17	26	
This target will be exceeded due to a full domestic schedule of cricket fixtures being played at the Basin.					
Other Sports Events	Actual	0	0 <span>✗</span>	25 <span>✓</span>	↗
	Target	0	2	17	
The fourth quarter will see a steady increase in other sporting events as the Basin with junior rugby and football to be played on the ground during winter.					
Community Events	Actual	10 <span>✓</span>	6 <span>✓</span>	11 <span>✓</span>	↗
	Target	0	3	3	
This positive trend continues as the Trust focuses on securing community events.					
Function Bookings	Actual	4 <span>✗</span>	10 <span>✓</span>	14 <span>✓</span>	↗
	Target	6	6	11	
The refurbishment of lounges in RA Vance Stand has seen a much-improved usage rate of the facility for functions.					
Practice Facility Usage (days)	Actual	48 <span>✓</span>	46 <span>✓</span>	98 <span>✓</span>	↗
	Target	45	45	86	
This target was achieved with the training blocks nearly at full capacity					
Numbers Attending Events	Actual	30,817 <span>✓</span>	15,000 <span>✗</span>	38,200 <span>✗</span>	↗
	Target	25,000	25,000	51,000	
The long-term trend has been positive, slightly down this season compared to the previous year which had 2 Test Matches across 10 days compared 2 ODIs this season across 2 days.					

With the exception of the attendance, the Trust has comfortably met its year-to-date operational KPIs. Pleasing to see the function bookings at the Basin Reserve is growing and exceeds the SOI target.

# COUNCIL CONTROLLED ORGANISATIONS SUBCOMMITTEE 30 MAY 2018

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## ISSUES & OUTLOOK

No issues to note.

- Work on the northern entrance will be completed and ready for next summer's events at the Basin Reserve. The redevelopment of the Players' Pavilion and the Brierley Terrace to create a flexible community space and play area is planned to begin in May and be completed in time for International cricket which begins in December.
- The Basin Reserve will host junior rugby and junior football during the 2018 winter.

## 9. KARORI SANCTUARY TRUST

### ACTIVITY SUMMARY

Visitor numbers to the sanctuary continued their upward trend with 42,151 people visiting ZEALANDIA during the quarter, up 14% on the same quarter last year and bringing the year to date visitors to over 100,000. Over the summer season, the number of visitors from outside the region increased. 57% of ZEALANDIA's visitors are from overseas predominately from Australia (12%), North America (10%) and Europe (25%). ZEALANDIA continued its drive to improve the visitor experience through a greater focus on guided tours. In quarter three, 8,174 people experienced a guided tour, up 38% on the same period last year.

The Predator Free Wellington Schools programme began during the quarter, with workshops engaging 21 schools and over 100 students and teachers.

ZEALANDIA was awarded the 'highly commended' status at the Love Cycling Awards for its e-bike infrastructure and bike stands, and earned a semi- finalist position in the 2018 New Zealander of the Year Awards for its contribution to the community.

ZEALANDIA has been successful in a number of fundraising opportunities, including a grant from EECA and support from Meridian to the value of \$240,000 to purchase two new fully electric minibuses to replace the diesel shuttles in mid-2018. These are the first of their kind in New Zealand.

ZEALANDIA continues to gain media exposure across the globe, with 21 appearances across national and international media. Most notable was Emma Marris's article for National Geographic which highlighted the impact of ZEALANDIA in Wellington.

<https://news.nationalgeographic.com/2018/01/new-zealand-park-rats-predators-birds-environment/>



*One of New Zealand's rare indigenous birds, a tieke—also known as a saddleback.*

PHOTOGRAPH BY ONDREJ PELANEK, ALAMY

## 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	1,246	1,655	410 ✓	3,087	3,945	858 ✓	3,788
Op. Exp. before Depn & Int.	893	1,188	295 ✗	2,625	3,389	764 ✗	3,470
Earnings before Depn & Int.	353	468	115 ✓	462	556	94 ✓	318
Net Surplus (Loss)	189	332	143 ✓	(30)	147	177 ✓	(338)
FINANCIAL POSITION							
Total Assets	6,151	4,928	1,223 ✗	6,151	4,928	1,223 ✗	5,883
Total Liabilities	604	928	324 ✗	604	928	324 ✗	643
Equity	5,548	4,000	1,548 ✗	5,548	4,000	1,548 ✗	5,239
CASH FLOWS							
Total Net Cash Flows	262	465	203 ✓	132	519	388 ✓	12
Opening Cash	579	1,466		709	1,412		709
Closing Cash	841	1,931		841	1,931		721

Overall, revenue (excluding Council funding) is \$3,209,804 against a budget of \$2,961,034. Revenue year to-date is \$346,761 higher than last year at the end of quarter three.

# COUNCIL CONTROLLED ORGANISATIONS SUBCOMMITTEE

30 MAY 2018

## SUMMARY FINANCIALS

## 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

^ denotes annual target.

MEASURE		Q3 31 Mar 17	Q3 31 Mar 18	YTD 31 Mar 18	3 Year Trend
Full costs to Council*	Total	\$350,369	\$396,509	<b>\$1,144,040</b>	n/a
	\$/visit	\$9.49	\$9.41	<b>\$11.19</b>	
* Council operating grant plus property related cost. Figures recognise the operating grant on an accrued (not payment) basis. This measure is required by Council and includes property costs which the Trust does not control.					
Council Subsidy (\$/visit)	Actual	\$5.92 ✓	\$6.13 ✓	<b>\$6.13 ✓</b>	↗
	Target^	\$9.35	\$9.07	<b>\$9.07</b>	
Visitor numbers continue to exceed targets, causing this KPI to exceed targets accordingly.					
Average Revenue** (\$/visit)	Actual	\$29.97 ✓	\$30.94 ✓	<b>\$30.94 ✓</b>	↗
	Target^	\$25.96	\$26.22	<b>\$26.22</b>	
** Revenue per visit excludes interest, Council and other grants.					
Q3 and YTD highlight the continuing strong performances from ZEALANDIA's commercial activities.					
Non-Council Funding	Actual	\$185,000	\$73,918	<b>\$258,918</b>	↗
	Target^	\$272,000	\$265,000	<b>\$265,000</b>	
Will comfortably achieve the full year target.					
Membership Subscription Revenue^^	Actual	\$96,951	\$152,174	<b>\$249,125</b>	↗
	Target^	\$300,000	\$306,000	<b>\$306,000</b>	
^^ Not a KPI – this is a management target.					
Visitors	Actual	36,921 ✓	42,124 ✓	<b>102,197 ✓</b>	↗
	Target	30,845	31,801	<b>77,010</b>	
Visitation is continuing to grow strongly and exceed the Trust's targets.					
Students & Education Visits	Actual	1,572 ✓	1,743 ✓	<b>7,192 ✓</b>	↗
	Target	1,174	1,195	<b>6,454</b>	
Individual Members	Actual	11,013 ✓	11,375 ✓	<b>11,375 ✓</b>	↗

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

	Target <sup>^</sup>	10,400	10,600	10,600	
ZEALANDIA is on track to achieve or exceed all its KPIs and other measures of its performance.					

**ISSUES & OUTLOOK**

No issues to note.

ZEALANDIA will be busy with the works needed to ready the Brierley Pavilion building which was relocated from the Basin Reserve for occupation by staff as soon as possible.

**10. WELLINGTON CABLE CAR LIMITED**

**ACTIVITY SUMMARY**

In quarter three there were 391,285 passenger trips on the Cable Car, up 35,701 on the same quarter last year.

The company began planning for the annual Cable Car maintenance shut-down, which includes the maintenance activities that cannot be completed during operating periods.

The company also continues planning in relation to the future structure of the Company and funding of the rolling stock replacement commencing in 2024.

The physical decommissioning of the network commenced in the second quarter and the project is progressing well. In excess of 60% of the network has been decommissioned.

**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	2,604	<b>2,606</b>	2 ✓	7,006	<b>6,408</b>	598 ✗	9,072
Total Expenditure	2,177	<b>2,160</b>	17 ✓	6,531	<b>5,856</b>	675 ✓	8,798
Net Surplus (Loss) after tax	305	<b>317</b>	12 ✓	336	<b>469</b>	133 ✓	273
<b>FINANCIAL POSITION</b>							
Total Assets		<b>12,629</b>			<b>12,629</b>		
Total Liabilities		<b>2,441</b>			<b>2,441</b>		
Equity		<b>10,188</b>			<b>10,188</b>		
<b>CASH FLOWS</b>							
Total Net Cash Flows		<b>366</b>			<b>1,096</b>		

# COUNCIL CONTROLLED ORGANISATIONS SUBCOMMITTEE 30 MAY 2018

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## SUMMARY FINANCIALS

Opening Cash	3,288	2,556	
Closing Cash	3,652	3,652	

The quarter three result is in line with budget and the company remains on target to exceed its full year SOI 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

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

MEASURE		Q3	Q3	YTD	3 Year
		31 Mar 17	31 Mar 18	31 Mar 18	Trend
Passenger Trips	Actual	355,584 ✓	391,285 ✓	911,896 ✓	→
	Target	354,332	375,962	875,339	

The company expects to exceed 1.1 million passenger trips this financial year.

Fare Income	Actual	\$986,848 ✗	\$1,097,659 ✓	\$2,557,935 ✓	↗
	Target	\$994,122	\$1,053,333	\$2,352,681	

Fare income tracking ahead of target, in line with passenger trips also tracking above target.

## ISSUES & OUTLOOK

No issues to note.

The company is installing POS integration with its financial system and is in the final testing stages for a full rollout before the end of the financial year.

11. WELLINGTON MUSEUMS TRUST

**ACTIVITY SUMMARY**

Performance highlights

- City Gallery reopened in March 2018 after a 3-month closure to renew the gallery entrance. A well-attended opening for *This Is New Zealand* was followed by a busy weekend of talks, film screenings and performances. Public programme events are being well attended and schools visitation is very strong.
- Suffragettes 125th Anniversary programme at Wellington Museum received 13 proposals for a commissioned art work to hang in the von Kohorn (Wellington Harbour Boardroom). The artwork of the successful artist (Genevieve Packer) will be produced in time for Suffrage Day in September 2018.
- Capital E's Corner at CubaDupa included an interactive sculpture *BLOOM* and cardboard craft activities inspired by the Trust's *Funington* installation. The project was made possible by an event partnership agreement with CubaDupa, grant support from New Zealand Community Trust and in-kind support from Resene.



- Capital E's *Funington* installation in the Creative Play Space attracted 5,624 pre-schoolers, their caregivers and teachers and received excellent feedback.
- *The Roxy5 Short Film Competition*, supported by the City Growth Fund, is enjoying its biggest year to date, with 632 intermediate and college students enrolled. Winners will be announced at a red carpet event at Roxy Cinema in May. The 2018 competition is funded by the Ministry for Youth Development and run in partnership with the Miramar Events Trust with support from Victoria University School of Music, the NZSO, Weta Workshop, Weta Digital & the Roxy Cinema.
- Hannah Playhouse presented three New Zealand Festival shows. All were New Zealand works, including one premiere, and attracted over 2,900 attendees. In addition, a community youth company returned to the Hannah Playhouse and Frontier Touring used the venue for the first time.
- In relation to the independent review of Space Place, Council provided feedback to the Trust board in March which largely supported the findings of the review.

# COUNCIL CONTROLLED ORGANISATIONS SUBCOMMITTEE

30 MAY 2018

Absolutely Positively  
**Wellington City Council**  
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## 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
<b>WELLINGTON MUSEUMS TRUST (EXCL. SPACE PLACE)^</b>							
Total Revenue	2,594	<b>2,899</b>	305 ✓	8,154	<b>8,453</b>	299 ✓	10,955
Total Expenses before Depn	2,435	<b>2,578</b>	143 ✗	7,934	<b>7,756</b>	178 ✓	10,556
Depreciation	100	<b>133</b>	33 ✗	300	<b>395</b>	95 ✗	399
Net Surplus (Loss)	59	<b>188</b>	129 ✓	(80)	<b>302</b>	382 ✓	0
<b>SPACE PLACE^</b>							
Total Revenue	238	<b>289</b>	51 ✗	717	<b>763</b>	46 ✓	956
Total Expenses before Depn	269	<b>306</b>	(37) ✗	806	<b>867</b>	61 ✗	1,086
Net Surplus (Loss)	(34)	<b>(19)</b>	15 ✗	(98)	<b>(112)</b>	14 ✗	(130)
<b>FINANCIAL POSITION Both Activities</b>							
Total Assets	5,540	<b>8,277</b>	2,737 ✓				5,680
Total Liabilities	983	<b>3,573</b>	2,590 ✗				1,073
Equity	4,559	<b>4,704</b>	145 ✓				4,607
<b>CASH FLOWS Both Activities</b>							
Total Net Cash Flows	(200)	2,288	2,488 ✓	(425)	2,389	2,814 ✓	(185)
Opening Cash	840	981		1,065	880		1,065
Closing Cash	640	3,269		640	3,269		880

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

Experience Wellington is ahead of budget as at March and expects to achieve budget for the full year. Space Place is over budget in terms of expenditure, led by personnel costs and exhibition/programme costs, and is forecasting that it will be over budget for the full year by approximately \$20,000.

The Trust's balance sheet records a higher level of cash on hand than forecast, matched by higher accounts payable – which is fundamentally a timing difference between budget and actual.

## 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

MEASURE		Q3 31 Mar 17	Q3 31 Mar 18	YTD 31 Mar 18	3 Year Trend
<b>Full Costs to Council*</b>	Total	\$2,258,895	\$2,275,855	<b>\$6,843,728</b>	n/a
	\$/visit	\$8.90	\$12.05	<b>\$12.47</b>	

\* Council operating grant plus property related cost (including rental grant paid for Capital E). Figures recognise the operating grant on an accrued (not payment) basis. This measure is required by Council and includes property costs which the Trust does not control.

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

<b>Council Grant (\$/visit)</b>	Actual	\$6.61 ✓	\$9.25	n/a	↗
	Target	\$10.45	n/a	n/a	
Strong visitation has contributed to the lower (than forecast) Council subsidy per visit result.					
<b>Average Spend (\$/visit)</b>	Actual	\$3.56 ✓	\$2.71 ✗	\$2.83 ✓	→
	Target	\$3.52	\$3.52	\$2.44	
Result is impacted by visitation numbers.					
<b>Non-Council Revenue (\$000s)</b>	Actual	\$1,526	\$1,043	\$2,875	→
	Target <sup>^</sup>	\$4,144	\$3,516	\$3,516	
<sup>^</sup> Annual target.					
VISITATION		Q3 31 Mar 17	Q3 31 Mar 18	YTD 31 Mar 18	3 Year Trend
<b>Total Visits</b>	Actual	253,948 ✓	188,879 ✓	548,768 ✓	↗
	Target	217,530	179,000	510,700	
Capital E does not host the National Children's Arts Festival this year (it is a biannual event), so targets are lower than last year.					
<b>Cable Car Museum</b>	Actual	95,517 ✓	100,951 ✓	218,452 ✓	→
	Target	78,000	79,000	194,000	
A strong third quarter has brought the Cable Car Museum in line to reach its full-year target.					
<b>City Gallery</b>	Actual	48,076 ✓	17,454 ✗	110,388 ✓	↗
	Target	39,000	35,000	100,000	
City Gallery was closed for the first two months of the quarter and welcomed more than 16,000 visitors in March 2018, the best March result for at least the past 6 years.					
<b>Capital E</b>	Actual	54,682 ✓	15,539 ✓	74,874 ✓	↗
	Target	46,200	8,000	64,000	
Significantly exceeded its Q3 total due to the ongoing popularity of <i>Funington</i> ; 3,000 people using the Capital E Corner at <i>CubaDupa</i> ; Hannah Playhouse's New Zealand Festival shows; and the popularity of <i>This is New Zealand</i> exhibition Art & Sound digital programme presented with the City Gallery.					
<b>Wellington Museum</b>	Actual	40,743 ✗	39,964 ✗	101,150 ✗	→
	Target	42,000	42,000	112,000	
Trending below targets due to event programming changes and slower than expected general visitation.					
<b>Space Place</b>	Actual	13,552 ✓	14,376 ✓	42,253 ✓	↗
	Target	10,296	13,500	38,500	

# COUNCIL CONTROLLED ORGANISATIONS SUBCOMMITTEE

30 MAY 2018

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

Trending above expectation for year-to-date; continuing a trend since 2015 when a new business model was implemented.

<b>Nairn Street Cottage</b>	Actual	1,378 ✗	595 ✗	1,651 ✗	↗
	Target	2,034	1,500	2,200	

Will not achieve its full-year target for due to event programming changes.

## ISSUES & OUTLOOK

No issues to note.

## 12. WELLINGTON REGIONAL ECONOMIC DEVELOPMENT AGENCY LIMITED

### ACTIVITY SUMMARY

#### Tourism and marketing

- The excellent summer contributed to an excellent tourism season, for the year ending February 2018 total visitor spend exceeded \$2.5 billion for the first time.
- Quarter highlights included the NZ Festival, a strong cruise season and strong attendances at Te Papa.
- The Summer campaign *Your Alternative Summer* ran through the quarter
- Australia visitor campaign in conjunction with Tourism NZ and Destination Marlborough highlighting cuisine, creativity and culture.
- Hosted 23 journalists and film crews in Wellington.
- WREDA Wellington Airport and Accor Hotels partnered to host the Sunrise programme, an Australian breakfast TV show from Australia with a total reach of 8.3m people.
- WellingtonNZ.com received 579,216 visitors, of these 344,683 were unique users.

#### Economic Development

- Supported 167 regional businesses including 97 who received hands on support in the form of growth development, 36% of these businesses are located outside the region.
- 132 tech interns were placed, up from the previous year, 60 interns were placed in the R&D sector, funded by Callaghan Institute.
- A 20% increase in film permits issued compared to last year.
- Sponsored the Pop Up business school in Upper Hutt in conjunction with UHCC, Xero and others.
- In conjunction with Wellington Health Tech Network organised an event to encourage technology adoption in primary health care.

### ACTIVITY SUMMARY

#### Creative HQ

- CHQs incubation programme which takes start-up organisations to market is currently fully subscribed with 25 ventures, an all-time high.
- Three high growth exits from this programme including one venture acquired by a large international manufacturer looking to locate their manufacturing in Lower Hutt.

#### Venues

- Successful in winning 15 international/national conferences with an estimated economic value of over \$10m
- Hosted over 49 business events, totalling some 47,388 delegates.
- 48 events were hosted with a total of 101 performances with 84,701 patrons, 20% from outside of the region, highlights, highlights included sold out performances for Jimmy Carr, Macklemore and the NZ Festival
- Launched Celebrate Wellington to make arts and culture available to a wider audience by providing small grants for such things as free transport, better access to audio commentary.
- St James closed at the conclusion of the NZ Festival for earthquake strengthening.
- Work continuing on the business case for an Indoor Arena with the release of the independent strategic report by Gemba.

#### Major Events

- The Black Caps played Pakistan and England both twice in Wellington
- Hurricane home season commenced with good attendances.
- NZ Festival opened with the Waka Odyssey attended by tens of thousands on the waterfront. Strong audience numbers were reported for other Festival events.
- Cupa Dupa attendances were consistent with the previous year despite patchy weather.

### 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	8,163	8,110	53 ✗	23,900	24,220	320 ✓	29,088
Total Expenses	7,968	6,721	1,247 ✓	23,841	23,453	388 ✓	28,988
Net Surplus (Loss)	195	1,389	1,194 ✓	59	767	708 ✓	100
FINANCIAL POSITION							
Total Assets	4,203	6,128	3,902				5,115
Total Liabilities	2,530	3,747	2,383				3,500
Equity	1,673	2,381	1,519				1,615
CASH FLOWS							
Total Net Cash Flows	364	1,226	862 ✓	(297)	1,510	1,807 ✓	(260)
Opening Cash	1,439	1,991		2,100	1,707		2,100

# COUNCIL CONTROLLED ORGANISATIONS SUBCOMMITTEE 30 MAY 2018

Absolutely Positively  
**Wellington City Council**  
Me Heke Ki Pōneke

## SUMMARY FINANCIALS

Closing Cash	1,803	<b>3,217</b>	1,803	<b>3,217</b>	1,840
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Lower expenditure than budgeted resulted in a higher surplus and cash balance. This is only a timing difference with higher expenditure forecast for Q4.

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

The trend on year on year performance → Steady ↗ Improving ↘ Declining

^A number of KPIs are only measured annually due to the absence of official data on a YTD basis

MEASURE		YTD 31 Mar 17	YTD 31 Mar 18	Forecast 30 Jun 18	Trend
<b>International student enrolments</b> <i>Source: Education NZ</i>	Actual	n/a	n/a	<b>9,200</b>	↗
	Target^	n/a	n/a	9,200	
Figures are released annually. The enrolments for the second half of the year are due in July.					
<b>International student visas</b> <i>Source: Education NZ</i>	Actual	n/a	4,640	<b>6,930</b>	↗
	Target^	n/a	5,200	6,930	
<b>Permanent arrivals</b> <i>Source Statistics New Zealand</i>	Actual	2,311	3,343	<b>3,600</b>	↗
	Target^	1,000	2,000	3,600	
<b>Commercial guest nights</b> <i>Source Statistics New Zealand</i>	Actual	1.11m	2.40m	<b>3.3m</b>	↗
	Target^	1.0m	2.25m	3.2m	
Guest night' tracking ahead of budget, forecast will be slightly below budget. A number of events in the first 3 quarters contributed to the higher YTD figures. Expected to slow down in Q4.					
<b>Visitor spend</b> <i>Source: MBIE</i>	Actual	n/a	\$1,955m	<b>\$2,600m</b>	↗
	Target^	n/a	\$2,200m	\$2,600m	
The visitor spend for the year to February 2018 exceeded \$2.5 billion for the first time. Although behind on a YTD basis this is due to the phasing of the budget.					
<b>Value of facilitated screen production</b> <i>Source Screen Wellington</i>	Actual	\$91.8m	\$82.2m	<b>\$100m</b>	↗
	Target^	\$50m	\$75m	<b>\$100m</b>	
<b>Number of Wellingtonian's attending a performance event</b>	Actual	n/a	230,867	<b>290,720</b>	↗
	Target^	n/a	232,576	290,720	

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

<b>Number of events</b> <i>Source Supplied by the relevant venue</i>	Actual	n/a	449	<b>624</b>	→
	Target <sup>^</sup>	n/a	295	624	
<b>NZ market share of multi day conferences</b> <i>Source Supplied by the relevant venue</i>	Actual	19%	20%	<b>18%</b>	↗
	Target <sup>^</sup>	16%	18%	18%	
<b>Economic value of Major Events invested in</b> <i>Source Supplied by the relevant venue</i>	Actual	n/a	\$85.9m	<b>\$80m</b>	↗
	Target <sup>^</sup>	\$40m	\$65m	\$80m	

The Lions tour at the start of the year was a significant contributor.

At this stage WREDA expects to meet or exceed its KPIs with the exception of the commercial guest nights which are forecast to be slightly below budget.

**ISSUES & OUTLOOK**

**Issues**

- The closure of the St James following the NZ Festival will reduce the number of events/performances that Wellington can host, additional use of the Opera House will mitigate some of this reduction.
- The earthquake strengthening of the Town Hall will have some impact on the day time use of the Michael Fowler Centre due to noise etc.

**Outlook**

- A strong events programme of Major Events in Q4 including Jim Beam Homegrown, Jim Henson Retrospectacle, LUX, Wellington Jazz Festival and the All Blacks playing France.
- Domestic winter campaign Do Wellington your way commences.
- Tech Week occurs in May.

## COUNCIL CONTROLLED ORGANISATIONS SUBCOMMITTEE

30 MAY 2018

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### 13. WELLINGTON ZOO TRUST

#### ACTIVITY SUMMARY

##### Highlights this quarter

- In terms of visitor attendance, the Zoo welcomed 68,861 visitors through the gates during Q3 (180,367 YTD) and is 13,664 visitors ahead of this time last year (1 July – 31 March).

The Warehouse Zoofari programme for schools began again this year with 833 students visiting the Zoo so far. During the quarter, a national fund raising campaign for Zoofari was undertaken at The Warehouse with over \$300k raised to be used by the four major zoos across NZ to enable as many children as possible to get hands on conservation learning.

The Zoo once again had excellent support for its visitor events programme during the quarter with record breaking numbers attending:

- 13th annual **Neighbours' Night** in January, held in conjunction with WCC Social Housing, had a record 1,827 community members welcomed to a wild party.
- **Valentine's Night** on 14 February with a best ever number of 786 visitors attending the event.
- **Zoo Twilights** held every Friday night in March had a total of 1,151 visitors over five nights.



*Photo (Mark Coote): Neighbours' Night BBQ January 2018*

The Zoo has started the first breeding programme undertaken in Australasia for Goliath Bird Eating tarantulas. There are only 88 of this endangered species recorded as being held in zoos in the world and nine of these reside at Wellington Zoo with six ready for mating. The first mating has been successful and could result in between 200-500 spiderlings.

Another Cotton Top Tamarin baby was born in January following on from the twins born in May 2017. The cotton-top tamarin is one of the most endangered primates in the world.

**Challenges** this quarter

The unusually high temperatures over summer impacted on electricity and water usage costs which are above budget by \$32,398 however the Trust's financial position remains strong.

**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	1,974	2,003	29 ✓	5,521	6,228	707 ✓	7,218
Total Expenses	1,779	1,686	93 ✓	5,420	5,312	108 ✓	7,218
Net Surplus (Loss)	195	317	122 ✓	101	916	815 ✓	0
<b>FINANCIAL POSITION</b>							
Total Assets	3,434	4,570	1,136 ✓				2,116
Total Liabilities	1,982	1,958	24 ✓				1,161
Equity	1,452	2,612	1,160 ✓				955
<b>CASH FLOWS</b>							
Total Net Cash Flows	1,018	697	321 ✗	927	2,140	1,213 ✓	(388)
Opening Cash	2,281	3,349		2,281	1,906		2,372
Closing Cash	3,299	4,046		3,211	4,046		1,984

In quarter three and on a year-to-date basis, the Zoo is tracking comfortably ahead of budget and is in a sound financial position.

**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  
^ denotes annual target. The Trust reports against its annual targets each quarter.

MEASURE		Q3 31 Mar 17	Q3 31 Mar 18	YTD 31 Mar 18	3 Year Trend
<b>Full costs to Council*</b>	Total	\$1,341,437	\$1,271,172	\$3,883,290	n/a
	\$/visit	\$21.29	\$18.46	\$21.53	
* Council operating grant plus property related cost. Figures recognise the operating grant on an accrued (not payment) basis. This measure is required by Council and includes property costs which the Trust does not control.					
<b>Council Subsidy (\$/visit)</b>	Actual	\$13.33 ✗	\$11.76 ✓	\$13.47 ✓	→
	Target^	\$13.05	\$13.57	\$13.57	
<b>Trading Revenue** (\$/visit)</b>	Actual	\$18.33 ✓	\$15.48 ✗	\$18.25 ✓	→
	Target^	\$15.94	\$16.26	\$16.26	

# COUNCIL CONTROLLED ORGANISATIONS SUBCOMMITTEE 30 MAY 2018

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

**\*\* Revenue per visit excludes interest, Council and other grants.**

Steady trading performance in Q3 built on the strong Q2 performance which keeps this measure comfortably above the YTD target.

<b>Percentage Operating Costs Generated by the Trust</b>	Actual	66% ✓	70% ✓	<b>62% ✓</b>	→
	Target <sup>^</sup>	55%	54%	<b>54%</b>	

Exceeding target due to the strong Q3 and YTD trading performance.

<b>Trust Generated Income as Percentage of the Council's grant</b>	Actual	150% ✓	146% ✓	<b>135% ✓</b>	→
	Target <sup>^</sup>	122%	122%	<b>120%</b>	

Exceeding target due to the strong Q3 and YTD trading performance.

<b>Visitors</b>	Actual	62,997 ✗	68,861 ✓	<b>180,367 ✓</b>	↗
	Target	65,310	68,694	<b>179,357</b>	

Visitation is tracking on target.

<b>Zoo School (LEOTC) Visits</b>	Actual	3,133	2,015	<b>8,082</b>	→
	Target <sup>^</sup>	10,000	10,500	<b>10,500</b>	

Education visits are expected to meet the full year target.

<b>Percentage of native patient successful released to the wild after treatment in the Nest Te Kōhanga</b>	Actual	47% ✗	74.5% ✓	<b>74.5% ✓</b>	→
	Target <sup>^</sup>	>55%	>55%	<b>&gt;55%</b>	

Comfortably above the Zoo's target.

The Zoo is tracking very close to its visitation targets and its financial and operating performances are comfortably above target on a YTD basis and expected to remain so for the full year.

## ISSUES & OUTLOOK

No issues to note.

## Attachments

Attachment 1.	Basin Reserve Q3 Report 31-Mar-2018 <a href="#">↓</a>	Page 28
Attachment 2.	Karori Sanctuary Trust Q3 Report 31-Mar-2018 <a href="#">↓</a>	Page 44
Attachment 3.	Wellington Cable Car Ltd Q3 Report 31-Mar-2018 <a href="#">↓</a>	Page 74
Attachment 4.	Wellington Museums Trust Q3 Report 31-Mar-2018 <a href="#">↓</a>	Page 89
Attachment 5.	WREDA Q3 Report 31-Mar-2018 <a href="#">↓</a>	Page 104
Attachment 6.	Wellington Zoo Trust Q3 Report 31-Mar-2018 <a href="#">↓</a>	Page 145

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## **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**  
**STATEMENT OF FINANCIAL PERFORMANCE**  
**For the period ended: 31 March 2018**

	Actual Q3 2018 (\$ 000's)	Budget Q3 2018 (\$ 000's)	Variance Q3 2018 (\$ 000's)	Actual YTD 2018 (\$ 000's)	Budget YTD 2018 (\$ 000's)	Variance YTD 2018 (\$ 000's)	Budget FY 2018 (\$ 000's)	Actual Q3 2017 (\$ 000's)
<b>Revenue</b>								
Council funding	263	249	14	565	574	(9)	629	268
Grants other	1	-	1	3	-	3	-	41
Sales of goods and services	148	98	50	282	255	27	278	188
Interest revenue	-	1	(1)	-	3	(3)	4	-
<b>Total Revenue</b>	<b>412</b>	<b>348</b>	<b>64</b>	<b>850</b>	<b>832</b>	<b>18</b>	<b>911</b>	<b>497</b>
<b>Expenses</b>								
Depreciation of property, plant and equipment	29	30	1	88	90	2	120	28
Costs related to providing goods and services	232	166	(66)	558	505	(53)	608	300
Other expenses	28	35	7	86	91	5	135	34
<b>Total Expenses</b>	<b>289</b>	<b>231</b>	<b>(58)</b>	<b>732</b>	<b>686</b>	<b>(46)</b>	<b>863</b>	<b>362</b>
<b>Surplus/(Deficit) for the Year</b>	<b>123</b>	<b>117</b>	<b>6</b>	<b>118</b>	<b>146</b>	<b>(28)</b>	<b>48</b>	<b>135</b>

**BASIN RESERVE TRUST**  
**STATEMENT OF FINANCIAL POSITION**  
**As at 31 March 2017**

	Actual YTD 2018	Budget YTD 2018	Variance YTD 2018	Budget FY 2018	Actual Q3 2017
	(\$ 000's)	(\$ 000's)	(\$ 000's)	(\$ 000's)	(\$ 000's)
<b>Assets</b>					
<b>Current Assets</b>					
Bank accounts and cash	255	112	143	80	210
Debtors and prepayments	68	163	(95)	166	92
<b>Total Current Assets</b>	<b>323</b>	<b>275</b>	<b>48</b>	<b>246</b>	<b>302</b>
<b>Non-Current Assets</b>					
Property, plant and equipment	589	624	(35)	594	633
<b>Total Non-Current Assets</b>	<b>589</b>	<b>624</b>	<b>(35)</b>	<b>594</b>	<b>633</b>
<b>Total Assets</b>	<b>912</b>	<b>899</b>	<b>13</b>	<b>840</b>	<b>935</b>
<b>Liabilities</b>					
<b>Current Liabilities</b>					
Creditors and accrued expenses	201	85	(116)	125	157
Unearned income	1	-	(1)	-	5
<b>Total Current Liabilities</b>	<b>202</b>	<b>85</b>	<b>(117)</b>	<b>125</b>	<b>162</b>
<b>Total Liabilities</b>	<b>202</b>	<b>85</b>	<b>(117)</b>	<b>125</b>	<b>162</b>
<b>Total Assets less Total Liabilities</b>	<b>710</b>	<b>814</b>	<b>(104)</b>	<b>715</b>	<b>773</b>
<b>Trust Equity</b>					
Contributed capital	-	-	-	-	-
Accumulated surpluses	710	814	(104)	715	773
<b>Total Trust Equity</b>	<b>710</b>	<b>814</b>	<b>(104)</b>	<b>715</b>	<b>773</b>

## COUNCIL CONTROLLED ORGANISATIONS SUBCOMMITTEE

30 MAY 2018

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Wellington City Council

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**BASIN RESERVE TRUST**  
**STATEMENT OF CASH FLOWS**  
For the period ended: 31 March 2018

	Actual Q3 2018 (\$ 000's)	Budget Q3 2018 (\$ 000's)	Variance Q3 2018 (\$ 000's)	Actual YTD 2018 (\$ 000's)	Budget YTD 2018 (\$ 000's)	Variance YTD 2018 (\$ 000's)	Budget FY 2018 (\$ 000's)	Actual Q3 2017 (\$ 000's)
<b>Cash Flows from Operating Activities</b>								
Receipts of council funding	263	229	34	567	521	46	579	247
Receipts of grants other	1	-	1	3	-	3	-	41
Receipts from sale of goods and services	213	52	161	292	109	183	178	229
Interest receipts	-	1	(1)	-	3	(3)	4	-
Payments to suppliers and employees	(256)	(183)	(73)	(588)	(486)	(102)	(613)	(324)
GST (net)	5	18	(13)	17	(10)	27	(42)	(8)
<b>Net Cash Flows from Operating Activities</b>	<b>226</b>	<b>117</b>	<b>109</b>	<b>291</b>	<b>137</b>	<b>154</b>	<b>106</b>	<b>185</b>
<b>Cash Flows from Investing and Financing Activities</b>								
Receipts from unearned income	-	-	-	-	-	-	-	(125)
Payments to acquire property, plant and equipment	(11)	(25)	14	(64)	(50)	(14)	(50)	(84)
<b>Net Cash Flows from Investing and Financing Activities</b>	<b>(11)</b>	<b>(25)</b>	<b>14</b>	<b>(64)</b>	<b>(50)</b>	<b>(14)</b>	<b>(50)</b>	<b>(209)</b>
<b>Net Increase/(Decrease) in Cash for the Year</b>	<b>215</b>	<b>92</b>	<b>123</b>	<b>227</b>	<b>87</b>	<b>140</b>	<b>56</b>	<b>(24)</b>
Add opening bank accounts and cash	40	19	21	28	24	4	24	234
<b>Closing Bank Accounts and Cash</b>	<b>255</b>	<b>111</b>	<b>144</b>	<b>255</b>	<b>111</b>	<b>144</b>	<b>80</b>	<b>210</b>

**BASIN RESERVE TRUST  
STATEMENT OF FINANCIAL PERFORMANCE  
For the period ended: 31 March 2018**

	Actual	Budget	Variance	Annual Budget
	\$	\$	\$	\$
<b>Revenue</b>				
Council funding	564,728	573,993	(9,265)	628,993
Grants other	2,625	-	2,625	-
Sales of goods and services	281,986	255,000	26,986	278,000
Interest revenue	149	2,900	(2,751)	3,500
<b>Total Revenue</b>	<b>849,488</b>	<b>831,893</b>	<b>17,595</b>	<b>910,493</b>
<b>Expenses</b>				
Depreciation of property, plant and equipment	87,168	90,000	2,832	120,000
Costs related to providing goods and services	557,889	504,650	(53,239)	608,300
Other expenses	85,860	90,820	4,960	134,625
<b>Total Expenses</b>	<b>730,917</b>	<b>685,470</b>	<b>(45,447)</b>	<b>862,925</b>
<b>Surplus/(Deficit) for the Year</b>	<b>118,571</b>	<b>146,423</b>	<b>(27,852)</b>	<b>47,568</b>

**BASIN RESERVE TRUST**  
**STATEMENT OF FINANCIAL POSITION**  
**As at 31 March 2018**

	Actual	Budget	Variance	Annual Budget
	\$	\$	\$	\$
<b>Assets</b>				
<b>Current Assets</b>				
Bank accounts and cash	254,770	111,456	143,314	79,633
Debtors and prepayments	68,561	163,269	(94,708)	166,137
<b>Total Current Assets</b>	<b>323,331</b>	<b>274,725</b>	<b>48,606</b>	<b>245,770</b>
<b>Non-Current Assets</b>				
Property, plant and equipment	589,152	624,429	(35,277)	594,429
<b>Total Non-Current Assets</b>	<b>589,152</b>	<b>624,429</b>	<b>(35,277)</b>	<b>594,429</b>
<b>Total Assets</b>	<b>912,483</b>	<b>899,154</b>	<b>13,329</b>	<b>840,199</b>
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Creditors and accrued expenses	200,767	85,460	(115,307)	125,360
Income received in advance	-	-	-	-
Unearned income	1,698	-	(1,698)	-
<b>Total Current Liabilities</b>	<b>202,465</b>	<b>85,460</b>	<b>(117,005)</b>	<b>125,360</b>
<b>Total Liabilities</b>	<b>202,465</b>	<b>85,460</b>	<b>(117,005)</b>	<b>125,360</b>
<b>Total Assets less Total Liabilities</b>	<b>710,018</b>	<b>813,694</b>	<b>(103,676)</b>	<b>714,839</b>
<b>Trust Equity</b>				
Contributed capital	100	100	-	100
Accumulated surpluses	709,918	813,594	(103,676)	714,739
<b>Total Trust Equity</b>	<b>710,018</b>	<b>813,694</b>	<b>(103,676)</b>	<b>714,839</b>

**BASIN RESERVE TRUST  
STATEMENT OF CASH FLOWS  
For the period ended: 31 March 2018**

	Actual	Budget	Variance	Annual Budget
	\$	\$	\$	\$
<b>Cash Flows from Operating Activities</b>				
Receipts of council funding	566,599	520,593	46,006	578,993
Receipts of grants other	2,289	-	2,289	-
Receipts from sale of goods and services	291,800	108,850	182,950	178,000
Interest receipts	149	2,900	(2,751)	3,500
Payments to suppliers and employees	(588,258)	(485,512)	(102,746)	(612,925)
GST (net)	17,562	(9,500)	27,062	(42,060)
<b>Net Cash Flows from Operating Activities</b>	<b>290,141</b>	<b>137,331</b>	<b>152,810</b>	<b>105,508</b>
<b>Cash Flows from Investing and Financing Activities</b>				
Payments to acquire property, plant and equipment	(63,196)	(50,000)	(13,196)	(50,000)
<b>Net Cash Flows from Investing and Financing Activities</b>	<b>(63,196)</b>	<b>(50,000)</b>	<b>(13,196)</b>	<b>(50,000)</b>
<b>Net Increase/(Decrease) in Cash for the Year</b>	<b>226,945</b>	<b>87,331</b>	<b>139,614</b>	<b>55,508</b>
Add opening bank accounts and cash	27,825	24,125	3,700	24,125
<b>Closing Bank Accounts and Cash</b>	<b>254,770</b>	<b>111,456</b>	<b>143,314</b>	<b>79,633</b>

**BASIN RESERVE TRUST  
STATEMENT OF FINANCIAL PERFORMANCE  
FOR THE PERIOD ENDED 31 MARCH 2018**

<b>Income</b>	<b>Actual</b>	<b>Budget</b>	<b>Variance</b>	<b>Annual Budget</b>
<b>Grant Income</b>				
Grant Wellington City Council	564,728	573,993	(9,265)	628,993
Grant Other	2,625	-	2,625	-
	<u>567,353</u>	<u>573,993</u>	<u>(6,640)</u>	<u>628,993</u>
<b>Ground Hire Income</b>				
Ground Hire International Cricket	159,900	95,000	64,900	95,000
Ground Hire Domestic Cricket	72,500	58,000	14,500	58,000
Ground Hire Winter Sports	600	-	600	-
Ground Hire Other Events	28,000	20,000	8,000	20,000
	<u>261,000</u>	<u>173,000</u>	<u>88,000</u>	<u>173,000</u>
<b>Other Income</b>				
Concession Income	19,393	22,000	(2,607)	25,000
Sponsorship	600	60,000	(59,400)	80,000
Donations	-	-	-	-
Picket Fence Income	993	-	993	-
Miscellaneous income	-	-	-	-
	<u>20,986</u>	<u>82,000</u>	<u>(61,014)</u>	<u>105,000</u>
<b>Interest Income</b>				
Interest income	149	2,900	(2,751)	3,500
<b>Total Income</b>	<u><u>849,488</u></u>	<u><u>831,893</u></u>	<u><u>17,595</u></u>	<u><u>910,493</u></u>
<b>Expenditure</b>				
<b>Building Expenses</b>				
Repairs & Maintenance	3,584	18,750	15,166	25,000
Cleaning	950	7,000	6,050	8,000
Electrical Services	3,445	2,250	(1,195)	3,000
Fire System	7,738	5,250	(2,488)	7,000
Painting	4,000	1,500	(2,500)	2,000
Pest Control	5,766	2,250	(3,516)	3,000
Plumbing	1,646	5,000	3,354	5,000
Other	284	350	66	500
	<u>27,413</u>	<u>42,350</u>	<u>14,937</u>	<u>53,500</u>

**BASIN RESERVE TRUST  
STATEMENT OF FINANCIAL PERFORMANCE  
FOR THE PERIOD ENDED 31 MARCH 2018**

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>Annual Budget</u>
<b>Ground Expenses</b>				
Electrical Services	1,669	750	(919)	1,000
Equipment Hire	-	800	800	800
Cleaning	3,745	500	(3,245)	1,000
Irrigation	1,605	500	(1,105)	500
Painting	1,174	7,000	5,826	8,000
Plumbing	3,058	9,000	5,942	10,000
Rubbish Removal	13,433	12,000	(1,433)	15,000
Structures Repairs & Maintenance	17,023	32,000	14,977	40,000
Turf	221,135	225,000	3,865	280,000
Karori Park Operation Contribution	10,000	10,000	-	10,000
	<u>272,842</u>	<u>297,550</u>	<u>24,708</u>	<u>366,300</u>
<b>Occupancy Expenses</b>				
Gas	1,344	5,250	3,906	7,000
Electricity	21,795	17,250	(4,545)	23,000
Rates	23,955	22,500	(1,455)	30,000
Security	10,042	9,000	(1,042)	12,000
Telephones	2,150	2,250	100	3,000
Water Rates	23,935	10,500	(13,435)	12,000
Television	-	6,000	6,000	6,000
Insurance	1,586	7,500	5,914	7,500
Consumables Laundry & Toilet	15,757	7,500	(8,257)	10,000
	<u>100,564</u>	<u>87,750</u>	<u>(12,814)</u>	<u>110,500</u>
<b>Event Running Expenses</b>				
Event Running	150,232	70,000	(80,232)	70,000
Casual Staff	6,838	7,000	162	8,000
	<u>157,070</u>	<u>77,000</u>	<u>(80,070)</u>	<u>78,000</u>
<b>Administration Expenses</b>				
Audit	-	-	-	13,500
Accounting	9,000	9,000	-	12,000
Bank Fees	74	70	(4)	125
Consultants	24,502	20,000	(4,502)	30,000
Management Fee	51,000	51,000	-	68,000
	<u>84,576</u>	<u>80,070</u>	<u>(4,506)</u>	<u>123,625</u>
<b>Other Expenses</b>				
Interest Expense	-	-	-	-
Marketing	969	10,000	9,031	10,000
Miscellaneous	88	750	662	1,000
Picket Fence Expenses	227	-	(227)	-
	<u>1,284</u>	<u>10,750</u>	<u>9,466</u>	<u>11,000</u>

**BASIN RESERVE TRUST**  
**STATEMENT OF FINANCIAL PERFORMANCE**  
**FOR THE PERIOD ENDED 31 MARCH 2018**

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>Annual Budget</u>
Depreciation Expense				
Depreciation Expense	87,168	90,000	2,832	120,000
	87,168	90,000	2,832	120,000
<b>Total Expenditure</b>	<u>730,917</u>	<u>685,470</u>	<u>(45,447)</u>	<u>862,925</u>
<b>Net Surplus (Deficit) for the Period</b>	<u>118,571</u>	<u>146,423</u>	<u>(27,852)</u>	<u>47,568</u>

**BASIN RESERVE TRUST  
MANAGEMENT ACCOUNTS COMMENTARY  
FOR THE PERIOD ENDED 31 MARCH 2018**

**Income**

1. Grant Wellington City Council - Grant for the Q1 2017/18 Turf Management was not as large as envisaged due to the Turf Costs for the quarter being lower than anticipated.
2. Ground Hire International Cricket - Didn't budget for two ODI's.
3. Ground Hire Domestic Cricket - Didn't budget for as busy a domestic season as has occurred.
4. Ground Hire Other Events - Didn't budget for the Beers at the Basin Income.
5. Sponsorship - Budgeted to receive income from sponsorship.
6. Building Repairs & Maintenance - Haven't spent as much on maintenance in the half due to capital upgrade being undertaken by Council.
7. Building Cleaning - Haven't spent as much on cleaning as budgeted for.
8. Ground Painting - Haven't spent as much on painting as budgeted for.
9. Ground Plumbing - Haven't spent as much on plumbing as budgeted for.
10. Structures Repairs & Maintenance - Haven't spent as much as budgeted for.
11. Water Rates - Higher than budgeted due to the lack of rain over the summer.
12. Television - Haven't spent as much on televisions as budgeted for.
13. Insurance - Budgeted for cost of insuring the LED screen, which won't eventuate.
14. Consumables Laundry & Toilet - Have been billed in the second quarter for some expenditure that occurred last year that was never invoiced then.
15. Event Running - Has cost more to host events than was envisaged when the budget was set and didn't budget for two ODI's.
16. Marketing - Didn't host as many people at the International games as budgeted for.



## Report to the Wellington City Council CCO Performance Committee Third Quarter ended 31 March 2018

# LIVING WITH NATURE



**A PLACE THAT TREASURES**  
HE WĀHI TAONGA



**A PLACE THAT ENGAGES**  
HE WĀHI HUIHUINGA



**A PLACE FOR LEARNING**  
HE WĀHI MĀTAURANGA



**A PLACE THAT EMPOWERS**  
HE WĀHI WHAKAMANA

### Highlights

- 42,151 people visited ZEALANDIA during the quarter, up 14% on the same quarter last year.
- Over the quarter, we focused on improving the visitor experience through a greater focus on guided tours. 8,174 people learned about our mission via a guided tour experience, up 38% on last year.
- We launched the Centre for People and Nature in January with the aim of generating the new knowledge that we need to create extraordinary, nature-rich cities, in line with our 20-year strategy, Living with Nature.
- Our delivery of the Predator Free Wellington Schools programme began during the quarter, with workshops engaging 21 schools and over 100 students and teachers.
- As part of the review of our Restoration Strategy, the Conservation team held four successful workshops, each focused on a different theme: wetlands, birds, forest flora, and invertebrates.
- We were awarded the 'highly commended' status at the Love Cycling Awards and a semi-finalist position in the 2018 New Zealander of the Year Awards.
- We announced a new partnership with Meridian to replace our diesel shuttle minibus with two fully electric passenger equivalents. These will be in place mid-year and are the first of their kind in New Zealand.



Predator Free Schools Programme trapping workshop March 2018.  
Photo: George Hobson

## VISITOR EXPERIENCE



A PLACE THAT ENGAGES  
HE WĀHI HUIHUINGA

Our visitor numbers continue their upward trend – we hosted 42,151 visitors in the third quarter, up from 36,921 in the same quarter last year, an increase of 14%. Year to date visitor numbers of 101,590 are the highest ever visitor numbers for the nine month period July to March.

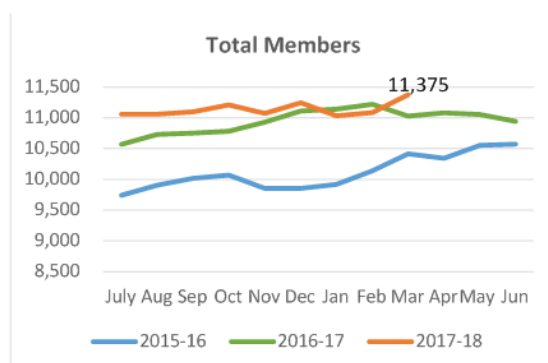
Over the summer season, the number of visitors from outside the region increased – 57% of our visitors are from overseas predominately from Australia (12%), North America (10%) and Europe (25%).

### Visitor Comments – enjoyed most

“Overall I was so impressed by ZEALANDIA. It was the highlight of my trip to New Zealand. I learned so much about the efforts to protect the native animals as well as why the protection was needed. We were lucky enough to see kiwis, kaka, tuatara, weta, and more other birds than I can remember!”

“As a person who used to run through the area before the fence was erected, I was impressed with the effect of the sanctuary. The nesting shags was a surprise.”

“I was very impressed by the engagement, the enthusiasm of the guide and his assistance to make clear to us the vision of ZEALANDIA... the measures taken to protect New Zealand's animals and plants and to ensure they survive in a changing world. I sincerely hope your visions become true.”



### Paid Admissions by visitor origin

Region	Q1	Q2	Q3
Local	42%	26%	26%
Rest of North Island	17%	15%	12%
South Island	7%	7%	5%
Australia	8%	13%	12%
Asia Pacific	5%	5%	4%
Europe	13%	19%	25%
United States & Canada	6%	12%	10%
Rest of the World	2%	3%	6%

### Tours

Our guided tours aim to connect people with nature and inspire people to action. We have focused on expanding our guided tour offerings through both our day and night tours. This year the number of visitors experiencing ZEALANDIA through a guided tour has increased 56% to 15,601. The number of cruise ship passengers prebooking guided tours also increased by 20% to 4,383 despite 7 fewer cruise ships this season. In addition to our guided tours we continue to offer our short intro walk and talks for visitors.

## PARTNERSHIPS AND EVENTS

### Sustainability Partnership

We announced a new partnership with Meridian to replace our diesel shuttle minibus with two fully electric passenger equivalents. These will be in place mid-year and are the first of their kind in New Zealand.



**A PLACE THAT ENGAGES**  
HE WĀHI HUIHUINGA

### Great ZEALANDIA Easter Egg Hunt

The Great ZEALANDIA Easter Egg Hunt encourages families to explore the sanctuary together, and take part in an exciting and educational activity. Over 4,000 visitors took part during the four-day event and admission was free for children under 18.

This year, we went beyond digital, including a strong print and radio presence. We had advertising and editorial in the Dominion Post, Our Wellington, Capital Magazine, and other community publications. More FM promoted the event with multiple plugs leading up to the hunt and a team on-site offering prizes, and generating hype.



Investigating the clues in the 2018 Great ZEALANDIA Easter Egg Hunt. Photo Credit: George Hobson

It is important that ZEALANDIA's events align with our sustainability goals. Supporting this, Whittaker's generously donated palm-oil free and locally made chocolate as prizes for the event.

## AWARDS

We were awarded the 'highly commended' status at the Love Cycling Awards in March, mainly due to our e-bike infrastructure and bike stands. Our contribution to the community has been recognised with a semi-finalist position in the 2018 New Zealander of the Year Awards.

## MEDIA

We continue to gain media exposure across the globe, with 21 appearances across national and international media. Most notable was Emma Marris's article for National Geographic which highlighted the impact of ZEALANDIA in Wellington. Nationally, we had coverage in the NZ Herald, TVNZ, Stuff, Newshub, Radio NZ, and local news outlets.



## FINANCIAL SUSTAINABILITY



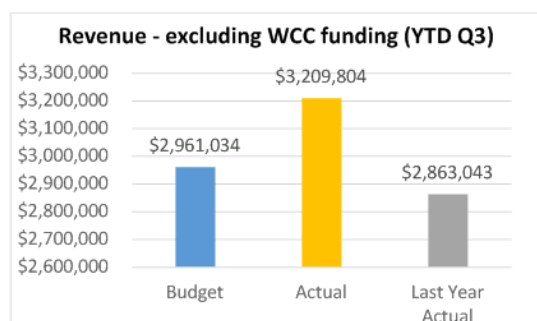
### Revenue

Overall, revenue performance (excluding the WCC funding) is \$3,209,804 against a budget of \$2,961,034. Revenue year to-date is \$346,761 higher than last year at the end of quarter three.

**A PLACE THAT TREASURES  
HE WĀHI TAONGA**

The annual WCC grant is projected to be 17% of forecasted revenue for 2017/18, this compares with 20% for the 2016/17 year and 21% for the 2015/16 year.

We have been successful in a number of fundraising opportunities, a grant from EECA and support from Meridian has been confirmed for \$240,000 to purchase two new fully electric minibuses to replace our diesel shuttles in mid 2018.

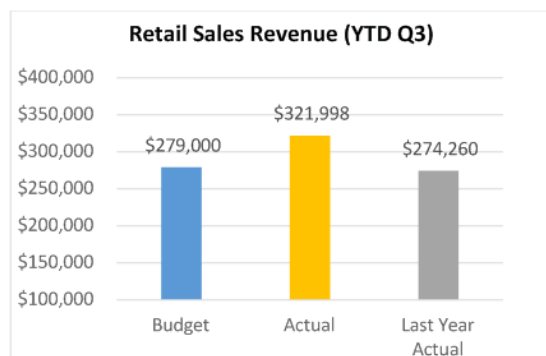


### Operating Surplus (Deficit)

The quarter three to-date result for Operating Surplus (Deficit) before Depreciation is tracking favourably by \$198,917 mainly due to higher than budgeted Tour sales of \$68,686 and Admissions revenue of \$161,070.

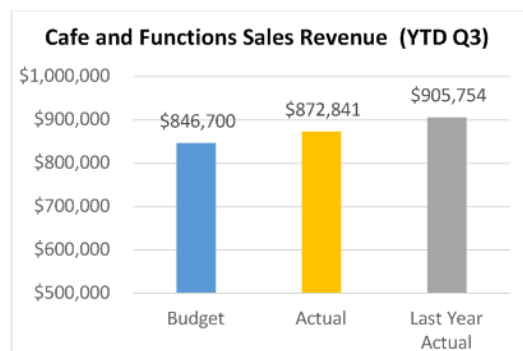
### Retail

Year to date Retail sales are up 17% on last year mainly due to higher paid visitor admissions during the year.



### Café and Functions

Compared to budget, Café and Function sales are up 3%.



## STRATEGY & GOVERNANCE

The plans to relocate the Brierley Pavilion to a site on Waiapu Road are progressing well, subject to resource and building consents being granted.

The Guardians are working with WCC to recommend two new Board members to WCC in May for appointment later in the year. Steve Thompson and Denise Church each complete six year terms on the Board in June and December respectively.



**A PLACE THAT TREASURES**  
HE WĀHI TAONGA

## VOLUNTEERS

### Lead Ranger Volunteer Development on board

The new Lead Ranger Volunteer Development began in the role in February. This role focuses on opportunities and initiatives to grow our volunteer base and engagement. It also works with our volunteer leaders to support and enhance the huge contribution made by volunteers to ZEALANDIA's operations and ongoing success.



**A PLACE THAT EMPOWERS**  
HE WĀHI WHAKAMANA

### Victoria University Welcome Event for first year students

A team of staff and junior ambassadors promoted ZEALANDIA to first year students at the University's Open Day on Friday 2 March. Information was provided about ZEALANDIA's volunteering opportunities which allow students to become involved in volunteering while gaining credits towards the Victoria Plus service and leadership programme.



ZEALANDIA educators and junior ambassadors talking conservation and volunteering with first-year students at Victoria University's open day

## EDUCATION

### Predator Free Wellington Schools

Our formal delivery of the Predator Free Wellington Schools programme began at the end of February, with workshops engaging 21 schools and over 100 students and teachers. The launch was covered in national media by Newshub.



**A PLACE FOR LEARNING**  
HE WĀHI MĀTAURANGA

The programme ensures a pathway from early education right through to secondary schools. Predator Free Wellington Schools is currently being rolled out in Miramar and Tawa with plans to add more schools with time. We are delivering Predator Free Wellington Schools to early education centres, primary schools and intermediate schools.

