
ACTIVITY REVIEW:

Wellington Zoo Trust (CAPEX - C046, OPEX - CX125, CX340)

1. Purpose of Report

In line with the requirements of Local Government Act (LGA) 2002, the Wellington City Council is developing its 2006-09 Long Term Council Community Plan (LTCCP). As part of this process Council needs to review its activities to ensure that its work aligns with the outcomes the community seeks and delivers services to the community in the most effective and resource efficient way. This report has been prepared as part of the overall activity review process being conducted and focuses on the services provided by the Wellington Zoo Trust under activity:

- 7.1.8 (Funder – Wellington Zoo Trust)

2. Executive Summary

The Council has a long association with the Zoo and sees it as a community asset that is a facility for promoting conservation and education. These primary objectives match well with the Zoo's key goals of animal well-being, conservation and learning. While the Zoo's current strategic alignment with Council outcomes cannot be considered strong, there has been a commitment from Council to examine the Zoo's future capital investment programme in the coming year in the form of a revised business plan.

The Council is the major financial contributor to the Zoo, currently providing OPEX of \$3,178k and CAPEX of \$2,945k per annum to the Zoo as a Council Controlled Organisation on an ongoing basis. This represents 61% of the Zoo's current operating expenditure.

The Zoo has met performance targets agreed to by the council in regards to conservation and education and to a large extent the targets for its secondary focus of tourism.

This report focuses on possible delivery options for the Zoo. Options examined include:

- the status quo
- returning the Zoo to the Council as an internal business unit
- the potential benefits to investigating a possible joint venture arrangement between various 'conservation' CCO's and CO's in Wellington. While this option needs to be investigated more thoroughly, it does provide the potential benefit of a more combined and focused approach to conservation, education, marketing and visitor attractions for the city.

Because the Council has asked for this business plan to be prepared on this future investment in the Zoo, it is recommended that service levels not be reviewed or changed until this is received and a decision on it is made.

3. Recommendations

It is recommended that the Committee:

1. *Receive the information.*
2. *Note that Councillors have indicated through a series of decisions a desire to retain the Zoo*
3. *agree to defer a decision on the Zoo's service levels until the Zoo Capital Programme business case has been received and reviewed*
4. *agree to further investigate the possibility of other Wellington Region Territorial Local Authorities contributing to the Zoo as part of the Regional Investment Strategy*
5. *Direct officers to investigate the options for a combined approach across various conservation/environment-related visitor attractions in Wellington*

4. Overview of Activity

4.1 Functions

History- Development of Wellington Zoo

Wellington Zoo began in 1906, when Bostock and Wombwell's Menagerie gave a tame lion to the Wellington City Corporation. The lion, King Dick, was housed at the Botanic Gardens alongside a few monkeys and an emu.

In 1907, a portion of Newtown Park situated on the Town Belt was set aside and all animals at the Botanic Garden were moved there. At that time, public support for a zoo was high, reflecting the growth in the number of zoos all around the world. Thus began the first zoo in New Zealand, and Wellington City Council's involvement in the zoological industry. In 1908 the first zoo curator was appointed.

A core service review in 1996 found that the Zoo was not a core service of Wellington City Council.

In 2003, following public consultation, a decision was made to establish Wellington Zoo as a charitable trust. This decision was made to allow the zoo to establish a better, more responsive governance and management structure, increasing efficiency and improving the overall quality of the zoo experience.

The Wellington Zoo Trust formed on the 1 or July 2003 after previously being a council business unit in order to attract private sector sponsorship.

Council Expectations of the Zoo

Wellington Zoo is seen first and foremost as a key community asset for the city. The Council believes that the Trust's primary focus should be on developing and maintaining the Zoo as a quality facility for promoting animal conservation and education to Wellington region residents. With this in mind, the achievement of any tourism benefit should be a secondary objective for the trust and should only be a consideration in the context of minimising reliance on Council funding.

The Zoo's Strategic Goals

The purpose of the Zoo, as outlined in its Draft Summary Business Plan 2005/06, is:

“Wellington Zoo exists to bring animals in their environments and people who visit, on site and online, together. Individuals, families and other groups experience shared learning about the wonder and beauty of the natural world beyond themselves. Special moments of connection are built on by the Zoo to inspire visitors to respect the natural world and to understand their part in securing a sustainable future for it and for us within it”

The goals that the Zoo has set for itself are:

1. Our animals' well being

The Zoo is known throughout Australasia for the high quality of the animals' environment and for our husbandry and welfare practices.