### Youth Development

Our Senior Secondary Ambassador programme aims to provide a pathway for senior secondary students, who are interested in being involved in conservation, to gain the skills and confidence to be conservation leaders in the community both now and in the future. We now have six new Senior Ambassadors, joining the existing six Junior Ambassadors.



Our six new Senior Secondary Ambassadors  
Photo: ZEALANDIA

The calibre of the young people selected this year is outstanding. These new ambassadors are from a range of schools and were picked from a very high quality group of applicants. They will be involved in events and training very similar to the existing Junior Ambassadors; they have already represented ZEALANDIA at community events at Te Papa and Pest Free Tawa.

### 2018 Schools Programme

The schools programme for 2018 got underway this quarter. Delivery of our annual LEOTC target numbers are on track, but show a noticeable difference this quarter in the increase in engagement of secondary schools, which has almost doubled amongst senior class groups. This is a reflection of the positive engagement gained from the Biology Teachers workshop run at the end of last year.

## CONSERVATION

### *Review of our Restoration Strategy*

We are currently reviewing our Restoration Strategy to guide our efforts for the next 10 years. Our new Restoration Strategy is being developed following several key principles to ensure it is cutting edge, science based and involves key partners from across New Zealand:



**A PLACE THAT TREASURES  
HE WĀHI TAONGA**

- **Collaborative:** drawing on experts to help develop Strategy content.
- **Building our foundation in te ao Māori:** working with iwi to ensure our strategy is rooted in te ao Māori, and that our actions are guided by mātauranga Māori as well as a 'western' science perspective.
- **Looking after what we have:** we can only succeed with our ambitions if we look after what we have already created, and this will be a core part of our future plans.
- **Building ecosystem resilience:** Te Māra a Tāne (the valley) will face many challenges in the future. We already see the effects of climate change with altered weather patterns and resulting management challenges. The key science-based approaches to deal with these challenges include enhancing ecosystem resilience through improving 'function', and reducing threats to biodiversity to enhance its capacity to adapt.
- **Thinking 'beyond the fence':** We are not constraining our thinking through the development process. We have already seen a number of bird species such as kākā survive beyond the fence. What other species might be possible with ZEALANDIA as a nursery?

### *Sanctuary to Sea Kia Mauriora te Kaiwharawhara*

Sanctuary to Sea is a whole-of-catchment restoration project focused on the Kaiwharawhara catchment. This project starts within the fence with the restoration of the headwaters of the catchment, and extends through Otari-Wilton's Bush to the harbour. It involves over 30 groups including councils, community groups, businesses and NGOs. This quarter we have focused on iwi and public engagement.

A Whānau Day was held with 40 people from Te Atiawa Taranaki Whānui travelling the Kaiwharawhara water catchment by bus. The goal was to provide an opportunity to reconnect with the awa (river) and learn about the challenges in urban freshwater environments.

Outlines of the project were presented at two public talks this quarter, the Wellington Water Three Waters quarterly meeting and the Probus Club AGM.

### *Other conservation news*

The bird breeding season has seen mixed success, with the early hot and dry weather contributing to a number of nest failures particularly for hihi (stitchbirds). This kind of natural variation cannot be managed, but we anticipate that our populations are sufficient to bounce back from this kind of issue.

We completed our second season of spotted skink monitoring this quarter. This species was translocated into the sanctuary in 2016, and we were particularly excited to detect a number of pregnant females which is a great sign for the success of the project.



Pregnant spotted skink found during post-translocation monitoring. Photo: ZEALANDIA

In partnership with Department of Conservation, monitoring for bats was conducted over the summer. The last bats were detected in 2007, but we needed to check whether they had re-established to ensure any necessary management could occur. Unfortunately there is still no sign, but we hope that by providing the right habitat they might return in future years.

Our war on weeds continues! This year the Weed Team's main focus is on sycamore (*Acer pseudoplatanus*) in the sanctuary (as well as ~200 other environmental weeds!).

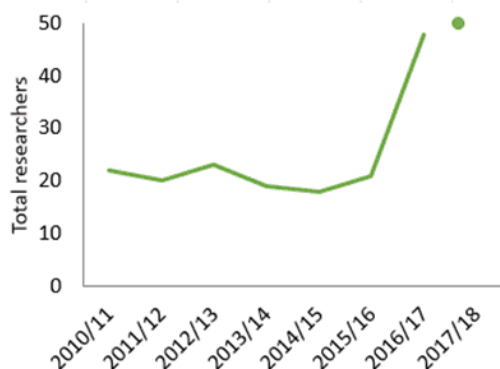
## RESEARCH

The growth of our engagement with researchers continues; this financial year 50 academics or students have undertaken activities associated with ZEALANDIA. The researchers have come from many different disciplines, from music business to the biological sciences. We have significant engagement now from across the globe. These researchers are carrying out projects that range from blue sky discovery, through to testing solutions for practical problems encountered in conservation.



**A PLACE THAT ENGAGES**  
**HE WĀHI HUIHUINGA**

**Number of researchers engaged at ZEALANDIA**



**Locations of Associated Research Institutions**



Over the last quarter we have been particularly excited at the prospect of a partnership with PhD student Amber McEwan (Victoria University of Wellington - VUW) who is exploring the possibility of a kākahi (freshwater mussel) project in ZEALANDIA's upper lake. This project will provide a significant opportunity to engage iwi in translocation and monitoring activities (kākahi is an important mahinga kai species) while conducting rigorous research on the first modern translocation of these 'at risk' species. It will form a key function in ZEALANDIA's ecosystem with regard to enhancing water quality.



Kākahi (freshwater mussel).  
Photo: Leon Berard

ZEALANDIA is playing a key leadership role alongside VUW in the Society for Conservation Biology Oceania international conference, 2-6 July 2018. The theme is 'conservation in a changing world'. This Society is the most subscribed for by conservation researchers and practitioners, so the conference provides an important opportunity to show case ZEALANDIA's leadership in practical conservation research.

### Centre for People and Nature

We launched the Centre for People and Nature in January with the aim of generating the new knowledge needed to create extraordinary, nature-rich cities, in line with our 20-year strategy, Living with Nature. The Centre will draw from, and build on, our existing work of interdisciplinary research, community engagement and education and learning to create a unique hub for the generation and application of new knowledge.

## MEASUREMENT AGAINST TARGETS IN THE SOI 2017/18

### Non-Financial Performance Measures (Quarterly Targets)

Measure	2017/18 Quarter 3 (Jan – Mar 2018)		2017/18 Annual	
	Actual	Target	Actual (YTD)	Target (YTD)
Visitation	42,151	31,801	101,590	77,010
Education Visits*	1,743	1,195	7,192	6,454

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

### Non-Financial Performance Measures (Annual Targets)

Measure	Actual YTD	Annual Target 2017/18
Individual Members	11,375	10,600
Number of Volunteers	532	>430
Volunteer Satisfaction Survey <sup>1</sup>	-	>80%
Percentage of Satisfied Visitors	97%	>92%

<sup>1</sup>A survey will be completed mid 2018 to assess the level of volunteer satisfaction with ZEALANDIA and reported in the 2017/18 Annual Report

### Financial Performance Measures

Measure	Actual YTD	Annual Target 2017/18
Full cost per visitor (including WCC costs)	Not available <sup>2</sup>	\$18.78
Average subsidy per visit (Total WCC operating grant/all visitors)	\$6.13	\$9.07
Average revenue per visitation (excludes Council & Government grants)	\$30.94	\$26.22
Non-Council Donations/Funding	\$258,918	\$265,000
Net surplus (deficit) before depreciation and tax	\$555,947	\$318,200
Commercial revenue as a % of overall budget	75%	50%
Membership subscription revenue	\$249,125	\$306,000

<sup>2</sup>Awaiting YTD full cost (including WCC costs) figure from WCC.

### MEASUREMENT AGAINST TARGETS IN THE SOI 2017/18

#### Conservation Programme (Annual Targets)

Conservation Measures	Actual YTD	Annual Target	Commentary
<b>Restore missing species to the wild in accordance with the Restoration Strategy</b>			
Number of new animal species transferred	0	0	This year the focus has instead been on taking opportunities for boosting the ZEALANDIA takahē population. The population is now at four, with three new birds arriving this year.
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	11	Hihi, takahē, kākā, bellbird, kākārīki, Maud Island frog, giant wētā, long-fin eel, little spotted kiwi, pāteke. These targets were set prior to the postponement of the rifleman translocation in 2017 so this number will remain at 10 for this financial year.
Number of animal species in the wild actively monitored (assuming 1 new species transferred/annum) <i>*Includes species with ongoing active data collection.</i>	19	11	Hihi, kākā, bellbird, kākārīki, little spotted kiwi, tieke, tūi, whitehead, North Island robin, silvereye, grey warbler, fantail, kererū, kingfisher, bush falcon, tuatara, spotted skink, giant wētā, cave wētā.
Percentage of transferred animal species regarded as self-sustaining (assuming ongoing management)	76%	79%	This target was set prior to the postponement of the rifleman translocation in 2017 so this number will remain at 76% for this financial year.
<b>Maintain or Improve the population status of nationally threatened species present</b>			
Number of threatened species present and breeding successfully	5	4	Fauna: Takahē, hihi and Maud Island frog. Flora: 7 threatened plant species reintroduced to date into the sanctuary, of which 2 are known to successfully flower and fruit.
<b>Manage species held for captive breeding purposes to ensure they remain healthy and breed successfully</b>			
Number of species of held for captive breeding	3	2	Wellington green gecko, forest gecko, Maud Island frog.
<b>Monitor animal pest status, control mice &amp; successfully respond to any incursions</b>			
Mice maintained at levels below or similar to previous years (abundance per 100 trap nights)	1.4	<10	The mouse abundance remains low, we will continue to plan our control operation for July.
Percentage of incursions successfully eradicated	N/A	100%	No incursions identified.
<b>Monitor plant pest status and reduce distribution of environmental weeds (currently 123) within and near the fence perimeter</b>			
Number of pest plant species actively controlled or surveyed	18	44	Weed team began in November 2017 and will complete their season at the end of April 2018.
Number of pest plant species where control has achieved a decline to low levels of infestation in the sanctuary	120	53	Weed team began in November 2017 and will complete their season at the end of April 2018.

**Measures against Strategy Areas**

MEASURE against Strategy Areas	TARGET 2017/18	TRACKING 2017/18
<b>Restoring Te Māra a Tāne and its extending halo of biodiversity</b>		
Assist in the restoration of healthy landscape scale ecosystems through active collaboration in community partnerships wherever appropriate.	Restoration Strategy 2027 updated and revised.	On track. Project planning has been undertaken, and key experts identified and engaged.
	Project based on the restoration of the lower valley streams, wetland and lake established.	On track. This project has been established, and operational planning of the lower lake restoration has begun.
Review the biosecurity strategy for the sanctuary to utilise new technologies emerging from the Predator Free movement.	Biosecurity Strategy updated and revised.	On track. This project has however been scaled back given the rapid emergence of new tools and technologies, and a large scale review will be conducted in two years.
Establish a new monitoring protocol for populations that have now established in the sanctuary.	Identify and draw-up initial plans for the next species translocation consistent with the revised Restoration Strategy.	On track. This project will occur towards the end of the financial year after key species for translocation have been identified.
<b>Building our organisation's capacity to drive transformation</b>		
Building our organisation's capacity to drive transformation	A net surplus before depreciation and tax of \$318,200	The quarter three to-date result for Operating Surplus (Deficit) before Depreciation is tracking favourably by \$198,917 mainly due to higher than budgeted Tour sales and Admissions revenue
	Commercial revenue equating to 50% of overall budget	75% mainly due to higher than budgeted Tour sales of \$68,686 and Admissions revenue of \$161,070
	10,600 members	Tracking above target by 775 with 11,375 members as at 31 March 2018
	Membership subscriptions \$306,000	Year to date income of \$249,125 and expected to meet target by year end
	Full cost per visitor (including WCC costs) \$18.78	Not yet available for third quarter
	Average WCC subsidy per visitor \$9.07	Tracking favourably to target at \$6.13 for third quarter
	Average revenue per visit \$26.22	Tracking favourably to target at \$30.94 for third quarter
	Non-Council Donations/Funding \$265,000	Year to date income of \$258,918 and expected to meet target by year end
<b>Creating inspiring, accessible experiences and change through example and shared passion for action</b>		
Expand our influence beyond the fence to support the broader community in their restoration efforts.	Visitor numbers – 96,500 separate visitations with breakdown of visitor demographics	Year to date visitation total of 101,590 now exceeds the target number of 96,500 visitors.
Improve the signage, including interpretation and way-finding in the valley to enhance the visitor experience.	8,650 education visitors	On track. The Education team hosted 1,743 education visits for the third quarter, and 7192 in the year to date.

Page 11

MEASURE against Strategy Areas	TARGET 2017/18	TRACKING 2017/18
Explore technological options for enhancing the visitor experience, with wi-fi as a platform.	Visitor experience – ZEALANDIA achieves a satisfied visitor rating of 92% or greater	Overall visitor experience as measured by Get Smart is on track at 97%.
	Continue to improve accessibility and work to attain the Be.Accessible Gold rating.	In 2015/16 we were awarded the Be. Accessible Silver accreditation (up from Bronze in the previous year), and we are now working towards achieving Gold status through implementation of the recommendations in their last report.
	Maintain > 430 volunteers, with the establishment of new avenues for people to volunteer	On track. A new Lead Ranger Volunteer Development has been recruited, and planning is underway for new opportunities and initiatives.
	> 80% of volunteers are satisfied with their relationship with ZEALANDIA	The volunteer survey will be conducted shortly and reported in the annual report 2017/18.
Forming strong and enduring local, national and international partnerships based on shared goals		
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 in restoring people's connection with our natural heritage.	Capability developed to enable closer partnerships with iwi and integration of Mātauranga Māori in line with the cultural audit report recommendations.	On track. A first iwi open day was held to welcome mana whenua back to the catchment area and to ZEALANDIA, and more are planned.
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.	New researchers across multiple disciplines engaged with the sanctuary.	On track. We have had significant engagement in our research programme, with over 50 researchers currently engaged (including researchers from Biological Sciences, Environmental Sciences, Engineering, Tourism/Business and Landscape Architecture).
We will develop collaborative projects with other sanctuaries nationally to address key conservation management issues as appropriate.	Plans for future translocations into ZEALANDIA and predator free suburbs advanced.	On track. We are engaging with Predator Free Wellington through supervision of relevant students, and also through exploring options for reintroductions after the Miramar eradication has been completed.
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		

MEASURE against Strategy Areas	TARGET 2017/18	TRACKING 2017/18
<b>Embracing Mātauranga Māori and other knowledge frameworks</b>		
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.	Implementation of the agreed recommendations from the cultural audit	On track. Mātauranga Māori is being integrated into planning processes for ZEALANDIA projects as part of core business,
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.	Develop and agree plans for a long-term, integrated research programme.	On track. We have a growing number of researchers engaged with the sanctuary, through multiple different disciplines. Our research focus is on biological questions to help inform management, but also tourism, education, and volunteer motivations.
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.	Engage with other VUW faculties to broaden the interdisciplinary research focus.	On track. The researchers interacting with the sanctuary currently come from five VUW schools or departments.
<b>Being a hub where people of all ages can learn, create new knowledge and share their insights and understanding</b>		
Develop a long-term education strategy to outline ZEALANDIA's 10-year plan for engaging people in life-long learning.	Education strategy 2027 developed, including specific actions and targets for reaching learners of all ages.	On track. Drafting is underway of our long-term Learning and Engagement Strategy to ensure it is fully inclusive of lifelong and informal education, mātauranga Māori and diverse learning needs.
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'.	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.	We are delivering the schools programme for Predator Free Wellington, with a 2018 focus on schools in the Miramar Isthmus and Tawa. This will start a significant push towards the goal of 50% of schools by 2020. 21 schools in the WCC area have been set up in this quarter with their own trapping and tracking programmes, which is a significant step.
	Increased school visits; includes visits to the sanctuary and visits to schools or their 'special places' by education staff.	On track. We are now engaging more schools through workshop type approaches that enable greater impact across a broader area.
Explore opportunities to engage 'hard to reach' age groups and demographic sectors, particularly through partnerships with polytechnic institutions.	Expand the internship programme to provide learning experiences to students across a range of disciplines.	On track. We are building relationships with Victoria University's Awhina Centre to increase engagement and awareness amongst Māori and Pasifika students. We are also exploring new ways to transition ambassadors and students into lasting volunteering.

MEASURE against Strategy Areas	TARGET 2017/18	TRACKING 2017/18
<b>Equipping people with experience and skills for a nature-rich future</b>		
Enhance opportunities available through volunteer programmes to both enrich visitor experience and strengthen our community.	Greater diversity of experiences offered for volunteers, and at least one new 'upskilling' opportunity offered.	We continue to seek funding to support training opportunities for volunteers, and are investigating other upskilling opportunities. The establishment of the senior ambassador programme provides young leaders with a pathway in conservation and real world skills and connections.
Enhance the learning possibilities associated with visiting ZEALANDIA through improvement of the interpretation material within the sanctuary.	A new approach to interpretation is developed and implemented	On track. Funding will be sought to continue interpretation redevelopment projects, in line with the approach taken for the current renewal of the botanical trail.
New ways to experience ZEALANDIA are provided, with a focus on cultural, environmental and creative opportunities.	New ways for visitors to experience ZEALANDIA, for example through cultural or creative means, have been implemented.	On track. The iwi open day welcomed new visitors to ZEALANDIA, and this year's Easter activity was the most popular to date.

## FINANCIAL PERFORMANCE

Detailed financials are attached.

## Profit & Loss

### Karori Sanctuary Trust Inc. For the 3 months ended 31 March 2018

	Mar-18	Dec-17	Sep-17	YTD
<b>Income</b>				
Admissions	574,933	453,445	179,697	1,208,076
Bird Feeders Appeal	535	3,284	14,376	18,196
Care & Preservation Income	5,447	6,496	6,097	18,040
Conservation & Research Grants	3,000	10,000	-	13,000
Education Other Revenue	7,635	3,960	750	12,345
Gain or Loss on Sale of Fixed Assets	(574)	1,466	244	1,136
Interest Income	3,602	21,173	99	24,875
Kakariki Appeal	3,456	-	-	3,456
KBN (Kids by Night) Tours	1,322	370	2,200	3,891
KNW - Kids Night Walks	122	-	120	242
Living Wage WCC Funding	36,250	36,250	36,250	108,750
Low Decile Education Donation	6,000	6,000	6,000	18,000
Major Donors	36,000	15,000	-	51,000
Membership Subscriptions	94,292	93,929	60,904	249,125
Non-LEOTC Sleepovers & Night Tours	1,348	1,335	-	2,683
Other Grants & Donations	35,190	45,016	35,593	115,799
Other Operating Revenue	15,743	16,595	22,254	54,592
Rifleman Transfer	-	-	66	66
Sales of Goods	480,465	453,636	260,616	1,194,717
Sanctuary Care & Preservation Grants	16,250	-	-	16,250
Sanctuary to Sea Project	15,000	-	-	15,000
Shipping Recoveries	20	52	59	130
WCC Grant	208,750	208,750	208,750	626,250
ZBD - Day Tours	110,662	57,084	21,442	189,187
<b>Total Income</b>	<b>1,655,448</b>	<b>1,433,839</b>	<b>855,517</b>	<b>3,944,804</b>
<b>Gross Profit</b>	<b>1,655,448</b>	<b>1,433,839</b>	<b>855,517</b>	<b>3,944,804</b>
<b>Less Operating Expenses</b>				
Additional Cruise Ship Shuttle Hireage	20,640	6,292	-	26,932
Administration & Management	106,189	113,708	130,987	350,884
Ambassadors	2,483	-	781	3,263
Be Accessible & Carbon Zero	3,300	1,800	-	5,100
Biosecurity Consumables	284	-	-	284
Bird Feeders	5,948	-	-	5,948
Board Miscellaneous Expenses	1,130	450	278	1,858
Cafe Refresh Total	-	620	1,235	1,855
CEO - Discretionary Fund	-	113	-	113
Colt Motor Vehicle Expenses	166	193	69	427
Contractors & Consultants - Marketing	-	-	600	600
Cost of Goods Sold	201,517	199,029	117,185	517,730
Education Events	-	317	35	351
Guide Expenses	134	20	7	161

## Profit & Loss

	Mar-18	Dec-17	Sep-17	YTD
Hutt Mana Bush Explorers Programme	-	1,991	226	2,217
Interpretation	-	640	569	1,209
Marketing Equipment	84	163	195	442
Marketing Trade & Tourism	300	2,043	-	2,343
Operational Other	163	124	-	286
Other Operating Expenses	51,440	61,334	37,863	150,637
Partnership Development	-	119	-	119
Personnel	544,408	613,316	539,177	1,696,901
Playing Cards	998	892	743	2,633
Police Checks for Volunteers	204	288	214	706
Restoration Plan	1,808	-	-	1,808
Salaries & Wages - Cafe - Casual	52,688	41,872	16,014	110,574
Salaries & Wages - CLER - Weekend Duty Ops 50%	(5,492)	2,878	2,614	-
Salaries & Wages - Education - Casual	11,442	13,106	11,175	35,722
Salaries & Wages - Function - Casual	2,180	-	-	2,180
Salaries & Wages - Guides	59,127	40,019	20,701	119,847
Salaries & Wages - Retail & Admissions - Casual	17,990	17,573	14,115	49,678
Salaries & Wages - SCaP - Weekend Duty Ops 50%	12,012	2,674	2,614	17,301
Salaries & Wages - Shuttle Drivers - Casual	-	1,396	1,745	3,142
Salaries & Wages - Tourism & Trade	24,626	24,687	22,227	71,541
Salaries & Wages - VE - Casual	1,136	4,513	84	5,734
Salaries & Wages - Visitor Experience	16,908	16,083	25,436	58,428
Salaries & Wages - Weed Management	17,900	9,963	-	27,863
Sanctuary to Sea Project Expenses	6,576	1,010	6,091	13,677
Seminars	-	18	17	36
Shipping Costs	258	-	-	258
SMT - Discretionary Expense Allowance	479	1,524	401	2,404
Tours Equipment	82	2,545	-	2,628
Trade, Tourism, Industry alliances	15	6,726	1,693	8,434
Transport Costs	818	231	923	1,973
Unlocking Curious Minds Expenses	-	-	568	568
Vend Unders & Overs	17	14	(32)	(1)
Website - site	3,758	4,620	2,397	10,775
<b>Interest Paid</b>				
Interest Expense	1,230	1,613	199	3,042
<b>Total Interest Paid</b>	<b>1,230</b>	<b>1,613</b>	<b>199</b>	<b>3,042</b>
<b>Trustees Remuneration</b>				
Board Expenses	22,750	22,750	22,750	68,250
<b>Total Trustees Remuneration</b>	<b>22,750</b>	<b>22,750</b>	<b>22,750</b>	<b>68,250</b>
<b>Total Operating Expenses</b>	<b>1,187,695</b>	<b>1,219,267</b>	<b>981,896</b>	<b>3,388,857</b>
<b>Operating Profit</b>	<b>467,753</b>	<b>214,573</b>	<b>(126,379)</b>	<b>555,947</b>
<b>Non-operating Expenses</b>				
Depreciation Expense	135,810	136,236	136,588	408,634
<b>Total Non-operating Expenses</b>	<b>135,810</b>	<b>136,236</b>	<b>136,588</b>	<b>408,634</b>
<b>Net Profit</b>	<b>331,943</b>	<b>78,337</b>	<b>(262,967)</b>	<b>147,313</b>

## Balance Sheet

### Karori Sanctuary Trust Inc. As at 31 March 2018

31 Mar 2018

#### Assets

<b>Current Assets</b>	
Accounts Receivable	149,141
Cash	1,932,140
Posboss Card Holding Account	7,451
Posboss Cash Holding Account	3,223
Posboss Other Card Holding Account	50
Prepayments	26,200
Stock on Hand	45,038
<b>Total Current Assets</b>	<b>2,163,242</b>
<b>Fixed Assets</b>	
Fixed Assets	2,764,674
<b>Total Fixed Assets</b>	<b>2,764,674</b>
<b>Total Assets</b>	<b>4,927,917</b>

#### Liabilities

<b>Current Liabilities</b>	
Accounts Payable	246,000
Accrued Liability	31,004
Community Trust Loan - Current	91,636
GST	35,734
Payroll Taxes	137,850
Posboss Suspense Account	(455)
Project / Capex Fund	(79,504)
Unearned income	465,631
<b>Total Current Liabilities</b>	<b>927,896</b>
<b>Total Liabilities</b>	<b>927,896</b>
<b>Net Assets</b>	<b>4,000,021</b>

#### Equity

Current Year Earnings	147,313
Retained Earnings	3,852,708
<b>Total Equity</b>	<b>4,000,021</b>

## Statement of Cash Flows

**Karori Sanctuary Trust Inc.**  
**For the 3 months ended 31 March 2018**

	JAN-MAR 2018	OCT-DEC 2017	JUL-SEP 2017
<b>Operating Activities</b>			
Receipts from customers	1,505,148.77	1,264,060.12	849,290.04
Payments to suppliers and employees	(463,451.81)	(456,525.98)	(399,662.00)
Cash receipts from other operating activities	(155,379.34)	(38,086.54)	(53,110.67)
<b>Net Cash Flows from Operating Activities</b>	<b>886,317.62</b>	<b>769,447.60</b>	<b>396,517.37</b>
<b>Investing Activities</b>			
Proceeds from sale of property, plant and equipment	-	-	800.00
Payment for property, plant and equipment	(1,338.15)	(1,334.69)	(32,532.91)
Other cash items from investing activities	1,169.99	(5,692.99)	(14,353.11)
<b>Net Cash Flows from Investing Activities</b>	<b>(168.16)</b>	<b>(7,027.68)</b>	<b>(46,086.02)</b>
<b>Financing Activities</b>			
Other cash items from financing activities	(421,025.44)	(764,271.65)	(293,518.60)
<b>Net Cash Flows from Financing Activities</b>	<b>(421,025.44)</b>	<b>(764,271.65)</b>	<b>(293,518.60)</b>
<b>Net Cash Flows</b>	<b>465,124.02</b>	<b>(1,851.73)</b>	<b>56,912.75</b>
<b>Cash and Cash Equivalents</b>			
Cash and cash equivalents at beginning of period	1,467,015.56	1,468,867.29	1,411,954.54
Cash and cash equivalents at end of period	1,932,139.58	1,467,015.56	1,468,867.29
<b>Net change in cash for period</b>	<b>465,124.02</b>	<b>(1,851.73)</b>	<b>56,912.75</b>



**WELLINGTON CABLE CAR LIMITED**

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

10 May 2018

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

Dear Committee,

**WCCL QUARTERLY REPORT (THIRD QUARTER OF 2017/18, TO 31 MARCH 2018) FOR  
THE WCC CCO COMMITTEE**

**1. Executive Summary**

The WCCL financial results are forwarded for the third quarter ended 31 March 2018. These show a pre-tax, net surplus of \$548k for the quarter compared to a budgeted surplus of \$428k, a positive variance of \$120k. The positive variance is due to the following factors:

1. There has been continued growth in the Cable Car revenue against budget, which for the quarter is ahead of budget by \$44k, being only slightly less than the \$74k positive variance in the second quarter. Given this continued growth, the year to date position has been re-forecast for this quarter;
2. The operational changes put in place in the first quarter, including those to improve cash handling, which resulted in additional costs have continued, but to a reduced extent. As a result, we believe the re-forecasted amount for the remainder of the year reflects an accurate position. Other Cable Car operational costs are tracking on budget, or slightly under budget;
3. Cable Car maintenance work costs are again under budget for the quarter but continue to be slightly over budget for the year given the timing of a number of projects that occurred in the earlier part of the year;
4. The positive impact of the new and updated pole user agreements took effect during this quarter which assisted in the positive variance for sundry income by \$45k; and
5. Another positive variance of \$20k in respect of administrative costs against those budgeted. This is due to careful and diligent cost management put in place by the Company and refining cost structures in planning for the future direction of the Company post the cessation of the overhead division of the business.

The year to date result is tracking equally as positive with a net surplus pre-tax of \$752k compared to a budgeted net surplus of \$477k giving a \$274k positive variance.



**WCCL**  
TRACTION SERVICES

**Absolutely Positively  
Wellington City Council**  
Me Heke Ki Pōneke

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WCCL Third Quarterly Report 2017/18

From a cash flow perspective, given the very positive last two quarters there has been growth in the cash holdings of the Company, with cash reserves of \$3,652k (including the self-insurance fund of \$301k) noting a negative impact of \$222k in future periods from debtors/prepayments less payables and accruals (this having reduced from quarter two).

Given the significant capital replacement costs required for the Cable Car in the coming years, which the asset management plan has highlighted a significant funding shortfall, the Company is maintaining any additional cash reserves until long-term funding is confirmed (or otherwise). However, it is the Company's current intention to manage income (via fare changes) and expenditure as well as debt fund future capital cost requirements; this will mitigate the requirement for Wellington City Council assistance. As part of this long-term planning, the Company has placed \$1m on term deposit with further tranches to be put in place prior to the end of the 2018 financial year.

## 2. SOI / Business Plan Targets

Financial Performance by Division – Quarter 3, 2017/18 (Excluding Tax)					
	Overhead Division	Cable Car	External Activities	Corporate	WCCL Total
Budget	(56,000)	539,000	53,000	(108,000)	428,000
Actual	(57,000)	592,000	102,000	(89,000)	548,000
Variance	(1,000)	53,000	49,000	19,000	120,000

Financial Performance by Division – Year to Date 2017/18 (Excluding Tax)					
	Overhead Division	Cable Car	External Activities	Corporate	WCCL Total
Budget	(169,000)	808,000	163,000	(325,000)	477,000
Actual	(169,000)	969,000	202,000	(251,000)	751,000
Variance	Nil	161,000	39,000	74,000	274,000

Cable Car Patronage Targets – 2017/18 Year					
	1 <sup>st</sup> Qtr	2 <sup>nd</sup> Qtr	3 <sup>rd</sup> Qtr	4 <sup>th</sup> Qtr	Full Year
SOI Target	206,367	293,010	375,962	216,589	1,091,928
Actual	190,600	330,011	391,285		
Variance	(15,767)	37,001	15,323		

Cable Car Reliability Statistics – 2017/18 Year					
	1 <sup>st</sup> Qtr	2 <sup>nd</sup> Qtr	3 <sup>rd</sup> Qtr	4 <sup>th</sup> Qtr	Full Year
SOI Target	>99%	>99%	>99%	>99%	>99%
Actual	99.63%	99.89%	99.86%		
Result	✓	✓	✓		

WCCL Third Quarterly Report 2017/18

### 3. Cable Car

The Cable Car division had another strong quarter for the period ended 31 March 2018 which is pleasing to see. Achieving a result of \$161k (20%) ahead of the growth budget highlights the continued work the team are putting into marketing opportunities and providing a high quality of customer service. The Company is also continuing to work closely with Wellington City Council and other CCO's for opportunities to enhance the visitor experience in Wellington.

At the time of writing, the 2018 cruise ship season has finished which was another very positive year and the Company was able to manage and still deliver a positive experience to all users despite the increased numbers; this was due to forward planning being put in place and changes to processes. Passenger numbers will exceed 1.1 Million this year which is an outstanding result.

In terms of other activities during the third quarter of the year, these include:

- Commencement of planning for the annual Cable Car maintenance shut-down, which includes the maintenance activities that cannot be completed during operating periods.
- Planned maintenance work for the 2018 year all progressing as planned including residual work from the Cable Car lane upgrade being completed
- Continued planning in relation to the future organisational structure of the Company and funding of the rolling stock replacement commencing in 2024 (6 years' time).

### 4. Trolley Bus Network

The actual expenditure incurred for the quarter ended 31 March 2018 is more than the budgeted amount, however this is due to the timing of the expenditure being incurred, given for the year to date position, the expenditure remains significantly less than budgeted. This variance is two-fold, being the timing of the expenditure in relation to the decommissioning of the overhead network but also the project tracking well against budget and asset and scrap income exceeding original expectations. Whilst the Company hopes this will continue throughout the remainder of the project, this position may change if the weather deteriorates.

The physical decommissioning of the network commenced in the second quarter and as at the date of this report the project is progressing well, and in excess of 60% of the network has been decommissioned.

The team also continues to be 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 which will provide a solid base of income when the network is transferred to Wellington City Council post the decommissioning of the overhead network.

Whilst it is great to see the decommissioning project going well, the Company is also working through the planning for the restructure of the overhead division, which has been a loyal and hard-working team for many years.

WCCL Third Quarterly Report 2017/18

**5. External Activities and Corporate**

External income relating to pole user licence charging continues to be ahead of budget given the conclusion of the agreement with Vodafone in Quarter One, along with the increase in Chorus connections given the UFB rollout and pricing adjustments taking effect.

**6. Other Activities**

- 2018/19 Statement of Intent – This was completed and submitted to WCC within the required timelines and the final version post Council feedback is to be submitted imminently to WCC . The period of the Statement of Intent reflects a time of significant change in the Company and its staff.
- Point of sale / financial system integration – This has unfortunately taken longer than expected, however at the time of writing is in the final testing stages so the Company remains hopeful for a full rollout before the end of the financial year.
- The Company has been working with Audit NZ and the onsite interim audit took place during the third quarter. Given the nature of the business in the current year, there are different areas of focus for the current audit.

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 SUBCOMMITTEE

30 MAY 2018

Wellington Cable Car Limited  
Profit and Loss for the Period Ended 31 March 2018

	Actual 2017 - Qtr 3 \$000	Budget 2017 - Qtr 3 \$000	Variance 2017 - Qtr 3 \$000	Actual 2018 - YTD \$000	Budget 2018 - YTD \$000	Variance 2018 - YTD \$000
<b>OVERHEAD DIVISION</b>						
Income	1,509	1,497	12	3,850	5,390	(1,540)
Contractor Operations Costs	0	0	0	862	900	38
Reactive Maintenance	0	13	13	3	38	35
Wellington Cable Car Operations Costs	0	269	269	312	806	494
<b>Total Operating Expenses</b>	<b>0</b>	<b>281</b>	<b>281</b>	<b>1,177</b>	<b>1,743</b>	<b>567</b>
<b>Operating Surplus/Loss before Replacements</b>	<b>1,509</b>	<b>1,216</b>	<b>293</b>	<b>2,673</b>	<b>3,647</b>	<b>(973)</b>
Decommissioning	1,510	1,210	(300)	2,674	3,630	956
Business Case Items	1,510	1,210	(300)	2,674	3,630	956
<b>Total Replacements</b>	<b>1,510</b>	<b>1,216</b>	<b>(295)</b>	<b>2,674</b>	<b>3,647</b>	<b>972</b>
<b>Total Maintenance &amp; Replacement Cost</b>	<b>1,510</b>	<b>1,216</b>	<b>(295)</b>	<b>2,674</b>	<b>3,647</b>	<b>972</b>
Depreciation	56	56	0	168	169	1
<b>Total Expenses</b>	<b>1,566</b>	<b>1,553</b>	<b>13</b>	<b>4,019</b>	<b>5,559</b>	<b>1,540</b>
<b>Overhead Overall Surplus / (Loss)</b>	<b>(57)</b>	<b>(56)</b>	<b>(1)</b>	<b>(169)</b>	<b>(169)</b>	<b>(0)</b>
<b>COMPANY ACTIVITIES DIVISION</b>						
Cable Car Income	1,098	1,053	44	2,558	2,353	205
Cable Car Operations	269	263	(6)	844	786	(57)
Cable Car Maintenance	195	202	7	618	608	(10)
Depreciation - CC	41	50	9	123	150	27
	504	515	11	1,585	1,544	(40)
Electric Bus Income	0	0	0	1	0	1
Electric Bus Operations	0	0	0	0	0	0
Electric Bus Maintenance	2	0	(2)	6	0	(6)
	2	0	(2)	6	0	(6)
<b>Cable Car Operating Surplus / (Loss)</b>	<b>592</b>	<b>539</b>	<b>53</b>	<b>969</b>	<b>808</b>	<b>161</b>
3rd Party Services Net Contribution	3	0	3	(28)	0	(28)
External Pole Work Net Contribution	0	0	0	0	0	0
3rd Party Overhead Projects Net Contribution	0	0	0	0	0	0
Sundry External Income	100	54	45	231	163	68
<b>External Activities Operating Contribution Surplus / (Loss)</b>	<b>103</b>	<b>54</b>	<b>48</b>	<b>202</b>	<b>163</b>	<b>39</b>
<b>Total Company Activities Operating Contribution Surplus / (Loss)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,171</b>	<b>971</b>	<b>200</b>
Administration Expenses	89	108	20	251	325	74
Revaluation of Property, Plant and Equipment						
<b>Company Activities Division Operating Surplus / (Loss)</b>	<b>606</b>	<b>485</b>	<b>121</b>	<b>921</b>	<b>646</b>	<b>275</b>
<b>WELLINGTON CABLE CAR - TOTAL SURPLUS / (LOSS) BEFORE TAX</b>	<b>548</b>	<b>428</b>	<b>120</b>	<b>752</b>	<b>477</b>	<b>274</b>
Tax Expense	154	122	32	211	139	(72)
Subvention Payment	78	0	78	78	0	78
<b>WELLINGTON CABLE CAR - TOTAL SURPLUS / (LOSS) AFTER TAX</b>	<b>317</b>	<b>307</b>	<b>10</b>	<b>463</b>	<b>339</b>	<b>124</b>
<b>The Total Surplus / (Loss) After Tax Consists of:</b>						
Total Income	2,712	2,604	107	6,759	7,906	(1,147)
Total Expenditure	(2,395)	(2,298)	(97)	(6,296)	(7,567)	1,271
	317	307	10	463	339	124
	(6)	0	(6)	0	(6)	0
				0	(0)	0

# COUNCIL CONTROLLED ORGANISATIONS SUBCOMMITTEE

30 MAY 2018

**Wellington Cable Car Limited  
Statement of Financial Position  
As at 31 March 2018**

	2018		2017	
	\$	\$	\$	\$
<b>ASSETS</b>				
<b>Current Assets</b>				
Bank Accounts Total	3,652,410		2,242,675	
Inventory	94,828		374,151	
WIP	8,322		211	
Accounts Receivable less Provision	673,563		478,212	
Sundry Debtors & Prepayments	102,320		137,561	
RWT Deductions	1,586		1,446	
<b>Total Current Assets</b>		4,533,030		3,234,255
<b>Fixed Assets</b>				
Cable Car & Civil Works				
Cable Car Equipment (2%)	7,721,058		7,721,058	
Cable Car Equipment (10%)	871,998		408,629	
Cable Car Tracks & Wires	1,363,778		1,363,778	
Furniture & Fittings	77,928		67,880	
Computer Equipment	279,074		278,673	
Computer Software	204,707		204,707	
Overhead Equipment	79,506		79,506	
Overhead Wire System				
Overhead Motor Vehicles	1,026,849		1,026,849	
Fixed Asset Clearing Account	3,636		463,369	
Accumulated Depreciation	(3,533,051)		(3,017,312)	
<b>Total Fixed Assets</b>		8,095,484		8,597,138
<b>TOTAL ASSETS</b>		12,628,514		11,831,393
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Accounts Payable	89,578		361,903	
Accruals	908,472		669,224	
Purchases Received not yet Invoiced	107,584		107,109	
Social Fund	(40)		1,980	
Income Rec'd in Advance	10,485			
Ostendo Clearing Account				
GST TOTAL	59,517		55,498	
PAYE Suspense	19,068		16,703	
Revenue received in advance				
Prebilled charges TOTAL	91,127			
Credit Card Expenses				
Total Credit Card	4,174		2,593	
Current Portion of Term Liabilities				
<b>Total Current Liabilities</b>		1,289,965		1,215,011
<b>Non Current Liabilities</b>				
ANZ Bank Loan facility				
Provision for Income Tax	334,783		144,242	
Deferred Tax Liability	816,063		780,613	
Sundry Creditors				
Telecom Lease/Rentals				
<b>Total Non Current Liabilities</b>		1,150,847		924,855
<b>Ostendo Clearing Accounts</b>				
<b>Total Ostendo Clearing Accounts</b>		87		(1,965)
<b>TOTAL LIABILITIES</b>		2,440,898		2,137,901
<b>NET ASSETS</b>		10,187,616		9,693,492
<b>SHAREHOLDER'S FUNDS</b>				
Ordinary Shares	7,434,846		7,434,846	
Retained Earnings	2,384,304		2,009,491	
Revaluation Reserve				
Tax on Equity items				
<b>Less:</b> Dividend Paid	(94,306)		(94,306)	
Current Year Earnings	462,772		343,461	
<b>TOTAL SHAREHOLDER'S FUNDS</b>		10,187,616		9,693,492

# COUNCIL CONTROLLED ORGANISATIONS SUBCOMMITTEE

30 MAY 2018

**Wellington Cable Car Limited**  
**Statement of Cashflows**  
**For the Period Ended 31 March 2018**

	Year Ended 30 June 2018
<b>Cash flows from operating activities</b>	
<u>Cash was received from:</u>	
Operating receipts	6,937
<u>Cash was disbursed to:</u>	
Payments to suppliers and employees	(5,732)
Payment of Tax	0
Subvention Payment	(78)
GST	(46)
Net cash inflow / (outflow) from operating activities	1,081
<b>Cash flows from investing activities</b>	
<u>Cash was received from:</u>	
Investments	-
Interest received	14
Sale of Fixed Assets	
<u>Cash was applied to:</u>	
Purchase of fixed assets	(5)
Net cash inflow / (outflow) from investing activities	9
<b>Cash flows from financing activities</b>	
<u>Cash was received from:</u>	
Term Loan	-
<u>Cash was applied to:</u>	
Payment of Dividend	7
Term Loan	-
Net cash inflow/(outflow) from financing activities	7
Net Increase/(decrease) in Cash held	1,097
Opening Cash Balance	2,556
Closing Cash Balance	3,652

# COUNCIL CONTROLLED ORGANISATIONS SUBCOMMITTEE

30 MAY 2018

**Wellington Cable Car Limited  
Cashflow Reconciliation Statement  
For the Period Ended 31 March 2018**

	Year Ended 30 June 2018
Net Profit/(Loss) before tax	752
<b>Add non cash items:</b>	
Movement in provision for impairment of doubtful debts	-
Depreciation	290
Impairment/revaluation	-
(Gain)/Loss on Assets sold/disused	-
	1,042
<b>Add / (deduct) movements in Working Capital:</b>	
(Increase) / Decrease in accounts receivable & other assets	185
Increase / (Decrease) in accounts payable & other accruals	(49)
(Increase) / Decrease in inventory	(14)
<b>Add / (deduct) investing activities:</b>	
Net (gain) / loss on sale of assets	-
Net (receipt) / payment interest income	(6)
Net receipt / (payment) withholding tax	0
Net receipt / (payment) Subvention Payment	(78)
Net (receipt) / payment Income Tax	
<b>Add / (deduct) Financing activities:</b>	
Net receipt / (payment) of Dividend	
Net (receipt) / payment of Finance Leases	-
Net cash inflow from operating activities	1,081

**Experience Wellington 2017-18**

**Quarter 3 Visitor Numbers and Highlights Report to Council**

*as at 31 March 2018*



**Visitor Numbers**

Institution	2017-18 Target	YTD Visitor Numbers (to 31 March 2018)	% of Annual Target	Q3 Target	Q3 Visitor Numbers Achieved	% of Q3 Target
City Gallery Wellington	143,000	110,388	77%	35,000	17,454	50%
Wellington Museum	137,000	101,150	74%	42,000	39,964	95%
Capital E	90,000	74,874	83%	8,000	15,539	194%
Cable Car Museum	237,000	218,452	92%	79,000	100,951	128%
Space Place	52,000	42,253	81%	13,500	14,376	106%
Nairn Street Cottage	2,500	1,651	66%	1,500	595	40%
<b>TOTAL</b>	<b>661,500</b>	<b>548,768</b>	<b>83%</b>	<b>179,000</b>	<b>188,879</b>	<b>106%</b>

**Commentary on variation against Target**

- **City Gallery Wellington:** City Gallery was closed for the first two months of the quarter and welcomed more than 16,000 visitors in March 2018, their best March result for at least the past 6 years.
- **Wellington Museum:** Trending below annual and quarterly targets due to event programming changes and slower than expected general visitation.
- **Capital E:** Significantly exceeded its Q3 total due to the ongoing popularity of *Funington*; 3,000 people using the Capital E Corner at *CubaDupa*; Hannah Playhouse's New Zealand Festival shows; and the popularity of *This is New Zealand* exhibition *Art & Sound* digital programme presented with the City Gallery.
- **Cable Car Museum:** A strong third quarter has brought the Cable Car Museum in line to reach its full-year target.
- **Space Place:** Trending above expectation for year-to-date; continuing a trend since 2015 when a new business model was implemented.
- **Nairn Street Cottage:** will not achieve its full-year target for 2017-18 due to event programming changes.

**Highlights**

- City Gallery reopened in March 2018 after a 3-month period of closure. A well-attended opening for *This Is New Zealand*, with the Governor General as guest speaker and Michael Houston playing Michael Parekowhai's piano, was followed by a busy weekend filled with talks, film screenings and performances. We've been getting a great response, both to the show and to the refurbished entrance. Public programme events are being well attended and schools visitation is very strong. A special moment was during the opening weekend, seeing someone on a mobility scooter come sailing through the new doors and join a floor talk being given by Gavin Hipkins.
- Museums Wellington's partnership programmes with the New Zealand Festival *Waka Odyssey* was a very successful venture for all parties.
- Suffragettes 125<sup>th</sup> Anniversary programme at Wellington Museum received 13 proposals for a commissioned art work to hang in the von Kohorn (Wellington Harbour Boardroom). The successful artist, announced on International Women's Day on 8 March 2018, is Genevieve Packer. Her artwork will be produced in time for Suffrage Day in September 2018.
- Museums Wellington have been offered high quality items from NZ Potteries Ltd., a company established in Newtown in the 1930s. This would represent a very significant acquisition for the collections.
- The Space Place review was completed in December 2017 and provided to Council officers for comment in January 2018.
- Both the Wellington Museum development and Cable Car Museum development have had Feasibility Studies commissioned for completion in late April 2018.
- At the heart of our Capital E Corner at *CubaDupa* was its new container, and included our interactive sculpture *BLOOM* and cardboard craft activities inspired by our *Funington* installation. The project was made possible by our event partnership agreement with *CubaDupa*, grant support from New Zealand Community Trust and in-kind support from Resene.
- Capital E's *Funington* installation in the Creative Play Space attracted 5,624 pre-schoolers, their caregivers and teachers and received excellent feedback.
- The *Roxy5 Short Film Competition* is enjoying its biggest year to date, with 632 intermediate and college students enrolled. Winners will be announced at a red carpet event at Roxy Cinema in May. The 2018 competition is funded by the Ministry for Youth Development and run in partnership with the Miramar Events Trust with support from Victoria University School of Music, the NZSO, Weta Workshop, Weta Digital & the Roxy Cinema.
- Hannah Playhouse presented three New Zealand Festival shows. All were New Zealand works, including one premiere, and attracted over 2,900 attendees. In addition, a community youth company returned to the Hannah Playhouse and Frontier Touring used the venue for the first time. The *Hannah Herald* newsletter reached 1,000 people.

**Pat Stuart**

**Chief Executive**

*Experience Wellington 2017-18 Quarter 3 Visitor Numbers and Highlights Report to Council, as at 31 March 2018*

1

## Key Result Indicators 2017-18

*Update on Progress against Targets, as at 31 March 2018 (Q3)*



### OUR CITY

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

Residents' Awareness	2017-18 Target	2017-18 Result
City Gallery Wellington	95%	
Wellington Museum	97%	
Capital E	90%	
Cable Car Museum	97%	
Space Place	97%	
Nairn Street Cottage	60%	

### OUR VISITORS

**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	2017-18 Target	2017-18 Result	Q1 Target	Q1 Result	Q2 Target	Q2 Result	Q3 Target	Q3 Result	Q4 Target	Q4 Result
City Gallery Wellington	143,000		45,000	57,911	20,000	35,023	35,000	17,454	43,000	
Wellington Museum	137,000		30,000	25,675	40,000	35,511	42,000	39,964	25,000	
Capital E	90,000		27,500	37,774	28,500	21,561	8,000	15,539	26,000	
Cable Car Museum	237,000		55,200	38,998	59,800	78,503	79,000	100,951	43,000	
Space Place	52,000		11,500	14,135	13,500	13,742	13,500	14,376	13,500	
Nairn Street Cottage	2,500		400	648	300	408	1,500	595	300	
<b>Experience Wellington Total</b>	<b>661,500</b>		<b>169,600</b>	<b>175,141</b>	<b>162,100</b>	<b>184,748</b>	<b>179,000</b>	<b>188,879</b>	<b>150,800</b>	

*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.*

## Key Result Indicators 2017-18

*Update on Progress against Targets, as at 31 March 2018 (Q3)*



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

Virtual Visitation	2017-18 Target	2017-18 Result	Q1 Result	Q2 Result	Q3 Result	Q4 Result
City Gallery Wellington	112,000		27,453	16,760	15,452	
Museums Wellington	84,000		24,574	25,590	29,190	
Capital E	64,000		9,850	8,152	9,541	
<b>Experience Wellington Total</b>	<b>260,000</b>		<b>61,877</b>	<b>50,502</b>	<b>54,183</b>	

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

Social Media Profile	2017-18 Target	2017-18 Result	Q1 Snapshot	Q2 Snapshot	Q3 Snapshot	Q4 Snapshot
City Gallery Wellington	23,000		33,112	33,539	34,105	
Museums Wellington	14,500		8,727	9,067	9,362	
Capital E	5,000		5,934	6,248	6,470	
Space Place	16,000		8,937	8,960	9,028	
<b>Experience Wellington Total</b>	<b>58,500</b>		<b>56,710</b>	<b>57,814</b>	<b>58,965</b>	

**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	2017-18 Target	2017-18 Result	Q1 Result	Q2 Result	Q3 Result	Q4 Result
City Gallery Wellington	40%		80%	67%	54%	
Wellington Museum	25%		14%	20%	21%	
Capital E	50%		70%	73%	50%	
Cable Car Museum	25%		13%	14%	22%	
Space Place	24%		17%	10%	23%	

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

## Key Result Indicators 2017-18

Update on Progress against Targets, as at 31 March 2018 (Q3)



**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 Visit	2017-18 Target	2017-18 Result	Q1 Result	Q2 Result	Q3 Result	Q4 Result
City Gallery Wellington	90%		90%	90%	87%	
Wellington Museum	90%		91%	96%	91%	
Capital E	90%		95%	95%	88%	
Cable Car Museum	90%		86%	82%	82%	
Space Place	90%		88%	74%	88%	
Nairn Street Cottage	90%		-	-	-	

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

There was no Visitor Satisfaction Survey completed at Nairn Street Cottage during Q1, Q2 or Q3.

**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.

Children & Young People Visiting for a Learning Experience	2017-18 Target	2017-18 Result	Q1 Result	Q2 Result	Q3 Result	Q4 Result
City Gallery Wellington	4,500		967	472	812	
Museums Wellington	7,000		2,097	2,897	1,437	
Capital E	20,500		2,827	25,370	988	
Space Place	8,250		2,945	1,799	257	
<b>Experience Wellington Total</b>	<b>40,250</b>		<b>8,836</b>	<b>29,539</b>	<b>3,296</b>	

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.

## Key Result Indicators 2017-18

*Update on Progress against Targets, as at 31 March 2018 (Q3)*



### OUR SUSTAINABILITY

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

Non-Council Revenue (\$'000)	2017-18 Target	2017-18 Result	Q1 Result	Q2 Result	Q3 Result	Q4 Result
City Gallery Wellington	607		144	161	123	
Museums Wellington	666		201	290	303	
Capital E (inc. Hannah)	1,279		321	365	450	
Space Place	600		144	159	146	
<b>Sub Total</b>	<b>3,152</b>		<b>834</b>	<b>975</b>	<b>1,022</b>	
Sub-letting, Interest & Other	364		39	8	21	
<b>Experience Wellington Total</b>	<b>3,516</b>		<b>849</b>	<b>983</b>	<b>1,043</b>	

*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 (\$)	2017-18 Target	2017-18 Result	Q1 Result	Q2 Result	Q3 Result	Q4 Result
City Gallery Wellington	1.57		0.90	2.14	1.28	
Museums Wellington	1.41		2.37	2.47	2.04	
Capital E	3.84		3.14	4.68	4.22	
Space Place	10.12		8.50	9.93	9.43	
<b>Experience Wellington Total</b>			<b>2.56</b>	<b>3.22</b>	<b>2.71</b>	

*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.*

## Key Result Indicators 2017-18

Update on Progress against Targets, as at 31 March 2018 (Q3)



### 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 (\$)	2017-18 Target	2017-18 Result	Q1 Result	Q2 Result	Q3 Result	Q4 Result
City Gallery Wellington	12.50		11.99	14.39	31.0	
Museums Wellington	5.18		7.44	3.91	3.08	
Capital E	14.53		7.29	10.46	22.49	
Space Place	9.89		6.30	6.48	6.20	
<b>Experience Wellington Total</b>	<b>10.85</b>		<b>9.98</b>	<b>9.88</b>	<b>9.25</b>	

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 (\$)	2017-18 Target	2017-18 Result	Q1 Result	Q2 Result	Q3 Result	Q4 Result
City Gallery Wellington	18.01					
Museums Wellington	6.97					
Capital E	14.53					
Space Place	14.30					
<b>Experience Wellington Total</b>						

Council's estimated ownership costs are supplied by Council.

## SOI Statement of Financial Performance (Excl. SP)

### Experience Wellington

#### For the 3 months ended 31 March 2018

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.

	MAR QTR ACT	MAR QTR BUD	YTD ACTUAL	YTD BUDGET
<b>Trading Income</b>				
Trading Income	375,893	345,488	1,394,010	1,220,555
WCC Operating Grant	1,658,521	1,658,300	4,975,564	4,974,902
Grants - Living Wage	38,429	-	115,287	-
WCC Rental Subsidy	442,245	442,332	1,326,735	1,326,996
Sponsorship and Donations	17,021	43,550	43,414	172,800
Grants Other	280,376	204,722	745,313	723,776
Investment Income	5,412	21,000	19,823	54,000
Other Income	61,929	47,901	176,933	244,422
Intergroup Fees	18,750	-	107,637	-
<b>Total Revenue</b>	<b>2,898,576</b>	<b>2,763,293</b>	<b>8,904,716</b>	<b>8,717,451</b>
<b>Cost of Sales</b>				
Cost of Sales	118,034	124,287	414,488	394,648
<b>Total Cost of Sales</b>	<b>118,034</b>	<b>124,287</b>	<b>414,488</b>	<b>394,648</b>
<b>Net Revenue</b>	<b>2,780,542</b>	<b>2,639,006</b>	<b>8,490,228</b>	<b>8,322,803</b>
<b>Operating Expenses</b>				
Employee Costs	1,360,913	1,286,846	4,069,323	3,892,281
Council Rent	334,621	334,707	1,003,864	1,004,121
Exhibitions & Programmes	270,958	338,189	1,112,261	1,520,826
Marketing & Promotions	120,624	106,019	302,754	374,193
Occupancy Costs	238,311	260,511	795,030	804,495
Communication Costs	25,750	28,164	99,776	84,642
Trustee Fees and Expenses	20,367	21,000	60,911	63,000
Technology Costs	41,870	49,797	173,794	148,433
Professional Fees	9,076	27,725	35,739	111,075
Administration Fees	36,733	49,360	139,636	148,385
Depreciation	133,305	99,702	394,874	299,102
<b>Total Operating Expenses</b>	<b>2,592,529</b>	<b>2,602,020</b>	<b>8,187,962</b>	<b>8,450,553</b>
<b>Net Surplus/(Deficit)</b>	<b>188,012</b>	<b>36,986</b>	<b>302,266</b>	<b>(127,750)</b>

## SOI Statement of Financial Performance Space Place

Experience Wellington  
For the 3 months ended 31 March 2018

Institution is 26 Space Place.

	MAR QTR ACT	MAR QTR BUD	YTD ACTUAL	YTD BUDGET
<b>Trading Income</b>				
Trading Income	135,606	135,618	394,648	406,518
WCC Operating Grant	89,072	88,485	267,217	265,455
Sponsorship and Donations	468	249	954	747
Grants Other	64,085	25,499	114,436	76,497
Other Income	-	-	(14,266)	-
<b>Total Revenue</b>	<b>289,231</b>	<b>249,851</b>	<b>762,988</b>	<b>749,217</b>
<b>Cost of Sales</b>				
Cost of Sales	14,460	11,382	37,594	34,138
<b>Total Cost of Sales</b>	<b>14,460</b>	<b>11,382</b>	<b>37,594</b>	<b>34,138</b>
<b>Net Revenue</b>	<b>274,770</b>	<b>238,469</b>	<b>725,394</b>	<b>715,079</b>
<b>Operating Expenses</b>				
Employee Costs	210,149	175,269	619,607	525,803
Exhibitions & Programmes	33,874	24,360	64,980	72,314
Marketing & Promotions	14,219	23,133	55,546	69,393
Occupancy Costs	14,762	18,142	44,271	54,416
Communication Costs	8,013	2,530	10,684	7,590
Technology Costs	5,028	1,400	7,049	4,100
Professional Fees	-	18,750	14,500	56,250
Administration Fees	5,441	4,473	12,767	14,415
Depreciation	2,086	2,750	8,207	8,252
<b>Total Operating Expenses</b>	<b>293,572</b>	<b>270,807</b>	<b>837,610</b>	<b>812,533</b>
<b>Net Surplus/(Deficit)</b>	<b>(18,802)</b>	<b>(32,338)</b>	<b>(112,216)</b>	<b>(97,454)</b>

## Statement of Financial Performance

### Experience Wellington

For the 3 months ended 31 March 2018

	MAR QTR ACT	MAR QTR BUD	YTD ACTUAL	YTD BUDGET	FULL YR BUDGET	FORECAST	2016 YTD
<b>Trading Income</b>							
Trading Income	511,498	481,106	1,788,658	1,627,073	2,195,675	2,349,635	2,038,855
WCC Operating Grant	1,747,593	1,746,785	5,242,780	5,240,357	6,987,940	7,122,132	5,038,621
WCC Rental Subsidy	442,245	442,332	1,326,735	1,326,996	1,769,328	1,769,328	1,326,735
Sponsorship and Donations	17,489	43,799	44,367	173,547	346,450	231,450	291,467
Grants Other	382,889	230,221	975,036	800,273	1,045,052	1,045,052	1,103,101
Investment Income	5,412	21,000	19,823	54,000	65,000	65,000	50,875
Other Income	61,929	47,901	176,667	244,422	511,225	510,928	271,282
<b>Total Revenue</b>	<b>3,169,057</b>	<b>3,013,144</b>	<b>9,574,067</b>	<b>9,466,668</b>	<b>12,920,670</b>	<b>13,093,525</b>	<b>10,120,936</b>
<b>Cost of Sales</b>							
Cost of Sales (Trading Income)	132,495	135,669	452,082	428,786	584,382	584,382	480,351
Openings - Exhibitions & Programmes	1,898	-	2,003	-	-	-	-
<b>Total Cost of Sales</b>	<b>134,393</b>	<b>135,669</b>	<b>454,085</b>	<b>428,786</b>	<b>584,382</b>	<b>584,382</b>	<b>480,351</b>
<b>Net Revenue</b>	<b>3,034,664</b>	<b>2,877,475</b>	<b>9,119,982</b>	<b>9,037,882</b>	<b>12,336,288</b>	<b>12,509,143</b>	<b>9,640,584</b>
<b>Operating Expenses</b>							
Employee Costs	1,552,312	1,462,115	4,595,294	4,418,084	5,932,708	6,044,564	4,312,170
Council Rent	334,621	334,707	1,003,864	1,004,121	1,338,828	1,338,828	1,003,864
Exhibitions & Programmes	302,935	362,549	1,175,239	1,593,140	2,024,387	1,979,387	1,728,408
Marketing & Promotions	134,843	129,152	358,300	443,586	630,920	630,920	679,887
Occupancy Costs	253,074	278,653	839,300	858,911	1,167,634	1,137,734	912,634
Communication Costs	33,762	30,694	110,461	92,232	123,414	145,678	104,776
Trustee Fees and Expenses	20,367	21,000	60,911	63,000	84,000	84,000	61,108
Technology Costs	46,897	51,197	180,842	152,533	205,792	215,792	137,813
Professional Fees	9,076	46,475	50,239	167,325	213,800	180,800	106,588
Administration Fees	42,174	53,833	152,402	162,800	215,994	215,994	145,033
Depreciation	135,392	102,452	403,081	307,354	409,804	536,000	406,957
<b>Total Operating Expenses</b>	<b>2,865,454</b>	<b>2,872,827</b>	<b>8,929,932</b>	<b>9,263,086</b>	<b>12,347,281</b>	<b>12,509,697</b>	<b>9,599,239</b>
<b>Net Surplus/(Deficit)</b>	<b>169,210</b>	<b>4,648</b>	<b>190,049</b>	<b>(225,204)</b>	<b>(10,993)</b>	<b>(554)</b>	<b>41,345</b>

Quarterly Statement of Financial Performance Experience Wellington

## Statement of Financial Position

Experience Wellington  
As at 31 March 2018

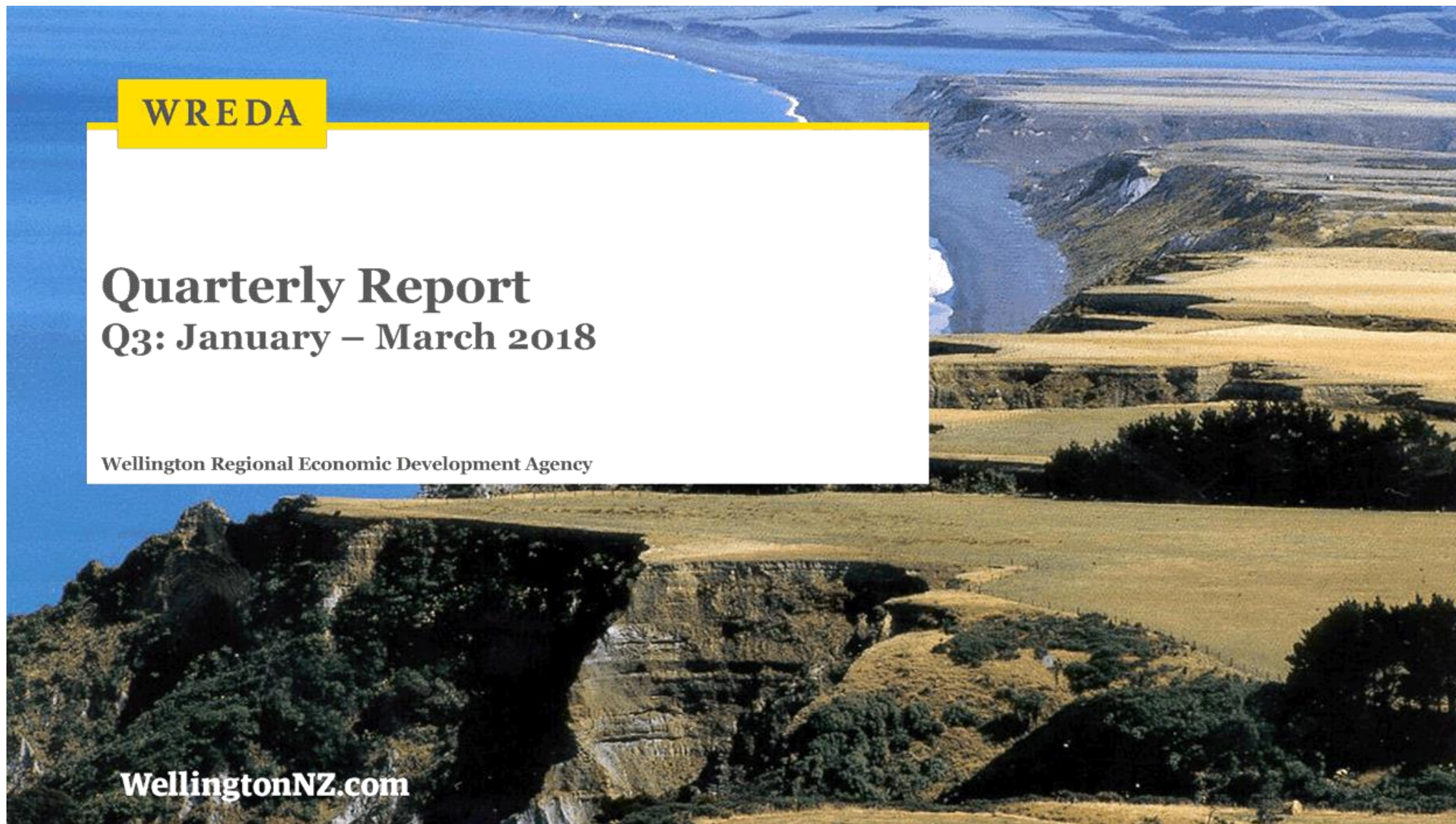
	31 MAR 2018	31 DEC 2017
<b>Assets</b>		
<b>Fixed Assets</b>		
Property, plant and equipment	1,990,428	2,022,014
Collections and Artefacts	2,338,816	2,338,816
Intangible assets	11,181	12,753
<b>Total Fixed Assets</b>	<b>4,340,425</b>	<b>4,373,583</b>
<b>Current Assets</b>		
Inventory	141,018	141,018
Trade and other receivables	526,007	626,825
Cash and Cash equivalents	3,269,190	980,826
<b>Total Current Assets</b>	<b>3,936,215</b>	<b>1,748,669</b>
<b>Total Assets</b>	<b>8,276,640</b>	<b>6,122,252</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Trade and other payables	3,303,113	1,317,931
Employee benefits	269,433	269,437
<b>Total Current Liabilities</b>	<b>3,572,546</b>	<b>1,587,368</b>
<b>Total Liabilities</b>	<b>3,572,546</b>	<b>1,587,368</b>
<b>Net Assets</b>	<b>4,704,094</b>	<b>4,534,884</b>
<b>Equity</b>		
Reserves	2,601,388	2,601,388
Retained earnings	2,102,706	1,933,496
<b>Total Equity</b>	<b>4,704,094</b>	<b>4,534,884</b>

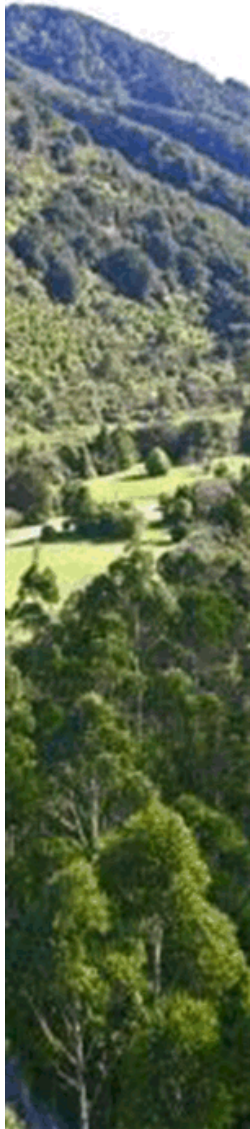
## Statement of Cash Flows

Experience Wellington

For the 3 months ended 31 March 2018

	JAN-MAR 2018	YTD
<b>Operating Activities</b>		
<b>Cash was provided from:</b>		
Receipts from customers	911,569	3,521,225
Receipts from related parties	4,651,814	9,510,279
<b>Total Cash was provided from:</b>	<b>5,563,383</b>	<b>13,031,504</b>
<b>Cash was applied to:</b>		
Payments to suppliers and employees	(2,496,236)	(8,623,802)
Payments to related parties	(128,271)	(777,702)
Net GST received/(paid)	(540,683)	(920,224)
<b>Total Cash was applied to:</b>	<b>(3,165,190)</b>	<b>(10,321,729)</b>
<b>Net Cash Flows from Operating Activities</b>	<b>2,398,193</b>	<b>2,709,775</b>
<b>Investing Activities</b>		
Interest received	5,412	26,023
Payment for property, plant and equipment	(115,246)	(346,598)
<b>Net Cash Flows from Investing Activities</b>	<b>(109,834)</b>	<b>(320,575)</b>
<b>Financing Activities</b>		
Other cash items from financing activities	4	4
<b>Net Cash Flows from Financing Activities</b>	<b>4</b>	<b>4</b>
<b>Net Cash Flows</b>	<b>2,288,363</b>	<b>2,389,205</b>
<b>Cash and Cash Equivalents</b>		
Cash and cash equivalents at beginning of period	980,826	879,985
Cash and cash equivalents at end of period	3,269,190	3,269,190
<b>Net change in cash for period</b>	<b>2,288,363</b>	<b>2,389,205</b>





- **Business engagement:** Increased satisfaction from Regional Business Partner programme participants; new Pop Up Business Schools; key sector engagements in Creative, Tech, F&B and Science; Creative HQ accelerators including Kiwibank FinTech Lightning Lab
- **Students and Interns:** Wellington International Students Growth Programme activities locally and in Asia; support of Young Enterprise
- **Tourism and Events:** region enjoyed over \$2.5billion of annual visitor spending for the very first time; a number of headline events including Te Papa Let's Go Build, NZ Festival, Cuba Dupa, Homegrown, International Cricket.
- **Storytelling:** Significant activity in Australia and locally – notably the Sunrise in Australia, min-regional and Do Wellington Your Way campaigns; new influencers building the region's economy business stories; development of KapitiNZ.com.
- **Business Events:** Record quarter for successful event bids;
- **Venues Wellington:** 49 business events, 48 performance events; highlights Macklemore, Jimmy Carr, NZ Festival, NZ Petroleum conference.

# Key Highlights

*January to March 2018*

WREDA

WellingtonNZ.com



# RBP and Business Growth

## Regional Business Partner Programme

In the third quarter of the year, WREDA’s Business Growth Team supported 167 regional businesses. This includes 96 businesses receiving hands-on support, in the form of growth capability development, innovation support, and mentorship. 36% of these businesses are located outside of Wellington City.

Businesses receiving capability and innovation support show a very high average likelihood to recommend our services of 90%. This is a strong indicator of the value they see in our services and has been reflected in an increased net promotor score.

In Q3, we delivered \$83,000 of Capability Voucher funding and \$1,677,000 of R&D funding to businesses in the region. This funding helps businesses access growth advice, and invest in new technology development.

## Business Growth

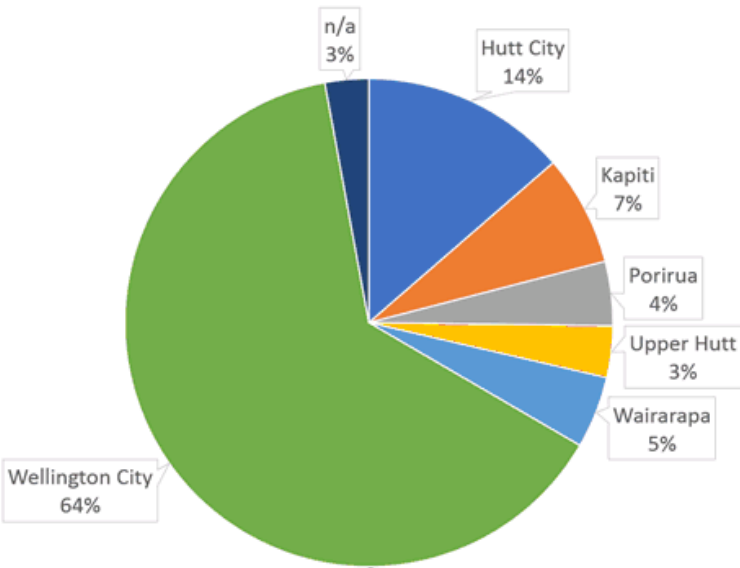
WREDA organised an Information evening in partnership with the Kapiti Chamber of Commerce. This covered the breadth of WREDA activities, and showed Kāpiti businesses the opportunity of interacting with WREDA. The event was well attended and generated positive engagement and discussions between WREDA and Kapiti Coast businesses.

This Information Session in Kapiti was followed up with a ‘WREDA Business Clinic’ for Kapiti Chamber members. The clinic offered the opportunity to receive one-on-one support from WREDA’s Business Growth team. Four businesses attended and benefited from bespoke advice regarding connections, commercialisation, capital raising and training.

WREDA sponsored the Upper Hutt Pop Up Business School, alongside Upper Hutt City Council, the Cossie Club, BPW, Xero, and Farrah. The two-week full-time well attended programme engaged a diverse cohort. Attendees ran or were about to start a business.

This is the second Pop Up Business School we support after Porirua, and we are considering the opportunity to enable the programme to run in Kapiti as well

Businesses Supported Across the Region



## Education & workforce development

### Wellington International Student Growth Programme (WISGP)

During Q3, the WISGP team has brought two Japanese agents and two Vietnamese agents to Wellington to familiarise them with the region and its institutions. A promotional trip to China and Vietnam included holding an event in Beijing to promote Wellington's creative education programmes. This targeted education agents and media, it featured Weta Workshop prosthetic artists and a WOW model. The event also provided a platform for the signing of a partnership agreement between Victoria University and the prestigious Beijing Film Academy.

WREDA has produced a video which will promote Wellington to the Indian student market. This will be promoted in conjunction with Education NZ.

The annual International Student Welcome event was held in February 2018, this was attended by many students and education and civic dignitaries.

### Interns

WREDA continues to work with Summer of Tech and Summer of Biz, providing sponsorship and support in terms of employer engagement. This year 132 tech interns were placed, up from 118 in 2017. 60 R&D internship placements were funded by Callaghan Innovation and 25 students for funded internships were sourced through Summer of Tech. In total, 263 interns have been helped into opportunities for the year so far.

WREDA has confirmed its support of Young Enterprise (funded through WCC and GWRC) and supported their student launch event. This agreement includes support for a small number of scholarships in the Innovative Young Minds programme, which aims to get young women interested in study/careers in STEM industries.

### Talent Attraction

A series of events was held in USA to encourage further conversion of the LookSee database to move to Wellington. Events were held in Seattle, San Francisco and Los Angeles. The positivity towards Wellington and the quality of the people attending these events was high. Two large Wellington companies are in discussion with candidates from the events.



Ambassador John McKinnon with the WOW model at the Beijing creative event in March 2016.



## Sector development

### Creative and Tech

WREDA supported in-kind the 'Multicore Worlds' event at Shed 6 on 7-9 Feb. It is a conference aimed at deep technology with a small number of highly targeted and focused thinkers and tech-architects from around the world.

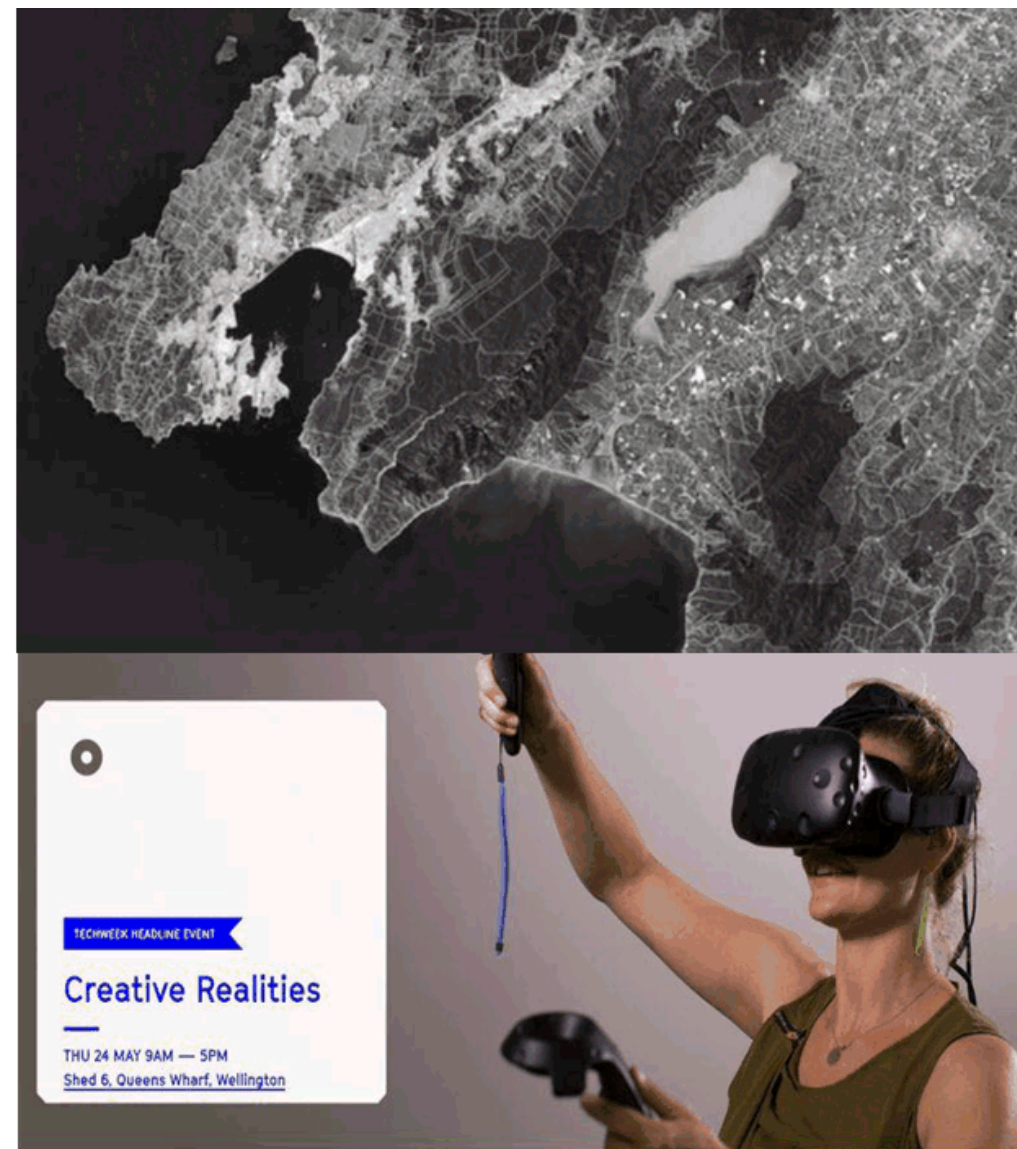
WREDA has secured a national headline event for TechWeek (22 – 27 May '18) to happen in Wellington, which is one of only 3 nationally. The event is 'Creative Realities', which ran during last year's TechWeek for the first time at the TSB Arena. The event is a conference on new emerging creative technologies and how they'll be changing our future. The event takes place on the day of Thurs. 24 May.

The Wellington region will deliver more than 40 unique tech events plus 21 events that will be in other centres.

### Screen Wellington

Our rate of film permitting this year is demonstrating a 20% increase (#363 permits) in permits processed compared to this time last year, reflecting a positive growth in the number of TV commercials as well as a steady amount of local feature film work.

WREDA hosted a meeting of all the city and district councils in Wellington regarding the filming permitting processes, striving for a consistent approach to permitting in each council area. This was positively received by participants.



## Sector development

### Business Attraction

WREDA has hosted three Tech companies from overseas during Q3. Each are scoping for a new or additional Australasian office. These are, in general terms, a Fintech company from Australia, a cybersecurity company from Washington DC and an e-commerce platform company from Canada. Negotiations are ongoing with all three firms, one of which intends to decide in the next 3 months. The other two will decide over a longer period, 6-12 months. We have been working with New Zealand Government on these opportunities.

### Food & Beverage Market

WREDA, in conjunction with the Wellington Culinary Events Trust, delivered the annual Supplier Showcase which kicks off Visa Wellington On a Plate. The purpose of the Showcase was to bring more Wellington Region products to hospitality businesses participating in the festival. WREDA's role was to ensure new producers and manufacturers participated in the Supplier Showcase, held on 31 January 2018 in Shed 6, featuring 46 producers including 11 new exhibitors.

Considerable effort has been applied to securing appropriate F & B businesses to participate in a Wellington presence at Food & Hotel Asia in Singapore at the end of April and Fine Food NZ in Auckland at the end of June. Three Wellington businesses will participate and work alongside New Zealand Trade & Enterprise who are leading this event.

As part of the MPI funded Wairarapa Cropping Strategy, WREDA participated in a crop field day to view the new crops being trialled in response to the ban on growing peas. The field day was held on 11 January and was attended by 26 of the region's top arable producers.

Links have been established with Nuku ki te Puku, a collaboration of Māori representative groups from around New Zealand which is focussed on maximising the value of the 'Māori brand' in food and biotech markets.



## Sector development

### Science

WREDA, in conjunction with the Wellington Health Tech Network, organised a skill sharing evening at the University of Otago, Wellington on 13th February on increasing technology adoption in primary health care. The event was attended by around 80 professionals. Following this event, the Ministry of Health's new Emerging Technologies Team met with WREDA to share their plans to encourage greater commercial innovation in the health sector. We are working with them to realise the opportunity in the Wellington region.

WREDA provided Pitch Coaching sessions for companies who are presenting their research to pharma tech scouts visiting Wellington in April 2018. Feedback has been very positive, including a comment from a participant: "I just wanted to say thank you for organising the session... presenting professionally in a commercial setting is not something NZ'ers do well and I believe if we are to move the dial on our international engagement we need to work out how we overcome this."

WREDA has been invited to participate in recent KiwiNet science investment committee meetings and also Callaghan Innovation research meetings discussing the development of the Gracefield site.

WREDA have been collaborating with Hutt City Council in seeking to attract an Autonomous Vehicle / Advanced Transport System project to the region. WREDA's role is to show the ease of testing new technology in the region, highlighting our R&D strengths and making introductions with key stakeholders. This customer focus can become a source of competitive advantage for our region in attracting research and development investment.



The Wellington Health Tech Event in February 2018 attracted about 80 professionals seeking to build business with the primary health sector.



## Acceleration and Incubation programmes

Creative HQ has two accelerators running in parallel with a cohort of some of New Zealand's leading fintech startup teams inhouse at 7 Dixon St in the Kiwibank Fintech Accelerator; these will culminate in a Demo Day event on 16 May.

Creative HQ is also part of a national collaboration with Te Wānanga o Aotearoa, EY Tahi, Crowe Horwath and Robett Hollis in running Kōkiri Maori Business Accelerator. A cohort of ten Maori-led startup teams from all over the motu are part of this programme.

Our start-up incubation portfolio is currently fully subscribed with 25 ventures, spread across Creative HQ base, Credenza co-working space in Wellington, and 1st Assembly in Lower Hutt. This is an all time high for ventures supported in Creative HQ incubation at one time. Lower Hutt's 1st Assembly facility has shifted to a better location at 33 Waterloo Road, enjoying a earthquake resilient building, and a facility which allows larger companies to move to dedicated offices as they grow.

Creative HQ has enjoyed three high growth exits from the incubation programme, including one which was acquired by a large international manufacturer who is now looking to locate its production facilities in Lower Hutt.

The Creative HQ team has grown as well, with a number of new start-up coaches and two new staff. Jax Myers has joined our operations and sales team from Weta Digital, and Luke Ball, former head at renowned start-up programme *Start-up Chile*, has joined our incubation team to continue to build the support and programming for amazing start-up teams and ventures in Wellington and around New Zealand.



The team at Kōkiri Maori Business Accelerator, a collaboration between Creative HQ and Te Wānanga o Aotearoa



Venture Up 2018  
Showcase @ Michael  
Fowler Centre



## Tourism summary

Our stunner summer helped Wellington break through the annual \$2.5billion barrier in visitor spend for the first time. MBIE's Monthly Regional Tourism Estimates show a total visitor spend of \$2.55 billion for the year ending February 2018. Spending growth was led by international visitors which increased by a hefty 12.6 per cent (to \$800.5 million), while the spend from domestic visitors grew by 3.5 per cent (to \$1.7 billion). One of the other key contributors with this spend was the Lions Tour, which delivered \$36million to the regional economy, helped by the two games in one week that WREDA was able to secure.

Highlights this quarter include The NZ Festival, a strong cruise season, excellent numbers through Te Papa's Let's Go Build exhibition and the best quarter ever for the Business Events Wellington team. Marketing activity included JV marketing partnerships with Tourism NZ and Te Papa, a high performing summer tourism campaign and upwiegthted event marketing support.

Winter will bring its usual challenges of reduced weekend visitor numbers, but All Blacks Tests, Beervana, The Muppets and a focused winter tourism campaign will help drive visitor numbers.

	Year to Feb 18	YOY (+/-)
Visitor spend	\$2.55b	+8%
International Visitor Arrivals (Wellington airport)	208,656	-3%*
Total commercial guest nights	3,119,000	+0.7%

\*This -3% decline is still mainly due to the withdrawal of the Jetstar Melbourne service. This decline will annualise from March so we expect to see that decline flatten off.

## Visitor marketing – Domestic

### *Your alternative Summer results*

The Summer campaign showcased Wellington “Your Alternative Summer” and targeted NZ AP 25-59 (excl Wellington). The campaign ran 20th November 2017 - 10th February 2018.

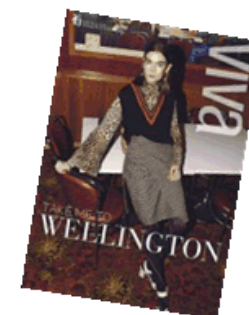
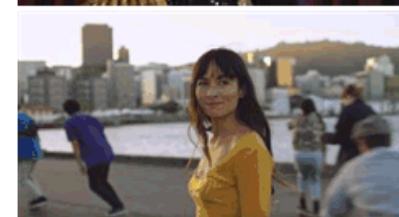
The campaign was comprised of online video, cinema, social, native, print and out of home. The online video activity delivered 373,470 completed views at a 67% competition rate. It also drove 1,562 clicks through to the campaign landing page on [WellingtonNZ.com](http://WellingtonNZ.com). The online banners and native activity drove a combined 8,806 clicks and social activity drove 5,636 clicks and 330,489 video views.

**Winter Campaign - Do Wellington Your Way:** Our NZ wide marketing campaign has launched and is in market from 1<sup>st</sup> April - until the end of May. The campaign runs across TV, digital, outdoor and print; as well as WREDA channels.

We have focussed on the key elements of the consumer journey with emotive creative to inspire, engaging content on all the best Wellington has to offer via a Wellington themed issue of Viva Magazine to help people plan and ticket offers via an Air NZ campaign at the conclusion of our campaign to complete the path to purchase.

We wanted to make a statement around what Wellington's all about. A place making campaign that doesn't just talk about our physical attributes (compact, waterfront, bush, art) and attractions (Nightlife, events etc) but gets into the heart of what makes Wellington distinct and therefore a special place to visit (and live). Wellington is known as a liberal and accepting city, we decided to reiterate this with our winter campaign ‘Do Wellington your way’.

**DO WELLINGTON**  
*your way*



## Visitor marketing – Domestic

### Te Papa

#### Lego Let's Go Build

Our JV marketing campaign with Te Papa helped contribute to outstanding visitor numbers for the Lego exhibition, attracting 103,631 visitors over the period.

#### Toi Art

To promote Te Papa's new gallery space to out of towners we focussed on a tactical media buy with an advertorial in the Air New Zealand in-flight magazine, KiaOra.

The advertorial ran across 4 pages in the April issue of the magazine, to coincide with the opening of the gallery at the end of March.

This was a key inspiration piece for the campaign focussing on out of region, where we told the Toi Art story and gave readers a sneak peak into what they might find if they visit the space. The advertorial also supported editorial in that issue and created significant interest and consideration from those key audiences we are targeting.

*KiaOra has a monthly readership of 357,000 and their readers are a highly desirable captive audience. Over 7 in 10 (251,000) Kia Ora readers intend to go on holiday within New Zealand in the next 12 months and are 26% more likely to go to an art gallery than the typical New Zealander*



## Visitor marketing – Australia

### Autumn Campaign “Creativity around every corner” Initial Results | February 2018

A joint campaign with TNZ and Destination Marlborough, this campaign highlighted culture, cuisine and creativity, the three pillars that hero Wellington, and also seamlessly incorporated Marlborough as a key experience within a Wellington short break, focusing on the creative experience had on land, sea and in the vines.

The 60" hero video was promoted via paid social activity, digital displays, native editorial all linking to a dedicated campaign page on TNZ's website. The campaign targeted independent professionals on Australia's eastern seaboard (Sydney/Melbourne/Brisbane), and followed TNZ's conversion funnel. During the booking phase, three existing land Flight Centre Deals were used as a CTA (focusing on accommodation and activities) and exclusive operator deals were featured.

- 109k visits to campaign landing page
- 32% active visits
- 6,906 referrals
- 60% of our traffic and 44% of our referrals are coming from mobile devices which is reflective of how we buy our digital media and demonstrates we are successfully gaining the audience's attention where it matters most.

We supplemented this campaign with a paid partnership with online magazine The Urban List, consisting of e-newsletter feature, articles and social media posts:

- The articles generated a total of 15k page views across Sydney and Melbourne
- The 6 Facebook posts reached a total of 166,587 people and generated 8,267 likes, comments, shares and link clicks
- The E-Newsletter placement generated a total of 1,091 click throughs



## Visitor marketing – international trade

- Tourism New Zealand graduated 55 South East Asian agents into their Kiwi Specialist Programme in March. WREDA attended the training day in Auckland with Destination Wairarapa before hosting 38 agents on famil.
- Tourism New Zealand Australia's annual RTO Workshop in Sydney gave WREDA the opportunity to meet with 23 key Australian sellers. Decision makers from Infinity/Flight Centre, Helloworld, STA Travel, A&K, GoWay, Viator and the major coach touring companies were updated on Wellington product.
- Cruise New Zealand Executive Officer Kevin O'Sullivan was hosted in Wellington before he attended Cruise Shipping Miami on behalf of the New Zealand cruise industry. He was particularly interested in CentrePort's cruise handling post-Kaikoura quake and sampled several new activities that would suit the cruise market.
- Singapore Airlines has announced re-routing their service via Melbourne from 4 May. WREDA met with Singapore Airlines Melbourne office to introduce their new destination and discuss ways to work together.

Q3   In-market training, Famils & Sales Calls	Total agents trained
TNZ Australia RTO Workshop	26
TNZ South East Asia Kiwi Specialist Training Day	55
Australia Trade Training	27
Australia Trade Visits	49
Total Trade Famil participants	54
Total Trade Famil Itineraries	9



## Visitor marketing – Australia

### Mini Campaigns

This financial year, we developed an overarching strategy which brings together the ‘always on’ content components into one of three sub-campaigns, to highlight specific Wellington offerings in a richer and more focused approach.

#### 1: Martinborough results | 12-28 Feb

Focusing on a Martinborough day trip from Wellington was the first flight. Video and stills were captured to support the campaign via two videos (53” and 15”) with stills used in social media, native advertising and in two editorial pages on WellingtonNZ.com. The main objective was to build awareness of the wider Wellington area (Wairarapa) and some of its more focused activities during a Wellington short break.

- 3.4 million impressions through native advertising, with 1700+ link clicks
- 117k+ video views
- 300k+ impressions on social posts
- 3,969 page views on ‘Cycle the Vines in Martinborough’ and ‘Unmissable Wine Experiences’ on WellingtonNZ.com

#### 2: Eastbourne results | 12-29 March

Video and stills were captured to support the campaign via two videos (60” and 15”) with stills used in social media, native advertising and in two editorial pages on WellingtonNZ.com.

- 1.8 million impressions through native advertising, with 3,169 link clicks
- 143k video views
- 417k+ impressions on social posts
- 3,983 page views on ‘Discover Eastbourne’ on a day trip from Wellington and Hutt Valley on WellingtonNZ.com

The third flight, focusing on Te Papa and creative culture will be in market in May.



## Visitor & lifestyle - Media/PR

In the third quarter of the 2017/18 financial year, WREDA's media team hosted 23 journalists, bloggers, influencers and film crews in Wellington.

International media highlights include hosting Japanese film crew Tabi Salada, journalists from Suitcase Magazine, New York Daily News, Golf.com, Voyage De Luxe, Cuisine A&D, and influencers Dan Carter Now, Poppy Deyes and Sean Elliot, Lina Strahl.

Australian media highlights include hosting Escape, TimeOut and the Sunrise weather crew for three mornings of live crosses which reached approximately 2.5 million Australians each day (more details on next slide). Other highlights include a '20 reasons to love Wellington' feature in Sun Herald and Traveller.com.au, two features on VogueLiving.com.au, a destination story syndicated across six of the Melbourne Leader Newspapers and a paid partnership with The Urban List.

Domestic media highlights include a cover story feature about Wellington's neighbourhoods in NZ Herald Travel, a 'Five reasons to love Wellington' story in Woman's Day, and a CubaDupa/Cuba Street story on Newshub Late. We also hosted journalists from Otago Daily Times, Vice, NZ Herald, Woman's Day and Nelson Mail.

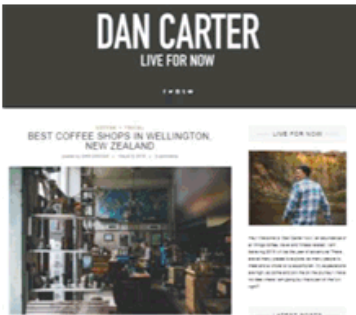
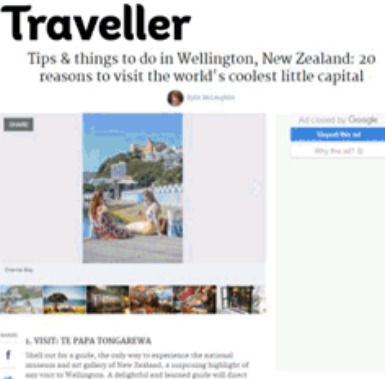
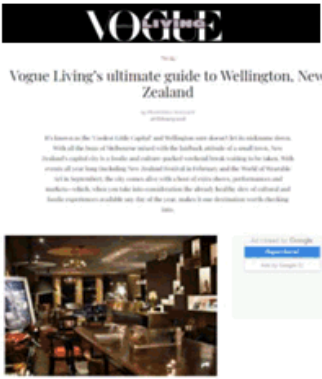
As at 31 March 2018	Q3
<b>Number of media hosted</b>	<b>23 Total</b>
<i>Domestic</i>	5
<i>Australia</i>	7
<i>International</i>	11
<b>Number of clips (NZ and AU)</b>	<b>952 Total</b>
<i>Domestic</i>	14
<i>Australia</i>	947
<b>Reach</b>	15,236,946
<b>ASR</b>	\$3,706,196

## Sunrise Australia

WREDA, Accor Hotels and Wellington International Airport partnered to host TV personality Sam Mac and the Sunrise crew for three days of live crosses from Wellington between 5-7 February. Each day nine segments were streamed live to millions of Australians. The crew spent day one at Weta Workshop where prosthetics artist Gino Acevedo transformed Sam Mac into a dwarf from Lord of the Rings. Day two was spent at Te Wharewaka o Pōneke to experience the Waitangi Day celebrations. Day three Boomrock hosted the crew for hot laps, clay bird shooting and extreme golf. The coverage resulted in a total reach of 8.3 million and total ASR of \$3.4 million (AUD).



Coverage examples (click to view)



## Event Marketing

### **Live in WLG campaign**

In early December we launched the summer phase of our Live in WLG events marketing campaign, to promote live performance events in Wellington during the summer period. The campaign delivered a reach of well over 1.5 million and included a summer events video, street posters, native advertising with Fairfax, social and a fortnightly eNewsletter. The fortnightly eNewsletter continues to perform well, with a steadily growing database. In early March, the autumn phase of the campaign was launched and will continue to run until mid-April.

### **Neil Oliver**

Venues Wellington brought Neil Oliver to New Zealand in partnership with Auckland Live for one show on 18 January. WREDA managed the promotion of the Wellington show and ran a relatively short campaign from the announcement in early December through to the show which consisted of TV (joint with Auckland Live), print, PR, a Stuff Mobile blast, street posters, social, and WREDA and Ticketmaster channels. Despite the campaign performing well, ticket sales were lacklustre (520 sold) – proving to be a challenging sell at a challenging time of the year.

### **Major Events**

We have provided substantial marketing support to our portfolio of major events providing NZ Festival, the Jim Henson Retrospectacle, BlackCaps, Cuba Dupa, Homegrown over the quarter via both WellingtonNZ.com and LiveinWLG channels.

### **Celebrate Wellington**

We launched Celebrate Wellington; a programme to make arts and culture available to a wider audience to mark the numerous cultural milestones being celebrated in Wellington during 2018. From 1st March through to the end of the year, thousands more Wellingtonians with financial or other access challenges will have the opportunity to attend events and engage with the city's creative sector. We're providing arts and cultural organisations with small grants to be used for things like free transport for groups, and enabling better access to audio commentary and sign interpreters for the hearing impaired.

## Digital marketing – all sectors

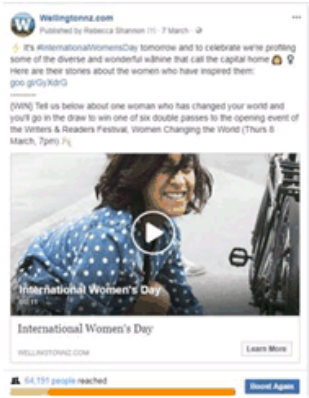
WellingtonNZ.com received 579,216 visits between January and March, with 344,683 unique users. Throughout Quarter 3, over 1.2 million pages were viewed, with top content including a resurgence in interest around the LookSee campaign (predominantly from India), sights & activities editorial content, and also event search. The largest volume of visitors came from NZ, Australia, India, USA, UK and Canada. The significant increase in overall traffic in Quarter 2 can be directly attributed to the Advent marketing campaign.

Social channels reached a combined audience of close to 8 million users over Q3. While growth slowed, due to significant recent changes to Facebook’s algorithm, there have been some interesting points of growth across individual channels, including:

- 5% growth in Wellington-based Facebook followers, and steady growth in our key follower markets of Australia, the USA and UK
- 6% growth in total Instagram followers, which means this is now the fastest-growing consumer-facing channel and provides cause for more energy to be directed into this platform
- 10% growth in LinkedIn followers which indicates there is an appetite for quality Wellington business information and stories.

To celebrate International Women’s Day we ran a mini campaign around Wellington businesswomen which reached 75k people, with several of the women then featured in the Dominion Post.

Key performance indicators	Q3
WellingtonNZ.com visits	579,216
Accommodation section page views	46,920
Social media reach	7,925,774
Total subscribed digital audience	388,318
• Social media fans	253,827
• eNews subscribers	134,491



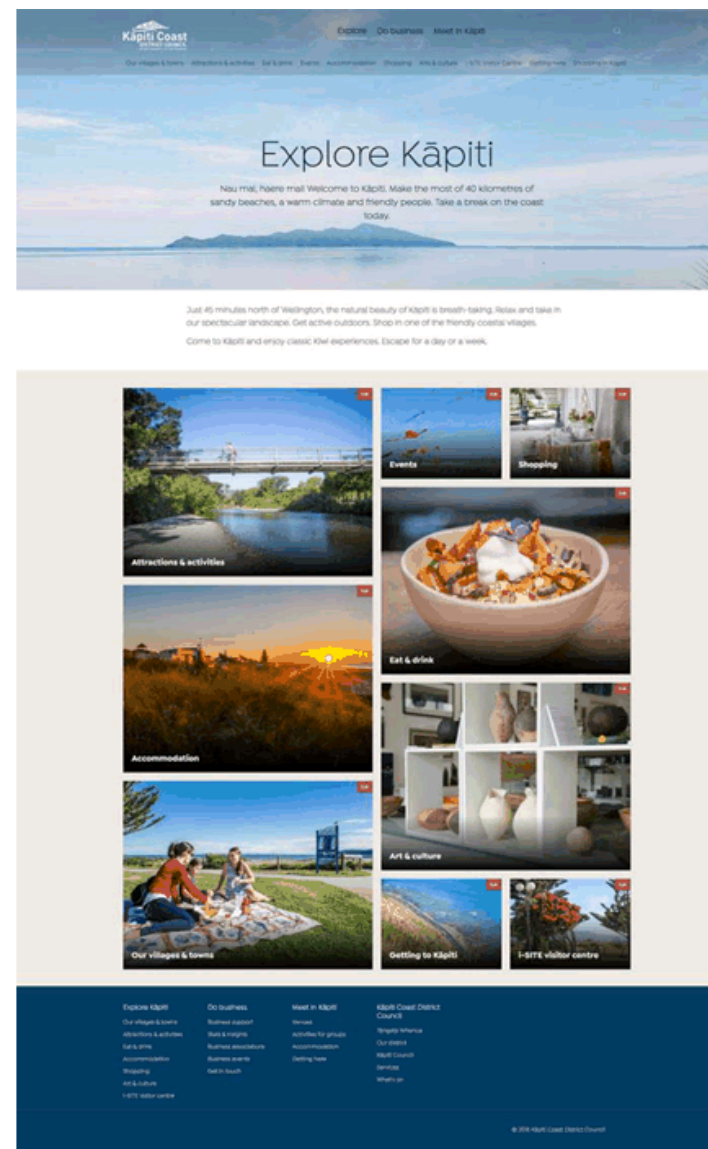
## Digital marketing – KapitiNZ.com

The digital team has worked with the **Kāpiti Coast District Council** to create a tourism, business, and study destination website using the infrastructure and framework of WellingtonNZ.com.

The capability to build standalone sites off The WellingtonNZ.com CMS was developed and launched as part of the VenuesWellington.com website build. This means that WREDA can create additional websites quickly and efficiently, and at a fraction of the cost.

The new KāpitiNZ.com website leverages all of the investment made in WellingtonNZ.com and links back to that site. This allows KCDC to build a bespoke website for their part of the Wellington region at a low cost level.

The new website was launched at the beginning of April and has been well received by businesses in the Kāpiti district.



## Corporate and Business PR

Over the quarter our **corporate communications** activity generated 21 positive stories around what WREDA is doing to boost Wellington's economy including WREDA supercharging its events programme with the Jim Henson Retrospectacle, TV coverage on both major channels of the NZ China Business Forum on Alipay coming to Wellington, Wellington having a mighty summer economically, Wellington bounces back from the post-quake blues and a joint Wellington/Marlborough tourism campaign to lure Aussies for short stays. It has also including reactive commentary and managing LGOIMA's relating to a variety of matters.

Our **media programme** promoting local businesses generated 9 stories across the quarter – the highlight of which was 3-page in-depth feature in Muse magazine on Wellington's Jessica Manins from the Projectr AR/VR centre. More stories are in the pipeline, including a feature in the NZ Listener on Wellington's strength in the future of entertainment with the rise of mixed reality.



### Aussies urged to pack their bags for Wellington-Marlborough short stay

AMBER-LEIGH WOOLF  
Last updated 09:46, January 31, 2018



One of Marlborough's best attractions is the Queen Charlotte Track.

A campaign to encourage Australians to combine visits to Wellington and Marlborough as an autumn short break is being launched next week.

Tourism New Zealand has partnered with the Wellington Regional Economic Agency (WREDA) and Destination Marlborough to encourage Aussies to visit both regions.

The four-week campaign aims to increase arrivals by 7.5 per cent between March and May.

## Business sector storytelling

### Wellington's New Influencers

In March, WREDA launched a novel media initiative to tell the world about the next generation of thinkers and leaders who are reshaping their respective industries from the Wellington region.

Every day for a week, a full-page spread in the Dominion Post and a native feature on Stuff featured some of the Wellingtonians whose influence may eventually challenge that of Sir Peter Jackson, Sir Richard Taylor, Sam Morgan or Rod Drury.

Ranging from social enterprise creator, scientists, filmmakers, education leaders to digital disruptors, these up and coming innovators from right across the Wellington region are developing fresh ideas that might just be the next Xero, Trade Me or Weta.

The series reached a daily audience of 170,000, and generated new business enquiries for some of the businesses involved. Content was also pushed out via social channels.

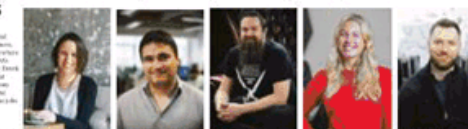


## When the future is now

### Wellington's next creative leaders

WREDA (Wellington Regional Economic Development Agency) introduces five of the most influential Wellington women and men working in the region's creative sector in 2018.

Creative capital is a powerful force for economic growth and innovation. It's the lifeblood of the creative industries, which are becoming increasingly important to the region's economy. Wellington's creative sector is a vibrant and growing hub of talent and innovation, and it's exciting to see the next generation of leaders emerging.



Ming Williams, New Zealand Festival; Maria Wynne, Pika; Greg Broadbent, Weta Creative; Matt Liddell, Weta Creative; Sarah Bradley, Aurora44



## Channeling the future



### Our new stars of the film industry



Lily Hume, Weta Creative; Sarah Bradley, Weta Creative; Ming Williams, Weta Creative; Maria Wynne, Pika; Greg Broadbent, Weta Creative



## Business Events Wellington

In the third quarter the Business Events Wellington (BEW) team were successful in winning 15 bids for Wellington to host international and national conferences. These events will inject a projected economic value of \$10,712,870 into the Wellington economy.

Amongst the bids won by the BEW team were:

- Inspiring Stories 2018 (1,500 delegates – estimated Economic Impact \$2,314,500)
- Count Financial 2019 (650 delegates – est. EI \$1,305,850)
- Romeo Bragato 2018 conference (600 delegates – est. EI \$925,800)

In Q3 11 International bids business events have been supported as we build on our partnership with our Venues Wellington team, Tourism New Zealand and Te Papa to grow this sector

Working hand-in-hand with the Venues Wellington sales team we have also secured a number of events from the Australian market, showcasing how Wellington is a destination of choice for business events, the team have landed some big wins for our venues:

### 2018

- Urbanism Conference 2018 (250 delegates)

### 2019

- Australian Human Genetics 2019 (400 delegates)
- Australasian Society for the Study of Brain Impairment 2019 (400 delegates)
- 650 delegates will arrive in Wellington 2019 to attend a high profile financial conference

### 2020

- College of Intensive Care Medicine 2020 (250 delegates)



## Major Events - Q3 Outcomes

### *Cricket, football and rugby*

The **Black Caps** played both Pakistan and England twice in Wellington during the summer. The **Phoenix** season has continued with mixed success on and off the field. Ultimately attendance was less than expected to the cricket and football matches supported, which could be attributed to the amount of product on offer each season.

The Super Rugby Season kicked off for the **Hurricanes** in positive fashion with two home ground wins against the Crusaders and Highlanders respectively. They played in front of good crowds of >15,000 per match and the out of region visitation also shows the Hurricanes have strong fan support, with at least 24% out of region attendees coming in at the start of the season.

### *NZ Festival*

The **NZ Festival** launched with the *Waka Odyssey* and tens of thousands turned out on a stunning day at the Wellington Waterfront. Seasonal highlights during the Festival included the *Barbershop Chronicles*, *The Select [The Sun also Rises]* and *Star Wars: A New Hope*. The programme appealed to a more discerning arts audience; strong audience numbers were recorded across events. Full post event results and attendance stats are due in Q4.

### *Cuba Dupa*

**Cuba Dupa** enjoyed attendance numbers consistent to those of last year. Enhancements to the delivery of the event included some colourful staging elements. Results of an event survey conducted by organisers are also yet to be received; sentiments are expected to remain high. We are seeking to affirm the dates for the festival to enable them surety of scheduling for the next three years.



## Major Events – Q4 focus

### *Arts & Culture*

**Jim Beam Homegrown** – 7 April. Achieved record sell out six weeks in advance of event day and at 18,000 tickets, higher than ever before with >70% coming from outside of the region meaning we are expecting a significant boost for the economy.

**Jim Henson Retrospectacle** – 9-29 April. Featuring a concert with Bret McKenzie, the NZSO and well known muppet characters these four concerts have sold incredibly well and expecting a sell-out. A film series runs throughout the season plus exclusive 'Behind the Seams' activities reveals the magic and mastery behind Jim Henson's work.

**LUX** – 18-27 May. A focussed and intimate experience along the waterfront, this free to public event lights up the end of Autumn and is expected to draw thousands of local people.

**Wellington Jazz Festival** – 6-10 June. Programme has been announced and tickets on sale now. This event will inject the usual enthusiasm and energy into winter. The Festival is working with bars and restaurants to deliver scheduled performances that will support and boost the sector and festival programme.

**2018 Steinlager Series – All Blacks v France** – 16 June. Wellington will host the second Test of the series. Sales are going well and the city expects to see large visitor numbers and a filled stadium. This is the first of two All Blacks tests the city will host in 2018.



**WREDA**

# Venues Wellington

## Q3: January – March 2018

Wellington Regional Economic Development Agency

WellingtonNZ.com

## Events and Sales activity

The Venues Wellington sales teams continued in Q3 to drive conversion of event enquiries for the remainder of the financial year to optimise venue utilisation in the current year.

In this quarter the venues WREDA manages hosted over 49 business events and conferences that together enjoyed 47,388 delegates. This quarter reflects the number of community events that take place in the early part of the year in our venues.

It has been a busy start to 2018 for the Performances team; 48 events have been delivered with a total of 101 performances and seen 84,701 patrons through the venues, 16,249 people were from outside the Wellington region.

Event highlights include sold out performances for Jimmy Carr, Macklemore, and successful delivery of the biannual New Zealand Festival which included 72 performances in the WREDA managed venues over a three week period. Delivery of the 2018 seasons have now commenced for resident hirers such as the Royal New Zealand Ballet, New Zealand Symphony Orchestra and Chamber Music New Zealand.

Winetopia, who held their first Wellington event in Shed 6 in 2017, have reconfirmed for June 2018 moving to the larger space of the TSB Arena following their success of 2017. The sales team have also secured a sold out performance for Tash Sultana in July, a highly anticipated theatre season of Chicago at the Opera House in September and confirmed the Capital E Children's Festival for early 2019.

February and March has shown in particular the versatility of our venues with a large Australasian Conference in situ for 4 days with 400 attendees participating in a city wide delivery which once again showcased the seamless and successful proposition Wellington is in the Business Events Market.



## Operations

The Venues Operations team have launched a number of working groups in key focus areas, including accessibility, sustainability, customer experience and technology.

The team are finalising the design for the digital signage system to be rolled across the venues in Q4, improving customer migration through the venues, marketing and product displays.

The teams and our partner suppliers were kept busy through another large festival period, running all venues simultaneously. This emphasis must now be maintained to build capability to deal with a busy Q4 with some large concerts and heavy usage of the TSB Arena, Michael Fowler Centre and Opera House as the St James Theatre closes for seismic strengthening.

Considerable work has been carried out to prepare for and activate the clearing of the St James of theatre service equipment, the theatre has now handed over to the contractors for the project.

There is continued work with the WCC Property team on identifying venue improvements and updates





## Trails development

### Regional Trails Framework

In Q3 WREDA employed a resource to deliver the Wellington Regional Trails Framework on behalf of the Councils of the region.

In Q3 the emphasis of the work has been meeting key stakeholders from Councils and User groups across the region to understand their perspectives and the challenges and opportunities they see and from this establishing a governance framework for the delivery of the project.

Simultaneously a marketing brief has been developed to drive a content plan to tell the stories of our trails through the WREDA marketing team and to identify the appropriate criteria for a regional trails website to house those stories and to provide information for visitors and locals alike.



## Wellington City Venues

### Indoor Arena

WREDA has in Q3 delivered a report that assesses the development of the strategic case for investment in a new fit-for-purpose performance arena for the region.

This work has considered the current performance event environment in New Zealand and Australia and the trends that will impact on that in the future. The report was presented to the WRS Committee in April; it examines the number of events that Wellington is missing out on and what it might expect should an appropriate venue be built.

The matters it provides details on include:

- The existing restraints in the number and type of events that occurs because of the deficiencies of the TSB Arena
- Changes and trends in the performance event sector across New Zealand and Australia
- The volume of business being enjoyed by Auckland (and specifically Spark Arena)
- The appropriate size of an Arena to maximise the opportunities for Wellington
- The alternative approaches to operational management that might be considered.

The next stage of work will consider the cost implications of the various alternative sites and the ongoing costs of operating an Arena.