2. Conservation

The Zoo is a community leader shaping visitors' views on the need for conservation.

3. Learning

Visitors have memorable learning experiences based on exploration, discovery and fun.

Council's Involvement

Council's involvement in the Zoo is primarily historical in nature and has been continued for the following reasons:

- providing a recreation activity for residents of Wellington, particularly family groups
- contributing to the local economy through its ability to (attract and) entertain visitors to the City, particularly domestic tourists, both regional and to a lesser degree national
- reinforcing principles of environmental sustainability
- educating its visitors about the conservation ethic.

APPENDIX F

External Environment – Other Zoo's

	Auckland	Hamilton	Wellington
Number of Animals	Approx 1,000 animals	Approx 440 Animals	Approx 400-450 animals
Size	N/A	Approx 25 hectares	13 Hectares
School student visitor numbers	27,600	8,851	13,351
Gate Admissions \$	\$3,720,000 (2004/05)	N/A	\$928,000 (2004/05)
Sale of Goods	\$660,000 (2004/05)	N/A	\$208,000 (2004/05)
Staff	Total 121 (86.64 FTEs) (65 Full time, 20 Part-time, 26 casual and 10 temp)	N/A	Total 59 (55 Permanent, 4 casual)
Volunteers	129 (equivalent to 11 FTE's) (21,000+ hours)	N/A	34 (6829 hours)

Admission Prices

		Auckland	Hamilton	Wellington	
Zoo as a destination	Number of visits 2004/05	556,453	121,721	167,782	
	Entry prices 2005 (concession prices and education group prices not included)	Adult	\$16.00	\$10.00	\$12.00
		Child	\$8.00 (4-15 years)	\$5.00 (2-17 years)	\$6.00 (3-16 years)
		Senior Citizens	\$12.00 with ID	\$7.50	\$6.00
		Students	\$12.00 with ID	\$7.50	N/A
		Other	N/A	\$7.50 Beneficiaries	\$6.00 community services card/passport to leisure holder

A like-for-like comparison between Auckland and Wellington Zoo's is difficult because of different reporting of information within the financial statements to be sure of

APPENDIX F

accurate comparisons. With these limitations in mind, the following analysis should be treated with caution.

Unsurprisingly given the population pool available to Auckland Zoo (projected to be 1.35 million for the Auckland region in 2006), the admissions income from Auckland Zoo is 401% higher than that of Wellington Zoo (\$3,720k vs. \$928k).

Auckland Zoo received \$664k in community support in the form of grants, donations and memberships in 2004/05 compared with \$155k in similar support for Wellington Zoo.

From the information available, Auckland Zoo's total personnel cost for 2005 was \$3,760k (up from \$3,358k in 2004) compared to Wellington Zoo's \$2,325k. As mentioned earlier, Auckland Zoo has approximately twice as many staff as Wellington Zoo (121 vs. 59).

Auckland Zoo spends more than twice the amount Wellington does on advertising (\$395 vs. \$167k).

Other contextual information that should be considered is:

- Auckland serves a larger community in terms of absolute numbers and receives a degree of support (approx \$110k in 2004/05) from surrounding TA's other than Auckland City.
- The television series "The Zoo" has raised the profile of Auckland Zoo and has had a positive impact on its attendance numbers.
- Auckland has recently increased their admission charges by around \$3 per adult ticket with no notable impact on visitor numbers.
- Wellington Zoo states that its attendances are strongly weather dependent with poor weather negatively affecting admissions.

While acknowledging the limitations of the data mentioned, it is possible to make some tentative conclusions.

It appears that Auckland can meet their fixed costs because of their high attendances, and invest in new attractions.

Early in 2005, Positively Wellington Tourism undertook a benchmark analysis of a number of attractions around New Zealand when attempting to set realistic visitor numbers and the expected level of market penetration for the Karori Wildlife Sanctuary. This analysis provides useful contextual information when considering the Zoo's attendance figures.