Programme of Activity		Measure	2017/18 Target	YTD Actual Q3	YTD Budget Q3	2017/18 Forecast
Grow Business and Innovation	Business Support Development	No. of companies on the scale-up programme <sup>(1)</sup>	10	0	7	0
	Sector Events	No. of events supported in key sectors <sup>(2)</sup>	3	3	1	8
	Regional Business Partner Programme	Number of actively supported businesses <sup>(3)</sup>	445	326	333	445
	Creative HQ	No. of Wellington start-up ventures and early stage businesses on the CHQ Platform <sup>(4)</sup>	25	52	12	55
		No of acceleration programmes (Lightning Lab and Venture Up) <sup>(5)</sup>	2	2	2	2
		No. of members in "Start-up Garage" <sup>(6)</sup>	3,000	2,832	6	3,000
		No. of companies becoming investable <sup>(7)</sup>	5	3	2	5
Attract Business and Investment	Screen Wellington	Conversion rate of logged enquiries to confirmed production or business <sup>(8)</sup>	25%	28%	25%	25%
		Value of facilitated screen production <sup>(9)</sup>	\$100m	\$82.2m	\$75m	\$100m
		Customer satisfaction survey <sup>(10)</sup>	80%	88%	80%	80%
Attract, Retain and Grow Talent	International Student Attraction	Number of jobs created from WREDA intervention <sup>(11)</sup>	335	110	251	335
		International student visas <sup>(12)</sup>	6,930	4,640	5,200	6,930
		International student enrolments <sup>(13)</sup>	9,200 (+8.2%)	Annual measure	Annual figure	9,200 (+8.2%)
	Student Employment Pathways	NZ Market share of International students <sup>(14)</sup>	7%	7%	7%	6.50%
		Interns placed in priority sectors <sup>(15)</sup>	225	263	150	275
	Talent Attraction	Net permanent and long-term arrivals <sup>(16)</sup>	3,600	3,343	3,000	3,600
		Wellington share of total net permanent and long-term arrivals <sup>(17)</sup>	6%	5.82%	5.60%	6%
Nurture Environment Conducive to Economic Growth	Partner / Stakeholder Engagement	Partner/Stakeholder satisfaction score with engagement <sup>(18)</sup>	80%	Annual measure	Annual measure	80%
	Iwi Economy	Mana Whenua satisfaction score with engagement <sup>(20)</sup>	Set baseline	Annual measure	Annual measure	Set baseline

## WREDA Key Performance Indicators – Quarter Three, 2017/18

### Sources:

1, 2, 3, 4, 5, 6, 7, 8, 9, 11, 15, 18, 25, 29, 33, 34 – internal count of activity outputs and outcomes  
 12, 13, 14 – Student Applications, Visas and Permits report (Stats NZ)  
 16, 17 – Immigration/Migration Reports (Stats NZ)  
 21 – Commercial Accommodation Monitor (Stats NZ)  
 22 – Monthly Regional tourism estimates (MBIE/Stats NZ)  
 23 – International Visitor Arrivals (Stats NZ)  
 24 – Convention Activity Survey (MBIE)  
 26 – delegate number multiplied by Convention Activity Survey (MBIE) spend data  
 27 – Total number of tickets sold to people from outside the Wellington region multiplied the average visitor spend (Stats NZ) for visitors from the places tickets are sold  
 28 – Total number of tickets sold to Wellington region addresses

Programme of Activity		Measure	2017/18 Target	YTD Actual Q3	YTD Budget Q3	2017/18 Forecast
Grow the Visitor Economy	Visitor Marketing Campaigns	Total Commercial Guest Nights <sup>(21)</sup>	3.2m	2.4m	2.25m	3.1m
		Visitor spend: Total <sup>(22)</sup>	\$2600m	\$1955m	\$2200m	\$2600m
		- International	\$860m	\$646m	\$660m	\$840m
		(of which from Australia)	\$240m	179m	\$175m	\$250m
		(of which from China)	\$79m	\$42m	\$47m	\$55m
		- Domestic	\$1700m	\$1309m	\$1300m	\$1720m
		Australian arrivals via Wellington Airport <sup>(23)</sup>	160.9K	118.9k	132k	155k
	Business Events Wellington	NZ market share multi-day conferences <sup>(24)</sup>	18%	20%	18%	20%
		Number of international business event bids submitted and/or supported in FY <sup>(25)</sup>	20	35	10	45
		Value of business events (international and domestic) secured in FY <sup>(26)</sup>	\$15m	22.85m	\$7.5m	\$25.0m
	Venue Management	Value of expenditure by out of town venue attendees <sup>(27)</sup>	\$45.4m	\$56.0m	\$33m	\$66m
		Advance the Cultural well-being of Wellington – Number of Wellingtonians attending performance events at Venues Wellington <sup>(28)</sup>	290,720	230,867	232,576	290,720
		Total number of Events: <sup>(29)</sup>	624	449	295	615
		- Performance	320	254	142	323
		- Conference	304	195	153	292
Promote Wellington's Brand and Unique Identity	Major Events Programme	ROI via out of Wellington spend <sup>(30)</sup>	20:01	Annual Measure	Annual measure	20:01
		Economic value of major events invested in. <sup>(31)</sup>	\$80m	\$85.9m	\$65m	\$98m
		Total event attendance <sup>(32)</sup>	700,000	555,583	550,000	739,083
	Media Programme	Visitor attraction stories in NZ, Australian media <sup>(33)</sup>	500	1180	375	1250
		Live, work, do business, invest stories in local NZ and Australian media <sup>(34)</sup>	85	90	70	105

## WREDA Key Performance Indicators – Quarter Three, 2017/18

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**WELLINGTON REGIONAL ECONOMIC DEVELOPMENT AGENCY LIMITED**  
**FINANCIAL REPORT FOR 9 MONTHS TO 31 MARCH 2018**  
**(consolidated with Creative HQ, excludes Venues)**

**STATEMENT  
 OF  
 COMPREHENSIVE INCOME**

STATEMENT OF COMPREHENSIVE INCOME	YTD Actual 31-Mar-18	YTD Budget 31-Mar-18	Variance YTD	FY Forecast 30-Jun-18	FY Budget 30-Jun-18	Variance 30-Jun-18
<b>Revenue</b>						
Event revenue	0	0	0	0	0	0
Shareholder grants	18,556,924	18,493,650	63,274	23,624,822	23,697,495	(72,673)
Government grants	993,792	1,179,012	(185,220)	654,800	654,800	0
Partner revenue	1,121,268	1,315,500	(194,232)	1,505,880	1,460,500	45,380
Visitor Centre	1,597,020	1,888,050	(291,030)	1,958,432	2,300,000	(341,568)
Sub lease and carpark revenue	71,351	24,000	47,351	47,714	24,000	23,714
Interest income	56,141	50,878	5,263	69,505	64,092	5,413
Other income	1,824,149	949,381	874,768	2,155,752	1,257,504	898,248
<b>Total Revenue</b>	<b>24,220,645</b>	<b>23,900,471</b>	<b>320,174</b>	<b>30,016,905</b>	<b>29,458,391</b>	<b>558,514</b>
<b>Direct Costs</b>						
Cost of sales	1,550,981	1,566,405	15,424	1,845,100	1,900,000	54,900
Wages (events etc)	0	0	0	0	0	0
Other direct costs	0	0	0	0	0	0
<b>Total Direct Costs</b>	<b>1,550,981</b>	<b>1,566,405</b>	<b>15,424</b>	<b>1,845,100</b>	<b>1,900,000</b>	<b>54,900</b>
<b>Operating Expenses (overheads)</b>						
Salaries and wages	9,484,555	9,440,098	(44,457)	12,599,093	12,675,197	76,104
Other employment costs	458,461	482,617	24,156	754,973	670,879	(84,094)
Occupancy costs	476,398	476,745	347	620,610	624,860	4,250
Marketing & activity expenses	10,217,499	10,768,039	550,540	12,619,062	11,954,950	(664,112)
Utilities	29,180	12,900	(16,280)	20,155	17,600	(2,555)
IT and communications	268,758	331,449	62,691	451,297	420,411	(30,886)
Insurance	11,836	16,000	4,164	16,836	16,000	(836)
Administration costs	441,601	350,317	(91,284)	613,796	636,529	22,733
Vehicle expenses	37,632	35,784	(1,848)	50,545	47,712	(2,833)
Travel costs	21,525	6,800	(14,725)	135,892	133,592	(2,300)
Professional fees	94,374	130,003	35,629	35,675	30,000	(5,675)
Director fees	158,032	148,500	(9,532)	125,015	150,000	24,985
Other operating expenses	0	0	0	0	0	0
<b>Total Operating Expenditure</b>	<b>21,699,851</b>	<b>22,199,252</b>	<b>499,401</b>	<b>28,042,949</b>	<b>27,377,730</b>	<b>(665,219)</b>
<b>Total Expenditure</b>	<b>23,250,832</b>	<b>23,765,657</b>	<b>514,825</b>	<b>29,888,049</b>	<b>29,277,730</b>	<b>(610,319)</b>
<b>Net Surplus/(Deficit) before Depreciation and Tax</b>	<b>969,813</b>	<b>134,814</b>	<b>834,999</b>	<b>128,856</b>	<b>180,661</b>	<b>(51,805)</b>
Interest expense	0	0	0	0	0	0
Depreciation	124,359	75,605	(48,754)	142,250	133,481	(8,769)
Movement in investment valuation	0	0	0	0	0	0
Taxation expense	78,072	0	(78,072)	163,450	0	(163,450)
<b>Net Surplus/(Deficit)</b>	<b>767,382</b>	<b>59,209</b>	<b>708,173</b>	<b>(176,844)</b>	<b>47,180</b>	<b>(224,024)</b>

WREDA currently has a surplus higher than budgeted, due to timing of expenditure compared to budget. As has occurred over recent years Q4 will see significant expenditure occur and this will bring our actual result toward budgeted.

Our year end forecast position is also reflective of the surplus that we made in the 2017-year end, which was due to accounting treatment of some of our revenue. Using the same accounting treatment methodology in the 2018 financial year, some of this revenue will be spent in the 2018 year bringing us to the deficit position. When preparing the 2018 budget we were not anticipating treating revenue this way during 2017.

A reduction in government grants is attributable to our subsidiary, Creative HQ and this is a result of a slow down after the change of government last year. As these programmes are matched against expenditure when they occur, there is no risk to the yearend surplus as a result.

Our Visitor Centre sales income (tourism related) continues to improve since an initial drop off in income after the relocation of the Visitor Centre to outside the MFC after the 2016 earthquake. It does however continue to track below budget YTD but a positive 17/18 cruise season and favourable weather over the Wellington summer has seen this income improve toward budget month by month.

During the quarter we have taken external advice on how we treated some ticketing agency income in relation to ticketing agreements and have adjusted our treatment of revenue versus cost of sales in the period to reflect commission only in the year for some of our ticketing contracts. This has no effect on the bottom line result. The Visitor Centre will again be subjected to difficult trading conditions whilst the Town Hall strengthening project occurs next door. We are currently working through various scenarios to minimise the impact disruption to our Visitor Centre and visitors.

WREDA, the parent, has seen a positive financial impact to its relocation of its non MFC staff to Victoria Street in April 2017. Savings have been higher than anticipated and this along with an emphasis on rigorous analysis of staffing requirements as staff have left the organisation is resulting in the ability to have more agility in funds available for deployment into programmes of work as opportunities arise during the year. This can be seen in an increase in forecasted marketing and activity expenses at year end compared to budget.

## STATEMENT OF FINANCIAL POSITION – AS AT 31 MARCH 2018

STATEMENT OF FINANCIAL POSITION	As at 31-Mar-18	Budget 31-Mar-18			FY Budget 30-Jun-18
<b>Shareholders Equity</b>					
Paid up capital	1,000	1,000			1,000
Retained earnings	2,380,290	1,672,117			1,518,256
<b>Total Shareholder/Trust Funds</b>	2,381,290	1,673,117			1,519,256
<b>Current Assets</b>					
Cash and cash equivalents	3,217,163	1,803,117			1,618,445
Other current assets	1,033,121	675,000			595,724
<b>Total Current Assets</b>	4,250,284	2,478,117			2,214,169
<b>Investments</b>	1,413,177	1,400,000			1,400,000
<b>Non-current Assets</b>					
Fixed assets	464,747	325,000			288,200
Other non-current assets	0	0			0
<b>Total Non-current Assets</b>	464,747	325,000			288,200
<b>Total Assets</b>	6,128,208	4,203,117			3,902,369
<b>Current Liabilities</b>					
Accounts payable	505,512	1,400,000			1,262,677
Other current liabilities	3,241,406	1,130,000			1,120,436
<b>Total Current Liabilities</b>	3,746,918	2,530,000			2,383,113
<b>Non-current Liabilities</b>					
<b>Total Liabilities</b>	3,746,918	2,530,000			2,383,113
<b>Net Assets</b>	2,381,290	1,673,117			1,519,256

WREDA is in a positive cash holding position and has no issues with the aging of receivables.

WREDA has had to incur earlier than anticipated technology replacements during the year which has assisted in higher than budgeted holdings of fixed assets. This higher balance is also reflective of the subsidiaries asset purchase programme with increasing delivery of programmes of work. Additionally, WREDA finished the previous financial year with higher than anticipated fixed assets, which resulted in the financial year starting with higher assets than budgeted.

### STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 31 MARCH 2018

STATEMENT OF CASH FLOWS	YTD Actual 31-Mar-18	YTD Budget 31-Mar-18	FY Budget 30-Jun-18
Opening Cash	1,706,958	2,100,000	2,100,000
Operating Cash Received	24,854,039	23,849,593	29,057,895
Operating Cash Paid	(23,250,832)	(24,167,354)	(29,543,542)
Other Receipts	56,141	50,878	64,092
Other Payments	(149,143)	(30,000)	(60,000)
Closing Cash	3,217,163	1,803,117	1,618,445

WREDA has no cash flow issues.



**To:** Wellington City Council  
**From:** Wellington Zoo Trust  
**Date:** 30 April 2018

### Third Quarter Report 2017/18 Financial Year

#### Highlights

- Working with local iwi, Taranaki Whānui kit e Upoko o te Ika, the Zoo has created a phrase in Te Reo Māori that encapsulates the ethos of Wellington Zoo – *Me tiaki, kia ora!* Broadly translated this means we must look after the environment, and life will flourish. We have held workshops with all Zoo staff to explore the meaning behind our ethos, and for each staff member to develop what it means for them.
- The Zoo has started the first breeding programme undertaken in Australasia for Goliath Bird Eating tarantulas. There are only 88 of this endangered species recorded as being held in zoos in the world and nine of these reside at Wellington Zoo with six ready for mating. The first mating has been successful and could result in between 200-500 spiderlings.
- We have partnered with Zoos Victoria to successfully lobby for a reduction of single use plastics in the products from global toy maker Wild Republic which produces 45-50% of our retail stock. Reducing single use plastics in our operations is a key strategic outcome for WAZA (World Association of Zoos and Aquariums) members by 2023. WAZA has signed an MOU with UN Environment to achieve this goal for members.
- Shop sales are \$8,927 ahead of our YTD target of \$323,000. Our retail shop team continue their efforts to source sustainable and eco-friendly products with 44% of all shop stock now meeting this requirement.
- We had excellent support for our visitor events programme during the quarter with record breaking numbers attending:
  - 13<sup>th</sup> annual Neighbours' Night in January, held in conjunction with WCC Social Housing, had a record 1,827 community members welcomed to our wild party.
  - Valentine's Night on 14 February with a best ever number of 786 visitors attending the event. Always willing to help our visitors fully enjoy their visit, Zoo staff were involved in staging a visitor's (successful!) proposal of marriage.
  - Zoo Twilights held every Friday night in March allowed families the unique opportunity to visit after a busy school/working week was over. We had a total of 1,151 visitors over five nights.
- The result for nine months to 31 March shows an operating surplus of \$410K against a budgeted operating surplus of \$97K.

#### Challenges this Quarter

- The unusually high temperatures over summer impacted on our electricity and water usage costs which are above budget by \$32,398.

#### Visitor Attendance – as at 31 March 2018

	Current YTD 2017/18
Actual	180,367
Target	179,357
Difference	1,010

We are 13,664 visitors ahead of where we were this time last year (1 July – 31 March).



Photo: Zoofari<sup>1</sup> programme, March 2018

- The Warehouse Zoofari programme for schools has started again for another year with visits from seven participating schools (833 students) completed for the calendar year to date. During this quarter, a national fundraising campaign for Zoofari was undertaken at The Warehouse with over \$300,000 raised to be used by the four major zoos across New Zealand to enable as many kids as possible to experience hands-on conservation learning.
- Various FSC<sup>2</sup>-based activities were undertaken during the quarter:
  - Wellington Zoo had a stall at the Newtown Festival in March to talk to our community about the ways we can all help animals in the wild by purchasing FSC certified products, highlighting the importance of sustainable forest management.
  - Four staff attended the FSC Business Forum in Auckland on 19 March at which CE Karen Fifield was a key note speaker talking about the importance of FSC to our Zoo. It was an excellent opportunity to build the Zoo's FSC network across a broad range of industries and to understand the global trends for certified forestry products.
  - During the quarter, the Zoo hosted four students from Worcester Polytechnic Institute (WPI), USA while they completed a research project on the awareness of brand availability of FSC products in NZ supermarkets.
- Held as an exemplar of the Be.accessible programme, our Visitor Engagement Manager was invited to speak to a group of Wellington organisations about leading the way and our journey to achieve a Gold rating from Be.accessible (part of the Be.Wellington project which aims to make Wellington a more accessible city).

<sup>1</sup> Zoofari is partnership between Wellington Zoo and The Warehouse which enables children from low decile schools to visit the zoo and experience a learning environment.

<sup>2</sup> The Forest Stewardship Council (FSC) is dedicated to promoting responsible forest management around the world and upholding the highest standards in responsible forestry at best.

- The Learning Experience team participated in a workshop on youth development and participation, and cultural engagement facilitated by Jane Zintl, Youth Development Manager, Ara Taiohi. This is part of the UNESCO funding grant we received last year to develop a strategy for meaningful engagement with youth inclusive of diverse backgrounds.

#### Visitor Numbers

	Current YTD March 2017/18
Actual	180,367
Target	179,357
Difference	1,010

#### LEOTC Numbers

	Annual Target	YTD March 17/18
School Visits (LEOTC)	10,500	8,082

#### Holiday Programme

	Annual Target	YTD March 17/18
Holiday Programme	1,300	1,099

#### Species Planning

Arrivals			
Species	Gender	Status	Due
Tasmanian Devils from Australia	Two males and one female	Recommendation received	Early 2018
Porcupines from USA	2 females	12 April	Early 2018

Planned Transfers Out			
Species	Gender	Status	Due
Agoutis	Three females	Perth Zoo	Early 2018
Nyala	Six	Werribee Open Range Zoo	May 2018



*Photo (Mark Coote): Neighbours' Night BBQ January 2018*

- The Venues team participated in the eighth *Show Me Wellington* venues trade fair. Over 70 exhibitors were there on the day with over 600 people attending the expo. The Zoo stand was voted as the runner up to best in show.
- Facebook reached 893,552 unique users during the quarter with 55,376 of these users engaging with our page posts. Twitter had a combined total of 114,000 impressions and Instagram reached a combined total of 34,614 users for the quarter.

Our Facebook following is up to 43,049; Twitter following is 8,375 and Instagram is up to 4,197 followers.

- Another Cotton Top Tamarin baby was born in January following on from the twins born in May 2017. The cotton-top tamarin is one of the most endangered primates in the world and Wellington Zoo supports Proyecto Titi conservation work in the range state of these animals.
- The Zoo hosted Canadian behaviour change expert Doug McKenzie Mohr's workshops on community-based social marketing with Zoo staff attending both the introductory and advanced sessions.
- We celebrated our local Kororā (or Little Blue Penguins) over Wellington Anniversary Weekend as part of Penguin Awareness Weekend.



*Photo: One of the Zoo's Goliath Bird Eating Tarantulas*

- Work with our Conservation Partners included:
  - Red Panda Network in Nepal has named the red panda cub, Ngima, from the Buddhist calendar meaning sun as he was born on a Sunday;
  - starting to support Wild Welfare as a conservation partner. Wild Welfare works with Zoos in developing countries to improve their practices and our CE is on the Wild Welfare International Board.
- Wellington Zoo collaborated with Eco Gecko on two projects during the quarter:
  - A Spotted Skink field study at Baring Head (presence of Skinks on site confirmed); and
  - The Nest Te Kōhanga worked with Eco Gecko consultants on the release of the final batch of Ngahere Geckos to Mana Island.
- Further weed maintenance and rubbish collection work was undertaken at the Town Belt Restoration Site in recognition of WCC's Parks Week. On 18 March, staff ran a guided tour of this site, talking about our restoration efforts and identifying native and invasive plant species.

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

Native Animal Admission		2015	2016	2017	2018
Statistics					
January		63	67	76	54
February		51	41	52	70
March		60	39	33	57
April		30	28	22	
May		37	33	47	
June		34	23	21	
July		33	17	20	
August		26	15	24	
September		25	24	22	
October		19	43	28	
November		33	41	37	
December		67	58	61	
		<b>478</b>	<b>429</b>	<b>443</b>	<b>180</b>



Photo: Wellington Zoo's new EV

- The Zoo is continuing its sustainable journey with the addition of an electric vehicle to the fleet, thanks to the support of WCC, showcasing our commitment to environmental sustainability.
- As one of several media opportunities during the quarter, TVNZ One News ran a story on the Zoo's sustainability work, including CE Karen Fifield's WAZA appointment to build a sustainability framework for zoos and aquariums around the world.
- At Director, Conservation, Eric Miller's invitation, Karen Fifield travelled to St Louis Zoo in USA to participate in their Strategic Planning meeting for a proposed WildCare Institute. Greatly impressed by his tour of The Nest Te Kōhanga in 2017, Eric invited Karen to provide input at the meeting as they move forward with their proposal.
- While in USA, Karen also visited Cheyenne Mountain Zoo (CMZ) to observe their safety protocols around working with dangerous animals and to discuss sustainability work. It is hoped to bring CMZ's President Bob Chastain, who is also Chair of the American Zoo Safety Committee, to Wellington in the future to learn more about zoo safety and the work done at CMZ with giraffe.

**Craig Ellison**

**Board Chair**  
Wellington Zoo Trust

## COUNCIL CONTROLLED ORGANISATIONS SUBCOMMITTEE

30 MAY 2018

Absolutely Positively  
Wellington City Council

Me Heke Ki Pōneke

## Appendix 1 – Wellington Zoo Strategy Framework 2017-18

Measure	Target 2017-18	Tracking YTD 31 March 2018	NOTES AS AT 31 DECEMBER 2018
<b>CONNECT PEOPLE WITH ANIMALS</b>			
Contact animals meeting visitors in Zoo	1,100 hours	566 hours	This measure has been impacted by the number of animals available and will be a phased out as a measure next year.
People participating in Animal Close Encounters	4,000	3,246	
Number of students participating in LEOTC sessions	10,500	8,082	
<b>PEOPLE LOVE AND SUPPORT THE ZOO</b>			
Increase total visitation	242,000	180,367	1,010 visitors ahead of target YTD: 13,530 visitors ahead of the same period last year.
Percentage of operating costs generated by the Trust	54%	62%	
Ratio of Trust generated income as percentage of WCC grant	120%	135%	
Average income per visitor from Trust generated revenue	\$16.26	\$18.25	
Average WCC subsidy per visitor	\$13.39	\$13.47	
Full cost per visitor including WCC costs	\$21.21	Annual	
Volunteer engagement survey	1	Annual	
<b>SAVE ANIMALS IN THE WILD</b>			
Number of vulnerable, endangered or critically endangered species (IUCN Red List and DOC National list) in the Zoo's collection	≥27	27	
Percentage of native patient successfully released to the wild after treatment in the Nest Te Kōhanga	≥55%	74.5%	
Number of Field Conservation Projects supported for threatened (NZ) endangered or critically endangered (global) species	≥ 5	13	Kea Conservation Trust; Madagascar Fauna and Flora Group, Black and white Ruffed Lemurs, Proyecto Titi, Cotton Top Tamarins, Associação Mico-Leão-Dourado, Golden Lion Tamarins, Wildcats Conservation Alliance (Sumatran Tigers), Save the Tasmanian Devils Programme, FFI Vietnam White Cheeked Gibbons, Red Panda Network, Jane Goodall Institute (Chimpanzees), West Coast Penguin Trust, Free the Bears, TRAFFIC South East Asia.
% of OPEX directly contributed to field conservation	4%	Annual	This measure uses the Zoo and Aquarium Association Australasia toolkit to measure direct contribution to field conservation.
Participate in animal based scientific projects and paper publication	≥ 5	6	1. Lead toxicity in Tui with DoC Massey. 2. Lead toxicity in Kākā with DoC & Massey. 3. Honey Bee Pathogens with Victoria University, Wellington. 4. Major Histocompatibility Complex (MHC) detection in Cheetah if this is a contributing factor in mate choice for this species with Nick Cave, Massey University. 5. Feline gastrointestinal flora – of importance to our cats as we are having some digestive related problems with our Cheetah at present with Nick Cave from Massey. 6. Zoo animal anaesthesia study: Nigel Dougherty is one of our current residents in avian, wildlife and zoo animal health at Wellington Zoo and Massey University.
<b>LEAD THE WAY</b>			
Maintain Zoo and Aquarium Association Animal Welfare Accreditation	Achieved	Annual	Next round is November 2018
Maintain carbonZero certification	Achieved	Achieved November	Audit conducted, achieved accreditation.
H&S targets met	Achieved	Annual	These measures are outlined in the H&S strategy and include lead and lag indicators, process improvement for reporting and analysis of H&S data included: eight SIT meetings (95% attendance). Overall improvement in MCG H&S Culture & Maturity Survey, eight successful emergency drills carried out to end of April 2017.
People and Culture targets met	Achieved	Annual	Tracking slightly lower Near Miss and Hazard reports to date compared to 2016/17 financial year. Ten ACC claims to the end of ACC's reporting year to end of March 2017/18 compared to 10 in 2016/17 ACC financial year.

Quarterly Report: Quarter Three 2017/18

Page 8



Appendix 2 – Financial Statements

<b>CCO: Wellington Zoo Trust</b>			
<b>Quarter Three 2017/18</b>			
<b>\$NZ000's</b>			
<b>Actual</b>	<b>EARNINGS STATEMENT</b>	<b>Actual</b>	<b>Budget</b>
<b>30-Jun-17</b>		<b>31-Mar-18</b>	<b>31-Mar-18</b>
	<b>Revenue</b>		
3315	Trading Income	2914	2728
3125	WCC Grants	2430	2463
82	Other Grants	62	61
332	Sponsorships and Donations-Operational	166	157
302	Sponsorships and Donations-Capital	506	0
63	Investment Income	47	24
206	Other Income	103	83
7,425	<b>Total Revenue</b>	6,228	5,516
	<b>Expenditure</b>		
4,724	Employee Costs	3,581	3781
2,328	Other Operating Expenses	1,720	1628
11	Depreciation	11	9
998	Interest		
	Vested Assets		
8,061	<b>Total Expenditure</b>	5,312	5,418
(636)	<b>Net Surplus/(Deficit) before Taxation</b>	916	98
0	Taxation Expense		
9	Operating Surplus (Deficit)	410	98
(636)	<b>Net Surplus/(Deficit)</b>	916	98
0.1%	<b>Operating Margin</b>	6.6%	1.8%

Actual 30-Jun-17	STATEMENT OF FINANCIAL POSITION	Actual 31-Mar-18	Budget 31-Mar-18
	<b>Shareholder/Trust Funds</b>		
0	Share Capital/Settled Funds	0	0
0	Revaluation Reserves	0	0
1,348	Restricted Funds	1,354	1,022
342	Retained Earnings	1,258	431
1,690	<b>Total Shareholder/Trust Funds</b>	2,612	1,453
	<b>Current Assets</b>		
1,906	Cash and Bank	4,046	3,299
1,858	Accounts Receivable	306	30
138	Other Current Assets	205	100
3,902	<b>Total Current Assets</b>	4,557	3,429
	<b>Investments</b>		
0	Deposits on Call		0
0	Other Investments	0	0
0	<b>Total Investments</b>	0	0
	<b>Non-Current Assets</b>		
24	Fixed Assets	13	5
0	Other Non-current Assets	0	0
24	<b>Total Non-current Assets</b>	13	5
3,926	<b>Total Assets</b>	4,570	3,434
	<b>Current Liabilities</b>		
1,658	Accounts Payable and Accruals	666	400
578	Provisions		
	Other Current Liabilities	1,292	1,581
2,236	<b>Total Current Liabilities</b>	1,958	1,981
	<b>Non-Current Liabilities</b>		
0	Loans - WCC	0	0
0	Loans - Other	0	0
0	Other Non-Current Liabilities	0	0
0	<b>Total Non-Current Liabilities</b>	0	0
1,690	<b>Net Assets</b>	2,612	1,453
1.7	<b>Current Ratio</b>	2.3	1.7
43.0%	<b>Equity Ratio</b>	57.2%	42.3%

Actual 30-Jun-17	STATEMENT OF CASH FLOWS	Actual Mar-18	Budget Mar-18
	<i>Cash provided from:</i>		
3315	Trading Receipts	2,914	2,728
3125	WCC Grants	2430	3,283
82	Other Grants	62	61
634	Sponsorships and Donations	672	157
63	Investment Income	47	24
-1432	Other Income	3,966	83
5787		10,091	6,336
	<i>Cash applied to:</i>		
4,724	Payments to Employees	3,425	3,781
1,481	Payments to Suppliers	4,526	1,628
	Net GST Cashflow		
998	Other Operating Costs (VESTING)		
	Interest Paid	0	0
7203		7,951	5,409
-1416	<b>Total Operating Cash Flow</b>	2,140	927
	<b>Investing Cash Flow</b>		
	<i>Cash provided from:</i>		
0	Sale of Fixed Assets		
	Other		
0		0	0
	<i>Cash applied to:</i>		
	Purchase of Fixed Assets		
(500)	Other -Receipt from sale of investments	0	0
(500)		0	0
500	<b>Total Investing Cash Flow</b>	0	0

Actual 30-Jun-17	STATEMENT OF CASH FLOWS (CONT)	Actual 31-Mar-18	Budget 31-Mar-18
	<b>Financing Cash Flow</b>		
	<i>Cash provided from:</i>		
	Drawdown of Loans		
	Other		
0		0	0
	<i>Cash applied to:</i>		
	Repayment of Loans		
	Other		
0		0	0
0	<b>Total Financing Cash Flow</b>	0	0
(916)	<b>Net Increase/(Decrease) in Cash Held</b>	2,140	927
2,822	<b>Opening Cash Equivalents</b>	1,906	2,372
1,906	<b>Closing Cash Equivalents</b>	4,046	3,299

Actual 30-Jun-17	CASH FLOW RECONCILIATION	Actual 31-Mar-18	Budget 31-Mar-18
(636)	<b>Operating Surplus/(Deficit) for the Year</b>	916	98
	Add Non Cash Items		
11	Depreciation	11	9
	Other (movement restricted funds)	6	
(625)		933	107
	<b>Movements in Working Capital</b>		
(1,504)	(Increase)/Decrease in Receivables	1,552	50
(7)	(Increase)/Decrease in Other Current Assets	(67)	30
928	Increase/(Decrease) in Accounts Payable	(992)	(500)
(208)	Increase/(Decrease) in Other Current Liabilities	714	1,240
(791)		1,207	820
	<b>Net Gain/(Loss) on Sale:</b>		
0	Fixed Assets	0	0
	Investments	0	0
0		0	0
(1,416)	<b>Net Cash Flow from Operations</b>	2,140	927

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## **FINAL STATEMENTS OF INTENT FOR COUNCIL CONTROLLED ORGANISATIONS**

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### **Purpose**

1. To receive and consider the final 2018/19 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 Regional Stadium Trust (not a Council Controlled Organisation)
  - Wellington Zoo Trust

### **Summary**

2. Officers received draft SOIs and reported on these at the sub-committee meeting on 4 April 2018. 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 4 April 2018.

### **Recommendations**

That the Council Controlled Organisations Subcommittee Sub-committee:

1. Receive the information.
2. Note that following the sub-committee meeting on 4 April 2018 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 2018/19 Statements of Intent for the Basin Reserve Trust, the Karori Sanctuary Trust, the Wellington Cable Car Limited, the Wellington Museums Trust, the Wellington Regional Stadium 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.

## COUNCIL CONTROLLED ORGANISATIONS SUBCOMMITTEE 30 MAY 2018

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 2018/19 SOI for Wellington Regional Development Agency Limited will be considered by the Wellington Regional Strategy Committee and provided to this Committee under a separate covering report.
8. The 2018/19 SOI for Wellington Water Limited will be considered by the Wellington Water Committee.

### Discussion

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

### Basin Reserve Trust

11. The Trust has updated its financial forecasts in response to more recent information concerning its calendar of events and has highlighted its commitment to promoting a safe and harassment-free environment for all staff, contractors and patrons at all sporting fixtures and events. The Trust also commits to revisiting current policies and preventative measures pertaining to sexual, gender and other forms of harassment in line with an initiative from the International Association of Venue Managers.
12. Officers recommend that the sub-committee recommend that the City Strategy Committee approve the Basin Reserve Trust 2018/19 SOI.

### Karori Sanctuary Trust

13. Officers recommend that the sub-committee recommend that the City Strategy Committee approve the Karori Sanctuary Trust 2018/19 SOI.

### Wellington Cable Car Limited

14. The company has updated its SOI to include the commitment to working with Wellington Regional Development Agency Limited to identify opportunities that will enhance the overall visitor experience to Cable Car passengers and officers recommend that the sub-committee recommend that the City Strategy Committee approve the Wellington Cable Car Limited 2018/19 SOI.

### Wellington Museums Trust

15. The Trust's SOI acknowledges that increasing the size of the Cable Car museum is not a Council priority. It also notes that any proposed changes to the Trust's performance measures will be considered in consultation with Council. Officers recommend that the sub-committee recommend that the City Strategy Committee approve the Wellington Museums Trust 2018/19 SOI.

### Wellington Regional Stadium Trust

16. Officers recommend that the sub-committee recommend that the City Strategy Committee approve the Wellington Regional Stadium Trust 2018/19 SOI.

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**Wellington Zoo Trust**

17. The Trust has included the full costs per visitor forecasts as requested and officers recommend that the sub-committee recommend that the City Strategy Committee approve the Wellington Zoo Trust 2018/19 SOL.

**Attachments**

Attachment 1.	Basin Reserve Trust 2018/19 Statement of Intent <a href="#">↓</a>	Page 171
Attachment 2.	Karori Sanctuary Trust 2018/19 Statement of Intent <a href="#">↓</a>	Page 212
Attachment 3.	Wellington Cable Car Ltd 2018/19 Statement of Intent <a href="#">↓</a>	Page 292
Attachment 4.	Wellington Museums Trust 2018/19 Statement of Intent <a href="#">↓</a>	Page 349
Attachment 5.	Wellington Regional Stadium Trust 2018/19 Statement of Intent <a href="#">↓</a>	Page 410
Attachment 6.	Wellington Zoo Trust 2018/19 Statement of Intent <a href="#">↓</a>	Page 467

Author	Warwick Hayes, Project Manager Economic & Commercial
Authoriser	Danny McComb, Manager Economic & Commercial

# COUNCIL CONTROLLED ORGANISATIONS SUBCOMMITTEE 30 MAY 2018

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## 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 2018-19 Basin Reserve Trust

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



## Contents

Introduction .....	3
Strategic Direction .....	4
Nature and Scope of Activities .....	5
Board's Approach to Governance .....	6
Operating Environment Update .....	7
Performance Measurements .....	8
Additional Information .....	9
Organisational Health, Capability and Risk Assessment .....	11
Appendix: Accounting Policies and Financials .....	12

## **Introduction**

Momentum continues to build for the Basin Reserve Masterplan and the Trust is pleased to report that the RA Vance Stand works have been completed with the stand now fully functional and presented to a high standard. The renovation works on both scoreboards has been completed with a major new addition being the installation of the 10m by 0.96m high LED panel at the top of the manual scoreboard. This will allow advertising to be shown on the screen during non-match days. The Kent and Cambridge Terrace entrance and interface has commenced with the majority of works completed before the West Indies Test on 1 – 5 December 2017.

These changes have been positively received by New Zealand Cricket and the media as well as the Cricket Wellington community. Members, fans and players alike are full of praise for the developments around the ground, while there is genuine excitement with regards to what the future holds for the Basin Reserve upon completion of the Masterplan.

The Basin is Wellington's first-class cricket ground and is one of the most utilised sporting venues in New Zealand. In addition to hosting international cricket matches the Basin also hosts to a full domestic and community programme.

The Wellington Blaze (women) and Wellington Firebirds (men) play their home games at the Basin Reserve and the venue also hosts an array of community cricket fixtures including the annual Governor Generals game, women's and men's club cricket and primary, intermediate and secondary school games. The facility is heavily used as a training venue, with first-class training wickets produced for Cricket Wellington's domestic and age group teams and world class training wickets produced for the requirements of international sides. Cricket Wellington also run a number of junior cricket get-into cricket skills days at the Basin.

As planning for the remaining major works progresses, the Trust looks forward to several projects being completed over the winter. This includes the construction of the new players pavilion and the development of the Southwest Terraces, which will include a specifically built children's play area established for greater usage by young families. This will promote the Basin as a community friendly facility and will be accessible all year round. The recently completed function areas in the RA Vance Stand are now available and will add great value to the venue. The Trust is also committed to supporting the retention and refurbishment of the historic Museum Stand which is crucial to providing additional capacity in the ground. The significant heritage of the stand cannot be underestimated, and it will also serve as the main office for Cricket Wellington upon completion.

The Trust is committed to an aggressive fundraising programme to support Wellington City Council's investment and ensure all planned projects can be adequately funded. The initial focus of the Trust is to raise funds for the Southwest Terraces and the Museum Stand. Work also continues on securing a naming rights sponsor for the Basin Reserve. An external agency has been engaged to assist with this and a number of positive leads are being followed up.

In addition to the Masterplan, the Basin Reserve Trust has received positive reports from New Zealand Cricket regarding the wicket block, with a significant increase in pace and bounce which has raised the consistency of both of these factors. Since the removal of senior rugby from the Basin Reserve, the soil profile is much cleaner with the Organic Matter % (OM%) now within the acceptable levels as recommended by the International Cricket Council. Wellington Rugby will continue to utilise the ground for junior rugby on Saturdays.

(six games per weekend for over 60 children) while Capital Football will run junior football on Sundays (12 games per weekend for over 90 children). This enables the Basin to maximise usage of the venue all year round, with an average of 18 games played per weekend across both codes, as opposed to one senior game previously.

2017 has been another positive year for the delivery of events as we aim to retain the Basin Reserve's status as the 'premier cricket venue in New Zealand'. Cricket Wellington has successfully hosted the West Indies Test Match as well as two One-Day International fixtures against Pakistan in January. The international activity has complemented another full schedule of Domestic cricket this season, including two Plunket Shield fixtures being played in October for the first time in a number of years due to early preparation of the wicket block. Other events have included 'Beers at the Basin', which was an extremely successful event that showcased some of the best craft breweries, local wineries, street food and music within the Wellington region. The attendance for this event was 5500, which highlights the demand for the Basin as a venue for alternate events outside of the cricket calendar.

The Basin Reserve Trust is highly committed to ensuring it continues to provide significant opportunities at the grassroots level for all community and junior sport. This is highlighted by the desire to host club, secondary school and primary school cricket finals across both male and female competitions. This ensures that the ground is available for a wide range of users and that the Basin Reserve can be enjoyed by everyone. The Trust also continues to nurture relationships with other sporting codes, such as athletics which saw a 'Night of Miles' event return to the venue in December, to establish the ground as a multi-purpose facility. Surrounding schools make use of the venue for events such as their annual cross country.

The Basin Reserve Trust is also working with the Wellington Regional Economic Development Agency (WREDA) events team to ensure a steady stream of non-cricket event bookings that complement an already busy schedule. The bidding process for the Future Tours Programme will begin with New Zealand Cricket in May 2018 which will allow us to lock in the international cricket schedule over the next 18 months. The Women's Cricket World Cup is being hosted by New Zealand in 2021 and we are committed to working alongside WREDA and NZC to secure a strong programme for Wellington.

## **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;

## 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, with a focus on the following responsibilities;

- 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 approved 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**

- Alan Isaac (Chair) (Wellington City Council)
- Mike Horsley (Cricket Wellington)
- Cr Fleur Fitzsimons (Wellington City Council)
- Mr John Greenwood (Cricket Wellington)

### **Trust Operations**

The Trust meets quarterly and considers a Management Report submitted by Cricket Wellington. Additional meetings are called as required.

### **Performance Management**

The performance of the Trust is measured in part by achievement of agreed KPI's, with 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 (with 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 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 2017 six games per weekend of junior rugby were played at the Basin. During the 2018 winter, both junior rugby (Saturday) and junior football (Sunday) will be played at the Basin exposing over 150 children per weekend to the venue. In partnership with Wellington Athletics we will continue to host 'Night of Miles' event and we as provide access to surrounding schools for events such as their annual cross country. The successful Beers at the Basin event will also become an annual fixture and we continue to work with WREDA regarding opportunities for other events to be secured

In terms of cricket in May 2018 the Basin Reserve Trust will engage with New Zealand Cricket, Westpac Stadium and WREDA to secure international cricket fixtures for an eighteen month term. In 2018/19 Sri Lanka, Bangladesh and India will tour which underlines the importance of the city presenting a strong regional case. Below the international level, domestic cricket and community cricket will see a full programme of all Wellington Firebirds First-Class, List-A and Twenty 20 fixtures in addition to Wellington Blaze and community cricket matches played at the Basin.

### **Masterplan Project Rollout**

Work on the re-development of the Basin Reserve continued through 2017/18 with the completion of the interior of the RA Vance Stand. The interior upgrade of the RA Vance Stand was completed in Quarter 1 of 2017/18 and the improvements to the stand brought it back up to a high standard reflective of the home of Cricket in New Zealand.

2018/19 will see the following projects progressed:

- Players Pavilion
- Completion of the Kent and Cambridge Terrace entrance and interface;
- Southwest Terraces Development
- 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 2018 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 work on the C.S.Dempster and J.R.Reid Gatehouse which has now been completed with the removal of the ticket booths and the internal walls in between. This work has been well received so far and has enabled much safer access in and out of the ground

### Harassment Policies

The Basin Reserve Trust will work in partnership with Westpac Stadium to actively promote a safe and harassment-free environment for all staff, contractors and attendees at all sporting fixtures and events.

In line with an initiative from the International Association of Venue Managers in 2018/19 we will revisit current policies and implement preventative measures pertaining to sexual, gender, and other forms of harassment where needed and we will take an active role in developing a campaign proactively promoting respect for all.

### Performance Measurements

#### Non-financial Performance Measures 2017-20

Measure	Frequency	Measurement	2017-18 Forecast	2018-19	2019-20	2020-21
Number of event days	Quarterly					
• Cricket Events		Cricket days	38	38	38	38
• Other Sports Events		Sports days	20	20	24	24
• Practice facility usage		Practice days	100	100	100	100
• Community Events		Other days	13	13	13	13
• Functions		Function days	17	25	25	25
Numbers attending events		Attendance figures	40,000	41,000	45,000	45,000

#### Non-financial Performance Measures 2018-19

Measure	Frequency	Measurement	2018-19 Q1	2018-19 Q2	2018-19 Q3	2018-19 Q4	2018-19 Total
Number of event days	Quarterly						
• Cricket Events		Cricket days	0	21	17	0	38
• Other Sports Events		Sports days	7	3	3	7	20
• Practice facility usage		Practice days	10	45	45	0	100
• Community Events		Other days	2	3	4	4	14
• Functions		Function days	6	6	6	7	25
Numbers attending events		Attendance figures	1,500	25,000	13,000	1,500	41,000

## **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 has engaged 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 2018-19.

#### **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**

**0.92 : 1.00 at 30 June 2019**

### **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 \$722,000 as at 30 June 2019

**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"> <li>• External audit and review of financial accounts (undertaken by Audit NZ)</li> <li>• Interests Register documented at each Trust meeting</li> <li>• Fraud Policy adopted by the Trust (detailing the Trust's policy for fraud prevention)</li> <li>• 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)</li> </ul>
Health & Safety	<ul style="list-style-type: none"> <li>• Health &amp; Safety policy in place, reviewed quarterly</li> <li>• Evacuation Procedures in place</li> <li>• Meet all building WOF requirements and act in the required manner on IQP reports</li> </ul>
Operating Risks	<ul style="list-style-type: none"> <li>• Routine Maintenance Plan in place to ensure facility meets a necessary standard</li> <li>• For cricket-specific events, the Trust meets or exceeds NZC and/or ICC set criteria</li> </ul>

**ACCOUNTING POLICIES**

**BASIN RESERVE TRUST  
STATEMENT OF ACCOUNTING POLICIES  
FOR THE YEAR ENDED 30 JUNE 2019**

**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 and other 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 2019**

*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% to 7.20%)
Furniture & fittings	2.5 to 8.5 years	(12.00% to 48.00%)
Plant	3 to 6.5 years	(16.20% to 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 2019**

**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**

There have been no changes in accounting policies from those used in the previous financial year.

**FORECAST FINANCIAL STATEMENTS**

**BASIN RESERVE TRUST**

**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEARS ENDING**

	30 June 2018 Forecast	30 June 2019	30 June 2020	30 June 2021
	\$'s	\$'s	\$'s	\$'s
<b>Revenue</b>				
Council funding	648,993	658,967	669,191	679,671
Grants other	3,500	823	-	-
Sales of goods and services	278,000	345,100	330,100	312,300
Interest revenue	160	160	180	180
<b>Total Revenue</b>	<b>930,653</b>	<b>1,005,050</b>	<b>999,471</b>	<b>992,151</b>
<b>Expenses</b>				
Depreciation of property, plant and equipment	116,500	120,000	130,000	135,000
Costs related to providing goods and services	647,200	673,100	699,500	718,250
Other expenses	113,520	124,570	124,780	125,130
<b>Total Expenses</b>	<b>877,220</b>	<b>917,670</b>	<b>954,280</b>	<b>978,380</b>
<b>Surplus/(Deficit) for the Year</b>	<b>53,433</b>	<b>87,380</b>	<b>45,191</b>	<b>13,771</b>

**BASIN RESERVE TRUST  
STATEMENT OF FINANCIAL POSITION AS AT**

	30 June 2018 Forecast	30 June 2019	30 June 2020	30 June 2021
	\$'s	\$'s	\$'s	\$'s
<b>Assets</b>				
<b>Current Assets</b>				
Bank accounts and cash	50,485	60,468	55,648	50,828
Debtors and prepayments	140,000	165,000	180,000	165,000
<b>Total Current Assets</b>	<b>190,485</b>	<b>225,468</b>	<b>235,648</b>	<b>215,828</b>
<b>Non-Current Assets</b>				
Property, plant and equipment	560,100	570,100	620,000	655,000
<b>Total Non-Current Assets</b>	<b>560,100</b>	<b>570,100</b>	<b>620,000</b>	<b>655,000</b>
<b>Total Assets</b>	<b>750,585</b>	<b>795,568</b>	<b>855,648</b>	<b>870,828</b>
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Creditors and accrued expenses	94,882	53,308	68,197	69,606
Income received in advance	10,000	10,000	10,000	10,000
Unearned income	823	-	-	-
<b>Total Current Liabilities</b>	<b>105,705</b>	<b>63,308</b>	<b>78,197</b>	<b>79,606</b>
<b>Total Liabilities</b>	<b>105,705</b>	<b>63,308</b>	<b>78,197</b>	<b>79,606</b>
<b>Total Assets less Total Liabilities</b>	<b>644,880</b>	<b>732,260</b>	<b>777,451</b>	<b>791,222</b>
<b>Trust Equity</b>				
Contributed capital	100	100	100	100
Accumulated surpluses	644,780	732,160	777,351	791,122
<b>Total Trust Equity</b>	<b>644,880</b>	<b>732,260</b>	<b>777,451</b>	<b>791,222</b>

**BASIN RESERVE TRUST  
STATEMENT OF CASH FLOWS FOR THE YEARS ENDING**

	30 June 2018 Forecast	30 June 2019	30 June 2020	30 June 2021
	\$'s	\$'s	\$'s	\$'s
<b>Cash Flows from Operating Activities</b>				
Receipts of council funding	658,000	668,000	650,000	655,000
Receipts of grants other	3,500	823	-	-
Receipts from sale of goods and services	270,000	355,000	350,000	350,000
Interest receipts	160	160	180	180
Payments to suppliers and employees	(835,000)	(870,000)	(865,000)	(865,000)
GST (net)	(12,000)	(24,000)	(10,000)	(10,000)
<b>Net Cash Flows from Operating Activities</b>	<b>84,660</b>	<b>129,983</b>	<b>125,180</b>	<b>130,180</b>
<b>Cash Flows from Investing and Financing Activities</b>				
Payments to acquire property, plant and equipment	(62,000)	(120,000)	(130,000)	(135,000)
<b>Net Cash Flows from Investing and Financing Activities</b>	<b>(62,000)</b>	<b>(120,000)</b>	<b>(130,000)</b>	<b>(135,000)</b>
<b>Net Increase/(Decrease) in Cash for the Year</b>	<b>22,660</b>	<b>9,983</b>	<b>(4,820)</b>	<b>(4,820)</b>
Add opening bank accounts and cash	27,825	50,485	60,468	55,648
<b>Closing Bank Accounts and Cash</b>	<b>50,485</b>	<b>60,468</b>	<b>55,648</b>	<b>50,828</b>

**BASIN RESERVE TRUST  
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEARS ENDING**

	30 June 2018 Forecast \$'s	30 June 2019 \$'s	30 June 2020 \$'s	30 June 2021 \$'s
<b>Income</b>				
<b>Grant Income</b>				
Grant Wellington City Council	648,993	658,967	669,191	679,671
Grant Other	3,500	823	-	-
	<u>652,493</u>	<u>659,790</u>	<u>669,191</u>	<u>679,671</u>
<b>Ground Hire Income</b>				
Ground Hire International Cricket	159,900	130,000	118,000	120,000
Ground Hire Domestic Cricket	70,000	65,000	70,000	60,000
Ground Hire Winter Sports	1,200	1,800	1,800	2,000
Ground Hire Other Events	28,000	38,000	30,000	20,000
	<u>259,100</u>	<u>234,800</u>	<u>219,800</u>	<u>202,000</u>
<b>Other Income</b>				
Concession Income	18,000	30,000	30,000	30,000
Sponsorship	600	80,000	80,000	80,000
Picket Fence Income	300	300	300	300
	<u>18,900</u>	<u>110,300</u>	<u>110,300</u>	<u>110,300</u>
<b>Interest Income</b>				
Interest income	160	160	180	180
<b>Total Income</b>	<u>930,653</u>	<u>1,005,050</u>	<u>999,471</u>	<u>992,151</u>

**BASIN RESERVE TRUST**  
**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEARS ENDING**

	30 June 2018 Forecast \$'s	30 June 2019 \$'s	30 June 2020 \$'s	30 June 2021 \$'s
<b>Expenditure</b>				
<b>Building Expenses</b>				
Repairs & Maintenance	7,000	15,000	30,000	35,000
Cleaning	2,000	4,000	5,000	5,000
Electrical Services	3,000	3,000	4,500	4,500
Fire System	8,500	9,000	9,000	9,500
Painting	1,500	2,000	2,200	2,200
Pest Control	7,500	8,000	8,000	8,500
Plumbing	1,000	3,500	4,000	4,000
Other	300	300	350	350
	<u>30,800</u>	<u>44,800</u>	<u>63,050</u>	<u>69,050</u>
<b>Ground Expenses</b>				
Electrical Services	3,200	3,500	3,500	4,000
Equipment Hire	-	400	400	500
Cleaning	3,500	3,500	4,000	4,000
Irrigation	800	800	800	1,000
Painting	1,000	2,500	8,000	3,000
Plumbing	5,000	7,500	8,000	8,000
Rubbish Removal	15,000	16,000	17,000	18,000
Structures Repairs & Maintenance	25,000	28,000	28,000	35,000
Turf	315,000	320,000	320,000	325,000
	<u>368,500</u>	<u>382,200</u>	<u>389,700</u>	<u>398,500</u>
<b>Occupancy Expenses</b>				
Gas	3,500	3,500	3,750	3,750
Electricity	19,500	20,000	21,000	22,000
Rates	32,000	32,800	33,500	34,000
Security	12,500	13,500	14,000	15,000
Telephones	2,800	2,600	2,750	2,750
Water Rates	22,000	22,000	24,000	24,000
Television	5,000	5,100	5,100	5,500
Insurance	1,600	1,100	1,150	1,200
Consumables Laundry & Toilet	16,000	12,000	13,000	13,500
	<u>114,900</u>	<u>112,600</u>	<u>118,250</u>	<u>121,700</u>

**BASIN RESERVE TRUST**  
**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEARS ENDING**

	30 June 2018 Forecast \$'s	30 June 2019 \$'s	30 June 2020 \$'s	30 June 2021 \$'s
<b>Expenditure</b>				
<b>Event Running Expenses</b>				
Event Running	125,000	125,000	120,000	120,000
Casual Staff	8,000	8,500	8,500	9,000
	<u>133,000</u>	<u>133,500</u>	<u>128,500</u>	<u>129,000</u>
<b>Administration Expenses</b>				
Audit	13,500	14,000	14,200	14,500
Accounting	12,000	12,000	12,000	12,000
Bank Fees	120	120	130	130
Consultants	18,000	20,000	20,000	20,000
Management Fee	68,000	68,000	68,000	68,000
	<u>111,620</u>	<u>114,120</u>	<u>114,330</u>	<u>114,630</u>
<b>Other Expenses</b>				
Interest Expense	-	-	-	-
Marketing	1,500	10,000	10,000	10,000
Miscellaneous	150	200	200	250
Picket Fence Expenses	250	250	250	250
	<u>1,900</u>	<u>10,450</u>	<u>10,450</u>	<u>10,500</u>
<b>Depreciation Expense</b>				
Depreciation Expense	116,500	120,000	130,000	135,000
	<u>116,500</u>	<u>120,000</u>	<u>130,000</u>	<u>135,000</u>
<b>Total Expenditure</b>	<u>877,220</u>	<u>917,670</u>	<u>954,280</u>	<u>978,380</u>
<b>Net Surplus (Deficit) for the Year</b>	<u>53,433</u>	<u>87,380</u>	<u>45,191</u>	<u>13,771</u>

## Statement of Intent 2018-2019 Karori Sanctuary Trust

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

## Contents

<b>1.Introduction.....</b>	<b>4</b>
<b>2.The Strategic Partnership with Wellington City Council .....</b>	<b>6</b>
2.1 Wellington City 2015-2025 Ten Year Plan .....	6
2.2 Wellington Towards 2040: Smart Capital .....	7
2.3 Our Living City .....	7
2.4 Our Natural Capital: Wellington's Biodiversity Strategy .....	9
2.5 Our Capital Spaces Framework.....	9
2.6 Predator Free Wellington .....	10
2.7 The Wellington Regional Economic Growth Agenda.....	10
<b>3.Strategic Direction for 2018/19 and beyond .....</b>	<b>12</b>
<b>4.The nature and scope of our activities in 2018/19 .....</b>	<b>13</b>
4.1 Objectives .....	13
4.2 Restoring Te Māra a Tāne and its extending halo of biodiversity .....	13
4.3 Building our organisation's capacity to drive transformation.....	14
4.4 Creating inspiring, accessible experiences and change through example and shared passion for action. ....	16
4.5 Forming strong and enduring local, national and international partnerships based on shared goals.....	17
4.6 Embracing Mātauranga Māori and other knowledge frameworks.....	18
4.7 Being a hub where people of all ages can learn, create new knowledge and share their insights and understanding .....	19
4.8 Equipping people with experience and skills for a nature-rich future. ....	20
<b>5.Performance Measurements .....</b>	<b>22</b>
5.1 KPI Scorecard 2018/19.....	22
5.2 Non-financial Performance Measures .....	24
5.3 Financial Performance Measures .....	25
5.4 Conservation Measures .....	25
5.5 Conservation Activities .....	26
<b>6.The Karori Sanctuary Trust Board's Approach to Governance .....</b>	<b>28</b>
6.1 The Trust Deed.....	28
6.2 Relationship with Wellington City Council .....	28
6.3 Board Membership .....	29
6.4 Board Performance.....	30
6.5 Annual General Meeting.....	30
<b>7.Organisational Health, Capability and Risk Assessment .....</b>	<b>30</b>
7.1 Organisational Health and Capability .....	30
7.2 Executive Team.....	30
7.3 Environmental Practices .....	30

<b>8. Health and Safety .....</b>	<b>31</b>
8.1 Asset Management Plan .....	32
8.2 Risk Management .....	33
<b>9. Additional Information .....</b>	<b>34</b>
9.1 Response to other specific Letter of Expectation matters (if applicable) .....	34
9.2 Ratio of Shareholders' Funds to Total Assets .....	34
9.3 Estimate of Amount Intended for Distribution .....	34
9.4 Acquisition Procedures .....	34
9.5 Activities for which the Board seeks Compensation from a Local Authority .....	34
9.6 Estimate of Commercial Value of Shareholders' Investment .....	34
<b>Appendices .....</b>	<b>35</b>
Appendix A: Accounting Policies .....	35
Appendix B: ZEALANDIA Budget for 2018/19 .....	38

## 1. Introduction

ZEALANDIA's 20-year strategy document, Living with Nature: Tiaki Taiao, Tiaki Taonga – our strategy for 2016-2035, 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.

Since the launch in December 2016, this document has been the touch-stone of all our work and this Statement of Intent (SOI) is structured to reflect our activities and programmes against each of the key strategic themes.

In 2017/18 we have demonstrated further significant advances in all areas of our operations and our 2018/19 SOI builds on this solid platform as well as introducing some new initiatives such as the ZEALANDIA Centre for People and Nature.

Our continued conservation and restoration work within the sanctuary remain important areas of focus, and our review and subsequent implementation of key planning documents, the Restoration Strategy and Valley Management Plan, will continue in 2018/19.

In all our work, partnerships remain of critical importance and our relationship with Wellington City Council (WCC) is an essential and central component of all our activity as we aim to enhance our contribution to Wellington's reputation as a liveable and living city.

### Next steps in 2018/19

This SOI sets out our plans for how ZEALANDIA will continue to add value to Wellington and meet WCC's goals as set out in the Letter of Expectations.

ZEALANDIA's strategic and operational direction remains closely aligned with the Council's 2015-25 Ten Year Plan overall, as well as other key strategic documents such as Our Natural Capital: Wellington's Biodiversity Strategy, the Our Living City Project, and the Wellington Region Economic Growth Agenda.

As mentioned above, our conservation and restoration activities in the sanctuary are fundamental to all our work and will continue in 2018/19.

Our growing engagement with Predator Free Wellington during 2017/18 will continue on a range of levels from support to local community groups through to a key role in the reintroduction of native biodiversity to predator-free areas.

Our Sanctuary to Sea project will make further significant progress in 2018/19, drawing-in a wide range of partner organisations, community groups, and local schools.

We will establish Centre for People and Nature as a key centre for knowledge generation at all levels, welcoming input from local, national and international contributors. The Centre will be based on strong and effective partnerships with key organisations and we will grow these further during this year.

Our work across all levels of education and learning remains one of our core areas of activity and 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.

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. Our current situation regarding work space for staff, volunteers, researchers and interns has now reached the point of being critically unsustainable and action will be taken in 2018/19 to explore, agree and initiate work towards both immediate and longer-term solutions.

Our work continues to provide significant opportunity for growing influence and positive impact and we have a wide range of exciting stories that can be told to mutual benefit of our partners and our city. We will continue to work closely with the Council and all our other key partners to tell these stories and deliver a range of exciting outcomes in 2018/19.

Denise Church  
Chair, Karori Sanctuary Trust,  
Trust

Paul Atkins  
Chief Executive, Karori Sanctuary  
Trust

## **2. The Strategic Partnership with Wellington City Council**

As noted in our 2017/18 SOI, the Karori Sanctuary Trust (KST) formally became a Council Controlled Organisation (CCO) in 2016 and Wellington City Council (WCC) remains a key strategic partner of the Trust. In 2017/18, the WCC grant contributed 17% of the Trust's total budgeted revenue. WCC 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.

Over the last four years ZEALANDIA has cemented its position as a high performing contributor to the liveability of our city and wider Wellington region, working effectively with partner organisations to drive Wellington's position as a unique natural capital.

Through our relationship with WCC and other partners our impact and influence beyond the fence is being demonstrably leveraged for the benefit of our community and further afield. We will 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.

2016/17 financial year brought the joint challenges of earthquakes, floods, and unsettled weather. Despite this, we are proud that we, once again, achieved an above-target number of visitors to ZEALANDIA, matching last year's high, and continued to add significant value across all the dimensions of social, human, environmental and financial capital.

Our membership numbers rose in 2016/17 to nearly 11,000, the highest in our history for a year-end. We achieved a net operating financial surplus of \$87,670 (before the loss on disposal of the Visitor Centre) and at year-end we had working capital of \$779,978. Volunteer numbers reached a high of 556 and from birds to bush, our biodiversity flourished. This underscores the achievements of last year and firmly establishes our position as a healthy and sustainable organisation.

At the time of writing, all KPIs for 2017/18 show further year-on-year improvement, with visitor numbers continuing to demonstrate a growth trajectory.

In 2017/18 we implemented 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 on an ongoing basis.

### **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:

	2017-18 forecast	2018-19	2019-20	2020-21
ZEALANDIA visitors	111,210	99,300	102,200	105,200

## 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).
- Research: An integrated programme of multi-disciplinary, long-term research has been developed with multi-organisational inputs. In mid-2017/18 we announced the establishment of the ZEALANDIA Centre for People and Nature for which ZEALANDIA is the hub. Through cutting-edge research, educational activity and community engagement 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 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.
- 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 both corporate and community organisations.
- Development and delivery of education programmes as a partner in the Predator Free Wellington programme
- Our Sanctuary to Sea project which involves working with multiple partners organisations and community groups to restore the entire Kaiwharawhara catchment from ZEALANDIA to the harbour.
- Our partnership with the Woodlands and Wetlands Trust (Canberra) continues to grow and in 2017/18 we had a number of trustee and staff exchanges which have led to a number of new opportunities.

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 currently works and will work in future.

- ZEALANDIA recognises, rejoices and promotes 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 through, for example, our Sanctuary to Sea project and work in the halo. ZEALANDIA also plays a role in a range of Council led and supported initiatives such as Predator Free Wellington.
- Ongoing conservation and research programmes within ZEALANDIA continue to 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 growing 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 Predator Free Wellington**

This is a joint programme between Wellington City Council, Greater Wellington Regional Council, and the NEXT Foundation that aims to create the world's first predator-free capital city. It is anticipated that Predator Free Wellington will result in:

- highly significant ecological outcomes - more birds, lizards and bugs contributing to healthy functioning ecosystems
- significant economic benefits - for example, no more rats chewing wires or pipes
- social benefits - more connected communities working together for a common cause.

ZEALANDIA has played a pivotal role in the motivation behind this project and continues to make a significant contribution through technical inputs and leadership in creating enriched biodiversity. ZEALANDIA also leads the schools programme for this project, working with local schools to develop tracking, trapping and monitoring programmes in their own communities.

## **2.7 The Wellington Regional Economic Growth Agenda**

WREDA's vision for Wellington is that, by 2025, Wellington will be the most prosperous, liveable and vibrant region in Australasia.

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.

ZEALANDIA works closely with the relevant agencies in Wellington to position itself firmly at the centre of the tourist trail in the city. In 2016/17 ZEALANDIA:









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

In December 2017, the senior management teams from WREDA and ZEALANDIA held a joint workshop to explore opportunities to work increasingly closely together to advance the prosperity and liveability of the Wellington region, including through tourism.

In 2018/19 we will continue to advance this increasingly close relationship.

Summary of achievements in 2016/17

## Highlights

 <b>Environmental Capital</b>	Number	Measure	Impact
	0	Pest incursions.	Our biosecurity systems continue to function, allowing the fauna and flora within the sanctuary to thrive.
 <b>Human Capital</b>	11	Juvenile tuatara released into the sanctuary.	In ZEALANDIA the wild tuatara population is now thriving and a captive population is no longer necessary.
 <b>Financial Capital</b>	Number	Measure	Impact
	556	Volunteers contributing in every way to ZEALANDIA.	We provide opportunities for volunteers to upskill, become part of a flourishing community, and to contribute to an important environmental project.
 <b>Social Capital</b>	27	Research students from four institutions hosted at ZEALANDIA.	The ZEALANDIA living laboratory is providing a firm foundation for research students to learn and discover.
 <b>Financial Capital</b>	Number	Measure	Impact
	\$781,639	Working Capital as at 30 June 2017.	Supports organisational resilience and enable reinvestment in key future strategic projects.
 <b>Social Capital</b>	\$3,589,696	Operating revenue raised (excluding WCC grant) an 8% increase on last year.	Increases our diversification of income and reduces our reliance on WCC grant.
 <b>Social Capital</b>	Number	Measure	Impact
	11,621	Education Visits (LEOTC, Tertiary, Early Childhood, School Holiday Programme).	Young people are gaining opportunities to have an environmental education experience, creating an environmentally aware population for the future.
 <b>Social Capital</b>	125,179	Visitors welcomed.	We are recognised as a valued asset for locals, and an attractive destination for domestic and overseas tourists.

### 3. Strategic Direction for 2018/19 and beyond

ZEALANDIA's 20-year strategy, Living with Nature: Our strategy for 2016-2035 / Tiaki Taiao, Tiaki Tangata: Te Rautaki 2016-2035, was published in 2016 and we continue to drive all our activity and programmes in support of the key themes as below:



#### **4. The nature and scope of our activities in 2018/19**

The following sections set-out our high level objectives, scope of business, key performance indicators and the budget for 2018/19. It is supported by the ZEALANDIA business plan for 2018/19 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 WCC to focus on the most important measures of success for 2018/19.

##### **4.1 Objectives**

The 2018/19 work programme is presented in the following sections, grouped according to our key objectives for 2018/19:

- 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**

The conservation and restoration activities in the sanctuary form a fundamental core to all our work. Our goal is to restore the valley's ecosystems and processes as closely as practicable to their indigenous character. A key aspect of this is managing threats to native species in the sanctuary and also extending our impact beyond the perimeter fence. Our beyond-the-fence vision means our partnerships with Predator Free New Zealand, Predator Free Wellington, Wellington City Council, Greater Wellington Regional Council and other community-based groups are essential to creating safe places for wildlife beyond the fence.

##### **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**

- Grow the Sanctuary to Sea project through the development and implementation of a three-year strategic plan.
- Finalise the draft Restoration Strategy (including operational objectives) for the period 2018 to 2028.
- Progress planning and permits for the lower lake restoration.
- Grow involvement of iwi in restoration and conservation approaches within the sanctuary.

#### **Key performance indicators 2018/19**

- Sanctuary to Sea establishment strategy developed.
- Restoration Strategy 2018 to 2028 finalised.
- Lower lake restoration operational plan and fish management plan completed.
- Conservation and restoration hui for iwi held, and elements incorporated into day-to-day practice.

#### **4.3 Building our organisation's capacity to drive transformation.**

In 2016/17, ZEALANDIA recorded the highest ever revenue from paid admissions of \$1,323,196, representing an increase of 15% on 2015/16. As a result of this, plus a raft of other sound management practices across the entire organisation, the Trust has now achieved a sustainable financial position, with a working capital buffer of \$781,639 at 30 June 2017, an increase of \$333,375 from last year's position. The Trust's objective is to continue to build working capital to support organisational resilience and enable reinvestment in key strategic projects

ZEALANDIA currently has extremely limited and sub-standard accommodation for staff, volunteers and interns, and our research and education programmes. Our research and education work is nationally recognised and a core element of how we deliver value to Wellington, however, our current facilities will not accommodate the researchers, educationalists, interns, volunteers and support staff required to manage these programmes.

The long term capital investment required to address capacity constraints will enable ZEALANDIA to maintain existing programmes and activities, and realise our full potential as a major asset for our city. We are already an internationally recognised, world-class site, as indicated by our success in attracting increasing numbers of visitors, volunteers, researchers and interns, and the next 10 years will see us driving hard to become an exemplar of a fully integrated, world leading conservation organisation offering outstanding opportunities for cutting-edge research, education, visitor experience, interpretation and outreach.

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**

As our visitor numbers grow 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 explore new commercial products and services to drive revenue and enhance the visitor experience.

#### **Strategic Initiatives**

- Negotiate and conclude the Long Term Capital Plan 2018-2027 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.
- Reshape our communications channels to actively support visitor 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.
- Continue to demonstrate leadership in sustainability through our project to replace the ZEALANDIA diesel minibus with two fully electric minibuses as part of EECA's programme for demonstrating the viability of the new, low carbon vehicle technologies, and in partnership with Meridian Energy.
- 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.
- Glaze in the Rata Café balcony through a WCC funded capital project to improve café utilisation and create a year round space suitable for corporate and community functions and events.

- Improve our IT systems to ensure they are fit for purpose so we can operate efficiently and effectively

**Key performance measures/indicators 2018/19**

- A net surplus before depreciation and tax of \$324,600
- Non-WCC grant revenues equating to >75% of overall income
- 10,800 members
- Membership subscriptions \$312,100
- Full cost per visitor (including WCC costs) \$18.84
- Average WCC subsidy per visitor \$8.80
- Average revenue per visit \$26.48
- Non-Council Donations/Funding \$270,000

**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.

In 2017/18 we launched two new tours (ZEALANDIA by Day and Twilight at ZEALANDIA) targeting international visitors. The tours enrich their visitor experience, by providing them with a deeper understanding of our native flora and fauna and our cultural history. This coming year we will continue the development of these products to increase their appeal to a larger number of visitors.

**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.

#### **Strategic Initiatives**

- Continue development and delivery of signage and interpretation upgrades alongside overall visitor experience planning.
- Continue to grow partnerships and programmes that enable us to work with and through others in community restoration projects.
- Develop new tours experiences that enable visitors to build a deeper understanding of our conservation and restoration activities, and our natural heritage.

#### **Key performance measures/indicators 2018/19**

- Visitor numbers – 99,300 separate visitations with breakdown of visitor demographics
- 8,800 education visitors
- Visitor experience – ZEALANDIA achieves a satisfied visitor rating of 95% or greater
- Continue to improve accessibility and achieve Be.Accessible Gold rating.
- Maintain > 450 volunteers, with the establishment of new avenues for people to volunteer
- > 80% of volunteers are satisfied with their experience of volunteering at ZEALANDIA

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

Partnerships continue to be 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, Taranaki Whānui, University of Waikato, Wellington Water, 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 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 work with key partners and grow the community involvement for the delivery of our Sanctuary to Sea project.
- 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 provide support to the Karori Predator Free community action and the clean-up of the Birdwood Reserve.
- We will continue to work closely with our many research partners to develop evidence-based practice across our organisation and further afield.

#### **Strategic Initiatives**

- Significant progress has been made in 2017/18 in strengthening partnerships with Māori and building-in to our structure and practice greater recognition of the importance of mātauranga Māori and te ao Māori. This work is ongoing and forms a key element of our relationship-based activity.
- We will build our sanctuary-based research in collaboration with other sanctuaries to address key conservation management issues.
- 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 continue to play an active role in Predator Free Wellington, contributing to the delivery of school-based programmes and supporting the creation of nature-rich areas following pest eradication.
- 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.
- Delivery of education programmes as part of the Predator Free Wellington partnership.
- Continue to grow our relationship with VUW, the University of Waikato, and Manaaki Whenua Landcare Research among others, as the basis of our Centre for People and Nature.
- Develop our partnerships with schools to deliver our Sanctuary to Sea outreach programme.

#### **4.6 Embracing Mātauranga Māori and other knowledge frameworks.**

As indicated in 4.5 above, significant progress has been made in 2017/18 in this area. A new kaitiaki ranger position has been created and filled, a senior manager recruited with specific responsibility in this area, and various other initiatives are underway including te reo classes for staff. This work will continue in 2018/19.

We will continue to develop our long term programme of research, which now (alongside our education outreach activities) will be encompassed under the Centre for People and Nature which was announced in January 2018. The focus of ZEALANDIA led-research is to provide an evidence base to inform all our programmes and activities, and to develop the global understanding of the connection between people and nature. Under the umbrella of this Centre

significant research is currently being conducted by partner organisations, and we will continue to support this effort to the fullness of our capacity. 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 how the visitor experience can be improved, perspectives and benefits of volunteering, and benefits people receive from nature.
- Show leadership in interdisciplinary research focused on the interaction between people and nature.
- Create a supportive environment for staff, volunteers and researchers to ensure research and learning are encouraged and embraced.

#### **Strategic Initiatives**

- Continue to grow and integrate Mātauranga Māori perspectives into all elements of ZEALANDIA project and programme development processes.
- Build on and broaden the content emerging from the Centre for People and Nature with a primary focus on supporting our activities with exceptional evidence.
- Develop our national strategic position in research through co-leadership of the international Society for Conservation Biology Oceania conference, 2018, being held in Wellington.
- Identify the range of avenues available for communicating our learnings to other sanctuaries and other conservation/restoration initiatives.

#### **Key performance indicators for 2018/19**

- Mātauranga Māori and iwi engagement incorporated into planning processes for ZEALANDIA projects.
- Delivery of the 2018 Conference of the Society for Conservation Biology Oceania in Wellington, as co-organiser with VUW.
- Support the ZEALANDIA team in giving talks and participating in other initiatives such as workshops that enable the broader communication of our knowledge for use in other locations.
- Increase the number of schools and departments (university or polytech) that are engaged with the sanctuary.
- Maintain (and grow where possible) the number of peer-reviewed science publications emerging from the ZEALANDIA team.

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

We continue to actively engage with schools and communities by enabling them to experience ZEALANDIA's variety of ecosystems and species, and by helping them to understand the steps needed to start their own backyard or community restorations. Our award-winning education programme supports both in-valley learning and outreach programme supporting schools in creating nature-rich environments in their 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).

The establishment of the Centre for People and Nature provides an overarching structure for the further enhancement of all aspects of our work relating to knowledge creation.

#### **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 and to support conservation efforts in their 'special place'.
- Provide school-based programmes to Wellington schools as a partner in Predator Free Wellington.
- 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**

- Continue the development and establishment of ZEALANDIA's Centre for People and Nature as announced in mid-2017/18.
- Develop a long-term learning and engagement strategy to activate people-led conservation through formal and informal learning and conservation opportunities both in the valley and in the community.
- Continue to raise funds to support our education programmes, with a focus on opportunities for those less able to access conservation experiences and learning.

#### **Key performance measures/indicators 2018/19**

- Learning and Engagement strategy developed that enables detailed and strategic long-term programme planning.
- Deliver agreed education programmes under the partnership with Predator Free Wellington
- Deliver agreed school-based conservation education in Wellington as part of the Predator Free Wellington partnership and Sanctuary to Sea programmes.
- Continue to deliver valley-based and outreach programmes under our Ministry of Education LEOTC contract
- Maintain the number of interns per year currently engaging with the sanctuary to provide learning experiences to students across a range of disciplines.

#### **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 and wider community 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, Predator Free Wellington and other community groups to educate and inform on creating nature-rich and pest-controlled areas, thereby creating safer areas for native wildlife. ZEALANDIA will continue to be a place where people learn about nature and what can be achieved with a successful restoration programme, and work with and through other groups to expand community knowledge and conservation action. Communities will be offered opportunities to 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.
- Provide an annual programme of events and workshops on conservation, restoration and environmental topics.

#### **Strategic initiatives**

- Develop a long term visitor experience plan aligned with the restoration and valley management plans.
- Review and develop ZEALANDIA's volunteer programme to provide learning and development opportunities that are applicable both inside and outside the sanctuary.
- Increase the diversity of ZEALANDIA's partners and volunteers by working with and through a wider variety of community organisations.
- Develop and deliver visitor programmes and events that appeal to both current and potential new audiences.

#### **Key performance indicators for 2018/19**

- A long term visitor experience plan developed and delivered.
- Greater diversity of learning opportunities and programmes offered to volunteers.
- Greater diversity in the audiences attracted by our visitor programmes and events.
- Improved signage and interpretation within the sanctuary.
- ZEALANDIA education programmes, resources and opportunities further developed.

## 5. Performance Measurements

### 5.1 KPI Scorecard 2018/19

Restoring Te Māra a Tāne and its extending halo of biodiversity (4.2)	Building our organisation's capacity to drive transformation (4.3)
<ul style="list-style-type: none"> <li>Sanctuary to Sea establishment strategy developed.</li> <li>Restoration Strategy 2018 to 2028 finalised. Lower lake restoration operational plan and fish management plan completed.</li> <li>Conservation and restoration hui for iwi held, and elements incorporated into day-to-day practice.</li> </ul>	<ul style="list-style-type: none"> <li>A net surplus before depreciation and tax of \$324,600</li> <li>Non-WCC grant revenues equating to &gt;75% of overall income</li> <li>10,800 members</li> <li>Membership subscriptions \$312,100</li> <li>Full cost per visitor (including WCC costs) \$18.84</li> <li>Average WCC subsidy per visitor \$8.80</li> <li>Average revenue per visit \$26.48</li> <li>Non-Council Donations/Funding \$270,000</li> </ul>
Creating inspiring, accessible experiences and change through example and shared passion for action (4.4)	Forming strong and enduring local, national and international partnerships based on shared goals (4.5)
<ul style="list-style-type: none"> <li>Visitor numbers – 99,300 separate visitations with breakdown of visitor demographics</li> <li>8,800 education visitors</li> <li>Visitor experience – ZEALANDIA achieves a satisfied visitor rating of 95% or greater</li> <li>Continue to improve accessibility and work to attain the Be.Accessible Gold rating.</li> <li>Maintain &gt; 450 volunteers, with the establishment of new avenues for people to volunteer</li> <li>&gt; 80% of volunteers are satisfied with their relationship with ZEALANDIA</li> </ul>	<ul style="list-style-type: none"> <li>Capability developed to enable closer partnerships with iwi and integration of Mātauranga Māori.</li> <li>Delivery of education programmes as part of the Predator Free Wellington partnership.</li> <li>Continue to grow our relationship with VUW, the University of Waikato, and Manaaki Whenua Landcare Research among others, as the basis of our Centre for People and Nature.</li> <li>Develop our partnerships with schools to deliver our Sanctuary to Sea outreach programme.</li> </ul>
Embracing Mātauranga Māori and other knowledge frameworks (4.6)	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"> <li>Mātauranga Māori and iwi engagement incorporated into planning processes for ZEALANDIA projects.</li> <li>Delivery of the 2018 Conference of the Society for Conservation Biology Oceania in Wellington, as co-organiser with VUW.</li> <li>Support the ZEALANDIA team in giving talks and participating in other initiatives such as workshops that enable the broader communication of our knowledge for use in other locations.</li> <li>Increase the number of schools and departments (university or polytech) that are engaged with the sanctuary.</li> <li>Maintain (and grow where possible) the number of peer-reviewed science publications emerging from the ZEALANDIA team.</li> </ul>	<ul style="list-style-type: none"> <li>Learning and Engagement strategy developed that enables detailed and strategic long-term programme planning.</li> <li>Deliver agreed education programmes under the partnership with Predator Free Wellington</li> <li>Deliver agreed school-based conservation education in Wellington as part of the Predator Free Wellington partnership and Sanctuary to Sea programmes.</li> <li>Continue to deliver valley-based and outreach programmes under our Ministry of Education LEOTC contract</li> <li>Maintain the number of interns per year currently engaging with the sanctuary to provide learning experiences to students across a range of disciplines.</li> </ul>

Equipping people with experience and skills for a nature-rich future (4.8)	
<ul style="list-style-type: none"><li>▪ A long term visitor experience plan developed and delivered.</li><li>▪ Greater diversity of learning opportunities and programmes offered to volunteers.</li><li>▪ Greater diversity in the audiences attracted by our visitor programmes and events.</li><li>▪ Improved signage and interpretation within the sanctuary.</li><li>▪ ZEALANDIA education programmes, resources and opportunities further developed.</li></ul>	

### 5.2 Non-financial Performance Measures

Measure	2017-18 forecast	2018-19	2019-20	2020-21
Visitation	111,210	99,300	102,200	105,200
Members (Individuals)	11,245	10,800	11,000	11,200
Volunteers	>430	>450	>470	>490
Percentage of Satisfied Visitors	>92%	>95%	>95%	>95%

Measure	2017-18 forecast	Q1	Q2	Q3	Q4	2018-19	2019-20	2020-21
Visitation	111,210	14,317	32,203	32,724	20,056	99,300	102,200	105,200
Education visits <sup>1</sup>	8,650	1,882	3,468	1,216	2,234	8,800	8,800	8,800

<sup>1</sup> (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	2017-18 forecast	2018-19	2019-20	2020-21
Full cost per visitor (including WCC costs)	\$16.13	\$18.84	\$18.78	\$18.79
Average subsidy per visit (total WCC operating grant/all visitors)	\$9.07	\$8.80	\$8.54	\$8.28
Average revenue per visit (excludes Council & Government grants)	\$26.22	\$26.48	\$26.74	\$27.01
Non-Council Donations/Funding	\$265,000	\$270,000	\$275,000	\$280,000

### 5.4 Conservation Measures

Measure	2017-18 forecast	2018-19	2019-20	2020-21	Explanation
<b>Restore missing species to the wild in accordance with the Restoration Strategy</b>					
% transferred animal species regarded as self- sustaining	79%	73%	70%	70%	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 70% (14/20) after a transfer in 2019/20
Number of new species transferred or 'topped up'	0*	1	0	1	Transfers to be determined following review of Restoration Strategy. In 2018/19 we aim to revisit opportunities for titipounamu (rifleman), though there remain uncertainties about the source population. <i>*Note: Transfers also undertaken in these years to Cape Sanctuary (kaka).</i>

Measure	2017-18 forecast	2018-19	2019-20	2020-21	Explanation
<b>Maintain or improve the population status of nationally threatened species present</b>					
# threatened fauna species present and breeding successfully	4	4	4	4	Hihi, Maud Island frog; Cook Strait Giant Weta; tuatara; excludes takahe held primarily or temporarily for advocacy purposes
<b>Manage species held for captive breeding purposes to ensure they remain healthy and breed successfully</b>					
# species breeding in captivity	2	2	2	2	Maud Island frogs and Barking geckos
<b>Monitor animal pest status, control mice and successfully respond to any incursions</b>					
Mice maintained to target level	<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
<b>Monitor plan pest status and reduce distribution of environmental weeds (currently 123) within and near the perimeter fence</b>					
# 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	53	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 [note, some activities are dependent on successful permits and translocation operations]	2018-19	2019-20	2020-21
<b>Begin restoration of the lower valley streams, wetland and lake</b>			
- initiate development and agreement of an overarching multifaceted strategic plan	update	update	update
- Research underway according to a research plan	ongoing	ongoing	ongoing
- Develop a fish eradication operational plan	Jun-18	implement	
- Obtain necessary permits	ongoing		
- Implementation of plans	ongoing	ongoing	ongoing
<b>Translocations</b>			
Titipounamu (rifleman)	March/April-19		

Activities	2018-19	2019-20	2020-21
<b>Post-release monitoring for translocated species</b>			
Spotted skink monitoring	ongoing	complete	
Kākahi (freshwater mussel, depending on completion of 2018 translocation)	ongoing	ongoing	
<i>Bracyglottis kirkii</i> var. <i>kirkii</i>	ongoing	ongoing	
Titipounamu (rifleman)		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
<b>Denise Church</b> (Chair), appointed by the Council	December 2018
<b>Phillip Meyer</b> , appointed by the Council	December 2020
<b>Pete Monk</b> , appointed by the Council	June 2020
<b>Steven Thompson</b> , appointed by the Guardians	July 2018
<b>David Bibby</b> , appointed by the Guardians	December 2018
<b>Russell Spratt</b> , co-opted by the Board	June 2021

- 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.
- Pam Fuller’s term as a trustee on the Board ended in June 2017. Following a collaborative process involving the Guardians, Wellington City Council appointed Pete Monk as a new trustee from July 2017.

#### 6.4 Board Performance

The Chair and the Board as a whole will participate in regular reviews of their performance as follows:

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

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

The last external review for the Board was held in November 2016, the next review is scheduled for the second half of 2018.

The Board will undertake a review of the Chief Executive's performance in July 2018.

#### 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 2017 AGM was held on 15 October, and was well attended.

The next AGM will be held on 14 October 2018.

### 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 2018/19.

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
Anastasia Turnbull	Manager Learning and Engagement
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 an 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 2016/17 the Trust reviewed its asset register in detail and wrote off a small number of assets. In 2018/19 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 2018/19 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 2018/19.

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 2018/19 is \$840,000. 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.

## **Appendices**

### **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 sanctuary 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 Standards and disclosure concessions have been applied. 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 in accordance with PBE RDR for not-for-profit organisations as required by the Financial reporting Act 2013.

Management has applied judgement in determining whether revenue streams have been appropriately classified as exchange or non-exchange in nature.

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.

Exchange revenue is defined as transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services or use of assets) to another entity in exchange. Revenue streams defined as exchange are membership subscriptions, admissions, sales of goods, other grants and donations (received for specific projects) and some items of other revenue.

Non-exchange transactions arise where an entity receives value from another entity without giving approximately equal value in exchange. Revenue streams defined as non-exchange are the Wellington City Council grant as well as other grants and donations and items of other revenue that are not included under exchange transactions.

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. Cost of goods sold**

Cost of goods sold comprises the purchase of stock items and other directly attributable costs relating to the Café, Retail, Functions and Education services.

#### **iv. Property, plant and equipment and 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 item of the fixed asset 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.

**v. Depreciation and amortisation**

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

Building/Infrastructure	5-100 years
Exhibitions	2-20 years
Leasehold improvements	10-50 years
Predator fence	25-50 years
Fixtures, Plant and Equipment	5-25 years
Vehicles	5-14 years
Other Assets	3-25 years
Computer Software	3 years

**vi. Accounts Receivables**

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

**vii. 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.

**viii. Leased Assets**

*As Lessee:*

*Operating leases*

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

*Finance leases*

A finance lease is a lease that transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred.

At the commencement of the lease term, finance leases where the Trust is the lessee are recognised as assets and liabilities in the statement of financial position at the lower of the fair value of the leased item or the present value of the minimum lease payments.

The finance charge is charged to the surplus or deficit over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

**ix. 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.

**x. 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.

**xi. 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.

**xii. Income Tax**

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

**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 2018/19**

ZEALANDIA will continue to drive revenue and contain costs in 2018/19 and complete the year with a healthy operating surplus.

**ZEALANDIA - KARORI SANCTUARY TRUST**

Forecast 30-Jun-18	STATEMENT OF COMPREHENSIVE INCOME	Qtr to 30-Sep-18	Qtr to 31-Dec-18	Qtr to 31-Mar-19	Qtr to 30-Jun-19	FYE 30-Jun-19	FYE 30-Jun-20	FYE 30-Jun-21
	<b>Trading Revenue</b>							
862,113	Admissions	120,000	229,000	313,000	198,000	860,000	877,000	895,000
321,833	Membership Subscriptions	65,000	90,000	89,000	68,100	312,100	318,000	324,000
	Other Operating Revenue							
	Sales of Goods							
2,265,081	Other trading revenue	356,000	695,000	861,100	451,000	2,363,100	2,429,100	2,494,700
	<b>Other Operating Revenue</b>							
835,000	Shareholder grants	208,750	208,750	208,750	208,750	835,000	835,000	835,000
145,000	Living wage fund from WCC	36,975	36,975	36,975	36,975	147,900	151,000	154,000
540,032	Sponsorships, grants and donations	67,500	67,500	67,500	67,500	270,000	275,000	281,000
	Other operating income							
	<b>Non-operating Revenue</b>							
	Sub-lease and other non-operating income							
41,172	Interest income	4,500	9,000	4,500	9,000	27,000	27,000	27,000
	Other income							
<b>5,010,231</b>	<b>Total Revenue</b>	<b>858,725</b>	<b>1,336,225</b>	<b>1,580,825</b>	<b>1,039,325</b>	<b>4,815,100</b>	<b>4,912,100</b>	<b>5,010,700</b>
	<b>Operating Expenses (overheads)</b>							
3,005,121	Salaries and wages	706,000	734,000	736,500	706,000	2,882,500	2,940,000	2,999,000
557,982	Cost of goods sold	119,000	139,000	153,000	119,000	530,000	541,000	552,000
556,901	Other operating expenses	156,000	168,000	168,000	156,000	648,000	661,000	674,000
92,228	Trustee expenses	24,000	23,000	24,000	23,000	94,000	96,000	98,000
271,079	Administration costs	84,000	84,000	84,000	84,000	336,000	343,000	350,000
<b>4,483,311</b>	<b>Total Operating Expenditure</b>	<b>1,089,000</b>	<b>1,148,000</b>	<b>1,165,500</b>	<b>1,088,000</b>	<b>4,490,500</b>	<b>4,581,000</b>	<b>4,673,000</b>
<b>526,920</b>	<b>Net Surplus/(Deficit) before Depreciation and Tax</b>	<b>(230,275)</b>	<b>188,225</b>	<b>415,325</b>	<b>(48,675)</b>	<b>324,600</b>	<b>331,100</b>	<b>337,700</b>
4,812	Interest expense	3,000	2,000	1,000		6,000		
	Loss on Visitor Centre transfer to WCC							
555,648	Depreciation	147,000	147,000	147,000	147,000	588,000	590,000	590,000
<b>(33,540)</b>	<b>Net Surplus/(Deficit)</b>	<b>(380,275)</b>	<b>39,225</b>	<b>267,325</b>	<b>(195,675)</b>	<b>(269,400)</b>	<b>(258,900)</b>	<b>(252,300)</b>

## ZEALANDIA - KARORI SANCTUARY TRUST

Forecast 30-Jun-18	STATEMENT OF FINANCIAL POSITION	As at 30-Sep-18	As at 31-Dec-18	As at 31-Mar-19	As at 30-Jun-19	As at 30-Jun-19	As at 30-Jun-20	As at 30-Jun-21
	<b>Equity</b>							
3,852,708	Trust Funds	3,819,168	3,438,893	3,478,118	3,745,443	3,819,168	3,549,768	3,290,868
(33,540)	Current year earnings	(380,275)	39,225	267,325	(195,675)	(269,400)	(258,900)	(252,300)
3,819,168	<b>Total Shareholder/Trust Funds</b>	3,438,893	3,478,118	3,745,443	3,549,768	3,549,768	3,290,868	3,038,568
	<b>Current Assets</b>							
230,000	Cash and cash equivalents	113,704	214,929	550,921	506,246	506,246	837,346	1,180,046
45,000	Accounts receivable	45,000	45,000	45,000	46,000	46,000	51,000	51,000
	Prepayments							
45,000	Inventory	45,000	45,000	45,000	50,000	50,000	55,000	60,000
	Other current assets							
320,000	<b>Total Current Assets</b>	203,704	304,929	640,921	602,246	602,246	943,346	1,291,046
	<b>Investments</b>							
1,060,000	Term deposits	1,060,000	1,060,000	1,060,000	1,060,000	1,060,000	1,060,000	1,060,000
	Other investments							
1,060,000	<b>Total Investments</b>	1,060,000	1,060,000	1,060,000	1,060,000	1,060,000	1,060,000	1,060,000
	<b>Non-current Assets</b>							
3,225,522	Fixed assets	3,078,522	2,931,522	2,784,522	2,637,522	2,637,522	2,047,522	1,457,522
	Intangible assets							
	Other non-current assets							
3,225,522	<b>Total Non-current Assets</b>	3,078,522	2,931,522	2,784,522	2,637,522	2,637,522	2,047,522	1,457,522
4,605,522	<b>Total Assets</b>	4,342,226	4,296,451	4,485,443	4,299,768	4,299,768	4,050,868	3,808,568
	<b>Current Liabilities</b>							
226,000	Accounts payable	120,000	210,000	150,000	230,000	230,000	230,000	230,000
206,000	Income in advance	510,000	280,000	410,000	210,000	210,000	220,000	230,000
109,000	Employee entitlements	100,000	100,000	110,000	120,000	120,000	120,000	120,000
177,021	Provisions and accruals	130,000	210,000	70,000	190,000	190,000	190,000	190,000
68,333	Other current liabilities	43,333	18,333					
786,354	<b>Total Current Liabilities</b>	903,333	818,333	740,000	750,000	750,000	760,000	770,000
	<b>Non-current Liabilities</b>							
	Shareholder advances							
	Other non-current liabilities							
	<b>Total Non-current Liabilities</b>							
786,354	<b>Total Liabilities</b>	903,333	818,333	740,000	750,000	750,000	760,000	770,000
3,819,168	<b>Net Assets</b>	3,438,893	3,478,118	3,745,443	3,549,768	3,549,768	3,290,868	3,038,568

**ZEALANDIA - KARORI SANCTUARY TRUST**

Forecast 30-Jun-18	STATEMENT OF CASH FLOWS	Qtr to 30-Sep-18	Qtr to 31-Dec-18	Qtr to 31-Mar-19	Qtr to 30-Jun-19	Total YE 30-Jun-19	Total YE 30-Jun-20	Total YE 30-Jun-21
	<b>Cash Flows From Operating Activities</b>							
	<i>Inflows</i>							
3,500,781	Trading Receipts	525,325	1,029,725	1,221,325	761,825	3,538,200	3,629,100	3,723,700
835,000	Shareholder grants	417,500		417,500		835,000	835,000	835,000
145,000	Living wage fund	147,900				147,900	151,000	154,000
540,032	Sponsorships and donations	67,500	67,500	67,500	67,500	270,000	275,000	281,000
	Other Income							
	<i>Outflows</i>							
3,005,121	Payments to Employees	715,000	734,000	726,500	696,000	2,871,500	2,940,000	2,999,000
1,450,190	Payments to Suppliers	536,021	244,000	629,000	187,000	1,596,021	1,646,000	1,679,000
	Net GST Cashflow							
	Other Operating Costs							
565,502	<b>Net Cash Flows From (Used In) Operating Activities</b>	(92,796)	119,225	350,825	(53,675)	323,579	304,100	315,700
	<b>Cash Flows From (Used In) Investing Activities</b>							
	<i>Inflows</i>							
	Sale of fixed assets							
	Sale of investment assets							
140,000	Other - Term Deposit cash-out							
	<i>Outflows</i>							
641,768	Purchase of fixed assets							
	Purchase of investments							
	Other							
(501,768)	<b>Total Investing Cash Flow</b>							
	<b>Cash Flows From (Used In) Financing Activities</b>							
	<i>Inflows</i>							
	Drawdown of loans							
41,172	Investment income	4,500	9,000	4,500	9,000	27,000	27,000	27,000
	Other							
	<i>Outflows</i>							
100,000	Repayment of loans	25,000	25,000	18,333		68,333		
4,812	Interest paid	3,000	2,000	1,000		6,000		
	Other							
(63,640)	<b>Total Financing Cash Flow</b>	(23,500)	(18,000)	(14,833)	9,000	(47,333)	27,000	27,000
94	<b>Net Increase/(Decrease) in Cash Held</b>	(116,296)	101,225	335,992	(44,675)	276,246	331,100	342,700
229,906	<b>Opening Cash Equivalents</b>	230,000	113,704	214,929	550,921	230,000	506,246	837,346
	Adjustments (rounding)							
230,000	<b>Closing Cash Equivalents</b>	113,704	214,929	550,921	506,246	506,246	837,346	1,180,046

## **Statement of Intent 2018/19 Wellington Cable Car Limited**



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

## Contents

1. Introduction .....	1
2. Strategic Direction.....	3
3. Nature and Scope of Activities .....	12
4. Performance Measurements .....	14
5. Board's Approach to Governance .....	17
6. Organisational Health, Capability and Risk Assessment.....	18
7. Additional Information .....	20
Appendix 1: WCCL Risk Register (High Risks).....	23
Appendix 2: Accounting Policies .....	26
Appendix 3: Forecast Financial Statements.....	32

## WCCL Statement of Intent 2018/19

### 1. Introduction

Wellington Cable Car Limited (WCCL) is proud to present the Statement of Intent for 2018/19 as required by the Local Government Act, 2002 and WCCL's Shareholder, Wellington City Council. As a Council Controlled Organisation (CCO), WCCL is accounted for as a Public Benefit Entity (PBE).

WCCL has historically comprised two operating divisions – the Cable Car and the Trolley Bus Overhead Electrical Network, however, with the demise of Trolley Bus services in October 2017, WCCL is going through a significant change process. The Traction Services operating division is completing the Network Decommissioning Project, and once this is complete, this part of the business will be wound down and all remaining assets will be disposed.

#### Cable Car

From a regulatory perspective, the Cable Car is a funicular railway and operates under the jurisdiction of the Railways Act, 2005 (overseen by the New Zealand Transport Agency (NZTA) Rail Safety Regulator).

The Cable Car is funded solely by passenger revenue and does not receive any other central or local government funding to subsidise it. With the upturn in the local economy and international tourist visitors to New Zealand, the Cable Car carries in excess of 1,000,000 passengers per annum. Its patronage is split between local residents and visitors to Wellington. However, future growth is predicted with visitors (in particular, cruise ship passengers and free, independent travellers).

Despite the healthy passenger number, under the current fares structure, future revenue will be insufficient to fund the Cable Car's ongoing asset management programme (in particular, the replacement of rolling stock which needs to commence in 2024). WCCL will be increasing fares in July 2018 to partially bridge the gap between anticipated future costs and income received (primarily, passenger revenue). Part of the aim of the fare changes is to encourage local residents to take advantage of the significant discounts available by using multi-trip passes and discount systems such as Snapper. If this fare increase is not sufficient, further increases will be reviewed in the future.

Provision of the SuperGold scheme is another area that is causing WCCL financial angst. The Ministry of Transport caps the funding available, and the nature of the passenger usage often clashes directly with the Cable Car's busiest periods that occur when cruise ships visit Wellington (approximately 60 days per annum). This lack of sufficient SuperGold funding has been raised before with the Ministry of Transport to no avail, and this very popular scheme is not sustainable in the long term.

WCCL Statement of Intent 2018/19



Figure 1: Cambridge Tce – looking North



**Trolley Bus Overhead Electrical Network**

Physical decommissioning of the Trolley Bus overhead electrical network commenced in October 2017 and has proceeded extremely well to date. Practical completion is expected before December 2018, and some of the remaining physical infrastructure (Poles and Building Anchors) will be transferred to Wellington City Council on or before 30 June 2019.

The staff and supporting contractors of the Traction Services operating division have performed and behaved in an exemplary fashion throughout this unusual period in WCCL's history. Their amazing efforts to maintain operational services over many years whilst achieving very high levels of safety is gratefully appreciated. They can be justifiably proud of their efforts.

WCCL Statement of Intent 2018/19

## 2. Strategic Direction

### a) Core Purpose

The primary business activities of WCCL are the:

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.
2. Decommissioning of the Trolley Bus overhead electrical network under contract from GWRC, using Broadspectrum as the main sub-contractor and is funded by GWRC.

Whilst WCCL still owes infrastructure pertaining to the network, additional work includes:

- Infrastructure-related activities undertaken within Wellington. 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.
- Assisting KiwiRail with repairs and upgrades to the Wellington Region overhead rail electrical traction services network.

### b) Cable Car Passenger Operating Environment Update

The operating environment during the 2017/18 year has continued to be strong, and the whole tourism industry in Wellington (including the Cable Car) has benefitted significantly from this. Further growth, in the tourism sector is predicted. Local growth is harder to predict, noting the projected relatively small population increase in Kelburn and the adjacent suburbs.

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.

Looking further ahead, it is likely that the tourist market will take a larger share of the total number of passengers, based upon current estimates from the NZ tourism industry and the Wellington Regional Economic Development Agency (WREDA). To further leverage off this opportunity and in order for the Company to continue to enhance the overall visitor experience (for both locals and tourists), WCCL will work more proactively with WREDA during the 2018/19 year to assist in the identification of opportunities. For budgeting purposes, an annual growth rate of 1% increase in passenger numbers and revenue for the next three years has been assumed.

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WCCL Statement of Intent 2018/19

**c) 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 WCC, GWRC and NZTA, Broadspectrum, NZ Bus, and Wellington Electricity.

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.

WCCL Statement of Intent 2018/19

### 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"> <li>1. Ensure all legal and statutory requirements are met.</li> <li>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.</li> <li>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.</li> <li>4. High standard of customer service provided, with convenience for regular users and a memorable experience for visitors to Wellington.</li> <li>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.</li> <li>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.</li> <li>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.</li> <li>8. Train employees to ensure that they perform all aspects of their work helpfully and in accordance with safety and operational requirements.</li> <li>9. Set revenue targets for the Cable Car service to contribute optimally to WCCL's net profit after tax.</li> <li>10. Ensure appropriate insurance cover is held for Cable Car assets and functions.</li> <li>11. Cable Car Health and Safety Plan kept up to date and appropriately managed.</li> <li>12. Ensure the ongoing viability of the Cable Car</li> </ol>

WCCL Statement of Intent 2018/19

<u>Core Strategies</u>	<u>Key Activities and Outcomes Sought</u>
b. <u>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 proactively with WCC, WREDA, and other CCOs / Trusts to enhance the overall visitor experience of the Cable Car.</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> <ol style="list-style-type: none"> <li>1. Ensure all legal and statutory requirements are met.</li> <li>2. Ensure the safe and efficient de-commissioning of the Trolley Bus Overhead Network (which is scheduled to complete by December 2018).</li> <li>3. 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.</li> <li>4. 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.</li> <li>5. Ensure appropriate insurance cover is held for Traction Services assets and vehicles, excluding the overhead electrical network infrastructure.</li> <li>6. Dispose of Traction Services assets and vehicles, when practicable.</li> <li>7. 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.</li> <li>8. Provide assistance to organisations that need to relocate overhead electrical network assets for road building/modification purposes or earthquake strengthening works.</li> <li>9. Enable the efficient and effective transfer of the pole network assets post de-commissioning to Wellington City Council.</li> </ol>

WCCL Statement of Intent 2018/19

#### 4. Performance Measurements

##### a) 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 99.0%
Cable Car User Satisfaction Survey	<p><u>Local Residents:</u></p> <p>How often do you use the Cable Car?</p> <p><u>Tourists:</u></p> <p>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>2018/19 – 52% 2019/20 – 54% 2020/21 – 56%</p> <p>Y% of respondents provide a rating of greater than 6 on a scale of 1 to 10</p> <p>2018/19 – 91% 2019/20 – 92% 2020/21 – 93%</p>
Cable Car Service maintains Qualmark endorsement to verify 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 and WCC planning and financial systems
Cable Car Passenger Trips	Passenger trips as per the estimates below	Passenger trip estimates achieved, or variances explained

WCCL Statement of Intent 2018/19

<b>Estimated Cable Car Passenger Numbers and Revenue</b>					
	<b>1<sup>st</sup> Qtr</b>	<b>2<sup>nd</sup> Qtr</b>	<b>3<sup>rd</sup> Qtr</b>	<b>4<sup>th</sup> Qtr</b>	<b>Full Year</b>
<b>2017/18 (SOI Estimates)</b>	206,367	293,010	375,962	216,589	1,091,928
<b>2017/18 (Pax)</b>	190,600 <sup>2</sup>	330,011	375,962 <sup>1</sup>	216,589 <sup>1</sup>	<b>1,113,162</b>
<b>2017/18 (Revenue)</b>	577,441	882,835	\$1,053,333 <sup>1</sup>	\$536,983 <sup>1</sup>	<b>3,050,592</b>
<b>2018/19 (Pax)</b>	190,269	325,642	375,856	243,479	<b>1,135,246</b>
<b>2018/19 (Revenue)</b>	\$533,317	\$1,028,047	\$1,242,635	\$716,750	<b>\$3,520,749</b>
<b>2019/20 (Pax)</b>	192,059	326,366	379,559	245,872	<b>1,143,856</b>
<b>2019/20 (Revenue)</b>	\$539,415	\$1,033,099	\$1,254,733	\$723,620	<b>\$3,550,867</b>
<b>2020/21 (Pax)</b>	194,903	331,209	385,256	249,544	<b>1,160,912</b>
<b>2020/21 (Revenue)</b>	\$547,118	\$1,048,123	\$1,273,336	\$734,094	<b>\$3,602,671</b>

1. Estimated figures for the remainder of the 2017/18 financial year.
2. The Cable Car had its annual shutdown during this quarter as it was deferred from the 2016/17 year and therefore not budgeted for in the 2017/18 year.

WCCL Statement of Intent 2018/19

**b) WCCL Corporate Activities Performance Measures**

<b>Performance Indicator</b>	<b>Measure</b>	<b>Target/Result</b>
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 hazards in Wellington and the inherent nature of its business	Update of the WCCL disaster recovery plan.

**c) Financial Performance Measures**

<b>Performance Indicator</b>	<b>Measure</b>	<b>Target/Result</b>
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

WCCL Statement of Intent 2018/19

## 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.
- The Board currently meets formally every two months (typically five 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 their 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 and the CEO discuss current issues on a weekly basis
- 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.

WCCL Statement of Intent 2018/19

## 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:

WCCL works in conjunction with WCC to ensure that WCCL remains “*ahead of the curve*” under the Health and Safety at Work Act, 2015 in addition to the ongoing rail safety practices that are undertaken by the NZTA Rail Safety Regulator (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 while travelling on the Cable Car.

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:

Ensuring that adequate funding is secured in order 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.

Over the recent years, WCCL has liaised with NZTA and GWRC in addition to WCC to identify whether becoming part of the Metlink public transport network was a viable option in order to secure the required funding. During the 2017/18 year, WCCL (in consultation with WCC) has reached the conclusion that the Company remaining an independent transport operator is the best course of action.

Given the decision not to seek to become part of the Metlink public transport network, The Company has been reviewing its long-term operational and structural model to identify options for raising the required funding via managed fare increases, along with prudent expense management and funding the remaining amount via debt funding or grant funding from WCC.

### WCCL Statement of Intent 2018/19

By putting in place a secure long-term funding model (ideally which the Company can internally fund), it allows WCCL to be financially independent.

#### **c) 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. The importance of maintaining the Cable Car passenger service for the general public in the event of accidents, incidents, and natural disasters, and the safety of the Overhead Trolley Bus Network until such time it is fully de-commissioned.

#### **d) 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.

The Risk Register currently contains 5 risks that have a High Assessment (3 Cable Car and 2 Trolley Bus).

WCCL regularly reviews and updates it's WCCL Risk Register, and the latest version containing all of the High risks as of writing date is included in Appendix One.

BroadSpectrum has their own Risk Registers that pertain to certain aspects of Trolley Bus de-commissioning project. Regular health and safety meetings are held with BroadSpectrum (as required of PCBU's 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).

WCCL Statement of Intent 2018/19

## 7. Additional Information

### 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, noting that this 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 2017, the shareholders' funds equated to \$9.724m.

**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 2017, the Total Assets of the Company equated to \$12.183m.

**Ratio** of Shareholders Funds to Total Assets as at 30 June 2017 – 80%

#### a) 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. The Company is also undertaking a full review of future fare increases and ensuring prudent expense management to ensure maximum cash reserves are in place when required.

Cable Car passenger numbers and revenue have continued to increase over the recent years since 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 the Company's aim to remain as financial independent wherever possible, the Company will not declare any dividends in respect of the 2017/18 year and the subsequent two financial years.

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.

WCCL Statement of Intent 2018/19

**b) 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.

**c) 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 de-commission the Trolley Bus overhead electrical network;
- The Cable Car operation will be funded from fares.
- 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).

**d) 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 2017, is \$9.724m.

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

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

Nil

**f) 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.

WCCL Statement of Intent 2018/19

**(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 an 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 2018/19 year, however, given the Kaikoura earthquake in November 2016 and the impact it has on market premiums payable, it is expected that insurance premiums will increase over those payable in respect of the 2017/18 year; this is also due to WCCL negotiating a premium cap for the two years commencing in the 2016/17 year.

**(3) Cable Car Service**

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

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

**(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 an NZ-based insurer (Aon as broker).

Motor Vehicles are insured with an NZ-based insurer (AON).

Liability covers are insured with an NZ-based insurer (AON).

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WCCL Statement of Intent 2018/19

**Appendix 1: WCCL Risk Register (High Risks)**



WCCL Statement of Intent 2018/19

Wellington Cable Car Limited (Cable Car Risk Register as at 11 May 2018 - Highs Only)													
Risk ID #	Hazard Title	Risk Items	Risk Causes	Risk Effects	Risk Controls	Pre-Controls Probability	Pre-Controls Impact	Pre-Controls Risk	Probab-ility	Impact	Risk Rating	Categories	
0007	Earthquake (Small) - (sets off EQ monitor in Control room)	1- Minor to serious injuries e.g. unconsciousness, cuts, abrasions or loss of life due to falling debris 2- Loss of equipment 3- Damage to structure 4- Disruption to cable car services	1- Small Earthquake	1- Damage to infrastructure and equipment 2- Injury to employee/contractor	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 2- Evacuation signs fitted at Lambton and Kelburn Terminals 3- Employees are trained in evacuation procedures 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- A radio system operates between the two cars, Ticket Booth, Control Room, and Winding Room. 7- Tunnels, bridges, visual inspection before service 8- Tunnel convergence monitored	Possible	Major	High	Possible	Moderate	High	Health & Safety	
						Possible	Moderate	High	Possible	Minor	Medium	Plant and Equipment	
0019	Damage to Cable Car by general public (anytime including after hours)	1- Disruption to Cable Car services 2- Damage to property 3- Injuries to public	1- Unauthorised entry to Cable Car premises by public. Likely to be elevated at certain times of the year due to seasonal and large events.	1- Vandalism/damage to Cable Car property 2- Disruption to Cable Car services 3- Injuries to general public	1- Cars locked at night 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 7- Chain installed at Kelburn (below the Control Room) 8- Trespass signage installed between Salamanca and Kelburn 9- Drivers have right to refuse entry on cars and lower station 10- Drivers have radio communications and access to Security staff 11- Security guards on site during events which may attract anti-social behaviour 12- Scenario training on how to manage challenging situations provided to staff bi-annually 13- A security camera has been installed on each cable car	Almost Certain	Major	Extreme	Possible	Moderate	High	Plant and Equipment	
0029	Physical violence to staff by general public	1- Mental and physical ill health of employees and passengers 2- Disruption to Cable Car services	1- Public under the influence of drugs or alcohol	1- Stress and possible physical violence to driver and passengers 2- Disruption to Cable Car services 3- Minor damage to Cable Car and property	1- Drivers have right to refuse entry on cars and lower station 2- Drivers have radio communications and access to Security staff 3- Security guards on site during events which may attract anti-social behaviour 4- Scenario training on how to manage challenging situations provided to staff bi-annually 5- A security camera has been installed on each cable car	Likely	Major	Extreme	Possible	Moderate	High	Health & Safety	
						Possible	Moderate	High	Unlikely	Moderate	Medium	Plant and Equipment	

WCCL Statement of Intent 2018/19

Wellington Cable Car Limited (Traction Services Risk Register as at 11 May 2018 - Highs Only)												
Risk ID #	Hazard Title	Risk Items	Risk Causes	Risk Effects	Risk Controls	Pre-Controls Probability	Pre-Controls Impact	Pre-Controls Risk Rating	Probabi-lity	Impact	Risk Rating	Categories
0004	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 - Reference Civil Defence Emergency Management Advice: Drop Cover Hold. Evacuation Assembly point: Footpath near the "emergency sign" located by the driveway entrance	Likely	Major	Extreme	Possible	Moderate	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	High	Possible	Minor	Medium	Plant and Equipment
		3 - Damage to overhead network infrastructure			3 - Staff are Trained first aiders.	Possible	Major	High	Possible	Minor	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.							
					7 - Structural inspection of building to be completed by an independent qualified person, building to be above 33% of code.							
0020	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	High	Possible	Moderate	High	Health & Safety
			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	High	Unlikely	Minor	Low	Plant and Equipment
			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	High	Unlikely	Moderate	Medium	Operational Impact
				4 - Damage to property	4 - Observe and look after each other in the work party.	Possible	Moderate	High	Unlikely	Minor	Low	Reputation
					5 - PPE/Wet weather gear worn.							
					6 - If not safe and conditions are dangerous, work is stopped.							

WCCL Statement of Intent 2018/19

## **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 2017 and were approved by the Board of Directors on 2 October 2017.

#### **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.

WCCL Statement of Intent 2018/19

### **Changes in Accounting Policies**

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

### **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 and highlighted below:

- The net realisable value of inventory in respect of The Trolley Bus division has been estimated at salvage value using recognised market values existing at balance date. Refer to Note 11.
- The value of the pole network has been estimated at its disposal value, being nil. The basis of this being the expected transfer value.