APPENDIX F

	Total	International Visitors	Domestic Visitors	International Penetration Rates	Domestic Penetration Rates
Te Papa	1,344,492	544,654	334,510	92%	15%
Wellington Zoo	160,000	16,900	45,630	2.8%	2.1%
Auckland Zoo	550,000	N/A	N/A	N/A	N/A
Orana Park	120,000	36,000	18,000	3.6%	0.8%
Willowbank Reserve – Christchurch	95,000	42,750	4,750	12.5%	1.4%
Kelly Tarlton’s Aquarium	370,000	180,000	190,000	13.3%	7.7%

Key Components of the Activity

Staff

The zoo employs 55 permanent staff and 4 casual staff.

4.2 Financial Overview – Current and Future Funding

The financial projections detailed below are sourced from the 2005/06 Annual Plan. A final decision on Council’s funding of the revised Zoo Capital Programme will be made in the draft annual plan round in March/April 2006. Therefore the figures provided here may not truly reflect the actual cost to Council in the future.

As stated below, the cost to Council will be \$3.178 million in operating expenditure and a total of \$2.945 million in capital expenditure in the 2005/06 financial year. This represents operating funding to the Zoo of \$2.3 million with the difference being made up of depreciation and interest.

Net operating expenditure – Current (2005/06) and projected for 8 years.

Annual Plan 04/05 \$000	Annual Plan Project		Forecast 2005/06	Proposed 2006/07	Proposed 2007/08	Proposed 2008/09	Proposed 2009/10	Proposed 2010/11	Proposed 2011/12	Proposed 2012/13
3,113	CO46	Wellington Zoo Trust Funding	3,178	3,539	3,459	3,729	4,043	4,320	4,500	4,535

APPENDIX F

Net capital expenditure – Current (2005/06) and projected for 8 years.

Annual Plan 04/05 \$000	Annual Plan Project		Forecast 2005/06	Proposed 2006/07	Proposed 2007/08	Proposed 2008/09	Proposed 2009/10	Proposed 2010/11	Proposed 2011/12	Proposed 2012/13
406	CX125	Zoo Renewals	195	210	135	155	140	115	150	120
1,160	CX340	Zoo Upgrades	2,750	3,800	2,320	3,050	2,520	1,470	1,430	1,430

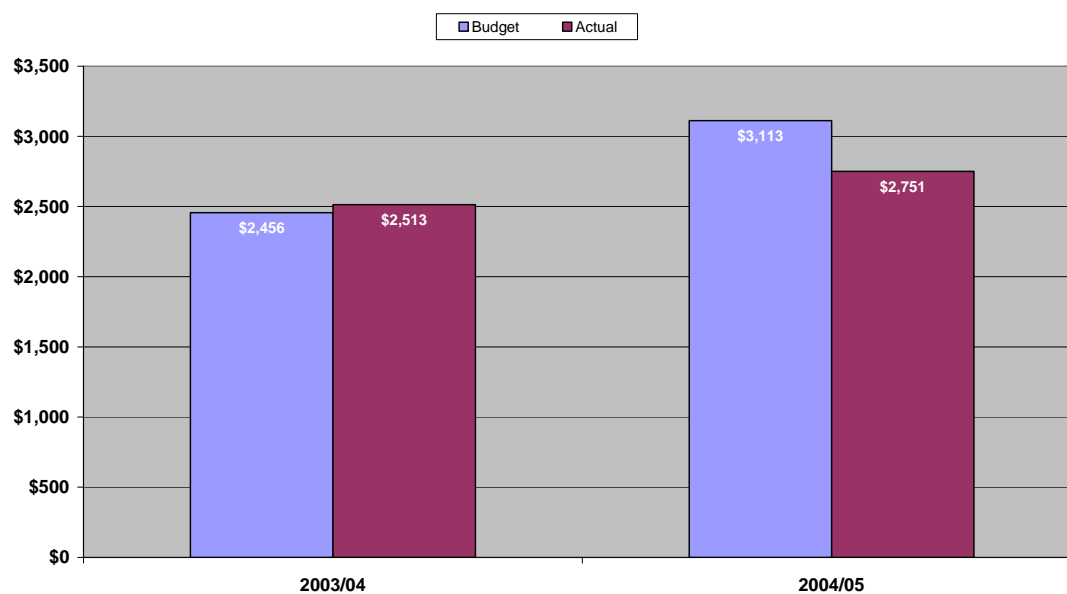
Source: WCC Annual Plan 2005/06

Past Financial Performance¹

Summary Financial Position

The surplus displayed in the 2004/05 year arises due to the recognition of vested assets.