#### **(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.

WCCL Statement of Intent 2018/19

**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**

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.

WCCL Statement of Intent 2018/19

**(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:

**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.

WCCL Statement of Intent 2018/19

**(h) Leases**

**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

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

WCCL Statement of Intent 2018/19  
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. The non-exchange revenue consists of the funding for the operation of the Trolley Bus Network which is received from Greater Wellington Regional Council and also funding received from Wellington City Council for the replacement of the electric drive system.

- Exchange	3,170,573
- Non -Exchange	4,086,494
	<u>7,257,067</u>

**(m) Grants**

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

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

**(n) Expenses**

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

**(o) Employee Benefit liabilities**

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

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

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WCCL Statement of Intent 2018/19  
**Appendix 3: Forecast Financial Statements**

# COUNCIL CONTROLLED ORGANISATIONS SUBCOMMITTEE

30 MAY 2018

## WCCL Statement of Intent 2018/19

Wellington Cable Car Limited - Business Plan  
Statement of Comprehensive Income for the years ending 30 June 2019, 2020 and 2021

	2018 Forecast	2019 - Qtr 1 \$000	2019 - Qtr 2 \$000	2019 - Qtr 3 \$000	2019 - Qtr 4 \$000	2019 - Total \$000	2020 \$000	2021 \$000
<b><u>OVERHEAD DIVISION</u></b>								
<b>Income</b>	<b>6,250</b>	<b>635</b>	<b>635</b>	<b>635</b>	<b>635</b>	<b>2,519</b>	<b>0</b>	<b>0</b>
Contractor Operations Costs	920	0	0	0	0	0	0	0
Wellington Cable Car Operations Costs	440	0	0	0	0	0	0	0
Reactive Maintenance	50	0	0	0	0	0	0	0
<b>Total Operating Expenses</b>	<b>1,410</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Operating Surplus/Loss before Replacements</b>	<b>4,840</b>	<b>635</b>	<b>635</b>	<b>635</b>	<b>635</b>	<b>2,519</b>	<b>0</b>	<b>0</b>
Pole Replacements	0	0	0	0	0	0	0	0
Feeder Pillar Replacements	0	0	0	0	0	0	0	0
Special Works Replacement	0	6	6	6	6	0	0	0
Contact Wire Replacements / Rentensions	0	0	0	0	0	0	0	0
AMP Expenditure	0	0	0	0	0	0	0	0
<b>Total Replacements</b>	<b>0</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total 3rd Party Jobs Completed</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Overhead Division Items Subject to Business Case to GWRC</b>								
Investigation Funding / Decommissioning	4,840	630	630	630	630	2,519	0	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
<b>Total Maintenance cost</b>	<b>4,840</b>	<b>635</b>	<b>635</b>	<b>635</b>	<b>635</b>	<b>2,519</b>	<b>0</b>	<b>0</b>
Depreciation	225	38	38	38	38	150	0	0
<b>Total Expenses</b>	<b>6,475</b>	<b>673</b>	<b>673</b>	<b>673</b>	<b>673</b>	<b>2,669</b>	<b>0</b>	<b>0</b>
<b>Overhead Overall Surplus/ (Loss)</b>	<b>(225)</b>	<b>(37)</b>	<b>(37)</b>	<b>(37)</b>	<b>(37)</b>	<b>(150)</b>	<b>0</b>	<b>0</b>

	2018 Forecast	2019 - Qtr 1 \$000	2019 - Qtr 2 \$000	2019 - Qtr 3 \$000	2019 - Qtr 4 \$000	2019 - Total \$000	2020 \$000	2021 \$000
<b><u>COMPANY ACTIVITIES DIVISION</u></b>								
Cable Car Income	3,050	533	1,028	1,243	717	3,521	3,551	3,603
Cable Car Operations	1,123	322	322	322	322	1,288	1,336	1,386
Cable Car Maintenance	811	178	178	178	178	710	741	810
Depreciation	200	63	63	63	63	250	263	249
Cable Car Expenses Subtotal	2,134	562	562	562	562	2,248	2,339	2,445
<b>Cable Car Operating Surplus/ (Loss)</b>	<b>915</b>	<b>(29)</b>	<b>466</b>	<b>681</b>	<b>155</b>	<b>1,273</b>	<b>1,211</b>	<b>1,157</b>
<b><u>EXTERNAL ACTIVITIES</u></b>								
3rd Party Services Net Contribution	0	0	0	0	0	0	0	0
Sundry External Income	217	55	55	55	55	220	77	79
<b>External Activities Operating Surplus / (Loss)</b>	<b>217</b>	<b>55</b>	<b>55</b>	<b>55</b>	<b>55</b>	<b>220</b>	<b>77</b>	<b>79</b>
Administration Expenses	423	158	158	158	158	633	661	680
<b>External Activities Division Surplus/ (Loss)</b>	<b>709</b>	<b>(132)</b>	<b>363</b>	<b>577</b>	<b>52</b>	<b>860</b>	<b>628</b>	<b>556</b>
<b>WELLINGTON CABLE CAR - TOTAL SURPLUS/ (LOSS) BEFORE TAX</b>	<b>484</b>	<b>(169)</b>	<b>325</b>	<b>540</b>	<b>14</b>	<b>710</b>	<b>628</b>	<b>556</b>
Income Tax Expense	142	(46)	93	153	6	206	183	164
<b>WELLINGTON CABLE CAR - TOTAL SURPLUS/ (LOSS) AFTER TAX</b>	<b>342</b>	<b>(124)</b>	<b>233</b>	<b>387</b>	<b>8</b>	<b>504</b>	<b>445</b>	<b>393</b>
<b>The Total Surplus / (Loss) After Tax Consists of:</b>								
Total Income	9,517	1,224	1,718	1,933	1,407	6,282	3,628	3,681
Total Expenditure	(9,175)	(1,347)	(1,486)	(1,546)	(1,399)	(5,777)	(3,183)	(3,289)
	342	(124)	233	387	8	504	445	393

# COUNCIL CONTROLLED ORGANISATIONS SUBCOMMITTEE 30 MAY 2018

**Wellington Cable Car Limited - Business Plan**  
**Statement of Movements in Equity for the years ending 30 June 2019, 2020 and 2021**

	Notes	Forecast 2018 \$000	2019 \$000	2020 \$000	2021 \$000
Opening Equity - 1 July		9,725	10,067	10,571	11,016
Net Surplus/(loss) for the period		342	504	445	393
Total Recognised Revenues and Expenses		<u>342</u>	<u>504</u>	<u>445</u>	<u>393</u>
Distribution to Owners		-	-	-	-
Closing Balance 30 June		<u>10,067</u>	<u>10,571</u>	<u>11,016</u>	<u>11,408</u>

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

	Notes	2018 \$000	2019 \$000	2020 \$000	2021 \$000
<b>CURRENT ASSETS</b>					
Bank	1	2,773	3,271	3,645	3,875
Inventory		100	-	-	-
Work In Progress		-	-	-	-
Accounts Receivable		<u>350</u>	<u>150</u>	<u>150</u>	<u>150</u>
		3,223	3,421	3,795	4,025
<b>FIXED ASSETS</b>	2	<u>8,206</u>	<u>8,003</u>	<u>8,053</u>	<u>8,053</u>
<b>TOTAL ASSETS</b>		<u>11,429</u>	<u>11,424</u>	<u>11,849</u>	<u>12,078</u>
<b>CURRENT LIABILITIES</b>					
Accounts Payable/Accruals		862	353	333	170
Current Portion of Term Loan		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		862	353	333	170
<b>NON CURRENT LIABILITIES</b>					
ANZ Bank Loan		-	-	-	-
Deferred Tax Liability		500	500	500	500
Employee Retirement Gratuity		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		500	500	500	500
<b>NET ASSETS</b>		<u>10,067</u>	<u>10,571</u>	<u>11,016</u>	<u>11,408</u>
<b>SHAREHOLDERS' FUNDS</b>					
Represented by:					
Authorised Capital					
Ordinary Shares at \$1 fully paid		7,435	7,435	7,435	7,435
Retained Earnings		<u>2,631.83</u>	<u>3,136</u>	<u>3,581</u>	<u>3,973</u>
		10,067	10,571	11,016	11,408

**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 2018 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.

# COUNCIL CONTROLLED ORGANISATIONS SUBCOMMITTEE 30 MAY 2018

Wellington Cable Car Limited  
Statement of Cash Flows  
For the Years Ended 30 June 2019,2020,2021

	Year Ended 30 June 2018 - Forecast	Year Ended 30 June 2019	Year Ended 30 June 2020	Year Ended 30 June 2021
<b>Cash flows from operating activities</b>				
<u>Cash was received from:</u>				
Operating receipts	10,302	6,403	3,598	3,659
Interest received	23	56	30	23
<u>Cash was disbursed to:</u>				
Payments to suppliers and employees	(9,399)	(5,559)	(2,758)	(3,038)
Net cash inflow / (outflow) from operating activities	926	900	870	643
<b>Cash flows from investing activities</b>				
<u>Cash was received from:</u>				
Investments	-	-	-	-
Sale of Fixed Assets	-	-	-	-
<u>Cash was applied to:</u>				
Purchase of fixed assets	(250)	(197)	(313)	(249)
Net cash inflow / (outflow) from investing activities	(250)	(197)	(313)	(249)
<b>Cash flows from financing activities</b>				
<u>Cash was received from:</u>				
Term Loan	-	-	-	-
<u>Cash was applied to:</u>				
Payment of Dividend	-	-	-	-
Term Loan	-	-	-	-
Payment of Tax	-	-	-	-
Subvention Payment	(458)	(206)	(183)	(164)
Net cash inflow/(outflow) from financing activities	(458)	(206)	(183)	(164)
Net Increase/(decrease) in Cash held	218	497	374	230
Opening Cash Balance	2,556	2,773	3,271	3,645
Closing Cash Balance	2,773	3,271	3,645	3,875



**CONTENTS**\_Toc513732652

EXPERIENCE WELLINGTON'S PURPOSE, VISION AND VALUES .....	2
INTRODUCTION.....	3
OVERVIEW .....	4
FINANCIAL OVERVIEW.....	5
PRIORITY PROJECTS AND COUNCIL'S EXPECTATIONS.....	6
OPERATING ENVIRONMENT UPDATE .....	8
NATURE AND SCOPE OF EXPERIENCE WELLINGTON'S ACTIVITIES.....	9
PERFORMANCE MEASUREMENT .....	10
BOARD'S APPROACH TO GOVERNANCE.....	15
COUNCIL RELATIONSHIP PRINCIPLES .....	16
MANAGEMENT, ORGANISATIONAL HEALTH, CAPABILITY AND RISK ASSESSMENT .....	17
APPENDIX 1: FORECAST FINANCIAL STATEMENTS .....	19
APPENDIX 2: ACCOUNTING POLICIES.....	25
DIRECTORY.....	30

**EXPERIENCE WELLINGTON'S 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:** 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.

*Cover Image: Makers of Entertainment performing for schools in the 2017 Capital E National Arts Festival. Photo by Stephen A'Court.*



### INTRODUCTION

Experience Wellington is made up of Capital E, City Gallery Wellington, Cable Car Museum, Nairn Street Cottage, Wellington Museum including the Plimmer's Ark display in the Old Bank Arcade, Space Place at Carter Observatory, 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 Wellington City Council (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 as a Council Controlled Organisation and our contribution to Council's vision for the future of Wellington. Specifically, it responds to Council's expectations as set out in its Letter of Expectations of 15 December 2017 and outlines our strategic plans and performance targets for the next three years with detailed focus on the financial period to 30 June 2019.

In 2018-19 Council will provide around 64% of our operational budget with the other 36% 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.

To achieve the best results for Wellington we will continue to work with Council and other Council Controlled Organisations (Wellington Regional Economic Development Agency (WREDA), Wellington Zoo and Zealandia) other local visitor experiences, Te Papa, tertiary education partners and relevant national organisations.



## **OVERVIEW**

**OUR FOCUS IN 2018-19** is to continue to enrich the city we love by telling 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. We want to play our part in Council's *Decade of Culture* strategy and we welcome Council's commitment to consider further investment in its cultural assets through the 2018-28 Long-term Plan.

Our contribution to the *Decade of Culture* will include:

- The planning and delivery of a high profile international contemporary art exhibition programme at City Gallery;
- Leveraging Capital E's strong brand through the development of a new creative city hub for children and young people;
- Completing the development of Wellington Museum;
- Extending the Cable Car Museum; and
- Working with Council on a plan to update the visitor experience at Space Place.

In addition, we will present a full programme of activity which in 2018-19 will include:

- Capital E presenting the ninth Capital E National Arts Festival for children and the third Roxy5 Short Film Competition which is now supported by the Ministry for Youth Development. Capital E will also bring Maker Faire to Wellington which is an entirely new science fair experience providing hands-on engagement for all ages.
- Wellington Museum and City Gallery will contribute to the Suffragettes anniversary programme marking 125 years since women were first entitled to vote in New Zealand.
- We will open the new ground floor experience at the Nairn Street Cottage, and the Space Place programme will include a new artist-led planetarium project on climate change and Antarctica.
- City Gallery's programme includes the exhibition *Palindrome* exploring the work of Patrick Pound, an exhibition entitled *The Iconography of Revolt* which considers what happens when revolutionary politics and fashion meet; and a major exhibition of the work of Theo Schoon who plays a key role in contemporary cultural discourse.
- We will continue our commitment to the celebration of Matariki which will include *Matariki Dawn* and star gazing at Space Place, the continuation of our partnership with Chamber Music New Zealand at Wellington Museum and other events aimed at showcasing Wellington during Matariki in June 2019.

**OUR PERFORMANCE** in the Key Result Indicators (KRI) of visitation and revenue generation will continue to improve during this planning period which will include many opportunities for Wellington's curious communities to engage with our visitor experiences. In 2018-19 we expect to:

- Attract over 750,000 (13% increase on our 2017-18 forecast) visitors to our experiences, one-third of which will be international tourists. In addition, over 300,000 people will connect via our online communities;
- Raise over \$4 million (Net of costs) (10% increase on our 2017-18 forecast) towards our operating costs from trading initiatives as well as fundraising. We are forecasting that we will fund at least 36% of our operating revenue this year; and
- Be highly rated by visitors for the quality of their visitor experience at our institutions with a 90% approval rating.

**OUR FINANCIAL PERFORMANCE** and in particular achieving a break-even budget after fully funding depreciation has not been possible in the face of significant and on-going cost increases associated with delivering City Gallery's programme and the 2019 Capital E National Arts Festival for Children. As a result we are projecting a small deficit of \$44,130 in 2018-19 but are forecasting a break-even budget in 2019-20 and 2020-12.

The *Financial Overview* on page 5 provides more information on our forecast financial position.



### **FINANCIAL OVERVIEW**

The main assumptions for the planning period are that:

- We will receive \$7,336,115 from Council (exclusive of cash underwrites) for the operation of Experience Wellington inclusive of Space Place representing a 2.759% increase on our base-line funding for 2017-18. The increase is inclusive of funding decisions in 2015-16 and 2016-17 to enable Experience Wellington to align with Council's Living Wage policy.
- Our 2018-19 revenue target of just over \$4 million net represents an increase of 8.8% on our 2017-18 forecast revenue reflecting the impact of the 2019 Capital E National Arts Festival and a small increase over the base achieved in 2016.
- We remain committed to achieving a break-even budget after fully funding depreciation. However, we are projecting a deficit of \$44,130 in 2018-19 but returning to break-even in 2019-20 and 2020-21.
- We continue to rely on the Council's cash underwrite for Space Place.
- 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 such as the proposed City Gallery Wellington high value international contemporary art exhibition programme will be subject to City Growth Fund investment and fundraising.
- Sponsorships and grants from grant giving agencies are tagged to specific projects (exhibitions, public programmes or capital developments) and are not available to support fixed costs such as personnel, occupancy and energy expenses.
- The 2019 Capital E National Arts Festival is heavily dependent on fundraising including from the Wellington Regional Amenities Fund (WRAF) (\$100K). Not realising the WRAF funding may result in the cancellation of the Festival.
- Over the forecast period it is expected that personnel costs will increase by 2% per annum and other costs by an average of 2%.
- Applying a Living Wage increase that exceeds 2% during the planning period would be subject to additional Council funding.
- Making relativity adjustments to salaries and wages required as a consequence of applying the Living Wage to eligible salaries and wages would be subject to additional Council funding.
- Taking into consideration our typical operating cycle which includes the biennial Capital E National Arts Festival which will boost revenue in 2018-19, trading revenue is forecast to increase by 4% over the base achieved in 2016-17.
- Creative New Zealand (CNZ) funds for distribution continue to be under pressure; and Ministry of Education (MOE) contracts are secure but the funding levels continue to be static and increases are not expected.
- 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.



### **PRIORITY PROJECTS AND COUNCIL'S EXPECTATIONS**

Our year-round delivery of exhibitions, public programmes and events contributes to Wellington's status as the *Culture 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. This availability also makes them an important part of Wellington's tourism offering providing great visitor experiences to people visiting Wellington, many for the first time.

Our [2017-20 Strategic Plan](#) outlines our priorities and why we are focusing on these. Our success will be measured in terms of the increasing numbers of engaged visitors, who have their curiosity heightened through their encounters with us on-site or online; our reputation for world leading visitor experiences; the revenue we generate through fundraising and trading activities; and the social and economic impact we have on Wellington.

The following Priority Projects build on our success and are aligned with Council's strategic direction as set out in *Wellington Towards 2040: Smart Capital* and the 2018-28 LTP consultation document *Our 10-Year Plan Tō mātou mahere ngahuru tau* in which it states that "We want Wellington to be the undisputed cultural capital of New Zealand". The LTP is prioritising: Resilience and environment, Housing, Transport, Sustainable growth and Arts and culture. We consider that the priority projects described below are closely aligned with one or more of: Arts and culture; Resilience and environment; and Sustainable growth.

#### **Priority Project**

#### **Alignment with Council**

To present high profile, large scale international contemporary art exhibitions at City Gallery Wellington.

An important cornerstone for Council's Decade of Culture which will create economic value for the city and region. It will enhance City Gallery's national and international reputation and make Wellington a destination for contemporary art lovers.

*A bid to Council's City Growth Fund will be made to support this programme.*

To complete the development of Wellington Museum.

Cements Wellington Museum's role within the region as the teller of Wellington's stories and includes an authentic Māori dimension. It completes earthquake strengthening making the building safer for staff and visitors and it will increase the likelihood that this category 1 heritage building will survive a major earthquake.

*Council has proposed a budget of \$10 million in the draft LTP to start this work in 2021-22.*

To increase the size of the Cable Car Museum visitor experience including an increase in the space for retail.

More space within the museum, often at capacity during cruise ship season, for retail and exhibitions. It will give greater focus to the science and technology story of the cable car and the wider Cable Car Precinct supporting our collaborative precinct project *The Look out! Pukehinau*.

*A business case will be developed for further consideration of this project by stakeholders and funders. Extending the Cable Car Museum is not a priority for Council.*

Capital E's core offerings, how these are delivered and from where within Wellington city.

It will supercharge Capital E ensuring that it has a fresh, relevant take on the challenge of equipping children with creative and critical thinking skills. It will secure accommodation ideally as part of a wider development that brings together other cultural assets.

*Capital E's permanent home is subject to agreement on location. In the meantime the current accommodation will be modified to better meet Capital E's operating requirements.*

To ensure that Space Place's business model continues to grow visitation and revenue with a renewed visitor experience that widens the offer to more visitors.

Space Place's operating model review met a 2017-18 SOI commitment. The recommendations include some that will require further investment as well as others which will be relatively straightforward to adopt at no or little additional cost.

*We will work closely with Council to align visitor experience and financial expectations.*



### **School-age Educational Offerings**

We remain committed to our children and young people strategy and our purpose is to make growing up in the Capital city full of opportunities to play, create and interact, with access to facilities and experiences that are for, by, with and between children and young people. Our vision is that the children and young people who encounter us feel welcomed, included and important.

This is extended to our core business of developing and delivering learning programmes which are curriculum linked. This part of our business is supported by the Ministry of Education's contestable fund for Learning Experiences Outside the Classroom (LEOTC). However, the greatest barrier to participation is the cost of travel and having enough adult volunteers to accompany school groups to Wellington. Our focus on improving access for children from low decile schools will continue but it is dependent on successful fundraising to fund transport costs for these children.

### **City Gallery Wellington and the Town Hall Development**

The operating challenges that will face City Gallery Wellington as the earthquake strengthening and development of the Wellington Town Hall gets underway have been scoped and strategies to mitigate the risks to City Gallery's operation will be developed in consultation with Council and the Town Hall project team as the timings and nature of the building programme are finalised. In the meantime it is important that Civic Square continues to be open-for-business and that Wellingtonians and visitors to the city are kept informed about the project and that signage makes access to City Gallery clear.

### **Aligning with Council's Living Wage Policy**

We are committed to aligning with Council's Living Wage Policy and we implemented the 2017-18 Living Wage adjustment with the assistance of additional Council funding. We also aligned relativity adjustments with Council's Remuneration Policy as it applied to the implementation of the Living Wage. We have assumed a 2% increase in personnel cost for the planning period.

We will continue to monitor the impact of the Living Wage policy on our overall salaries and wages budget and will keep Council advised of any financial pressures created as a consequence of our on-going alignment with its Living Wage Policy.

### **Governance**

The Board aspires to be a leading governance group and is confident that it will comply with Council's expectations regarding legislative compliance and in particular the Health and Safety at Work Act 2015.

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 and 2016-17. We have adopted systems and processes to ensure our Health and Safety compliance and we work closely with Council to ensure that our approach is consistent with its expectations. This is particularly relevant in the context of building management where our Health and Safety obligations overlap.

The Sections on the Board's Approach to Governance (page 14) and Management, Organisational Health, Capability and Risk Assessment (page 19) cover these expectations in more detail.



**OPERATING ENVIRONMENT UPDATE**

- We have experienced moderate growth in trading revenue over the past two years largely due to the success of retail and venue hire and we continue to forecast modest growth.
- Changes in the way grant-giving agencies operate and the competition for this source of funding means it cannot be relied upon to fully support our programming costs.
- Corporate sponsorship continues to be difficult to attract and retain.
- We have continued our endeavours to increase personal giving with the introduction of online donations and pay-wave donations as an alternative to cash.
- We support the City Gallery Wellington Foundation in its efforts to attract and retain patrons and we will launch a legacy giving programme this year for supporters interested in making a long-term commitment to our activities.
- It is probable that visitation to City Gallery Wellington will be negatively affected by the earthquake strengthening of the Town Hall and other developments in Civic Square.
- With Council's resilience programme in full swing the pressure on performance venues is increasing and is reflected in increased hire charges for the 2019 Capital E National Arts Festival.
- We face increased compliance costs associated with the Health and Safety at Work Act 2015 and the Child Protection Act 2016.
- We continue to strive to be in a position to take advantage of the growth in new technologies in order to optimise our reach and relevance to the communities we serve.
- The opening of Victoria University of Wellington's new film campus in Miramar and the opening of Te Auaha in the heart of Wellington boosts Wellington's attractiveness as a centre of excellence for students wanting to pursue careers in the creative industries. They also add substance to the city's creative industries growth agenda, provide opportunities for partnerships in the development of visitor experiences and audience development and underscore the value of opportunities we provide through our hands-on creative learning programmes as genuine pathways to careers in the creativity industries. Capital E, with its connections to the capital's creative ecosystems, is particularly well-placed to take advantage of this growth.
- The reopening of City Gallery in March 2018 with refurbished entrance and foyer, and the opening of Te Papa's new art gallery space have provided a welcome boost to the city's art lovers again reinforcing Wellington as an important arts and culture destination.
- We are excited by the opportunity that a reconceptualised Civic Square as a cultural hub presents to City Gallery and potentially Capital E.
- We continue to be committed to working with Council to achieve as a child friendly City.



#### NATURE AND SCOPE OF EXPERIENCE WELLINGTON'S ACTIVITIES

Experience Wellington's purpose is *working with and for Wellington to create remarkable art, culture and science experiences that generate vitality: enriching the city we love* and with our vision, *Engaged Curious Communities* defines our value proposition and how we contribute to Wellington's liveability and prosperity.

- **Capital E** responds to the need for Wellington and New Zealand to foster confident, creative, capable citizens who can be architects of their own future.
- **City Gallery Wellington Te Whare Toi** leads the conversation about contemporary art in New Zealand.
- **Wellington Museum** shares the stories and objects of Wellington.
- **Space Place at Carter Observatory Te Ara a Whanui Ki Te Rangi** transports visitors from Wellington to outer space.
- **Cable Car Museum** encourages visitors to explore and share the technology, history and experience of Wellington's Cable Car.
- **Nairn Street Cottage** illustrates the story of Wellington through the Wallis family.



## PERFORMANCE MEASUREMENT

We will continue to refine performance measurement over the planning period to better reflect the needs of stakeholders for information that helps to assess the contribution or impact Experience Wellington makes to Wellington's prosperity and liveability. Any changes will be made in consultation with Council.

### 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	2016-17 Actual	2017-18 SOI	2018-19	2019-20	2020-21
City Gallery Wellington	90%	95%	95%	95%	95%
Wellington Museum	97%	97%	97%	97%	97%
Capital E	87%	90%	90%	90%	90%
Cable Car Museum	94%	97%	97%	97%	97%
Space Place	95%	97%	97%	97%	97%
Nairn Street Cottage	60%	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	2016-17 Actual	2017-18 SOI	2018-19	Q1	Q2	Q3	Q4	2019-20	2020-21
City Gallery Wellington	180,616	143,000	170,000	45,000	40,000	40,000	45,000	175,000	178,000
Wellington Museum	138,956	137,000	132,000	27,000	35,000	40,000	30,000	135,000	138,000
Capital E	161,869	90,000	157,500	21,600	21,150	56,800	57,950	110,000	160,000
Cable Car Museum	242,250	237,000	237,000	30,500	65,500	90,500	50,500	237,000	237,000
Space Place	54,109	52,000	55,000	12,000	12,000	15,500	15,500	57,000	59,000
Nairn Street Cottage	2,614	2,500	2,000	300	500	750	450	2,000	2,000
<b>Experience Wellington Total</b>	<b>780,414</b>	<b>661,500</b>	<b>753,500</b>	<b>136,400</b>	<b>174,150</b>	<b>243,550</b>	<b>199,400</b>	<b>716,700</b>	<b>774,000</b>

Capital E will host the National Arts Festival for Children in 2018-19 and again 2020-21.

Capital E visitation for 2018-19 includes the Hannah Playhouse.

City Gallery visitation may be affected by earthquake strengthening of the Town Hall.



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

Virtual Visitor Numbers	2016-17 Actual	2017-18 SOI	2018-19	2019-20	2020-21
City Gallery Wellington	110,381	112,000	120,000	125,000	127,500
Museums Wellington	99,826	84,000	88,000	96,000	100,000
Capital E	45,619	64,000	45,000	48,000	50,000
<b>Experience Wellington Total</b>	<b>255,826</b>	<b>260,000</b>	<b>253,000</b>	<b>269,000</b>	<b>277,000</b>

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

Social Media Numbers	2016-17 Actual	2017-18 SOI	2018-19	2019-20	2020-21
City Gallery Wellington	29,825	23,000	26,000	27,000	30,000
Museums Wellington	7,675	14,500	10,000	10,500	11,000
Capital E	5,169	5,000	6,250	6,750	7,250
Space Place	8,603	16,000	11,500	12,000	12,500
<b>Experience Wellington Total</b>	<b>51,271</b>	<b>58,500</b>	<b>53,750</b>	<b>56,250</b>	<b>60,750</b>

**First Time Wellington City Visitors (New KRI):** The number of visitors who are residents of Wellington visiting for the first time.

First-time Visitors	2018-19	2019-20	2020-21
City Gallery Wellington	33%	35%	37%
Wellington Museum	80%	80%	80%
Capital E	35%	37%	39%
Cable Car Museum	85%	85%	85%
Space Place	90%	90%	90%
Nain Street Cottage	90%	90%	90%

**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	2016-17 Actual	2017-18 SOI	2018-19	2019-20	2020-21
City Gallery Wellington	92%	90%	90%	90%	90%
Wellington Museum	92%	90%	90%	90%	90%
Capital E	97%	90%	90%	90%	90%
Cable Car Museum	82%	90%	90%	90%	90%
Space Place	89%	90%	90%	90%	90%
Nairn Street Cottage	97%	90%	90%	90%	90%

*Capital E's Quality of Visit figures includes the Hannah Playhouse in 2018-19.*



**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 Ministry of Education.

Learning experience visitors	2016-17 Actual	2017-18 SOI	2018-19	2019-20	2020-21
City Gallery Wellington	6,106	4,500	4,500	4,500	4,500
Museums Wellington	6,604	7,000	7,000	7,000	7,000
Capital E	64,613	20,500	50,000	20,500	50,000
Space Place	6,040	8,250	8,250	8,250	8,250
<b>Experience Wellington Total</b>	<b>83,365</b>	<b>40,250</b>	<b>69,750</b>	<b>40,250</b>	<b>69,750</b>

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

*Capital E hosted the National Arts Festival for Children in 2016-17 and will do so again in 2018-19 and 2020-21.*

*Capital E Learning Experience figures includes the Hannah Playhouse in 2018-19.*

## Our Sustainability

### Key Result Indicators

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

**Non-Council Revenue:** The total amount of revenue (net of costs) generated from non-Council sources:

- Trading includes admissions, retail, venue hire, sub-letting and interest.
- Fundraising includes donations, sponsorships, other grants and cultural grants (CNZ and MOE for LEOTC).

Trading (\$'000)	2016-17 Actual \$000	2017-18 SOI \$000	2018-19 \$000	2019-20 \$000	2020-21 \$000
City Gallery Wellington	492	187	307	320	340
Museums Wellington	866	761	845	885	905
Capital E	483	366	509	380	529
Space Place	524	542	542	570	590
<b>Sub Total</b>	<b>2,365</b>	<b>1,856</b>	<b>2,203</b>	<b>2,155</b>	<b>2,364</b>
Sub-letting, Interest & Other	354	397	275	295	305
<b>Experience Wellington Total</b>	<b>2,719</b>	<b>2,253</b>	<b>2,478</b>	<b>2,450</b>	<b>2,669</b>
Fundraising (\$'000)	2016-17 Actual \$000	2017-18 SOI \$000	2018-19 \$000	2019-20 \$000	2020-21 \$000
City Gallery Wellington	608	387	274	309	359
Museums Wellington	162	138	173	173	180
Capital E	895	763	1,051	780	1,167
Space Place	128	103	103	115	120
<b>Experience Wellington Total</b>	<b>1,793</b>	<b>1,391</b>	<b>1,601</b>	<b>1,377</b>	<b>1,826</b>

*City Gallery presented Cindy Sherman in 2016-17 which affected both trading revenue and fundraising.*

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

*Capital E will host the National Arts Festival for Children in 2018-19 and will do so again in 2020-21.*

*Capital E Non-Council Revenue figures in 2018-19 includes the Hannah Playhouse.*



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

Spend per Visit (\$)	2016-17 Actual \$	2017-18 SOI \$	2018-19 \$	2019-20 \$	2020-21 \$
City Gallery Wellington	2.00	1.57	1.80	1.83	1.91
Museums Wellington	2.25	1.41	2.28	3.37	2.40
Capital E	4.03	3.84	3.12	3.29	3.19
Space Place	9.56	10.12	9.85	10.00	10.00

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

*Capital E will host the National Arts Festival for Children in 2018-19 and will do so again in 2020-21.*

*Capital E Non-Council Revenue figures in 2018-19 includes the Hannah Playhouse.*

## Our People

### Key Result Indicators

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

## Our Heritage

### Key Result Indicators

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

Collection Development	2017-18	2018-19	2019-20	2020-21
New to the Collection	30	45	60	75
Collection Assessment	1,250	1,875	3,650	3,650
Collection Accessibility	5%	7.5%	10%	25%

*New to the Collection: Commissions, acquisitions or donations of an item or a collection of items 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 (\$)	2016-17 Actual \$	2017-18 SOI \$	2018-19 \$	2019-20 \$	2020-21 \$
City Gallery Wellington	12.36	12.50	12.65	12.80	13.00
Museums Wellington	4.55	5.18	5.00	4.95	5.32
Capital E	9.32	14.53	10.76	14.61	10.61
Space Place	9.33	9.89	9.72	9.50	9.32

*Subsidy per Visit forecast is based on the probable percentage of the operating grant received from Council as follows:*

*City Gallery Wellington – 30%*

*Museums Wellington (Wellington Museum, Cable Car Museum and Nairn Street Cottage) – 26%*

*Capital E (including the Hannah Playhouse) – 22%*

*Space Place – 4.9% plus the cash underwrite*

*Experience Wellington Executive Office – 17.1%*

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

Full Subsidy per Visit (\$)	2017-18 \$	2018-19 \$	2019-20 \$	2020-21 \$
City Gallery Wellington	18.01	16.05	16.06	16.10
Museums Wellington	6.97	7.42	7.41	7.84
Capital E	14.53	14.91	14.61	10.61
Space Place	14.30	14.22	13.78	13.61

*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 2020	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 2018.

### Future Director

In consultation with Council the Board appointed a Future Director, John Paul Tocker, for one calendar year commencing 1 January 2018. This position is not a member of the Board and has no voting rights but will observe and participate in Board discussions.



**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.
- Provide advice to Council on the management and development of museums, art galleries, space science and other relevant services within Wellington.
- 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.

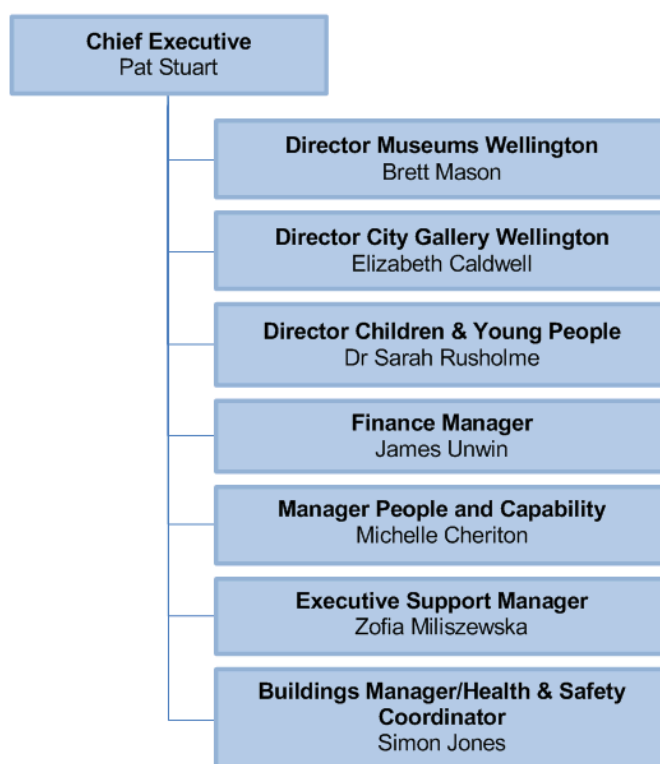


**MANAGEMENT, ORGANISATIONAL HEALTH, CAPABILITY AND RISK ASSESSMENT**

**Management**

Experience Wellington provides strategic leadership and centralised management and accountability for visitor experiences delivered through institutions. Our corporate values: *Connected, Quality First, Boldness and Leading* are the quadrants of our balanced scorecard and describe the strategies, performance monitoring and reporting that together describe how we wish to go about our business and how we measure performance and success. Central to this is the ability to create and sustain an operating environment that supports the achievement of a high performing organisation that encourages staff to strive for excellence.

Reporting to the Chief Executive are three Directors who have responsibility for our visitor experience outputs, the Finance Manager, the Manager People and Capability, the Executive Support Manager and the Buildings 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 commitment to presenting thought-provoking and entertaining visitor experiences relies on our staff who bring to their work: leadership; strategic thinking; knowledge of heritage collections, art, science and creativity; commitment to audiences; networks and contacts; and professional standards.

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 we are committed to working with Council, its associated organisations, and sector partners.

### **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-18	STATEMENT OF FINANCIAL PERFORMANCE (\$'000) Space Place	Budget 30-Sep-18	Budget 31-Dec-18	Budget 31-Mar-19	Budget 30-Jun-19	Total YE 30-Jun-19	Total YE 30-Jun-20	Total YE 30-Jun-21
<b>Revenue</b>								
496	Trading Income (Net)	124	124	124	124	496	511	521
354	Council Operating Grant	90	90	90	91	361	368	376
0	Council Rental Grant	0	0	0	0	0	0	0
102	Other Grants	25	26	25	26	102	104	106
1	Sponsorships and Donations	0	1	0	0	1	15	18
0	Investment Income	0	0	0	0	0	0	0
130	Other Income	0	0	0	174	174	174	174
1083	<b>Total Revenue</b>	239	241	239	415	1,134	1,172	1,195
<b>Expenditure</b>								
776	Employee Costs	210	211	210	211	842	859	876
0	Council Rent	0	0	0	0	0	0	0
96	Exhibitions & Programmes	24	24	24	24	96	98	100
93	Marketing & Promotions	23	23	23	23	92	95	96
73	Occupancy Costs (excluding Council Rent)	18	18	18	19	73	74	76
10	Communication Costs	3	3	2	2	10	10	10
0	Trustee Fees & Expenses	0	0	0	0	0	0	0
5	Technology Costs	1	0	1	0	2	5	5
0	Professional Fees	0	0	0	0	0	0	0
19	Administration Expenses	5	5	5	4	19	19	20
11	Depreciation	3	3	3	2	11	11	11
0	Interest	0	0	0	0	0	0	0
1,083	<b>Total Expenditure</b>	287	287	286	285	1,145	1,172	1,195
0	<b>Net Surplus/(Deficit) before Taxation</b>	-48	-46	-47	130	-11	0	0
Taxation Expense								
0	<b>Net Surplus/(Deficit)</b>	-48	-46	-47	130	-11	0	0
0.00%	<b>Operating Margin</b>	-20.08%	-19.09%	-19.67%	31.33%	-0.97%	0.02%	0.02%



Forecast 30-Jun-18	STATEMENT OF FINANCIAL PERFORMANCE (\$'000) Experience Wellington excluding Space Place	Budget 30-Sep-18	Budget 31-Dec-18	Budget 31-Mar-19	Budget 30-Jun-19	Total YE 30-Jun-19	Total YE 30-Jun-20	Total YE 30-Jun-21
<b>Revenue</b>								
1,250	Trading Income	346	280	484	299	1,409	1,305	1,460
6,768	Council Operating Grant	1,744	1,744	1,744	1,743	6,975	7,153	7,340
1,769	Council Rental Grant	442	442	442	443	1,769	1,769	1,769
943	Other Grants	274	220	361	440	1,295	995	1,291
346	Sponsorships and Donations	31	75	38	94	238	245	267
65	Investment Income	15	6	15	6	42	50	55
391	Other Income	52	49	78	115	294	315	325
11,532	<b>Total Revenue</b>	2,904	2,816	3,162	3,140	12,022	11,832	12,507
<b>Expenditure</b>								
5,269	Employee Costs	1,285	1,318	1,371	1,421	5,395	5,503	5,613
1,339	Council Rent	335	335	335	334	1,339	1,399	1,399
1,928	Exhibitions & Programmes	813	459	518	652	2,442	2,027	2,488
538	Marketing & Promotions	145	92	132	172	541	515	575
1,095	Occupancy Costs (excluding Council Rent)	311	289	279	303	1,182	1,206	1,230
113	Communication Costs	27	27	28	27	109	112	114
84	Trustee Fees & Expenses	21	21	21	22	85	88	90
200	Technology Costs	39	40	39	39	157	157	160
214	Professional Fees	21	22	21	21	85	100	110
197	Administration Expenses	46	45	45	47	183	187	190
555	Depreciation	134	135	134	134	537	539	539
0	Interest	0	0	0	0	0	0	0
11,532	<b>Total Expenditure</b>	3,177	2,783	2,923	3,172	12,055	11,832	12,508
0	<b>Net Surplus/(Deficit) before Taxation</b>	-273	33	239	-32	-33	0	0
	Taxation Expense							
0	<b>Net Surplus/(Deficit)</b>	-273	33	239	-32	-33	0	0
0.00%	<b>Operating Margin</b>	-9.40%	1.17%	7.56%	-1.02%	-0.27%	0.00%	0.00%



Forecast 30-Jun-18	STATEMENT OF FINANCIAL PERFORMANCE Total	Budget 30-Sep-18	Budget 31-Dec-18	Budget 31-Mar-19	Budget 30-Jun-19	Total YE 30-Jun-19	Total YE 30-Jun-20	Total YE 30-Jun-21
<b>Revenue</b>								
1,746	Trading Income (Net)	470	404	608	423	1,905	1,816	1,981
7,122	Council Operating Grant	1,834	1,834	1,834	1,834	7,336	7,521	7,716
1,769	Council Rental Grant	442	442	442	443	1,769	1,769	1,769
1045	Grants	299	246	386	466	1,397	1,099	1,397
347	Sponsorships and Donations	31	76	38	94	239	260	285
65	Investment Income	15	6	15	6	42	50	55
521	Other Income	52	49	78	289	468	489	499
12,615	<b>Total Revenue</b>	3,143	3,057	3,401	3,555	13,156	13,004	13,702
<b>Expenditure</b>								
6,045	Employee Costs	1,495	1,529	1,581	1,632	6,237	6,362	6,489
1,339	Council Rent	335	335	335	334	1,339	1,399	1,399
2,024	Exhibitions & Programmes	837	483	542	676	2,538	2,125	2,588
631	Marketing & Promotions	168	115	155	195	633	610	671
1,168	Occupancy Costs (excluding Council Rent)	329	307	297	322	1,255	1,280	1,306
123	Communication Costs	30	30	30	29	119	122	124
84	Trustee Fees & Expenses	21	21	21	22	85	88	90
205	Technology Costs	40	40	40	39	159	162	165
214	Professional Fees	21	22	21	21	85	100	110
216	Administration Expenses	51	50	50	51	202	206	210
566	Depreciation	137	138	137	136	548	550	550
0	Interest	0	0	0	0	0	0	0
12,615	<b>Total Expenditure</b>	3,464	3,070	3,209	3,457	13,200	13,004	13,702
0	<b>Net Surplus/(Deficit) before Taxation</b>	-321	-13	192	98	-44	0	0
	Taxation Expense							
0	<b>Net Surplus/(Deficit)</b>	-321	-13	192	98	-44	0	0
0.00%	<b>Operating Margin</b>	-10.21%	-0.43%	5.65%	2.76%	-0.33%	0.00%	0.00%



Forecast 30-Jun-18	STATEMENT OF FINANCIAL POSITION (\$'000)	Budget 30-Sep-18	Budget 31-Dec-18	Budget 31-Mar-19	Budget 30-Jun-19	Total YE 30-Jun-19	Total YE 30-Jun-20	Total YE 30-Jun-21
<b>Shareholder/Trust Funds</b>								
2,123	Share Capital/Settled Funds	2,123	2,123	2,123	2,123	2,123	2,123	2,123
0	Revaluation Reserves	0	0	0	0	0	0	0
478	Restricted Funds	478	478	478	478	478	478	478
1,913	Retained Earnings	1,592	1,579	1,771	1,869	1,869	1,869	1,869
4,514	<b>Total Shareholder/Trust Funds</b>	4,193	4,180	4,372	4,470	4,470	4,470	4,470
<b>Current Assets</b>								
40	Cash and Bank	40	40	40	40	40	40	40
641	Accounts Receivable	600	600	600	600	600	600	600
141	Other Current Assets	150	150	150	150	150	150	150
822	<b>Total Current Assets</b>	790	790	790	790	790	790	790
<b>Investments</b>								
840	Deposits on Call	3,080	475	2,805	790	790	790	790
0	Other Investments	0	0	0	0	0	0	0
840	<b>Total Investments</b>	3,080	475	2,805	790	790	790	790
<b>Non-Current Assets</b>								
4,422	Fixed Assets	4,500	4,500	4,500	4,500	4,500	4,500	4,500
0	Other Non-current Assets	0	0	0	0	0	0	0
4,422	<b>Total Non-current Assets</b>	4,500	4,500	4,500	4,500	4,500	4,500	4,500
6,084	<b>Total Assets</b>	8,370	5,765	8,095	6,080	6,080	6,080	6,080
<b>Current Liabilities</b>								
1300	Accounts Payable and Accruals	2277	1255	1823	1310	1310	1,310	1,309
270	Other Current Liabilities	1900	330	1900	300	300	300	300
1,570	<b>Total Current Liabilities</b>	4,177	1,585	3,723	1,610	1,610	1,610	1,609
<b>Non-Current Liabilities</b>								
0	Loans - WCC	0	0	0	0	0	0	0
0	Loans - Other	0	0	0	0	0	0	0
0	Other Non-Current Liabilities	0	0	0	0	0	0	0
0	<b>Total Non-Current Liabilities</b>	0	0	0	0	0	0	0
4,514	<b>Net Assets</b>	4,193	4,180	4,372	4,470	4,470	4,470	4,471
1.07	<b>Current Ratio</b>	0.93	0.80	0.97	0.98	0.98	0.98	0.98
0.77	<b>Equity Ratio</b>	0.50	0.73	0.54	0.74	0.74	0.74	0.74



Forecast 30-Jun-18	STATEMENT OF CASH FLOWS (\$'000)	Budget 30-Sep-18	Budget 31-Dec-18	Budget 31-Mar-19	Budget 30-Jun-19	Total YE 30-Jun-19	Total YE 30-Jun-20	Total YE 30-Jun-21
<b>Cash provided from:</b>								
2,330	Trading Receipts	470	404	608	423	1,905	1,816	1,981
8,891	WCC Grants	4,552	0	4,553	0	9,105	9,290	9,485
1045	Other Grants	299	246	386	466	1,397	1,099	1,397
347	Sponsorships and Donations	31	76	38	94	239	260	285
65	Investment Income	15	6	15	6	42	50	55
531	Other Income	52	49	78	289	468	489	499
13,209		5,419	781	5,678	1,278	13,156	13,004	13,702
<b>Cash applied to:</b>								
6,045	Payments to Employees	1,495	1,529	1,581	1,632	6,237	6,362	6,489
6,465	Payments to Suppliers	1,319	1,809	1,440	1,635	6,203	5,942	6,503
133	Net GST Cash flow	150	-90	190	-110	140	150	160
0	Interest Paid	0	0	0	0	0	0	0
12,643		2,964	3,248	3,211	3,157	12,580	12,454	13,152
566	<b>Total Operating Cash Flow</b>	2,455	-2,467	2,467	-1,879	576	550	550
<b>Investing Cash Flow</b>								
<b>Cash provided from:</b>								
0	Sale of Fixed Assets	0	0	0	0	0	0	0
0	Other	0	0	0	0	0	0	0
<b>Cash applied to:</b>								
566	Purchase of Fixed Assets	215	138	137	136	626	550	550
0	Other	0	0	0	0	0	0	0
566		215	138	137	136	626	550	550
-566	<b>Total Investing Cash Flow</b>	-215	-138	-137	-136	-626	-550	-550
<b>Financing Cash Flow</b>								
<b>Cash provided from:</b>								
0	Drawdown of Loans	0	0	0	0	0	0	0
0	Other	0	0	0	0	0	0	0
<b>Cash applied to:</b>								
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	<b>Total Financing Cash Flow</b>	0	0	0	0	0	0	0
0	<b>Net Increase/(Decrease) in Cash Held</b>	2,240	-2,605	2,330	-2,015	-50	0	0
880	<b>Opening Cash Equivalents</b>	880	3,120	515	2,845	880	830	830
880	<b>Closing Cash Equivalents</b>	3,120	515	2,845	830	830	830	830



Forecast 30-Jun-18	CASH FLOW RECONCILIATION	Budget 30-Sep-18	Budget 31-Dec-18	Budget 31-Mar-19	Budget 30-Jun-19	Total YE 30-Jun-19	Total YE 30-Jun-20	Total YE 30-Jun-21
0	Operating Surplus/(Deficit) for the Year	-321	-13	192	98	-44	0	0
<b>Add Non-Cash Items:</b>								
566	Depreciation	137	138	137	136	548	550	550
0	Other	0	0	0	0	0	0	0
566		-184	125	329	234	504	550	550
<b>Movements in Working Capital</b>								
0	(Increase)/Decrease in Receivables	41	0	0	0	41	0	0
0	(Increase)/Decrease in Other Current Assets	-9	0	0	0	-9	0	0
0	Increase/(Decrease) in Accounts Payable	977	-1,022	568	-513	10	0	0
0	Increase/(Decrease) in Other Current Liabilities	1,630	-1,570	1,570	-1,600	30	0	0
0		2,639	-2,592	2,138	-2,113	72	0	0
<b>Net Gain/(Loss) on Sale:</b>								
0	Fixed Assets	0	0	0	0	0	0	0
0	Investments	0	0	0	0	0	0	0
566	Net Cash Flow from Operations	2,455	-2,467	2,467	-1,879	576	550	550



## **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 Experience Wellington.

#### **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, Experience Wellington 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 Experience Wellington 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
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**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 \$7,336,115 for the core operation including Space Place at Carter Observatory and an accommodation rental subsidy of \$1,769,323 for the 2018-19 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 2018 the ratio of shareholders' funds to total assets is 0.74 and this moves to 0.72 in the forecasted Statement of Financial Position as at 30 June 2019.

**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**

**Experience Wellington Executive Office**

Level 8, AMI Plaza, 342 Lambton Quay  
PO Box 893, Wellington  
P: 04 471 0919  
E: [experience@experiencewellington.org.nz](mailto:experience@experiencewellington.org.nz)  
[www.experiencewellington.org.nz](http://www.experiencewellington.org.nz)

**City Gallery Wellington**

Civic Square  
101 Wakefield Street  
PO Box 893, Wellington  
P: 04 913 9032  
E: [citygallery@experiencewellington.org.nz](mailto:citygallery@experiencewellington.org.nz)  
[www.citygallery.org.nz](http://www.citygallery.org.nz)

**Capital E**

4 Queens Wharf  
PO Box 893, Wellington  
P: 04 913 3740  
E: [capitale@experiencewellington.org.nz](mailto:capitale@experiencewellington.org.nz)  
[www.capitale.org.nz](http://www.capitale.org.nz)

**Space Place at Carter Observatory**

Botanic Gardens  
PO Box 893, Wellington  
P: 04 910 3140  
E: [spaceplace@experiencewellington.org.nz](mailto:spaceplace@experiencewellington.org.nz)  
[www.museumswellington.org.nz/space-place](http://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](mailto:museumswellington@experiencewellington.org.nz)  
[www.museumswellington.org.nz/wellington-museum](http://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](mailto:cablecar@experiencewellington.org.nz)  
[www.museumswellington.org.nz/cable-car-museum](http://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](mailto:cottage@experiencewellington.org.nz)  
[www.museumswellington.org.nz/nairn-street-cottage](http://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](mailto:hannahplayhouse@experiencewellington.org.nz)  
[www.hannahplayhouse.org.nz](http://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](mailto:cricket@experiencewellington.org.nz)  
<http://nzcricketmuseum.co.nz/>



## Our Experiences





**Wellington Regional Stadium Trust  
Statement of Trustees Intent  
For the year ending 30 June 2019**

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 2018



## 1. INTRODUCTION

The financial year ending 30 June 2019 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.

In 2018 the Trust has refreshed its strategic priorities centred on the following areas:

1. Deliver great customer experiences
2. Grow commercial revenues
3. Invest in and improve our facilities
4. Value our people, our community and our stakeholders
5. Operate a safe building
6. Operational excellence
7. Attract and deliver world class events
8. Sustainability

Each of these strategic priorities and the associated activities for 2018/2019 are addressed in this Statement of Intent (SOI).

In the 2019 financial year, it is anticipated that 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.

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 continue invest in the upgrade of the internal concourse. This follows the major capital investments undertaken in the 2017/18 year with the installation of high density WiFi throughout the Stadium.

The Trust continues to enjoy a collaborative and supportive relationship with the Greater Wellington Regional Council (GWRC) and Wellington City Council (WCC) as well as the Wellington Regional Economic Development Agency (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 WCC's 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 the Trust 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 Trust will conduct its next economic impact review in 2019 ahead of the Stadium's 20<sup>th</sup> anniversary.



Major events 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 Trust 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, Rugby League and FIFA U20 World Cups as well as large concerts such as Elton John, AC/DC, Guns n' Roses and the Edinburgh Military Tattoo. Rugby test matches over the last three years have all sold out.

While the 2018/19 event calendar is still work in progress, a number of major events are already confirmed and others are in negotiation.

#### **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.

In 2018/19 the Trust proposes establishing an accessibility users group to assist us improve our performance further in this key area.

#### **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 saw 24km of new cabling laid, along with the installation of around 300 access points. The entire seating area has been covered by 350 directional antennas, allowing around 20,000 people to connect to WiFi concurrently, supported by a 20



Gb/second fibre backbone running around the stadium. The rollout was completed in July 2017.

The connected stadium was launched successfully for the All Blacks v British and Irish Lions test. 10,000 fans accessed the wifi during the match transferring nearly 1TB of data on the network on one evening.

With Wellington-based partner Eyemagnet, the Stadium will also be delivering internet protocol television (IPTV) and content management to the WiFi services.

#### **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.

The Trust partnered with WREDA to successfully secure the rights to host the FIFA World Cup Intercontinental play-off in 2017 and continues to explore upcoming opportunities in 2018/19.

#### **Wellington City Council's Long Term Plan (2015-2025)**

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 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. In 2018/19 the Trust intends will explore opportunities where we can further reduce our environmental footprint.

#### **b) OPERATING ENVIRONMENT UPDATE**

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

The past three years have boasted arguably the strongest events calendar since the Stadium opened including four concerts, world cups, FIFA Intercontinental play-off, rugby tests including the return of the British and Irish Lions and the Edinburgh Military Tattoo.

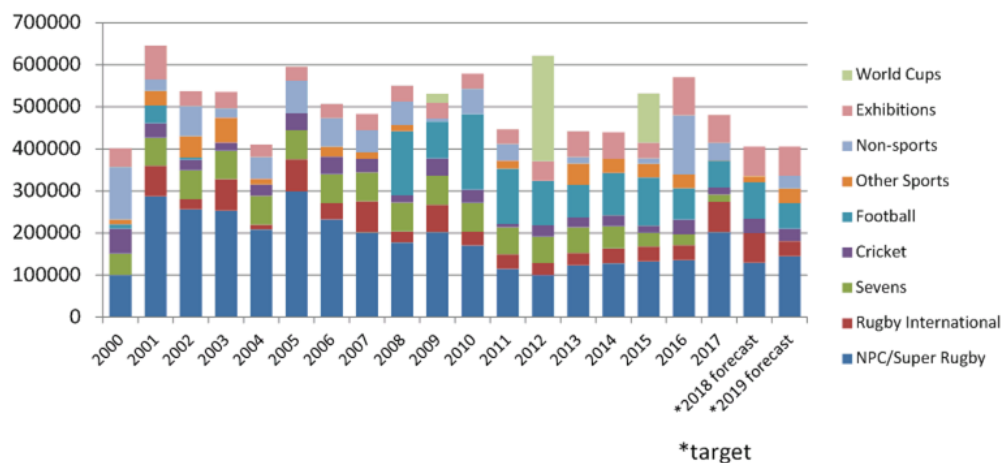
The events outlook for 2018/19 is positive and the Trust continues to work on attracting events.

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. Depreciation 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.

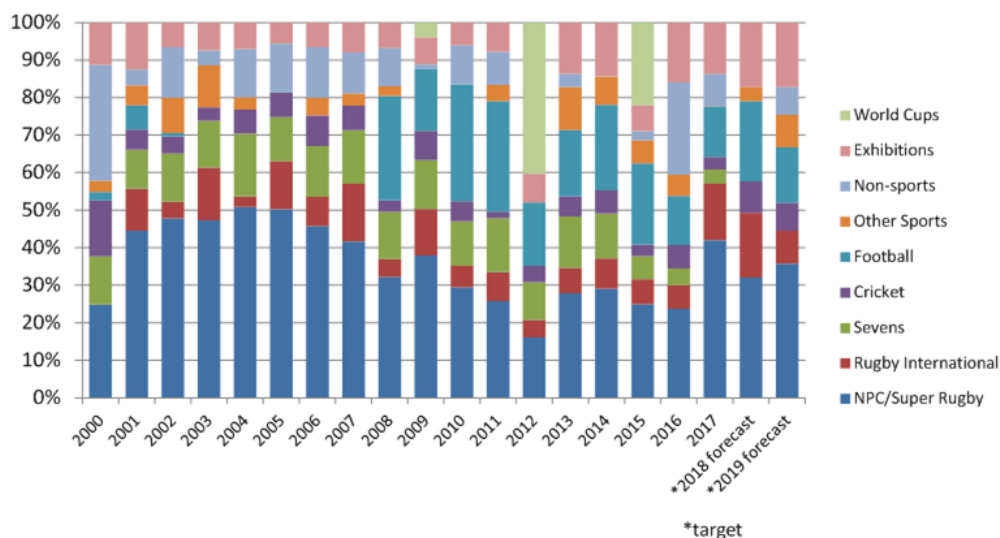
The following table highlights aggregate crowds by event type since the Stadium opened.

## Westpac | 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 line with the obligations listed above under its Trust Deed, the Trust has recently refreshed its strategic priorities centred on the following areas:

1. Deliver great customer experiences
2. Grow commercial revenues
3. Invest in and improve our facilities
4. Value our people, our community and our stakeholders
5. Operate a safe building
6. Operational excellence
7. Attract and deliver world class events
8. Sustainability



For the 2018/19 year the Trust's focus on each is outlined as follows:

### 1. Deliver great customer experiences

Alongside our hirers we aim to continuously improve the fan experience. The Trust facilitates the sharing of issues and ideas, develops proactive solutions and works towards best practice across all our events. In 2018/19 we will:

- Invest in customer service training to deliver a consistent Westpac Stadium experience across all staff and contractors.

Westpac Stadium like most venues engages contractors for the delivery of key services. Many of these services are customer-facing such as catering, security and ticketing. Traditionally customer service training is provided by the contractor. The Trust will develop its own programme of training for staff and key contractors in order to deliver a consistent level of service across all customer touchpoints.

- Renew entry terms and conditions.

This project will examine our entry terms and conditions as well as messages upon entry. Conditions of entry have been developed over the years and exist to provide a safe and secure venue as well to ensure that all patrons enjoy their Westpac Stadium experience. We will examine a means to make this information more accessible to visitors and remove or alter conditions if required.

- Create an accessibility user group that meets twice a year to help us continually improve how we operate an accessible venue.

Westpac Stadium is already a gold rated venue according to Be.Accessible. We wish to take our understanding of matters related to accessibility to the next level by setting up an accessibility users' forum that will meet twice a year to share what we are doing in areas of accessibility and to learn from the group about further improvements we can make.

- Develop a stadium app to improve the game day experience

In conjunction with Wellington based software company, EyeMagnet, we will develop a best of breed stadium app with a range of features that enhance the game day experience.

- Develop our Food and Beverage offering to a point where it is a selling point for attendance

From 1 April 2018 the Trust will work with our newly appointed food and beverage provider. Our aim is to deliver the best food and beverage experience of any stadium in New Zealand.

### 2. Grow commercial revenues

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.



We were particularly pleased to welcome Spark and Huawei on board as new sponsors from July 2017.

Maintaining and growing revenue is critical to our business. In 2018/19 we will pursue the following opportunities:

- We will grow our stadium memberships.

In 2017 the Trust revamped its membership programme with a view to significantly increasing the number of members through delivering better venue membership products. We have had solid success in the relaunch and aim to build on that during 2018/19. We have recruited a sales role to assist with this task and will be investing in both marketing and member facilities to achieve this goal.

- We will leverage our investment in technology to grow our signage and sponsorship revenues.

The new connected stadium, WiFi and IPTV delivers a new set of assets that the Trust will commercialise in the coming year. The Trust aims to increase its revenues through commercial signage, both fixed and digital over the year and is currently working with potential marketing partners to achieve this goal.

- We will renew or acquire a naming rights partner from 2020 onwards

The current arrangements run through to 2019. This is a major focus for the Trust in the coming year and work is well underway.

- We will grow our non-event day event and functions revenues

Westpac Stadium is one of the largest function centres in the region and while we host upwards of 1,000 meetings and events during the year there remains considerable opportunity for growth. We will develop a marketing plan with our new catering partner to promote the Stadium as one of the region's pre-eminent function centres.

### 3. Invest in and improve our facilities

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. Over the next three years the Trust will invest \$21.3m in the facility. This will be supported by a contribution of \$5m from the WCC long term plan. In 2018/19 we will:

- Complete the majority of the concourse upgrade including removal of some of the steel cladding as well as upgrades to all of the catering outlets. This work is scheduled to commence in Q2 2018. The majority of the work is planned to be completed during the 2018/19 year.



The proposed upgrades will cover the following elements:

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

The objective of the upgrade is to:

- Improve the overall fan experience for sporting events;
- Make 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

- Develop a plan to further strengthen the building and walkway to improve resilience in the event of a major seismic event.

The building performed well during the Kaikoura and Seddon earthquakes and engineering assessments after both events found that no greater risk existed post each event. Nonetheless, the Trust has been examining areas where additional resilience can be applied, and it is anticipated that strengthening of the flooring units will commence in 2018/19. Strengthening of the walkway has already begun.

- We will actively support investment in other events infrastructure in the region.

In addition to our own programme, the Trust will play an active and supportive role as required in improving the Region's event facilities. The Trust is supportive of improvements to the Basin Reserve as well as the feasibility work being conducted into an indoor arena and is keen to explore synergies and efficiencies across venues.

#### **4. Value our people, our community and our stakeholders**

This is a people business and the Trust enjoys and relies on strong relationships in order to run a successful business. And we rely on the support of the people of the Wellington region as well as out of region visitors to ensure our events are successful.

- We will develop specific programmes for relationship strengthening across key stakeholders including hirers, councils, WREDA, regional initiatives and government.

This will involve hosting at events, invitations to the Trust Board meetings and bringing in guest speakers from sports and events industry to share best practice and learnings with our stakeholders.

- We will foster a culture of innovation and continuous improvement and will invest further in staff training in order to grow our staff and fill gaps in skills and specialties

The Trust will create an innovation programme that gives all staff a platform to contribute to innovation and continuous improvement. The purpose is to foster fresh thinking and



generate new ideas amongst all staff and to run experiments to enable quick testing and to capture feedback.

- We will maximise opportunities to communicate to and engage with the wider Wellington regional community

The Trust will proactively seek opportunities to tell its story to align with councils' desire to promote the region as a place to live, work & play.

## 5. Operate a safe building

The Trust is committed to providing and maintaining a safe and healthy working environment for its employees, visitors, and all persons using the premises as a place of work as well as event attendees.

- Health and Safety

To ensure a safe and healthy work environment, the Trust maintains a Health and Safety Management System. In 2018/19 the Trust will conduct the new SafePlus assessment. SafePlus is a joint initiative developed by WorkSafe New Zealand, ACC and the Ministry of Business, Innovation and Employment (MBIE). It assesses businesses' health and safety performance and provides them with tailored recommendations on what they need to do to improve.

- Actively promote a safe and harassment-free environment for all staff, contractors and attendees at the stadium.

In line with an initiative from the International Association of Venue Managers in 2017/18 we will revisit current policies and implement preventative measures pertaining to sexual, gender, and other forms of harassment where needed and we will take an active role in developing a campaign proactively promoting respect for all.

## 6. Operational excellence

Efficient business processes and event management systems are essential to the smooth operation of the facility and its events.

- We will harness technology to improve our business processes.

In recent years the Trust has invested in technology to improve our financial management, marketing automation and CRM and health and safety processes. In 2018/19 we will explore best of breed technology that will assist us achieve our goals in both event management and facilities management

- We will seek to improve our business continuity capability.

The Trust's Business Continuity Plan provides all staff with a template to guide our decision making when confronted with major challenges that disrupt the smooth delivery of our event and non-event day business. In 2018/19 this will be updated to incorporate experiences from the 2016 Kaikoura earthquake and the upcoming migration of office systems to the cloud.



## 7. Attract and deliver world class events

Over the last eighteen years Westpac Stadium has been 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.

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 2019, while still being finalised, will remain healthy. In 2018/19 we will:

- Aspire to host at least one major concert

We will continue to engage with all key promoters on a regular basis and be flexible in our dealings in order to give Wellington the best opportunity to secure events. The Trust has in the past taken a joint venture approach in order to secure events. While such an approach inevitably means a greater exposure to risk, the Trust's financial position enables it take this approach.

- In conjunction with WREDA we will explore opportunities to attract or create an annual recurring major event for Wellington.

The Trust works closely with WREDA in relation to major events. In 2018/19 the Trust will explore with WREDA opportunities to develop our own major events.

## 8. Sustainability

The Trust is committed to developing ways to reduce, recover, recycle, or re-use waste in all aspects of our business, including considering and integrating environmental factors in our decision making process.

In 2018/19 we will:

- Review our sustainability plan.

We seek to explore opportunities where we can further reduce our environmental footprint that covers:

- energy management and lighting
- waste management and recycling
- water conservation

The Trust will also join the Sports Environment Alliance. The SEA represents a number of sports and venues in Australia and New Zealand. These sport organisations commit to establishing the knowledge and networks, needed to empower Australasian sport industry stakeholders to become environmental stewards.



#### **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. To date we have received \$0.5m, and anticipate another \$0.2m prior to 30 June 2018. This income 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 two years. The offsetting capital expenditure is included in the same year.

Excluding this grant income, the Trust projects a healthy operating surplus of between \$3.23m and \$3.65m and operating cash flows of between \$2.69m and \$3.68m.

Depreciation increases over the three year period from \$4.16 to \$4.57m as a result of the ongoing capital expenditure programme, which has spending of \$21.35m.

# COUNCIL CONTROLLED ORGANISATIONS SUBCOMMITTEE

30 MAY 2018



## PROJECTED EVENTS SCHEDULE

12 months ending 30 June

CONFIRMED	2019	2020	2021
Rugby Union	13	13	12
Football	10		
Concerts/Other Events	5		
Exhibition Days	14		
<b>Total Confirmed</b>	<b>42</b>	<b>13</b>	<b>12</b>
UNCONFIRMED			
Rugby			2
Cricket	2	2	2
Football		11	10
Other Sporting Events	1	1	1
Concerts/Other Events	1	1	2
Exhibition Days		17	14
<b>Total Unconfirmed</b>	<b>4</b>	<b>32</b>	<b>31</b>
Community Events	5	5	5
<b>Total Events</b>	<b>51</b>	<b>50</b>	<b>48</b>
Days reserved for semi's & finals	11	11	11

# COUNCIL CONTROLLED ORGANISATIONS SUBCOMMITTEE

30 MAY 2018



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

	2019 \$m	2020 \$m	2021 \$m
<b>Revenue</b>			
Events	5.90	5.09	5.85
Members Boxes & Sponsorship	5.08	5.22	5.17
Other	3.17	3.36	3.47
<b>Total Revenue</b>	<b>14.15</b>	<b>13.67</b>	<b>14.49</b>
<b>Less:</b>			
Event Operating Costs	2.96	2.78	3.16
Other Operating Costs	7.33	7.27	7.11
Interest	0.26	0.39	0.57
<b>Total Operating Expenses</b>	<b>10.55</b>	<b>10.44</b>	<b>10.84</b>
<b>Operating Surplus before depreciation</b>	<b>3.60</b>	<b>3.23</b>	<b>3.65</b>
<b>Less:</b>			
Depreciation	4.16	4.38	4.57
<b>Net Surplus</b>	<b>(0.56)</b>	<b>(1.15)</b>	<b>(0.92)</b>
<b>Plus:</b>			
Grant income (for capital expenditure)	3.30	1.00	-
<b>Total Surplus</b>	<b>2.74</b>	<b>(0.15)</b>	<b>(0.92)</b>

Net operating cash flows	3.01	2.69	3.68
Surplus cash at the end of each year after meeting loan repayments	1.00	1.00	1.00
Bank Loan at year end	5.03	6.59	9.46
Net debt (Loan less cash)	4.03	5.59	8.46



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

	2019 \$m	2020 \$m	2021 \$m
Cashflows provided from operating activities	13.62	13.13	14.47
Cashflows from grants (to be used for capital expenditure)	3.30	1.00	
Cashflows applied to operating activities	(10.61)	(10.44)	(10.79)
<b>Net cashflows from operating activities</b>	<b>6.31</b>	<b>3.69</b>	<b>3.68</b>
Cashflows applied to investing activities	(9.54)	(5.25)	(6.55)
<b>Net cashflows from investing activities</b>	<b>(9.54)</b>	<b>(5.25)</b>	<b>(6.55)</b>
Cashflows provided from financing activities	2.53	1.56	2.87
<b>Net cashflows from financing activities</b>	<b>2.53</b>	<b>1.56</b>	<b>2.87</b>
<b>Net increase (decrease) in cash</b>	<b>(0.70)</b>	<b>0.00</b>	<b>0.00</b>
Opening balance brought forward	1.70	1.00	1.00
<b>Cash at year end</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>

# COUNCIL CONTROLLED ORGANISATIONS SUBCOMMITTEE

30 MAY 2018



## STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE

	2019 \$m	2020 \$m	2021 \$m	2022 \$m	2023 \$m
<b>Trust Funds</b>					
Retained Surpluses	50.57	50.43	49.50	48.06	46.82
Limited Recourse Loans	40.39	40.39	40.39	40.39	40.39
	90.96	90.82	89.89	88.45	87.21
<b>Non Current liabilities</b>					
Revenue in Advance	0.25	0.00	0.00	0.00	0.00
Bank Loan	5.03	6.59	9.46	8.06	6.37
	5.28	6.59	9.46	8.06	6.37
<b>Current Liabilities</b>					
Revenue in Advance	3.73	3.44	3.42	3.43	3.43
Payables	1.77	1.77	1.77	1.77	1.77
	5.50	5.21	5.19	5.20	5.20
<b>Total Funding</b>	<b>101.74</b>	<b>102.62</b>	<b>104.54</b>	<b>101.71</b>	<b>98.78</b>
<b>Represented by:</b>					
Property Plant & Equipment	97.67	98.54	100.53	97.76	94.86
Current Assets	4.07	4.08	4.01	3.95	3.92
<b>Total Assets</b>	<b>101.74</b>	<b>102.62</b>	<b>104.54</b>	<b>101.71</b>	<b>98.78</b>



## PERFORMANCE MEASURES

### Non-Financial Performance Measures

Measure	How Measured
<ul style="list-style-type: none"> <li>Deliver a strong Rugby international test programme for 2018 and 2019</li> </ul>	<ul style="list-style-type: none"> <li>Key stakeholders are satisfied with management of the test operation</li> <li>Sell-out crowds for test matches</li> <li>40% out of region visitors</li> </ul>
<ul style="list-style-type: none"> <li>Deliver more large scale non-sporting events</li> </ul>	<ul style="list-style-type: none"> <li>Secure at least one concert per year</li> <li>Secure at least two other events outside the traditional rugby and football regular season calendar per year</li> </ul>
<ul style="list-style-type: none"> <li>Continued investment in stadium infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>To develop a stadium app that features a number of enhancements to the fan experience</li> <li>Concourse upgrade commences and is 75% complete</li> </ul>
<ul style="list-style-type: none"> <li>Deliver a full event calendar</li> </ul>	<ul style="list-style-type: none"> <li>Securing 45-50 event days per year. (Excludes community events).</li> </ul>
<ul style="list-style-type: none"> <li>Host unique events that deliver economic benefit to the region</li> </ul>	<ul style="list-style-type: none"> <li>Maintaining economic benefit to the Region at an average of \$40 million per year</li> <li>Working with promoters to deliver special events to Wellington</li> </ul>
<ul style="list-style-type: none"> <li>Continue to enhance food and beverage offering</li> </ul>	<ul style="list-style-type: none"> <li>Greater range and quality of offerings</li> <li>Higher customer satisfaction</li> </ul>
<ul style="list-style-type: none"> <li>Improved fan experience and hirer satisfaction</li> </ul>	<ul style="list-style-type: none"> <li>To achieve a net satisfaction score above 80% for major sports and entertainment events.</li> <li>To achieve a net satisfaction score above 70% for all other sporting events.</li> <li>To develop an accessibility improvement plan</li> </ul>
<ul style="list-style-type: none"> <li>Sustainability</li> </ul>	<ul style="list-style-type: none"> <li>Explore opportunities where the Trust can reduce environmental footprint</li> </ul>

### 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

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.



#### **4. 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 eight times per year. The Finance Committee meets when required. The Audit Committee meets twice per year. 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:

<b>Name</b>	<b>Appointed until:</b>
John Shewan (Chair)	30 June 2018
Therese Walsh	30 June 2018
Steven Fyfe	30 June 2019
Mark McGuinness	30 June 2020
Rachel Taulelei	30 June 2020
Tracey Bridges	31 December 2020
Simon Marsh	declaration of results of 2019 Council elections
David Ogden	declaration of results of 2019 Council elections

## **5. ORGANISATIONAL HEALTH, CAPABILITY AND RISK ASSESSMENT**

### **Health & Safety**

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

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 the Trust 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 \$200m for material damage and \$28 m for business interruption.

The building reinstatement value was assessed in September 2017 at \$264m. The Trust has used the maximum first loss policy since 2003 based on modelling work undertaken with Marsh which has supported \$200m 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. This will be refreshed in 2018/19.

#### **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.

## **6. 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 2019	50%
30 June 2020	49%
30 June 2021	47%

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

30 June 2019	199%
30 June 2020	197%
30 June 2021	190%

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 it does not have public accountability and is not large (as defined by XRB A1).

The financial statements have been prepared on an 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.



#### *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 on an accrual basis when the goods or services have been received.

#### *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. Purchases and sales of financial assets in the ordinary course of business 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 a duration of 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 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, and 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 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 result from 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**



**Statement of Intent and Business Plan  
2018-19  
Wellington Zoo Trust  
Me tiaki, kia ora!**

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



## C O N T E N T S

1.....	INTRODUCTION	3
2.....	CONTRIBUTION TO OUR CITY	4
3.....	STRATEGIC DIRECTION	5
4.....	PERFORMANCE MEASUREMENTS	14
5.....	APPROACH TO GOVERNANCE	16
6.....	ORGANISATIONAL RESILIENCE AND RISK ASSESSMENT	18
7.....	ADDITIONAL INFORMATION	24
8.....	ACCOUNTING POLICIES	25
9.....	FORECAST FINANCIAL STATEMENTS	30

## 1. INTRODUCTION

Wellington Zoo is a progressive zoo which exists to create community value 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 be revolutionary in approach to creating an influential zoo 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 in animal welfare, sustainability initiatives and conservation outcomes. We live by the ethos of **Me tiaki, kia ora!** This means that we **must** care for the planet so that life will thrive.

Wellington Zoo contributes to the vibrancy and innovation 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 liveable city.**

We believe that future capital investment will ensure the Zoo remains leading edge and we believe acquisition of animals, such as snow leopards, allows us to tell a global conservation story which will drive action for the environment. We see our capital investment and asset planning **as a response to community** expectations of a progressive and professional zoo and to create **ongoing resilience** for one of our city's most iconic places. We have included the proposed CAPEX projects in this SOI, as discussed with WCC officers, according to the 2018-28 Long Term Plan. Additionally, we have listed those projects not for consideration in the next ten years but which we feel will ultimately be required for Wellington Zoo.

Wellington Zoo has large-scale social impact by building brighter futures for children, families, communities and the planet. As a model for progressive zoos, our local and global conservation partnerships and our leading sustainability initiatives are critical to continued success. Our reputation as a world leading and highly respected zoo allows us to define community calls to action through our **storytelling** that 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 reaches across all demographic groups. As a highly visited cultural place we can influence with environmental messages and create a tomorrow where the planet flourishes.

We agree to the financial and non-financial 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 by being an integral part of the well-being of people that Wellington is renowned for amongst New Zealand cities.

We are working with WREDA to ensure economic growth and tourism for our city. As winners of Green Gold and Vibrant Gold in the 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.
- An important part of the regional fabric that stimulates overall wealth creation, 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 Trusts 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 engaging 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 contributing 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 field conservation programmes and sustainable management practices.**
- Participation in collaborative inter-zoo, and other conservation agency, 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**

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, professional, 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 support the Living Wage ethos and all Wellington Zoo employees are paid at or above Living Wage.** While we support the fair remuneration ethos of the Living Wage we must also address remuneration relativity issues across the Zoo so we need to explore ways of managing this pressure on our OPEX. Staff costs are our largest OPEX commitment and we strongly believe we must pay all our people fairly and equitably.

We take the care and safety of our people, our visitors and our animals very seriously and continue to invest in and research the best practice for H&S in a zoo context. We have increased staff numbers in the H&S area as a reflection of this important focus for our organisation.

**Animal welfare** is our highest priority and with the Animal Welfare Committee (external university and scientific advisors and Zoo staff) we continually examine our approach to the welfare of our animals. Welfare goes beyond care – it is the animal's perception of its life and Wellington Zoo is Animal Welfare Accredited through the Zoo and Aquarium Association Australasia (ZAA). We use the Five Domains model of Animal Welfare which goes beyond the Five Freedoms and we assess every individual animal in our care. Our Animal Science Manager is the Chair of the Animal Welfare and Accreditation Committee of ZAA and the Chief Executive is a member of the Animal Welfare Committee of the World Association of Zoos and Aquariums (WAZA).

### 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 progressive 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 ki Te Upoko o Te Ika 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 (including New Zealand) 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 create a better world.

Wellington Zoo is seen as a leader in sustainability in the global zoo and aquarium profession and we will be at the forefront of developing the World Zoo and Aquarium Association global sustainability strategy over the next two years.



## **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 over 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 driving lasting change and building a better world.

Wellington Zoo will continue to build its reputation as a unique and innovative 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. We have achieved Be:Accessible Gold rating and we continue to improve the Zoo experience for all visitors. We have embraced accessibility for the whole community by investing in recommendations from Be:Accessible to improve the experience for all people. Our Gold rating means that many more people have access to the Zoo in the ways that best suit them.

Programmes such as The Warehouse Zoofari to support low decile schools in our region to have free transport costs and Zoo admission, LEOTC school discounted entry, free Neighbour's Night for our Newtown and Melrose locals in conjunction with City Housing and Trade Me, discounted entry on Winter Wednesdays and \$2 Open Weekend ensure accessibility for a wider segment of the community. Over 50,000 people were able to visit the Zoo last year through these community accessibility initiatives,

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. We know that Zoo Crew members visit on average four times per year (many individuals visit more often) so this offering makes a Zoo visit far more possible for many people.

Our dynamic website broadens the reach of our message based experience; the visitor experience starts at home, with our regularly updated website reflecting the experience within the Zoo and showcasing our new Zoo for the community. Tying our communications strategy to the theory of behavior change science 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.

*Eco city*



Our end game is to save animals in the wild, locally and globally. We have a global conservation remit. The *Wild Ideas* symposium in April 2017 highlighted 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 by involvement with global partners and by taking leadership roles in the world and regional zoo professional community. We are respected in the zoo profession for our success in sustainability and we are a leading example of conservation investment and on ground conservation outcomes.

In the Social Return on Investment (SROI) 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.

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 Wildcats Conservation Alliance, 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 Fauna and Flora International, Vietnam, Kea through Kea Conservation Trust, North Island Kākā through breed for restoration programmes, Grand and Otago Skinks with DOC, Kororā and Tawaki through West Coast Penguin Trust and Golden Lion Tamarins through Associação Mico-Leão Dourado. The planned acquisition of Snow Leopards, Ring Tailed Lemurs and endangered Southern Hairy-nosed Wombats in the future will provide further opportunities for our community to engage with global conservation issues for endangered species.

The Nest Te Kōhanga, our state of the art veterinary hospital, 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 employers 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 from 2014-15 showed clearly the **economic significance** of Wellington Zoo to the City from visitors to the Zoo. Our visitor feedback is positive and people are enjoying the continual change in the Zoo. Our Animal Close Encounters (up close and personal experiences with the animals and Zoo staff where conservation messages are discussed even more deeply) 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 eleven 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 in as many Zoo buildings as we can. We are transitioning to EVs which supports Council's intentions in this area and we will be obtaining our electricity from Ecotricity, the only carboNZero certified electricity provider in NZ.

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. We have negotiated a new contract with the Ministry to provide further LEOTC experiences for the coming three 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 1,200 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 year the programme will be nationally focussed, with the four major Zoos across New Zealand collaborating to deliver aligned Zoofari experiences for underserved communities.

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 4,000 students in our region. The South Wellington Intermediate School (SWIS) and Wellington Zoo MOU continues the school's ongoing involvement in our *Bush Builders* programme. This comprises 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.

The SWIS and Wellington Zoo partnership to support international students coming to Wellington continues, 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. International student programmes is a strategic area for SWIS and 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.

*Bush Builders* emphasises the importance of building habitats for animals – much like the botanic estate within the Zoo itself creates. The importance of plants within the animal habitats as well as in the visitor space is reflected in the beautiful gardens and native plants throughout the Zoo. A major planting master plan will be created for Wellington Zoo over the coming year which will highlight the significant trees and the future plans for the botanic estate within the Zoo.

## 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 2017-18	Target 2018-19	Target 2019-20	Target 2020-21	Notes
<b>Connect people with animals</b>						
People participating in Animal Close Encounters.	Quarterly	4,000	4,000	4,000	4,000	
Number of students participating in LEOTC sessions.	Quarterly	10,500	10,500	10,750	11,000	
Measure visitor feedback and satisfaction.	Quarterly	New Measure	8.5	8.5	8.5	<b>New Measure:</b> Visitor surveying is regularly undertaken each month. This target is based on the overall experience rating which is measured out of ten.
<b>People love and support the Zoo</b>						
Increase total visitation.	Annually	242,000	244,420	246,864	249,333	
Percentage of operating costs generated by the Trust.	Annually	56%	56%	56%	56%	
Ratio of Trust generated income as percentage of WCC grant.	Annually	126%	127%	126%	125%	
Average income per visitor from Trust generated revenue.	Annually	\$16.76	\$17.21	\$17.34	\$17.49	
Average WCC subsidy per visitor.	Annually	\$13.39	\$13.58	\$13.80	\$14.02	
WCC full subsidy per visitor.	Annually	\$20.96	\$21.73	\$22.05	\$22.40	This KPI is generated by WCC and is not controlled by the Trust. It includes depreciation and shared services costs, CCO team costs, insurance, CAPEX interest and the OPEX grant.
Volunteer engagement survey.	Annually	1	1	1	1	

Measure (continued...)		Frequency of Measure	Forecast 2017-18	Target 2018-19	Target 2019-20	Target 2020-21	Notes
<b>Save animals in the wild</b>							
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 released to the wild after treatment in The Nest Te Kōhanga (TNTK).		Annually	65	70	70	70	% of animals successfully treated after being admitted into TNTK post 72 hour triage period.
Number of Field Conservation Projects supported for threatened (NZ) endangered or critically endangered (global) species.		Annually	5	8	8	8	
% of OPEX directly contributed to field conservation.		Annually	4%	5%	6%	7%	This measure uses the Zoo Aquarium Association (ZAA) Australasia Framework to measure direct contributions to field conservation.
Participate in zoo-based research projects and paper publication.		Annually	9	10	11	12	These projects are directly related to conservation medicine, animal welfare science and visitor engagement research.
<b>Lead the way</b>							
Maintain Zoo and Aquarium Association Animal Welfare Accreditation.		Annually	Achieved	Achieved	Achieved	Achieved	
Maintain carbonZero certification.		Annually	Achieved	Achieved	Achieved	Achieved	
Health & Safety targets	Safety Improvement Team meeting attendance.	Annually	H&S Safety targets Achieved	70%	80%	80%	Measured against those staff available to attend meetings - 12 meetings per annum. <b>New Measure to make the measures more specific.</b>
	Successful Emergency drill/incident debriefs held.	Annually	H&S targets Achieved	8	8	8	Includes emergency drills, trial evacuations and real incidents occurring which require debriefing. <b>New Measure to make the measures more specific.</b>
People & Culture Targets	Staff Recognition programme.	Annually	People and Culture targets Achieved	1	1	1	<b>New Measure to make the measures more specific.</b> This measure refers to the year-long recognition of staff excellence at full staff meetings and culminates in the annual staff awards event in August
	Staff Learning and Development Sessions held.	Annually	People and Culture targets Achieved	10	10	10	<b>New Measure to make the measures more specific.</b>

**Budgeted Visitor Numbers by Quarter 2018-19**

Q1	Q2	Q3	Q4	TOTAL
43,501	69,272	64,639	67,008	244,420

## 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
- 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 2020
Ben Bateman	30 June 2020
Raewyn Bleakley	30 November 2020
Peter Gilbert	31 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 which determines individual and chair 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 ten 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 2019.**

## 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 at least annually and this document is updated as required. **Health and Safety is currently managed via the GM Assets and Safety who is a direct report to the Chief Executive.** The H&S Advisor 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.

**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 is well managed and that the Trust meets the required reporting, monitoring and reviewing of H&S objectives. We have regular conversations with relevant WCC officers in regard to H&S activities to ensure WZT and WCC are aligned in our approach.

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. **The Asset Management Plan will capture the required maintenance and renewals programme for the Zoo's built assets.**

**The Trust commits to raising 25% of the cost of any new CAPEX investment. This percentage is included in the gross costs of the table below.**

<b>Proposed New Capital Projects</b>	<b>18/19</b>	<b>19/20</b>	<b>20/21</b>	<b>21/22</b>	<b>22/23</b>	<b>23/24</b>	<b>24/25</b>	<b>25/26</b>	<b>26/27</b>	<b>27/28</b>	<b>TOTAL</b>
<b>Snow Leopards</b> 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.		300,000	1,600,00	1,600,000							\$3.5m Included in the LTP
<b>Savannah Survival (Cheetah and Lions)</b> 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 eco built overnight stay options in this area would be successful.							333,333	2,666,667	2,000,000		\$5m Included in the LTP
<b>Welcome Plaza</b> 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. The design will include a new learning/discovery space as well as admissions, retail, cafe and new staff offices.											\$5.5m Not included in LTP
<b>Archibald Centre - multi use visitor space</b> The Archibald Centre is an old multi use building which will need replacing in the next ten to fifteen years. 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 Not included in LTP

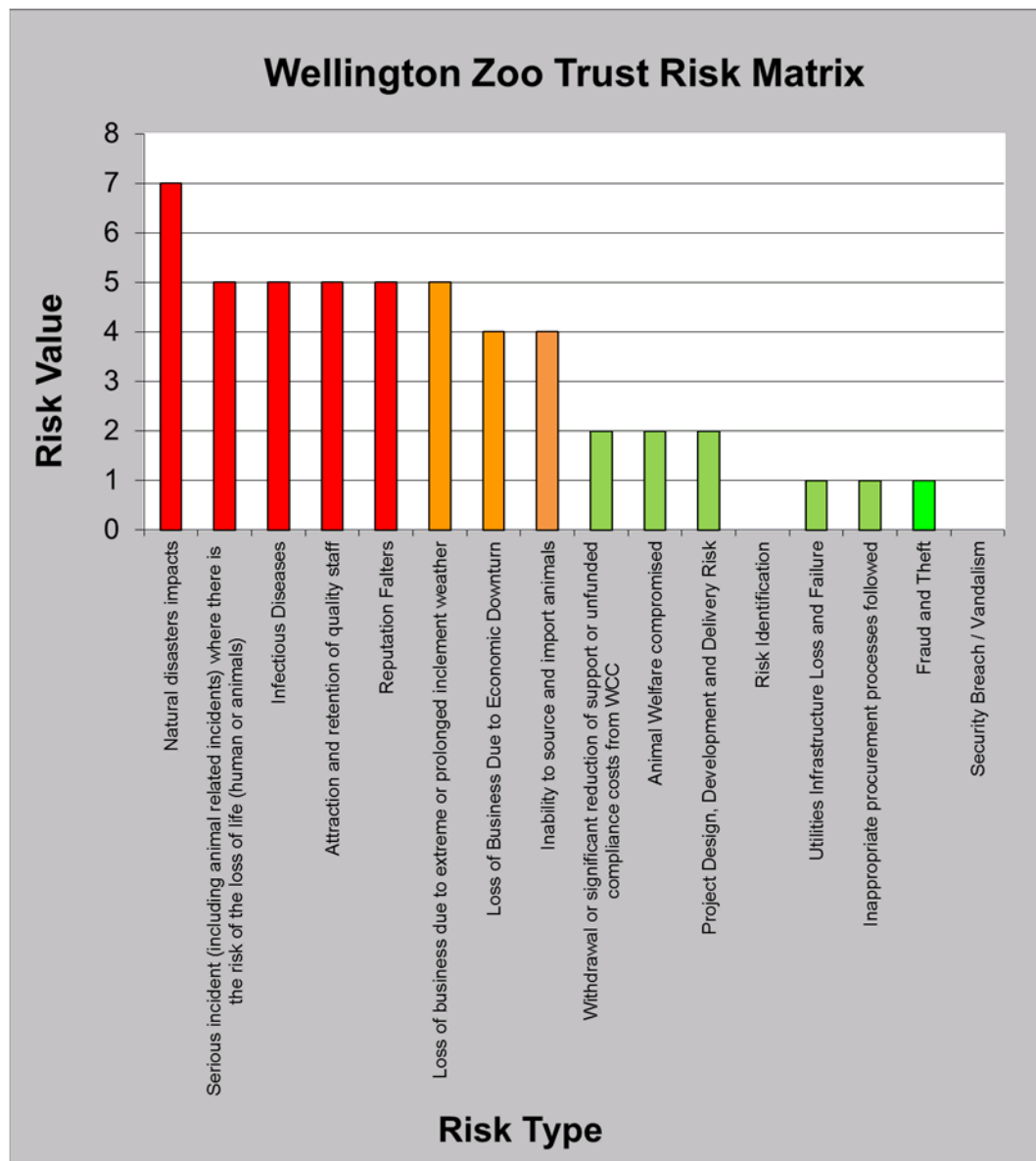
### Risk Analysis & Mitigation Plan for Wellington Zoo Trust

Risk Identification	Probability	Impact	Risk Value	Risk Mitigation	Accountability	Responsibility
Natural disasters impacts	0	7	7	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 GMAS
Serious incident (including animal related incidents) where there is the risk of the loss of life (human or animals)	-2	7	5	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 GMAS
Infectious Diseases	-1	6	5	Health & Safety Management Plan, EPA/MPI policies, Infectious Diseases Policy, veterinary protocols and pre-import screenings.	CE & Board	Board GMAC&S
Attraction and retention of quality staff	-1	6	5	Recruitment and induction processes. Learning and Development strategy. Career progression initiatives. Remuneration Policy. Engagement through shared values.	CE & Board	Board CFO
Reputation Falterers	-1	6	5	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 Relations Policy, Use of Electronic Media Policy, Disciplinary Policy, H&S Policy.	CE & Board	Board, SMT and GMAS
Loss of business due to extreme or prolonged inclement weather	0	5	5	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 off event are also covered in the Business Continuity Plan. Review budgets, reduce spending, and investigate new revenue raising initiatives.	CE & Board	Board GMBP GMCE
Loss of Business Due to Economic Downturn	-1	5	4	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
Inability to source and import animals	-1	5	4	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

# COUNCIL CONTROLLED ORGANISATIONS SUBCOMMITTEE

30 MAY 2018

Risk Identification	Probability	Impact	Risk Value	Risk Mitigation	Accountability	Responsibility
Withdrawal or significant reduction of support or unfunded compliance costs from WCC	-2	4	2	Statement of Intent, Contract for Services, relationship plans where appropriate and regular meetings with key contacts at WCC such as The Mayor, Deputy Mayor, Portfolio leaders, Councillors, Chief Executive and 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	Through ZAA Accreditation the Zoo's animal's 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	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 GMAS
Utilities Infrastructure Loss and Failure	-2	3	1	Business Continuity Plan, WCC Business Continuity Plan. Minor Works programme ensure maintenance up to date. Connection to WCC systems where appropriate to utilise WCC backup systems.	CE & Board	Board GMAS GMAC&S
Inappropriate procurement processes followed	-3	4	1	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	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 Corporate Services Manager with written procedures for following up variances. Annual audit by Audit NZ. Pre-employment Criminal checks.	CE & Board	Board GMBP/CFO
Security Breach / Vandalism	-3	3	0	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 GMACS



### 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 **\$3,319,611 for 2018-19 operational funding in the Long Term Plan.**

The Board acknowledges the **\$849,779 included currently in the Long Term Plan for Zoo Asset renewals for 2018-19.** 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 pa. This is considerably more than the renewals funding we receive. We have been discussing this issue with Officers during 2017-18 in time for LTP decisions. We believe that an uplift in renewals would enable the Trust to better maintain the Zoo asset and would reduce the need for large capital investment in the coming 20 years (excluding the projects already indicated).

**f) Estimate of commercial value of shareholders investment**

Not Applicable.

**g) Other matters (if applicable) eg 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 2017. The financial statements were authorised for issue by the Board of Trustees on 21 August 2017.

### Statement of Compliance

The financial statements have been prepared in accordance with generally accepted New Zealand 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, Furniture and Equipment

Shade Sail	10 years
Hospital Equipment	10 years
Living Room Furniture	15 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 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.

### Animal Collection

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.

## 9. FORECAST FINANCIAL STATEMENTS

CCO: Wellington Zoo Trust Business Plan 2018/19 \$NZ000's								
Estimate 30-Jun-18	EARNINGS STATEMENT	Qtr to 30-Sep-18	Qtr to 31-Dec-18	Qtr to 31-Mar-19	Qtr to 30-Jun-19	Total YE 30-Jun-19	Total YE 30-Jun-20	Total YE 30-Jun-21
	<b>Revenue</b>							
3597	Trading Income	713	1168	1026	835	3,741	3,805	3881
3240	WCC Grants	830	830	830	830	3,320	3,406	3494
82	Other Grants	21	21	21	21	84	84	84
210	Sponsorships and Donations-Operational	56	56	56	56	225	230	250
506	Sponsorships and Donations-Capital	0	0	0	0	0	0	0
58	Investment Income	8	8	8	8	30	30	30
126	Other Income	32	32	32	32	127	130	130
7,819	<b>Total Revenue</b>	1,660	2,114	1,972	1,781	7,527	7,685	7,869
	<b>Expenditure</b>							
4512	Employee Costs	1,339	1,339	1,339	1,339	5,355	5,453	5,560
2789	Other Operating Expenses	536	562	523	541	2,163	2,230	2,309
12	Depreciation	2	2	2	2	9	2	0
0	Interest	0	0	0	0	0	0	0
0	Vested Assets	0	0	0	0	0	0	0
7,313	<b>Total Expenditure</b>	1,877	1,903	1,864	1,882	7,527	7,685	7,869
506	<b>Net Surplus/(Deficit) before Taxation</b>	(217)	211	108	(101)	0	(0)	(0)
0	Taxation Expense	0	0	0	0	0	0	0
0	Operating Surplus (Deficit)	(217)	211	108	(101)	0	(0)	(0)
506	<b>Net Surplus/(Deficit)</b>	(217)	211	108	(101)	0	(0)	(0)
0.0%	<b>Operating Margin</b>	-13.1%	10.0%	5.5%	-5.7%	0.0%	0.0%	0.0%

# COUNCIL CONTROLLED ORGANISATIONS SUBCOMMITTEE 30 MAY 2018

Estimate 30-Jun-18	STATEMENT OF FINANCIAL POSITION	As at 30-Sep-18	As at 31-Dec-18	As at 31-Mar-19	As at 30-Jun-19		As at 30-Jun-20	As at 30-Jun-21
	<b>Shareholder/Trust Funds</b>							
0	Share Capital/Settled Funds	0	0	0	0		0	0
0	Revaluation Reserves	0	0	0	0		0	0
1854	Restricted Funds	1,854	1,854	1,854	1,354		1,354	1,354
342	Retained Earnings	125	335	443	342		342	341
2,196	<b>Total Shareholder/Trust Funds</b>	1,979	2,189	2,297	1,696		1,696	1,695
	<b>Current Assets</b>							
2890	Cash and Bank	3,486	2,869	3,791	2,362		2,362	2,381
30	Accounts Receivable	30	30	30	30		30	60
130	Other Current Assets	100	100	100	100		100	60
3,050	<b>Total Current Assets</b>	3,616	2,999	3,921	2,492		2,492	2,501
	<b>Investments</b>							
0	Deposits on Call	0	0	0	0		0	0
0	Other Investments	0	0	0	0		0	0
0	<b>Total Investments</b>	0	0	0	0		0	0
	<b>Non-Current Assets</b>							
11	Fixed Assets	9	7	4	2		0	0
0	Other Non-current Assets	0	0	0	0		0	0
11	<b>Total Non-current Assets</b>	9	7	4	2		0	0
3,061	<b>Total Assets</b>	3,625	3,005	3,925	2,494		2,492	2,501
	<b>Current Liabilities</b>							
400	Accounts Payable and Accruals	400	401	401	402		396	406
0	Provisions	0	0	0	0		0	0
465	Other Current Liabilities	1,246	415	1,227	396		400	400
865	<b>Total Current Liabilities</b>	1,646	816	1,628	798		796	806
	<b>Non-Current Liabilities</b>							
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	<b>Total Non-Current Liabilities</b>	0	0	0	0		0	0
2,196	<b>Net Assets</b>	1,979	2,189	2,297	1,696		1,696	1,695
3.5	<b>Current Ratio</b>	2.2	3.7	2	3.1		3	3.1
71.7%	<b>Equity Ratio</b>	54.6%	72.8%	58.5%	68.0%		68.0%	67.8%

# COUNCIL CONTROLLED ORGANISATIONS SUBCOMMITTEE

30 MAY 2018

Absolutely Positively  
**Wellington** City Council  
Me Heke Ki Pōneke

Estimate 30-Jun-18	STATEMENT OF CASH FLOWS	Qtr to 30-Sep-18	Qtr to 31-Dec-18	Qtr to 31-Mar-19	Qtr to 30-Jun-19	Total YE 30-Jun-19	Total YE 30-Jun-20	Total YE 30-Jun-21
	<i>Cash provided from:</i>							
3597	Trading Receipts	713	1,168	1,026	835	3,741	3,805	3,881
3240	WCC Grants	1641	0	1642	0	3,283	3,406	3,494
82	Other Grants	21	21	21	21	84	82	82
716	Sponsorships and Donations	56	56	56	56	225	230	250
58	Investment Income	8	8	8	8	30	30	30
126	Other Income	32	32	32	32	127	130	130
7,819		2,471	1,284	2,784	951	7,490	7,683	7,867
	<i>Cash applied to:</i>							
4512	Payments to Employees	1,339	1,339	1,339	1,339	5,355	5,453	5,560
2789	Payments to Suppliers	536	562	523	541	2,163	2,230	2,287
0	Net GST Cashflow	0	0	0	0	0	0	0
0	Other Operating Costs (VESTING)	0	0	0	0	0	0	0
0	Interest Paid	0	0	0	0	0	0	0
7,301		1,875	1,901	1,862	1,880	7,518	7,683	7,847
518	<b>Total Operating Cash Flow</b>	596	(617)	922	(929)	(28)	(0)	20
	<b>Investing Cash Flow</b>							
	<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
0	Other -vesting Cash for Capital Projects	0	0	0	500	500	0	0
0		0	0	0	500	500	0	0
0	<b>Total Investing Cash Flow</b>	0	0	0	(500)	(500)	0	0

# COUNCIL CONTROLLED ORGANISATIONS SUBCOMMITTEE

30 MAY 2018

Absolutely Positively  
**Wellington City Council**  
Me Heke Ki Pōneke

Estimate 30-Jun-18	STATEMENT OF CASH FLOWS (CONT)	Qtr to 30-Sep-18	Qtr to 31-Dec-18	Qtr to 31-Mar-19	Qtr to 30-Jun-19	Total YE 30-Jun-19	Total YE 30-Jun-20	Total YE 30-Jun-21
	<b>Financing Cash Flow</b>							
	<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	<b>Total Financing Cash Flow</b>	0	0	0	0	0	0	0
518	<b>Net Increase/(Decrease) in Cash Held</b>	596	(617)	922	(1,429)	(528)	(0)	20
2372	<b>Opening Cash Equivalents</b>	2,890	3,486	2,869	3,791	2,890	2,362	2,362
2,890	<b>Closing Cash Equivalents</b>	3,486	2,869	3,791	2,362	2,362	2,362	2,381

Estimate 30-Jun-18	CASH FLOW RECONCILIATION	Qtr to 30-Sep-18	Qtr to 31-Dec-18	Qtr to 31-Mar-19	Qtr to 30-Jun-19	Total YE 30-Jun-19	Total YE 30-Jun-20	Total YE 30-Jun-21
506	<b>Operating Surplus/(Deficit) for the Year</b>	(217)	211	108	(101)	0	(0)	(0)
	<b>Add Non Cash Items</b>							
12	Depreciation	2	2	2	2	9	2	0
0	Other (Gifted Hospital Assets)	0	0	0	0	0	0	0
518		(215)	213	110	(99)	9	2	(0)
	<b>Movements in Working Capital</b>							
50	(Increase)/Decrease in Receivables	0	0	0	0	0	0	(30)
0	(Increase)/Decrease in Other Current Assets	30	0	0	0	30	0	40
(500)	Increase/(Decrease) in Accounts Payable	0	1	0	0	1	(6)	10
450	Increase/(Decrease) in Other Current Liabilities	781	(831)	812	(830)	(68)	4	0
0		811	(830)	812	(830)	(37)	(2)	20
	<b>Net Gain/(Loss) on Sale:</b>							
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
518	<b>Net Cash Flow from Operations</b>	596	(617)	922	(929)	(28)	(0)	20



**Craig Ellison**  
Board Chair, Wellington Zoo Trust

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## **WREDA'S FINAL STATEMENT OF INTENT 2018-21**

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### **Purpose**

1. To receive and consider the final 2018-21 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 4 April.
3. Officers have reviewed WREDA's final SOI, they have largely addressed the matters raised in the letter.

### **Recommendation/s**

That the Council Controlled Organisations Subcommittee:

1. Receive the information.
2. Note that following the Sub-Committee's meeting on 4 April 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 2018-21 Statement of Intent.

### **Background**

4. Officers received WREDA's draft SOI and reported on it at the Sub-Committee meeting on 4 April. The report included any issues with the draft SOI that were expected to be addressed in the final SOI.

### **Discussion**

5. Officers have reviewed WREDA's final 2018-21 SOI, they have largely responded to the comments raised in the officer report and discussed at the meeting.
6. In particular;
  - Targets and performance measures have been made more ambitious and includes the source of the measure
  - Additional information as requested is provided.
7. The board of WREDA is approving the final SOI at their meeting on 24 May 2018, it will be sent out separately following this meeting subject to it being approved by the WREDA Board. This will be included as Attachment 2 – under a separate cover.

# COUNCIL CONTROLLED ORGANISATIONS SUBCOMMITTEE

30 MAY 2018

Absolutely Positively  
**Wellington** City Council  
Me Heke Ki Pōneke

8. Officers propose that the Sub-Committee recommends to the City Strategy Committee that they approve WREDA's 2018-21 SOI.

## Attachments

- Attachment 1. WRS Committee letter to WREDA [↓](#) Page 532  
Attachment 2. WREDA final Statement of Intent 2018-21 - this will come under a separate cover [↓](#) Page 535

Author	Barry Turfrey, Economic Development Unit
Authoriser	Danny McComb, Manager Economic & Commercial

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## **SUPPORTING INFORMATION**

### **Engagement and Consultation**

Not relevant

### **Treaty of Waitangi considerations**

Not relevant

### **Financial implications**

Not relevant

### **Policy and legislative implications**

Not relevant

### **Risks / legal**

Not relevant

### **Climate Change impact and considerations**

Not relevant

### **Communications Plan**

Not relevant

### **Health and Safety Impact considered**

Not relevant



7 May 2018

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

#### **WREDA Statement of Intent (SOI) 2018-2021**

Dear Peter

Following the Wellington Regional Strategy Committee meeting on 24<sup>th</sup> April I have noted below the matters raised by the Committee in respect of WREDA's draft SOI.

1. WREDA intends to utilise to a greater extent the expertise of Creative HQ (CHQ), while the Committee is comfortable with this, they would like to see in the final SOI;
  - Details of how the programmes will be split between WREDA and CHQ, noting that that economic development remains a core business of WREDA.
  - Clearly articulated outcomes and performance measures for the expanded activities of CHQ.
  - Ensuring that WREDA has appropriate oversight of CHQ's expanded role.
2. The increased funding to Major Events, in the next and subsequent years should be reflected by increases in both attendances and the economic return targets.
3. The source of the performance measures should be noted and other organisations acknowledged where they have also played a role in achieving the measure.
4. Ensure that WREDA performance measures are outcomes based and that the targets have a degree of stretch in them.
5. WREDA's vision is;
 

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

The final SOI should include discussion on how progress against the vision is and will be measured.
6. The final SOI should acknowledge the work that is taking place with the Wellington Regional Investment Plan, Wairarapa Economic Development Strategy and the Maori economy and that WREDA will need to potentially resource itself to be able to deliver on new agreed programmes.

7. The Committee recognised that climate change was not addressed as a risk in the draft SOI and would like WREDA to consider this in the final version.
8. Other matters that could be addressed in the SOI are;
  - Discussion on the constraints to economic growth.
  - Expansion on the economic growth activities that may arise from the new visitor infrastructure.
  - Consideration of council shared services to reduce its cost base.

As per the funding agreement, we look forward to receiving the final SOI by the 15<sup>th</sup> of June to enable it to be presented at the Committee's meeting on the 19<sup>th</sup> of June.

Yours sincerely,



Justin Lester  
Chair  
Wellington Regional Strategy Committee

cc: Lance Walker [lance.walker@wellingtonnz.com](mailto:lance.walker@wellingtonnz.com)

## Placeholder for Attachment 2

### ITEM /18 WREDA's Final Statement of Intent 2018-21

WREDA final Statement of Intent 2018-21 - this will come under a separate cover

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## **REVIEW OF THE ANNUAL REPORT FOR WELLINGTON INTERNATIONAL AIRPORT LIMITED TO 31 MARCH 2018**

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### **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 2018 Annual Review <a href="#">↓</a> | Page 539 |
| Attachment 2. | Wellington International Airport Ltd 2018 Annual Report <a href="#">↓</a> | Page 562 |

Author	Warwick Hayes, Project Manager Economic & Commercial
Authoriser	Danny McComb, Manager Economic & Commercial

# COUNCIL CONTROLLED ORGANISATIONS SUBCOMMITTEE 30 MAY 2018

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## 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

**Wellington Airport reported a net profit after tax of \$24.7 million with underlying earnings showing an EBITDAF before subvention payment of \$95.4 million, up 5.4% on the last year.**

Passenger numbers reached over six million for the first time. EBITDAF is expected to continue to increase as capital investment in the hotel and multi-level transport hub is completed, airport facilities are expanded and investment in route development continues.

	Audited Year Ended 31 March 18	Audited Year Ended 31 March 17	Variance
Passengers Domestic	5,249,081	5,076,479	172,602
Passengers International	895,369	888,427	6,942
Aeronautical income	\$76.1m	\$70.3m	\$5.8m
Passenger services income	\$40.3m	\$37.0m	\$3.3m
Property/other income	\$12.2m	\$12.2m	-
Operating expenses	(\$33.2m)	(\$29.0m)	(\$4.2m)
<b>EBITDAF before subvention payment<sup>1</sup></b>	<b>\$95.4m</b>	<b>\$90.5m</b>	<b>\$4.9m</b>
Net Profit After Tax	\$24.7m	\$16.1m	\$8.6m
Capital investment	\$85.6m	\$79.3m	\$6.3m

<sup>1</sup> 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 Annual Report for the year ended 31 March 2018.

**Chairman**  
Tim Brown

**Chief Executive**  
Steven Sanderson

## Airline services & passenger numbers



Enabling better access and direct flights to a region is good for those who benefit from inbound visitors; universities, businesses, restaurants, etc. and for those who benefit from more convenient and affordable ways to travel outbound, whether for a holiday, visiting family or for business.

**\$809m**

Annual international visitor spend in Wellington up by \$93m.

Torment Bay  
Abel Tasman

Over the last five years international passenger numbers have on average risen by 35,750 a year, 4.4%pa, and the number of international airlines has doubled. The airport's international carriers now comprise Air New Zealand, Qantas, Jetstar, Virgin Australia, Fiji Airways, and Singapore Airlines.

Wellington Airport takes an active role in assisting each of these carriers to raise local awareness about their services, to promote central New Zealand to overseas tourists, and improve the efficiency of aircraft operations.

Growth is expected in the coming year with Virgin introducing flights to Sydney and Air New Zealand increasing international capacity.

The Singapore Airlines service celebrated its first birthday in September and since it commenced Wellington has benefited from being promoted as a destination across Singapore's vast international network. As a result arrivals from Asia are up 20% overall, with Singapore up by 86%, India 83% and Indonesia 56%. The recent improvement to fly via Melbourne will allow the service to better cater for Wellington travellers with more dedicated seats to Singapore and beyond.

Wellington Airport has partnered with Wellington Regional Economic Development Agency, its airlines and Tourism NZ on marketing initiatives in Asia. Separately, Tourism NZ's "Heart of the Long White Cloud" campaign in China was highly successful in encouraging visitors to central New Zealand and it delivered the best response they have had to an online campaign in China.

5,249,081 domestic passengers went through Wellington Airport, up 3.4% for the year.

Air New Zealand added more domestic capacity and regional routes such as Dunedin and Nelson have benefited from strong competition by Jetstar. Air New Zealand's upgauging to larger aircraft has left opportunities in smaller regions and Sounds Air has continued to capture more of that market.

Increasing the attractiveness of Wellington as a great gateway to New Zealand is not just about highlighting its status as a walkable, cosmopolitan city, there is also the need to have good onward connections to regional destinations such as Nelson, New Plymouth and Queenstown, which for many tourists is a "must see". Nelson is now Wellington's third largest domestic service. In 2019 Queenstown is expected to grow by 65% to 260,000 seats

## New tourism itineraries for New Zealand



Wellington is now a genuine option for direct international travel with six airlines and access to their global networks, resulting in new itineraries throughout New Zealand.

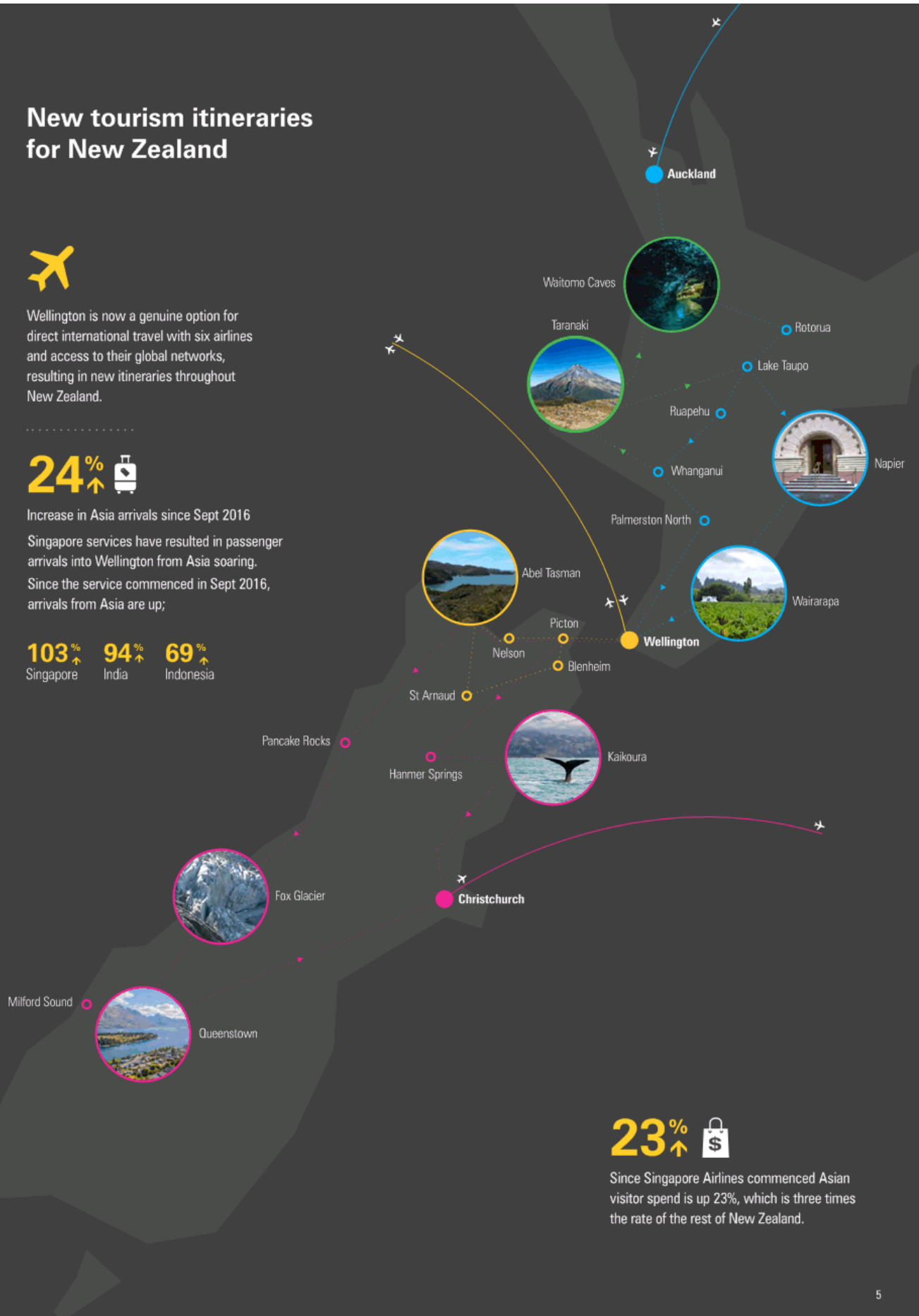
**24%**

Increase in Asia arrivals since Sept 2016

Singapore services have resulted in passenger arrivals into Wellington from Asia soaring.