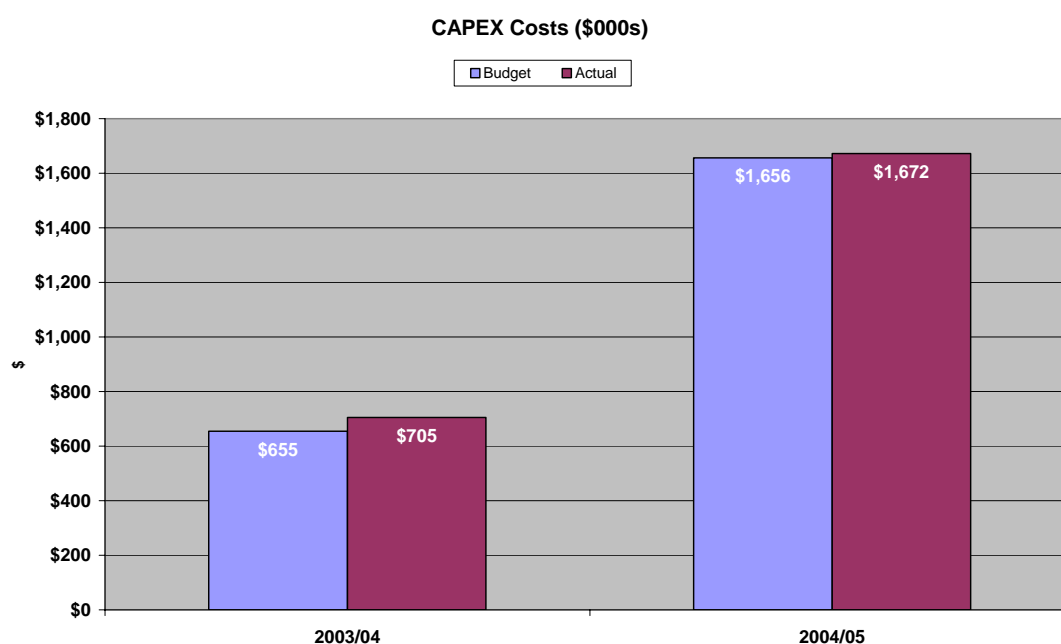
OPEX Net Cost (\$000's)



Source: WCC Annual Plan 2005/06

¹ As noted earlier, the CAPEX component of the Zoo's funding is dependant on the adoption of the Zoo Capital Programme during the DAP round in 2006. With this in mind further discussion of the Zoo's financial performance will be limited to the OPEX component.

APPENDIX F



Source: WCC Annual Plan 2005/06

It should be noted that the budget figure for 2004/05 in the graph above includes carry-forwards.

In the 2003/04 financial year the Zoo received \$2.393 million in operating grants from Wellington City Council. As can be seen in the table below, this represented 61% of the total operating income for the Zoo. The rest of the Zoo's funding is sourced from fees and user charges (admissions) 23%, other corporate income 6%, Sale of Goods 5%, Grants and Donations 4%, and Ministry of Education Grants 1%.

Operating Revenue	2005	2004
Admissions	23%	21%
Sale of Goods	5%	5%
Other Corporate Income	6%	5%
Ministry of Education	1%	2%
Wellington City Council	61%	55%
Grants and Donations	4%	11%

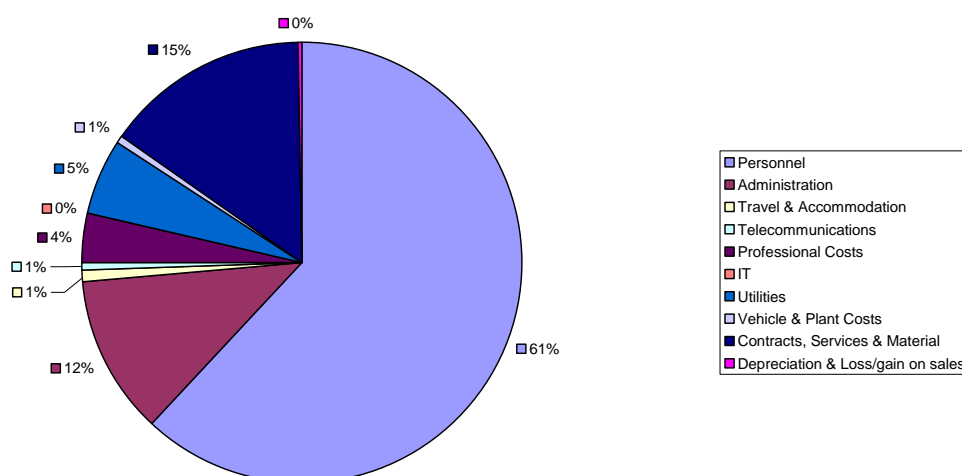
Source: Wellington Zoo Trust – Financial Statements Year End 30 June 2005

How is the money spent?