Since the service commenced in Sept 2016, arrivals from Asia are up;

**103%** Singapore  
**94%** India  
**69%** Indonesia



**23%**

Since Singapore Airlines commenced Asian visitor spend is up 23%, which is three times the rate of the rest of New Zealand.



Airport Hotel & Transport Hub under construction

## Better passenger services

**Wellington Airport has almost concluded its \$300 million investment programme which started five years ago.**

The transport centre, hotel, domestic terminal expansion, international terminal refurbishment and airfield enhancements are expected to be completed by the end of the current year, after which a new investment programme is being planned with a currently estimated cost of \$250 million.

When it opens, the multi-level car park and transport hub will provide a technologically advanced facility, with electronic wayfinding and electric vehicle charging points being added to existing features such as exit arms opening automatically thanks to licence plate recognition.



Above  
South Pair Terminal Extension



The main terminal extension has transformed the passenger experience and the current upgrade will provide visitors with the best retail, food and beverage Wellington has to offer. The improvements to the terminal have already delivered the airport's highest customer service score ever.

Construction is progressing well on the Rydges Wellington Airport Hotel and it is planned to be complete in December 2018. The hotel will make it more convenient for travellers from a wider catchment to use Wellington's international flights.

The complete repaving and installation of new resilient ground lighting for the airfield's taxiway will be completed in the next few months. This major construction project has to be undertaken during

the curfew hours and considerable effort has gone into making sure that the airport can open each morning and on minimising noise for neighbours.

Given the airport operates on a small footprint with residents and popular recreational areas nearby, considerable thought goes into the effect of operations on the local community. The Quieter Homes programme, in particular, has been popular and many residents are enjoying the noise insulation improvements. The airport is also consulting with local boardriders on improvements around the seawall which might assist with wave conditions.

Top Left  
**Pippi Kettle**  
Manager Transport

Middle Left  
**Nick Petkov**  
Manager Airfield Engineering

Bottom Left  
**Matt Palliser**  
Manager Operations

Top Right  
**Nicola Cordner**  
Airport Planner



Palace of Westminster  
London, UK

## **Bringing long haul air services to central New Zealand**

**The Singapore Airlines service has been very successful and has raised the profile of the Wellington region internationally. It has proven that better connectivity delivers growth in international arrivals.**

Direct flights enabled by the runway extension would deliver even greater opportunities as they would remove the need to have a transit stop and Australian visa restrictions and match the service offering available via other airports.

Extending Wellington's runway will enable long-haul airlines to operate directly to and from Asia and North America delivering significant visitor growth, business connectivity and more convenient, affordable travel.

After a four year preparatory process, the Environment Court hearing for Wellington Airport's application to extend its runway was scheduled to commence in June 2017. It was placed on hold at Wellington Airport's request while the New Zealand Airline Pilots Association and Civil Aviation Authority sought Supreme Court clarification as to the meaning of the regulations which govern the CAA's decisions about airport safety.

Following receipt of the Supreme Court's judgement, Wellington Airport provided CAA with an updated recommendation on the safety features required for an extended runway in April this year. It is expected to take around six months for the CAA Director to make a decision. If the recommendation is accepted then the original Environment Court proceedings can be resumed. If it is not it is likely to require additional work, public consultation and further delay.

The time and costs involved are disappointing, but Wellington Airport is committed to the proposal which will deliver significant economic and social benefit to the Wellington region and New Zealand.

## Supporting Wellington's vibrant community & culture



The New Zealand Festival hosted around 100,000 people and 400 local and international performances in 2018. The Airport was proud to be a lead sponsor of the Festival and one of the highlight acts, Swan Lake performed by the Teac Damsa dancers and musicians of Ireland.

This coming year represents the 30th anniversary of the World of Wearable Art show, which attracts 60,000 people and increasingly more international visitors. Wellington Airport will be playing its part in ensuring the anniversary's success. Almost as venerable is the New Zealand Fringe Festival, while the CubaDupa free access performing arts festival is still in its infancy – the airport is a proud supporter of both.



The Wellington Airport Community Awards is a different way to give something back to the region. The partnership with the region's councils and the Wellington Community Trust attracts hundreds of nominations from a huge array of volunteer groups who make our region a better place. The supreme award this year was won by Porirua's Virtuoso Strings who help students learn music and be part of a community orchestra. Sport is also of significant value to the community and over the year the Airport supported the Makara Peak Mountain Bike Park and the Lyall Bay Surf Club. Congratulations to Club member Lewis Clareburt who won the 400 metres individual medley bronze medal at the Gold Coast Commonwealth Games.

Top  
CubaDupa, always drawing  
a crowd and a smile.

Bottom  
Local Lyall Bay Surfers

## Thank you

We want to warmly thank our team at Wellington Airport and the many people who work within the wider airport community for their support during the year including our volunteer ambassadors and all our airlines: Air New Zealand, Jetstar, Qantas, Fiji Airways, Virgin Australia, Singapore Airlines & Sounds Air.

From left to right:

**Ayolt Wiertsema**  
General Manager Aeronautical Operations

**Matt Clarke**  
Chief Commercial Officer

**Jackie Holley**  
General Manager People and Culture

**Steven Sanderson**  
Chief Executive

**John Howarth**  
General Manager Infrastructure

**Leanne Gibson**  
General Manager IT and Facilities

**Martin Harrington**  
Chief Financial Officer

**Greg Thomas**  
General Manager Communications

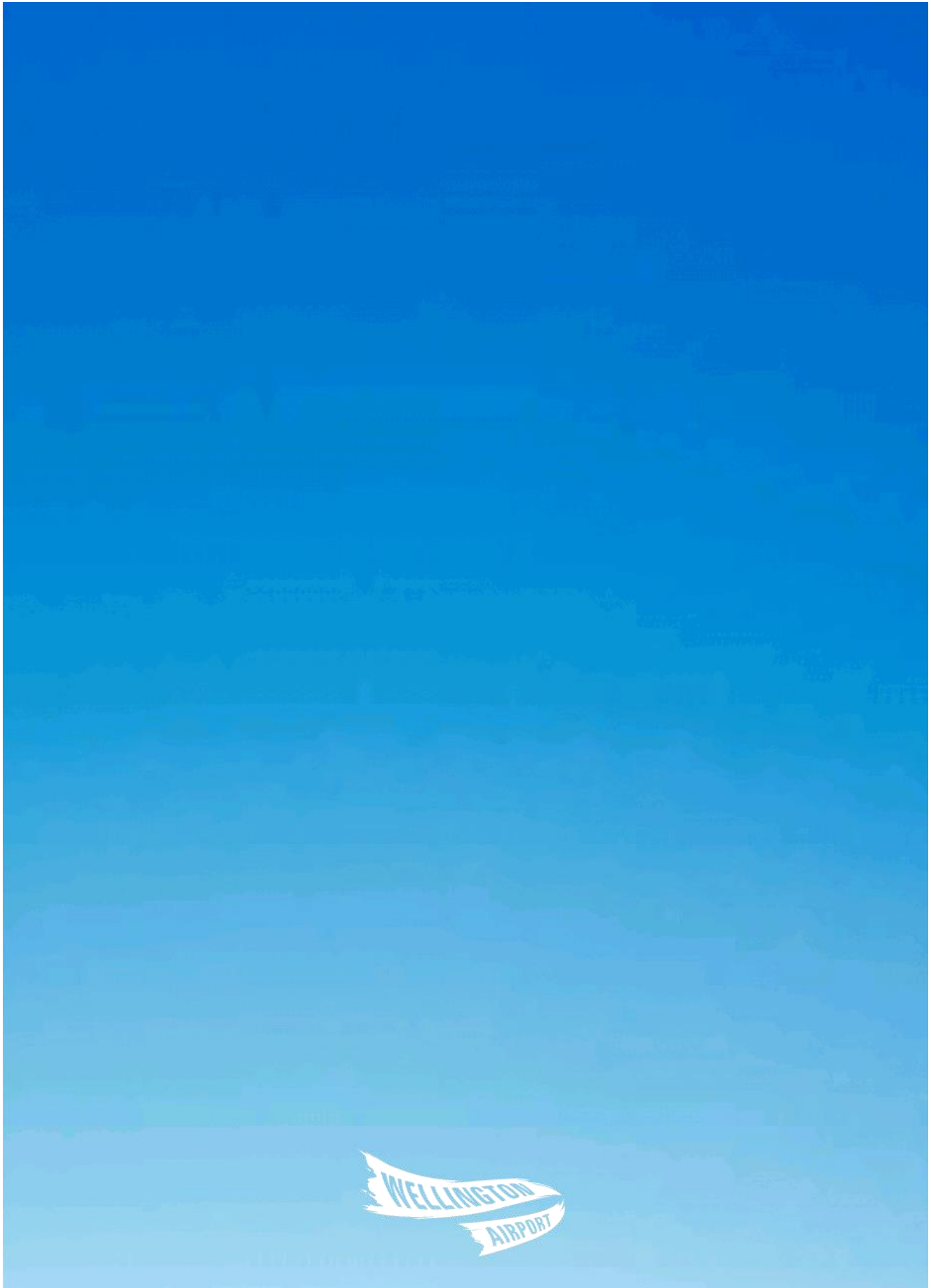


**The taxiway repaving is a once in fifteen year project. 3,500 tonnes of asphalt were recycled during the repaving – a first for Wellington.**

That is the equivalent weight of 48 fully laden A320 aircraft. It is also 3,500 tonnes saved from going to landfill and saved from needing to be sourced from a quarry.



Photo: Shane Saheem, Airfield Project Manager





**Consolidated Annual Report**  
For the Year Ended 31 March 2018

**WELLINGTON INTERNATIONAL AIRPORT LIMITED**

## 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 2018.

### Directors

The Directors of WIAL during the year were:

- Timothy Brown, Chairman
- Alison Gerry
- Andrew Foster
- Jason Boyes
- Keith Sutton
- Phillip Walker

During the year, Andrew Lamb attended the Board meetings as an observer as part of a Cadetship under the Company's Aspiring Directors Programme.

### Group's Affairs and Nature of Business

The Group operates in Wellington, New Zealand 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 \$128.6 million. The net profit after taxation amounted to \$24.7 million after \$37.9 million in subvention payments were paid to subsidiaries of the Infratil Group.

During the year a dividend of \$11.9 million was paid to Wellington City Council.

### Retained Earnings

Retained earnings was \$111.4 million, an increase for the year of \$12.7 million.

### Asset Revaluation Reserve

The asset revaluation reserve at 31 March 2018 was \$465.5 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  
15 May 2018



**Alison Gerry**  
Chair of the Audit and Risk Committee  
15 May 2018

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018 \$000	2017 \$000
Aircraft movement and terminal charges		76,154	70,313
Retail and trading activities		40,263	37,039
Property rent and lease income		12,220	12,211
<b>Total revenue</b>		<b>128,637</b>	<b>119,563</b>
Operating expenses	A3	(22,525)	(18,879)
Employee remuneration and benefits	A4	(10,697)	(10,140)
Subvention payment	D2	(37,937)	(38,894)
<b>Total operating and other expenditure</b>		<b>(71,159)</b>	<b>(67,913)</b>
Investment properties revaluation net increase	B2	11,542	820
Depreciation	B1	(23,587)	(21,654)
Loss on sale of property, plant and equipment		-	(654)
<b>Operating earnings before net financing expense</b>		<b>45,433</b>	<b>30,162</b>
Interest income		865	834
Interest expense	C2	(19,291)	(22,265)
Other finance income	C3	1,883	8,327
<b>Net financing expense</b>		<b>(16,543)</b>	<b>(13,104)</b>
<b>Net profit from continuing operations before taxation</b>		<b>28,890</b>	<b>17,058</b>
Taxation expense	A5	(4,209)	(960)
<b>Net profit after taxation</b>		<b>24,681</b>	<b>16,098</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss:</b>			
Property, plant and equipment revaluation	B1	72,372	2,870
Income tax on property, plant and equipment revaluation	A5	(11,857)	(717)
Total items that will not be reclassified to profit or loss		60,515	2,153
<b>Items that may subsequently be reclassified to profit or loss:</b>			
Fair value losses recognised in the cash flow hedge reserve	C3	(1,230)	-
Tax effect of movements in the cash flow hedge reserve	C3	344	-
Total items that may subsequently be reclassified to profit or loss		(886)	-
<b>Total other comprehensive income</b>		<b>59,629</b>	<b>2,153</b>
<b>Total comprehensive income</b>		<b>84,310</b>	<b>18,251</b>

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 2018

		Attributable to Equity Holders					
	Note	Capital	Asset Revaluation Reserve	Cash Flow Hedge Reserve	Other Reserves	Retained Earnings	Total Equity
		\$000	\$000	\$000	\$000	\$000	\$000
Balance as at 1 April 2017		9,050	404,940	-	169	98,701	512,860
Comprehensive income							
Net profit		-	-	-	-	24,681	24,681
Other comprehensive income		-	60,515	(886)	-	-	59,629
Total comprehensive income		-	60,515	(886)	-	24,681	84,310
Contributions by and distributions to owners							
Movement in executive redeemable shares		-	-	-	33	-	33
Dividends to equity holders		-	-	-	-	(11,937)	(11,937)
Total contributions by and distributions to owners		-	-	-	33	(11,937)	(11,904)
Balance as at 31 March 2018	C1	9,050	465,455	(886)	202	111,445	585,266

	Note	Attributable to Equity Holders					Total Equity \$000
		Capital \$000	Asset Revaluation Reserve \$000	Cash Flow Hedge Reserve \$000	Other Reserves \$000	Retained Earnings \$000	
Balance as at 1 April 2016		9,050	402,787	-	141	94,662	506,640
<b>Comprehensive income</b>							
Net profit		-	-	-	-	16,098	16,098
Other comprehensive income		-	2,153	-	-	-	2,153
<b>Total comprehensive income</b>		-	<b>2,153</b>	-	-	<b>16,098</b>	<b>18,251</b>
<b>Contributions by and distributions to owners</b>							
Movement in executive redeemable shares		-	-	-	95	-	95
Executive redeemable shares converted		-	-	-	(67)	-	(67)
Dividends to equity holders		-	-	-	-	(12,059)	(12,059)
<b>Total contributions by and distributions to owners</b>		-	-	-	<b>28</b>	<b>(12,059)</b>	<b>(12,031)</b>
Balance as at 31 March 2017	C1	9,050	404,940	-	169	98,701	512,860

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 2018

	Notes	2018 \$000	2017 \$000
Cash and cash equivalents	C3	21,531	67,830
Trade receivables	C3	14,776	13,082
Prepayments and sundry receivables		4,578	4,558
<b>Current assets</b>		<b>40,885</b>	<b>85,470</b>
Property, plant and equipment	B1	1,064,285	930,422
Investment properties	B2	81,861	69,795
<b>Non current assets</b>		<b>1,146,146</b>	<b>1,000,217</b>
<b>Total assets</b>		<b>1,187,031</b>	<b>1,085,687</b>
Trade and other payables	C3	1,644	2,523
Current tax payable	A5	15,951	14,803
Accruals and other liabilities		20,006	15,435
Accrued employee benefits	A4	3,318	2,595
Loans and borrowings	C2	-	90,000
<b>Current liabilities</b>		<b>40,919</b>	<b>125,356</b>
Deferred taxation	A5	129,795	115,223
Derivative financial instruments	C3	9,427	4,811
Loans and borrowings	C2	421,624	327,437
<b>Non current liabilities</b>		<b>560,846</b>	<b>447,471</b>
Attributable to shareholders		585,266	512,860
<b>Total equity</b>		<b>585,266</b>	<b>512,860</b>
<b>Total equity and liabilities</b>		<b>1,187,031</b>	<b>1,085,687</b>

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  
15 May 2018



**Alison Gerry**  
Chair of the Audit and Risk Committee  
15 May 2018

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018 \$000	2017 \$000
<b>Cash flows from operating activities</b>			
<i>Cash was provided from:</i>			
Receipts from customers		126,908	117,448
Interest received		865	343
<i>Cash was disbursed to:</i>			
Payments to suppliers and employees		(29,998)	(24,530)
Interest paid		(18,554)	(21,664)
Subvention payment	D2	(37,937)	(38,894)
<b>Net cash flows from operating activities</b>		<b>41,284</b>	<b>32,703</b>
<b>Cash flows from investing activities</b>			
<i>Cash was provided from:</i>			
Proceeds from sale of property, plant and equipment		9	12
<i>Cash was disbursed to:</i>			
Purchase of property, plant and equipment		(84,454)	(80,477)
<b>Net cash flows from investing activities</b>		<b>(84,445)</b>	<b>(80,465)</b>
<b>Cash flows from financing activities</b>			
<i>Cash was provided from:</i>			
Issue of debt		99,751	205,000
<i>Cash was disbursed to:</i>			
Repayment of bonds		(90,000)	(60,000)
Bond issue costs		(952)	(2,260)
Repayment of loans and borrowings		-	(21,000)
Dividend payment	D2	(11,937)	(12,059)
<b>Net cash flows from financing activities</b>		<b>(3,138)</b>	<b>109,681</b>
Net (decrease)/increase in cash and cash equivalents		(46,299)	61,919
Cash and cash equivalents balance at the beginning of the year		67,830	5,911
<b>Cash and cash equivalents balance at the end of the year</b>	C3	<b>21,531</b>	<b>67,830</b>

	2018 \$000	2017 \$000
<b>Reconciliation of net profit after taxation to net cash flows from operating activities:</b>		
<b>Net profit after taxation</b>	<b>24,681</b>	<b>16,098</b>
Other finance income	(1,883)	(8,327)
Depreciation	23,587	21,654
Investment properties revaluation net increase	(11,542)	(820)
Other movements not involving cash flows	3,768	1,188
Movements in working capital	2,673	2,910
<b>Net cash flows from operating activities</b>	<b>41,284</b>	<b>32,703</b>

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 2018

#### 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, New Zealand, 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 NZX Debt Market (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 (NZ IFRS) 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 2018 and were approved by the Board of Directors on 15 May 2018.

#### Basis of measurement

The consolidated financial statements have been prepared on a 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 NZ IFRS, 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

Valuation of property, plant and equipment  
Valuation of investment properties

#### Note

Note B1 Property, plant and equipment  
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

Capital risk  
Market risk  
Liquidity risk  
Credit risk

#### Note

Note C1 Share capital  
Note C3 Financial Instruments  
Note C3 Financial Instruments  
Note C3 Financial Instruments

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
FOR THE YEAR ENDED 31 MARCH 2018

**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**

**A FINANCIAL PERFORMANCE**

A1. Segment reporting and non-NZ GAAP measure.....	9
A2. Revenue.....	9
A3. Operating expenses.....	10
A4. Employee remuneration and benefits.....	10
A5. Taxation.....	11

**B FIXED ASSETS**

B1. Property, plant and equipment.....	12
B2. Investment properties.....	15

**C FUNDING**

C1. Share capital.....	16
C2. Loans and borrowings.....	16
C3. Financial instruments.....	17

**D OTHER NOTES**

D1. Subsidiaries.....	21
D2. Related parties.....	21
D3. Financial commitments.....	22
D4. Contingency and subsequent events.....	22
D5. Changes in financial reporting standards.....	22

**AUDIT REPORT**

Independent Auditor's Report.....	29
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**NOTE ANNOTATIONS**

<b>P</b>	Accounting policy
<b>E</b>	Key judgements and estimates
<b>R</b>	Financial risks

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**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 2018 was \$71.0 million (2017: \$65.6 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 and subvention payment (EBITDAF) 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, NZ IFRS, or any other body of accounting standards, the Group's calculations may differ from similarly titled measures presented by other companies.

	2018	2017
	\$000	\$000
<b>Net profit after taxation</b>	<b>24,681</b>	<b>16,098</b>
Subvention payment	37,937	38,894
Net financing expense	16,543	13,104
Taxation expense	4,209	960
Depreciation	23,587	21,654
Investment property revaluation net increase	(11,542)	(820)
Loss on sale of property, plant and equipment	-	654
<b>EBITDAF</b>	<b>95,415</b>	<b>90,544</b>

**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.

**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.

**Property rent and lease income**

Rental revenue, net of lease incentives, is recognised on a straight line basis over the term of the lease.

**Interest income**

Interest income is recognised as it accrues, using the effective interest rate method. Refer to note C3 for further information regarding the interest rate contracts in place.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**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.

	2018	2017
	\$000	\$000
Fees paid to auditors:		
Audit of statutory financial statements	81	82
Taxation and other assurance services (Note 1)	101	62
Directors' fees	529	455
Regulatory compliance and airline pricing consultation (Note 2)	365	703
Marketing and development	2,137	1,393
Cleaning and energy	2,201	2,049
Rates and insurance	5,263	4,795
Repairs and maintenance	2,639	2,412
Operating lease expenses	803	731
Noise mitigation program	1,664	775
Administration and other expenses	6,742	5,422
<b>Total operating expenses</b>	<b>22,525</b>	<b>18,879</b>

Note 1 - Includes audit of WIAL's regulatory annual disclosures.

Note 2 - In addition to these costs, the Group has incurred \$0.4m (2017: \$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**

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.

During the year, WIAL participated in two Infratil share schemes, namely an executive Infratil share scheme and a staff Infratil share purchase scheme. The executive Infratil share scheme was replaced in the year with a new executive long term, non-equity based incentive scheme. In association with employee participation in the staff Infratil share purchase scheme, WIAL has recorded \$20,390 in interest free loans as at 31 March 2018 (2017: \$35,410).

<b>Accrued employee benefits</b>	<b>2018</b>	<b>2017</b>
	\$000	\$000
Salaries and wages	2,633	1,980
Annual and long service leave	685	615
<b>Total accrued employee benefits at the end of the year</b>	<b>3,318</b>	<b>2,595</b>

**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 2018 of \$529,000 (2017: \$455,156) disclosed in Note A3 are included within short-term employee benefits as they form part of the remuneration to key management personnel.

<b>Key management personnel benefits</b>	<b>2018</b>	<b>2017</b>
	\$000	\$000
Short-term employee benefits	3,654	3,581
Long-term employee benefits	260	570
<b>Key management personnel benefits expense for the year</b>	<b>3,914</b>	<b>4,151</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**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.

	2018 \$000	2017 \$000
<b>Net profit before taxation</b>	<b>28,890</b>	<b>17,058</b>
Taxation at 28%	(8,089)	(4,776)
Subvention payment made in respect of prior period	(10,622)	(10,890)
Taxation effect of non deductible items	3,121	(88)
Loss offset	4,142	4,596
Over provision in prior years	7,239	10,198
<b>Taxation expense</b>	<b>(4,209)</b>	<b>(960)</b>
Current taxation	(1,150)	694
Deferred taxation	(3,059)	(1,654)
<b>Taxation expense</b>	<b>(4,209)</b>	<b>(960)</b>

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 2017	(107,148)	(9,968)	1,883	401	(391)	(115,223)
Recognised in profit and loss	1,410	(3,424)	(1,056)	84	(73)	(3,059)
Recognised in other comprehensive income	(11,857)	-	344	-	-	(11,513)
<b>Balance at 31 March 2018</b>	<b>(117,595)</b>	<b>(13,392)</b>	<b>1,171</b>	<b>485</b>	<b>(464)</b>	<b>(129,795)</b>
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)
<b>Balance at 31 March 2017</b>	<b>(107,148)</b>	<b>(9,968)</b>	<b>1,883</b>	<b>401</b>	<b>(391)</b>	<b>(115,223)</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**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 2018, capitalised borrowing costs relating to capital work in progress, as referred to in Note C2, amounted to \$4.1 million (2017: \$2.4 million), with an average interest rate of 5.17% per annum (2017: 5.60% 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** Land and buildings were revalued at 31 March 2018 by Savills (NZ) Limited (31 March 2016 by Telfer Young (Canterbury) Limited). Civil assets were last revalued at 31 March 2016 by Opus International Consultants Limited. For those assets not revalued at 31 March 2018, 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 2018, the assessment is that there is no material change in the fair value of assets not revalued at 31 March 2018. 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 pertain 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 2018 (2017: 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 2018**

**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 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	Average MVAU rate per hectare	\$1.86 million per hectare	A 5% change equates to +/- \$10.0m	The higher the rate per hectare, the higher the fair value.
			Developer's WACC rate	10.40%	A 5% change equates to +/- \$7.4m	The higher the WACC rate, the higher the fair value.
			Holding period	6 years	A 6 month change equates to +/- \$11.1m	The longer the holding period, the higher the fair value.
Valued at 31 March 2018 by Savills (NZ) Limited, registered valuers, at \$333.1 million. The valuation was then subject to a peer review before being adopted by WIAL.						
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	Average modern equivalent asset rate per sqm	Specialised \$5,567	A 5% change equates to +/- \$13.0m	The higher the modern equivalent asset rate, the higher the fair value.
				Non specialised \$1,711	A 5% change equates to +/- \$0.4m	The higher the modern equivalent asset rate, the higher 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	Revenue growth	3.00%	A 5% change equates to +/- \$0.8m	The higher the assumed revenue growth, the higher the fair value.
			Cost growth	3.00%	A 5% change equates to +/- \$0.2m	The higher the assumed cost growth, the lower the fair value.
			Discount rate	12.00%	A 5% change equates to +/- \$6.6m	The higher the discount rate, the lower the fair value.
			Income capitalisation rate	9.00%	A 5% change equates to +/- \$9.0m	An increase in the capitalisation rate will decrease the fair value.
Valued at 31 March 2018 by Savills (NZ) Limited, registered valuers, at \$423.4 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 2018**

**B1. Property, plant and equipment (continued)**

A reconciliation of movements for each class of the Group's assets during the reporting period is outlined below.

	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
<b>Cost or valuation</b>						
Balance at 1 April 2017	302,526	169,270	399,433	46,279	63,235	980,743
Additions	-	-	56	555	84,992	85,603
Transfer from capital work in progress	595	1,932	4,326	2,393	(9,246)	-
Transfer from property, plant and equipment assets to investment properties	-	(1)	(523)	-	-	(524)
Disposals	-	-	-	(8)	-	(8)
Movement in asset revaluation	30,026	-	20,157	-	-	50,183
<b>Balance at 31 March 2018</b>	<b>333,147</b>	<b>171,201</b>	<b>423,449</b>	<b>49,219</b>	<b>138,981</b>	<b>1,115,997</b>
<b>Accumulated depreciation and impairment losses</b>						
Balance at 1 April 2017	-	7,760	10,285	32,276	-	50,321
Depreciation for the year	-	7,558	11,904	4,125	-	23,587
Disposals	-	-	-	(7)	-	(7)
Movement in asset revaluation	-	-	(22,189)	-	-	(22,189)
<b>Balance at 31 March 2018</b>	<b>-</b>	<b>15,318</b>	<b>-</b>	<b>36,394</b>	<b>-</b>	<b>51,712</b>
<b>Net book value at 31 March 2018</b>	<b>333,147</b>	<b>155,883</b>	<b>423,449</b>	<b>12,825</b>	<b>138,981</b>	<b>1,064,285</b>
<b>Cost or valuation</b>						
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 property, plant and equipment assets to investment properties	-	(10)	(115)	-	-	(125)
Disposals	-	-	-	(199)	-	(199)
Movement in asset revaluation	306	-	2,586	(22)	-	2,870
<b>Balance at 31 March 2017</b>	<b>302,526</b>	<b>169,270</b>	<b>399,433</b>	<b>46,279</b>	<b>63,235</b>	<b>980,743</b>
<b>Accumulated depreciation and impairment losses</b>						
Balance at 1 April 2016	-	-	-	28,863	-	28,863
Depreciation for the year	-	7,760	10,285	3,609	-	21,654
Disposals	-	-	-	(196)	-	(196)
<b>Balance at 31 March 2017</b>	<b>-</b>	<b>7,760</b>	<b>10,285</b>	<b>32,276</b>	<b>-</b>	<b>50,321</b>
<b>Net book value at 31 March 2017</b>	<b>302,526</b>	<b>161,510</b>	<b>389,148</b>	<b>14,003</b>	<b>63,235</b>	<b>930,422</b>

At 31 March 2018, had assets been carried at historic cost less accumulated depreciation and accumulated impairment losses, their carrying amount would have been \$88.8 million for land (2017: \$88.2 million), \$116.7 million for civil assets (2017: \$118.1 million) and \$212.0 million for buildings (2017: \$215.3 million).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**B2. Investment properties**

**P**

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.

	2018 \$000	2017 \$000
Balance at the beginning of the year	69,795	68,850
Transfer from property, plant and equipment assets to investment properties	524	125
Investment properties revaluation net increase	11,542	820
<b>Balance at the end of the year</b>	<b>81,861</b>	<b>69,795</b>

**Amounts recognised in profit or loss (excluding revaluations):**

Rental income from investment properties	6,340	6,128
Direct operating expenses arising from investment properties	(947)	(757)
<b>Net amount recognised in profit or loss (excluding revaluations)</b>	<b>5,393</b>	<b>5,371</b>

**Valuation of investment properties**

**E**

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	Significant unobservable inputs		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	7.92% (2017: 8.92%)	An increase in the discount rate will decrease the fair value.
			Weighted average income capitalisation rate	7.10% (2017: 8.00%)	An increase in the capitalisation rate will decrease the fair value.
			Weighted average lease term	3.28 years (2017: 3.87 years)	An increase in the average lease term will ordinarily increase the fair value.
Valued at 31 March 2018 by Jones Lang LaSalle, registered valuers, at \$81.9 million (2017: \$69.8 million).					

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**C. FUNDING**

**C1. Share capital**

	2018 \$000	2017 \$000
Share capital is represented by:		
Total issued capital at the beginning and end of the year 40,155,942 ordinary shares	9,050	9,050
<b>Balance at the end of the year</b>	<b>9,050</b>	<b>9,050</b>

All ordinary shares have equal voting rights and share equally in dividends and equity. All shares have no par value.

**Capital risk**

**R**

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, USPP Note Purchase Agreement, Negative Pledge Deed Poll and Trust Deeds applicable to the bond borrowings.

**C2. Loans and borrowings**

**P**

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	2018 Interest Rate	2017 Interest Rate	2018 \$000	2017 \$000
Wholesale bonds WIA0817	1-Aug-07	1-Aug-17	Floating	Floating	-	90,000
Wholesale bonds WIA0619	17-Jun-13	17-Jun-19	Floating	Floating	25,000	25,000
Wholesale bonds WIA0620	11-Jun-13	11-Jun-20	5.27%	5.27%	25,000	25,000
Retail bonds WIA020	15-Nov-13	15-May-21	6.25%	6.25%	75,000	75,000
Retail bonds WIA030	12-May-16	12-May-23	4.25%	4.25%	75,000	75,000
Retail bonds WIA040	5-Aug-16	5-Aug-24	4.00%	4.00%	60,000	60,000
Retail bonds WIA050	16-Dec-16	16-Jun-25	5.00%	5.00%	70,000	70,000
USPP Notes - Series A (US\$36 million)	27-Jul-17	27-Jul-27	3.47%	-	47,241	-
USPP Notes - Series B (US\$36 million)	27-Jul-17	27-Jul-29	3.59%	-	47,241	-
<b>Total borrowings at face value</b>					<b>424,482</b>	<b>420,000</b>
Unamortised transaction costs					(2,858)	(2,563)
<b>Carrying value of borrowings</b>					<b>421,624</b>	<b>417,437</b>
Current					-	90,000
Non-current					421,624	327,437

**Retail Bonds**

Borrowings under the retail bond programme are supported by a Master Trust Deed and supplemented by the supplemental trust deeds (the "Trust Deeds") entered into between WIAL and Trustees Executors Limited (the "Supervisor"). The Retail Bonds are unsecured and unsubordinated. At 31 March 2018, the retail bonds had a fair value of \$295.5 million (31 March 2017: \$287.3 million), based on the NZDX valuation at balance date.

**Wholesale Bonds**

The Wholesale Bonds are unsecured, unsubordinated medium term notes issued under Deed Poll. At 31 March 2018, the wholesale bonds had a fair value of \$51.0 million (31 March 2017: \$142.4m), based on quoted trading margins at balance date.

**USPP Notes**

On 27 July 2017 WIAL completed a United States Private Placement (USPP) note issuance, securing US\$72 million of long term debt. The USPP comprised two equal tranches, a US\$36 million 10 year Note with a coupon of 3.47% and a US\$36 million 12 year Note with a coupon of 3.59%. The proceeds of the USPP were used to repay the \$90 million in wholesale bonds that matured on 1 August 2017 (WIA0817) and for investments in major capital projects. In conjunction with the USPP issuance, WIAL entered into cross currency interest rate swaps to formally hedge the exposure to foreign currency risk over the term of the notes. These are described in more detail below in note C3.

At 31 March 2018, the USPP Notes had a fair value of \$93.3 million (31 March 2017: nil). This debt is carried in the consolidated statement of financial position at amortised cost, translated to New Zealand dollars using foreign exchange rates at balance date.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**C2. Loans and borrowings (continued)**

**Bank Facilities**

The Company's debt includes unsecured and unsubordinated bank facilities with a negative pledge arrangement, which with limited exceptions does not permit the Company to grant security over its assets.

Interest rates were determined by reference to prevailing money market rates plus a margin. No interest margin was paid during the period as the facilities were not utilised (Interest rates paid during the year ended 31 March 2017: 2.70% to 3.23%).

**Financial Covenants and Other Restrictions**

The Trust Deeds, the Deed Poll in respect of the Wholesale Bonds, the USPP Note Purchase Agreement, bank facility agreements and the Negative Pledge Deed Poll require the Company to operate within various defined performance and gearing ratios throughout the term of the debt agreements. These arrangements also create restrictions over the sale and disposal of certain assets. The Note Purchase Agreement relating to the USPP Notes also restricts the Company from granting security over its assets. During the current and prior years, there were no defaults or breaches on any of the debt facilities.

**C3. Financial instruments**

Financial instruments of the Group are as follows:

**Financial assets and liabilities carried at amortised cost**

*Assets*

Cash and cash equivalents

Trade receivables

*Liabilities*

Trade and other payables

Wholesale bonds

Retail bonds

USPP Notes

**2018**  
**\$000**

**2017**  
**\$000**

21,531

67,830

14,776

13,082

1,644

2,523

49,963

139,869

277,899

277,568

93,762

-

**Financial liabilities carried at fair value through profit or loss**

Interest rate swaps

Cross currency interest rate swaps

3,188

4,811

6,239

-

**Derivatives and hedging activities**

*Interest rate swaps - not designated hedging instruments*

P

Interest rate swaps are initially recognised at fair value at the date they are entered into. Subsequent to initial recognition, they are re-measured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss. Counterparties to the interest rate swaps are major financial institutions.

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 profit or loss to reflect the revised fair value of financial instruments designated at fair value through profit or loss.

As at 31 March 2018, the Group has interest rate swaps with maturities up to August 2021. The fair value of these derivative financial instruments is calculated using market-quoted rates based on discounted cash flow analysis by applying marked to market values. The fair value adjustment at reporting date resulted in an unrealised gain of \$1.6 million for the year ended 31 March 2018 (2017: unrealised gain \$8.3 million).

*Cross currency interest rate swaps - designated hedging instruments*

P

Cross currency interest rate swaps are initially recognised at fair value at the date they are entered into. Subsequent to initial recognition, they are re-measured to their fair value at each reporting date. These instruments, which the Group has elected to apply hedge accounting to, are designated in a formal hedge relationship with the USPP Notes. The counterparty to the cross currency interest rate swaps is a major financial institution.

These instruments comprise both a cash flow hedge component and a fair value hedge component. The movements on the fair value hedge component are taken to profit or loss along with all movements of the hedged risk on the USPP Notes. The effective movements of the cash flow hedge component are all taken to the cash flow hedge reserve through other comprehensive income. Any ineffective movements of the cash flow hedge component are taken to the profit or loss. During the year, the Group assessed the cash flow hedge component to be effective.

As at 31 March 2018, the Group has cross currency interest rate swaps with maturities up to 27 July 2029. The fair value of these derivative financial instruments is calculated using market information and prices (from observable yield curves and forward exchange rates).

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 2018 (2017: none).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**C3. Financial instruments (continued)**

The movement in valuations of derivatives and USPP Notes impacting profit or loss are included in other finance costs as outlined in the table below.

	2018 \$000	2017 \$000
Foreign exchange gain on USPP Notes	5,269	-
Decrease in cross currency interest rate swaps fair value hedge component	(5,009)	-
Increase in fair value of interest rate swaps	1,623	8,327
<b>Other finance income</b>	<b>1,883</b>	<b>8,327</b>

**Financial Risk Management**

As a result of its business activities, the Group has exposure to the following risks:

- Market risk
- Liquidity risk
- Credit risk

The following paragraphs present information about the Group's exposure to each of the above risks and the Group's management of such exposure.

**Market risk**

Market risk is the risk that changes in market prices, such as interest rates or foreign exchange rates will affect the Group's cash flows and earnings.

**Interest rate risk (cash flow and fair value)**

The Group's exposure to market risk from changes in interest rates relates primarily to the loans and borrowings. Loans and borrowings issued at variable interest rates expose the Group to changes in interest rates. The Group's policy is to manage its interest rate exposure by issuing borrowings at fixed interest rates or entering into derivative financial instruments to convert the majority of floating rate exposures to fixed rate. At 31 March 2018, 89.6% (2017: 78.6%) of the borrowings (including the effect of the derivative financial instruments) were subject to fixed interest rates, which are defined as borrowings with an interest reset date greater than one year.

	2018 \$000	2017 \$000
At balance date the interest rate contracts outstanding were:		
Interest rate swaps notional value	100,000	190,000
Fair value of interest rate swaps	(3,188)	(4,811)
Cross currency interest rate swaps notional value	99,491	-
Fair value of cross currency interest rate swaps	(6,239)	-

**Sensitivity analysis for variable rate instruments**

A change of 100 basis points in NZ interest rates for the year to the reporting date would have increased/(decreased) profit or loss or equity by the amounts shown below. This analysis assumes that all other variables remain constant.

	2018 100 bp increase \$000	2018 100 bp decrease \$000	2017 100 bp increase \$000	2017 100 bp decrease \$000
<b>Impact on profit or loss before taxation</b>				
Wholesale bonds - floating rate notes	(250)	250	(1,150)	1,150
Interest rate swaps	1,770	(1,892)	3,871	(4,104)
<b>Net profit or loss sensitivity</b>	<b>1,520</b>	<b>(1,642)</b>	<b>2,721</b>	<b>(2,954)</b>
<b>Impact on equity before taxation</b>				
Cross currency interest rate swaps	715	(764)	-	-
<b>Equity sensitivity</b>	<b>715</b>	<b>(764)</b>	<b>-</b>	<b>-</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**C3. Financial instruments (continued)**

**R**

**Foreign currency risk (cash flow and fair value)**

The Group has exposure to foreign currency risk resulting from the issue of USPP Notes. This exposure has been fully hedged by way of cross-currency interest rate swaps, hedging US dollar exposure on both principal and interest. The cross currency interest rate swaps correspond in amount and maturity to the USPP notes with no residual foreign currency risk exposure.

**Sensitivity analysis for foreign currency instruments**

The following sensitivity analysis is based on the foreign currency risk exposures in existence at the reporting date. At 31 March 2018, had the NZ dollar moved, with all other variables held constant, equity would have been affected as follows. A movement of plus or minus 10% has been determined as plausible based on analysis of historical US dollar to NZ dollar fluctuations over the previous two years to 31 March 2018.

	2018 10% increase \$000	2018 10% decrease \$000	2017 10% increase \$000	2017 10% decrease \$000
<b>Impact on equity before taxation</b>				
Cross currency interest rate swaps	(9,653)	11,799	-	-
<b>Equity sensitivity</b>	<b>(9,653)</b>	<b>11,799</b>	<b>-</b>	<b>-</b>

**Liquidity risk**

**R**

Liquidity risk refers to the potential inability of the Group to meet its financial obligations when they fall due, under normal or abnormal/stressed operating conditions. 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, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due and support its capital programme, 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 undrawn bank facilities, the spreading of debt maturities and its credit standing in capital markets. As at 31 March 2018, WIAL has a BBB+/Stable/A-2 credit rating from S&P Global Ratings (31 March 2017: BBB+/Stable/A-2).

During December 2017, the Group undertook a refinancing of its bank facilities. The arrangements in place as at 31 March 2018 are outlined in the table below.

<b>Bank facilities</b>	<b>Maturity</b>	<b>2018 Facility \$000</b>	<b>2018 Drawn \$000</b>	<b>2017 Facility \$000</b>	<b>2017 Drawn \$000</b>
Bank of New Zealand	14-Dec-17	-	-	30,000	-
China Construction Bank (New Zealand)	31-Dec-20	15,000	-	-	-
Westpac New Zealand	31-Dec-20	30,000	-	28,000	-
MUFG Bank, Auckland Branch	30-Jun-22	30,000	-	22,000	-
ANZ Bank New Zealand (Note 3)	Evergreen	25,000	-	20,000	-
<b>Total</b>		<b>100,000</b>	<b>-</b>	<b>100,000</b>	<b>-</b>

*Note 3 - This Evergreen facility has an indefinite term subject to cancellation by either party. Upon cancellation the facility has a 13 month notice period after the date either party should elect to cancel the facility.*

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**C3. Financial instruments (continued)**

The table below categorises 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 table below are disclosed as contractual undiscounted cash flows and include interest through to maturity.

	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
<b>At 31 March 2018</b>							
Trade and other payables	1,644	1,644	1,644	-	-	-	-
Wholesale bonds	49,963	54,295	1,059	1,059	26,518	25,659	-
Retail bonds	277,899	355,789	6,888	6,888	13,775	109,294	218,944
Interest rate swaps	3,188	3,970	1,029	1,067	1,203	671	-
<b>Total liabilities not in a hedging relationship</b>	<b>332,694</b>	<b>415,698</b>	<b>10,620</b>	<b>9,014</b>	<b>41,496</b>	<b>135,624</b>	<b>218,944</b>
USPP Notes	93,762	136,427	1,756	1,756	3,512	10,536	118,867
Cross currency interest rate swaps	6,239	13,471	154	154	421	3,918	8,824
<b>Total liabilities in a hedging relationship</b>	<b>100,001</b>	<b>149,898</b>	<b>1,910</b>	<b>1,910</b>	<b>3,933</b>	<b>14,454</b>	<b>127,691</b>
<b>At 31 March 2017</b>							
Trade and other payables	2,523	2,523	2,523	-	-	-	-
Wholesale bonds	139,869	147,481	92,084	1,071	2,143	52,183	-
Retail bonds	277,568	369,563	6,888	6,888	13,775	113,981	228,031
Interest rate swaps	4,811	7,296	2,330	979	1,993	1,994	-
<b>Total liabilities not in a hedging relationship</b>	<b>424,771</b>	<b>526,863</b>	<b>103,825</b>	<b>8,938</b>	<b>17,911</b>	<b>168,158</b>	<b>228,031</b>

**R**

**Credit risk**

The Group is exposed to credit risk in the normal course of business arising from trade receivables with its customers, financial derivatives and transactions (including cash balances) with financial institutions. Maximum exposures to credit risk at 31 March 2018 relate to bank balances of \$21.5 million (2017: \$67.8 million) and trade receivables of \$14.8 million (2017: \$13.1 million). No security is held for these amounts.

Cash is held with counterparties approved under the Group's Treasury Policy. At 31 March 2018 cash was held with ANZ Bank New Zealand and MUFG Bank, Auckland Branch. Derivative and cash transactions are limited to high credit-quality financial institutions. The Group's exposure and the credit ratings of counterparties are monitored, and the aggregate value of transactions are spread amongst approved counterparties in accordance with the Treasury Policy.

The Group has exposure to various counterparties in the ordinary course of business. 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 2018, 75% of trade receivables were due from the top ten largest debtors (2017: 76%) and 16% of trade receivables were overdue (2017: 10%). 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 2018**

**D. OTHER NOTES**

**D1. Subsidiaries**

	Balance Date	2018 Holding	2017 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 that commenced trading on 1 April 2012. 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.

**D2. Related parties**

The Group is 66% owned by NZ Airports Limited, which is wholly owned by Infratil Limited. Wellington City Council owns the remaining 34% of the Group.

	Transactions for the year ended 31 March		Balance receivable/(payable) as at 31 March	
	2018	2017	2018	2017
	\$000	\$000	\$000	\$000
<b>Transactions made during the period</b>				
<b>Infratil and its subsidiaries</b>				
Infratil Group - subvention payments	(37,937)	(38,894)	-	-
Cityline NZ Limited - Airport Flyer Bus concessions	277	274	21	29
Infratil Limited - Insurance and other costs	(96)	(83)	-	-
<b>H.R.L. Morrison &amp; Co Limited</b>				
Directors' fees	(288)	(305)	(134)	(140)
Consulting and other fees	(18)	(48)	(3)	-
<b>Wellington City Council</b>				
Dividend payment	(11,937)	(12,059)	-	-
Directors' fees	(68)	(60)	-	-
Rates	(3,066)	(2,438)	-	-
Grants	1,743	1,508	-	-
Consents and compliance costs	(394)	(278)	-	-

Directors' fees of \$287,500 (2017: \$305,683) 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 services of T Brown, J Boyes and P Walker.

Directors fees of \$67,500 (2017: \$60,000) were paid during the year to the Wellington City Council, for the services of A Foster.

**Other related party transactions**

Under NZ IAS 24, the related parties of the Group include all key management personnel and directors. Transactions with key management personnel and directors fees are disclosed under note A4. In addition to the directors fees disclosed above, directors fees of \$89,000 (2017: \$12,272) were paid to A Gerry and \$85,000 (2017: \$77,200) to K Sutton for their services.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**D3. Financial commitments**

<b>Capital commitments</b>	<b>2018</b>	<b>2017</b>
	<b>\$000</b>	<b>\$000</b>
<b>Contracted but not provided for</b>	<b>41,188</b>	<b>32,229</b>

The commitments contracted but not provided for includes the multi level car park, hotel and taxiway 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:

	<b>2018</b>	<b>2017</b>
	<b>\$000</b>	<b>\$000</b>
Between 0 to 1 year	20,521	19,346
Between 1 to 2 years	16,418	17,683
Between 2 to 5 years	36,893	39,899
More than 5 years	8,106	15,698
<b>Total lease commitments to the Group</b>	<b>81,938</b>	<b>92,626</b>

*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:

	<b>2018</b>	<b>2017</b>
	<b>\$000</b>	<b>\$000</b>
Between 0 to 1 year	906	846
Between 1 to 2 years	805	803
Between 2 to 5 years	2,137	2,312
More than 5 years	1,230	1,853
<b>Total lease commitments of the Group</b>	<b>5,078</b>	<b>5,814</b>

**D4. Contingency and subsequent events**

There were no contingent liabilities at 31 March 2018 (2017: nil).

There were no events subsequent to 31 March 2018 to the date these financial statements are signed requiring adjustment or disclosure in the annual report.

**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 been assessed and 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 been assessed and 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 impact of the standard has the effect of taking the current leases that the Group are committed to (\$5m as disclosed in note D3 above) and recognising leased assets and liability in the balance sheet. A number of the leases have a renewal period of 20 years when the current lease terms end and were these to be renewed by at least one 20 year period, it is estimated the commitments would be between \$18m-\$20m.

**STATUTORY INFORMATION**  
FOR THE YEAR ENDED 31 MARCH 2018

**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
	H.R.L. Morrison & Co Limited	Executive
Jason Boyes	New Zealand Bus Company Finance Limited	Director
	New Zealand Bus Limited	Director
	H.R.L. Morrison & Co Limited	Executive
Andrew Foster	Wellington City Council	Councillor
Alison Gerry	Sharesies Limited	Chair
	Asteron Life Limited	Director
	Avokaha Limited	Director
	Lindis Crossing Vineyard Limited	Director
	Glendora Avocados Limited	Director
	Glendora Holdings Limited	Director
	Infratil Limited	Director
	On Being Bold Limited	Director
	Spark New Zealand Limited	Director
	Vero Insurance New Zealand Limited	Director
	Vero Liability Insurance New Zealand Limited	Director
Keith Sutton Independent Director	Te Tumu Paeroa Advisory Board	Member
	Eastland Group Limited	Director
	Eastland Port Limited	Director
	Eastland Network Limited	Director
	Gisborne Airport Limited	Director
	Gough Group Limited	Director
	Rural Livestock Limited	Director
	Sutton McCarthy Limited	Director
	The Van Diemen's Land Company	Governor
	Tasman Farms Limited	Chairman
	Tasmanian Land Company Limited	Chairman
Phillip Walker	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 2018

**Remuneration of Directors**

Fees paid and payable to Directors during the year were as follows:

Director name	Fees paid and payable to directors during the year	Annualised rate at end of the year
Timothy Brown (Chairman)	\$142,500	\$160,000
Jason Boyes	\$67,500	\$75,000
Keith Sutton	\$85,000	\$100,000
Andrew Foster	\$67,500	\$75,000
Alison Gerry	\$89,000	\$100,000
Phillip Walker	\$77,500	\$85,000

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
<b>Retail Bonds</b>		
Timothy Brown	\$100,000	-
Keith Sutton	-	\$3,000,000

**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 2018

**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	2
\$110,001 to \$120,000	4
\$120,001 to \$130,000	3
\$140,001 to \$150,000	2
\$150,001 to \$160,000	5
\$160,001 to \$170,000	1
\$170,001 to \$180,000	3
\$180,001 to \$190,000	2
\$190,001 to \$200,000	3
\$230,001 to \$240,000	1
\$250,001 to \$260,000	1
\$270,001 to \$280,000	1
\$300,001 to \$310,000	1
\$320,001 to \$330,000	1
\$360,001 to \$370,000	1
\$820,001 to \$830,000	1

In accordance with section 211(1)(g) of the Companies Act 1993, the remuneration above does not include unpaid amounts in relation to Executive long term incentive schemes, which are outlined in note A4.

**Diversity of personnel**

The Group recognises the value of a diverse and skilled workforce and is committed to maintaining an inclusive and collaborative workplace culture. Diversity is a key influence in the selection and promotion of employees and executives, and for the composition of the Board.

At 31 March 2018, the WIAL Board consisted of five male Directors and one female Director (31 March 2017: five male Directors and one female Director), and the Executive consisted of six male Executives and two female Executives (31 March 2017: 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.

### 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 four Directors, A Gerry (Chair), T Brown, K Sutton and P Walker 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.
- 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.
  - Provide oversight of WIAL's risks to ensure they are identified, managed, treated and reported appropriately.

The Audit and Risk Committee also has oversight of the following treasury management matters:

- review and recommend to the Board any changes to the treasury management policy;
- oversee the development of the strategy to implement the treasury management policy;
- recommend to the Board instrument types that may be used; and
- 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.

# COUNCIL CONTROLLED ORGANISATIONS SUBCOMMITTEE 30 MAY 2018

Absolutely Positively  
**Wellington City Council**  
Me Heke Ki Pōneke

## FIVE YEAR SUMMARY & STATISTICS

WIAL AIRPORT STATISTICS					
	2018	2017	2016	2015	2014
	000	000	000	000	000
<b>Passenger movements</b>					
Domestic	5,249	5,076	4,899	4,682	4,684
International	896	889	897	775	753
<b>Total</b>	<b>6,145</b>	<b>5,965</b>	<b>5,796</b>	<b>5,457</b>	<b>5,437</b>
<b>Aircraft movements</b>					
Domestic	77,515	78,496	79,541	78,448	81,744
International	6,293	6,554	6,523	5,526	5,742
Military, freight, private and other movements	11,318	9,764	10,985	9,232	9,055
<b>Total</b>	<b>95,126</b>	<b>94,814</b>	<b>97,049</b>	<b>93,206</b>	<b>96,541</b>
<b>Number of employees</b>					
FTE	107	99	94	94	90

WIAL CONSOLIDATED FINANCIAL RESULTS					
	2018	2017	2016	2015	2014
	\$000	\$000	\$000	\$000	\$000
<b>Summary of financial position</b>					
Non-current assets	1,146,146	1,000,217	938,926	805,327	799,478
Current assets	40,885	85,470	20,221	36,175	42,848
<b>Total assets</b>	<b>1,187,031</b>	<b>1,085,687</b>	<b>959,147</b>	<b>841,502</b>	<b>842,326</b>
Non-current liabilities	560,846	447,471	421,087	376,442	375,638
Current liabilities	40,919	125,356	31,420	26,952	26,356
<b>Total liabilities</b>	<b>601,765</b>	<b>572,827</b>	<b>452,507</b>	<b>403,394</b>	<b>401,994</b>
<b>Net assets/Shareholders' equity</b>	<b>585,266</b>	<b>512,860</b>	<b>506,640</b>	<b>438,108</b>	<b>440,332</b>
<b>Summary of profit and loss</b>					
Revenue	128,637	119,563	113,510	108,310	110,890
Operating expenses (excluding subvention payment)	(33,222)	(29,019)	(27,369)	(26,202)	(24,858)
<b>EBITDAF before subvention payment</b>	<b>95,415</b>	<b>90,544</b>	<b>86,141</b>	<b>82,108</b>	<b>86,032</b>
<b>Net profit after taxation</b>	<b>24,681</b>	<b>16,098</b>	<b>12,523</b>	<b>9,676</b>	<b>23,455</b>



# 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 22:

- i. present fairly in all material respects the Group's financial position as at 31 March 2018 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 2018;
- 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 profit before tax. We chose the benchmark because, in our view, this is a key measure of the group's performance.

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### 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 recorded at fair value**

As disclosed in note B1 of the financial statements, the group has land, buildings and civil assets recorded at fair value of \$912,479,000 (2017: \$853,184,000). The group has a policy of having the assets revalued at least every 5 years by an independent valuer. A revaluation of land and buildings was carried out as at 31 March due to identified changes in market costs. The last independent valuation of civil works 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.

The assumptions that have the largest impact on the valuations are:

- The potential value of the airport land if there was no airport on the site primarily driven by weighted average cost of capital;
- 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.

Our procedures to assess the fair value of property, plant and equipment included, amongst others:

- Assessing 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:
  - underlying cash flows and discount rate used to calculate the dollar per hectare.
  - 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

##### **Valuation of investment property**

As disclosed in note B2 of the consolidated financial statements, the group has investment property of \$81,861,000 (2017: \$69,795,000). 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 cost of capital, 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 cost of capital 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.



#### **Use of this independent auditor's report**

This independent auditor's report is made solely to the shareholders as a body. Our audit work has been undertaken so that we might state to the shareholders those matters we are required to state to them in the independent auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the shareholders as a body for our audit work, this independent auditor's report, or any of the opinions we have formed.



### **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](https://www.xrb.govt.nz/Site/Auditing_Assurance_Standards/Current_Standards/Page1.aspx)

This description forms part of our Independent Auditor's Report.

The engagement partner on the audit resulting in this independent auditor's report is Graeme Edwards.

For and on behalf of

KPMG  
Wellington  
15 May 2018