As can be seen in the graph below, the majority of the Zoo's operating expenditure is taken up in personnel (61%) and administration (12%) costs.

APPENDIX F

Zoo Operating Expense Analysis - 2004/05 Actual



The table below shows an indicative analysis of the subsidy provided per visitor for the funding provided by each respective city council. As can be seen, the subsidy per visitor is vastly different with Auckland City Council effectively providing a subsidy of \$1.77 compared to Wellington City Council's subsidy of \$14.26. While this difference is large it is not necessarily surprising given the ability of Auckland Zoo to capture large scale private sponsorship.

	Funding 000's	Visitor numbers	Subsidy per visitor	% of funding from Council
Auckland (04/05 figures)	985	556,453	\$1.77	16%
Hamilton* (04/05)	1,944	121,721	\$15.97	N/A
Wellington (04/05)	2,392	167,782	\$14.26	61%

* Hamilton Zoo is run as an internal business unit of Hamilton City Council. This calculation does not take into account \$672k in revenue the Hamilton Zoo collects.

The Zoo aimed to attract 158,700 visitors in 2004/05. This represented an average subsidy per visitor of \$14.70 per person. Both of these targets were met in 2004/05. The actual average subsidy per visitor was \$14.26

4.3 Inter-linkages (internal and external)

Wellington Zoo is home to around 400-450 animals all of which are part of the Australasian Species Management Programme (ASMP). This programme works to increase animal species numbers through breeding and involves exchanging animals between zoos in the Australasian region to encourage new blood lines.

APPENDIX F

Wellington Zoo is also a member of the Australasian Regional Association of Zoological Parks and Aquaria (ARAZPA); an umbrella organisation for zoos in the Australasian region. Zoos under this organisation are committed to cooperatively managing their animal collections in ways that promote their sustainability and value as a conservation resource.

In a broad partnership with Te Papa, Victoria University of Wellington, Karori Wildlife Sanctuary, and Pukaha/Mt Bruce National Wildlife Centre (Department of Conservation) the Zoo is working to develop a comprehensive and integrated conservation programme based on the New Zealand wood pigeon, the kereru.

A close working ongoing relationship with Karori Wildlife Sanctuary exists

4.4 Performance data

The table below outlines the actual performance of the Zoo against targets for the performance measures agreed to by the Council and the Zoo Trust.

Council Expectations	2004/05 Target	2004/05 Actual	Comment	2005/06 Target
Primary Focus - Conservation				
Conservation Programme Managed Species (% of Collection)	27%	36%	Achieved	30%
Animal Wellbeing – Compliance with Animal Welfare Act Requirements	100%	100%	Achieved	Requirements met
Primary focus - Education				
Number of School Visits (students)	12,300	13,351	Achieved	14,000
Learning Outcomes – effectiveness	>90%	100%	Achieved	>95% of teachers agree learning was effective
Secondary Focus – Visitor Attraction				
Number of Visitors	158,700	167,782	Achieved	170,000
Average Subsidy per Customer	\$14.70	\$14.26	Achieved	\$13.90
Average retail income per Customer	\$7.95	\$8.21	Achieved	>\$7.95

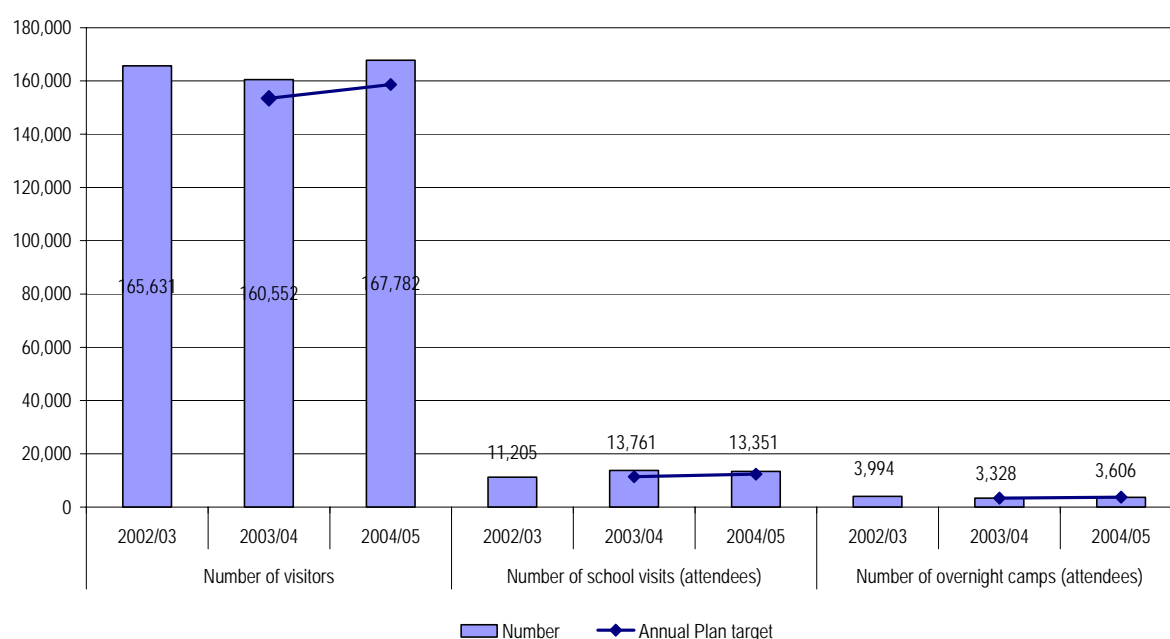
APPENDIX F

Average Income per Visitor	>\$9.90	\$9.43	Achieved 95% of target	>\$10.00
Number of Sleepover Participants (participants)	3,700	3,606	Achieved 97% of target	3,700
Ratio of generated Trust income as % of WCC grant	N/A	N/A	N/A	70%

Source: Wellington Zoo Annual Report, 2004/05

As can be seen in the table above, the Zoo successfully achieved 7 of the 9 measures outlined for 2004/05, with the remaining 2 measures being very close to meeting their targets.

NUMBER OF VISITORS, THE NUMBER OF SCHOOL VISITORS AND THE NUMBER OVERNIGHT CAMP VISITORS



Source: Wellington Zoo

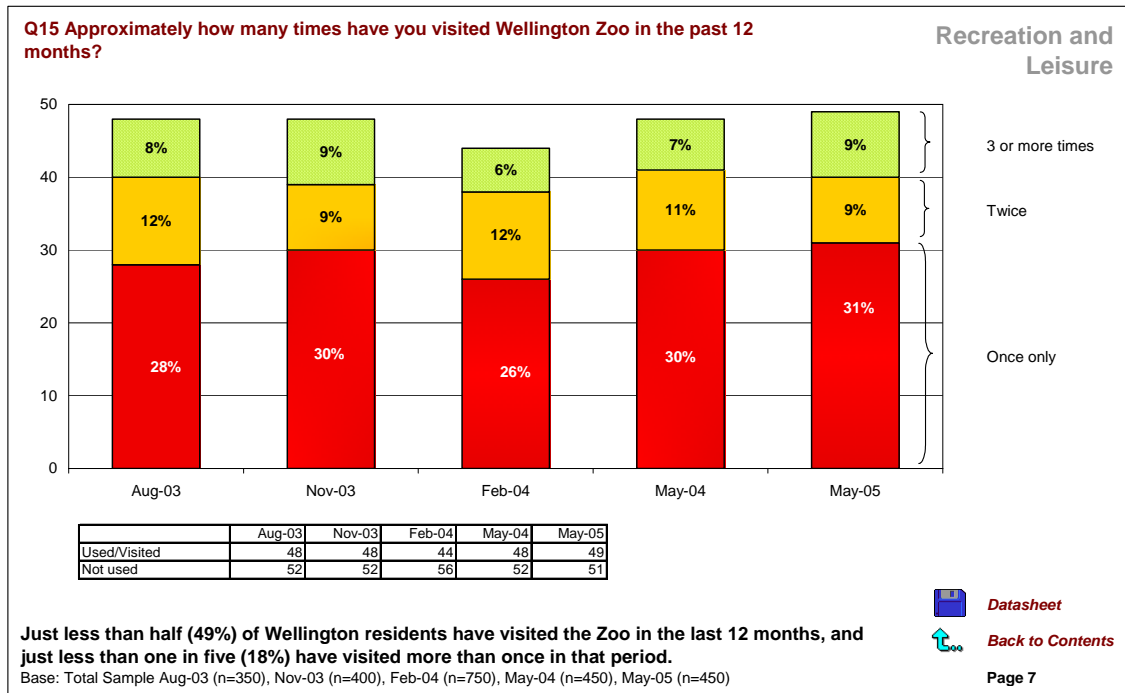
In 2004/05, Wellington Zoo had 167,782 visitors. This result exceeded both the 2004/05 Annual Plan target (158,700 visitors) and the previous year's achievement (160,552 visitors).

The number of school student visitors (13,351 visitors) declined slightly from the previous year (13,761 visitors), but still met the Annual Plan target (12,300 visitors).

The number of visitors attending overnight camps (3,606 visitors) improved from the previous year (3,328 visitors), but fell short of the Annual Plan target (3,700 visitors).

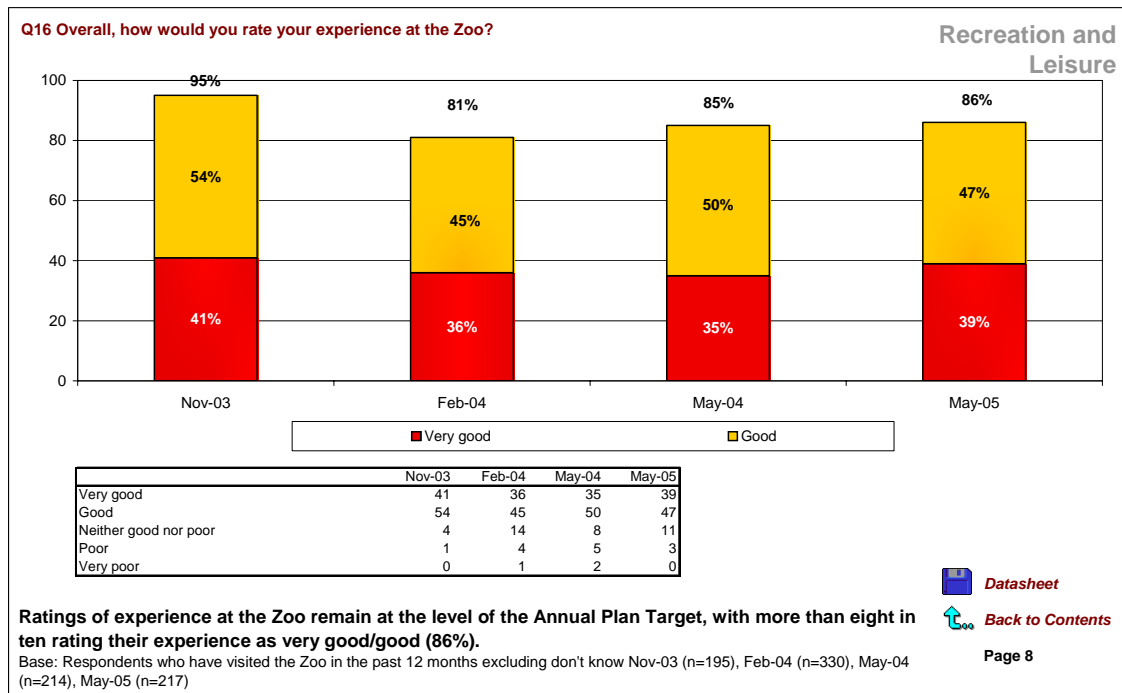
Visits to Zoo (RSS May 2005)

Just less than half (44%) of Wellington residents have visited the zoo in the last 12 months, just less than one in five (18%) having visited more than once in that period. Residents less than 40 years of age tend to be more frequent visitors than those 40 or more years of age (21% compared with 12% respectively having visited more than once in the last 12 months). Those with children under 5 years of age appear to visit more frequently than average (34% indicating they have visited 3 or more times in the last 12 months, compared with 10% of residents on average).



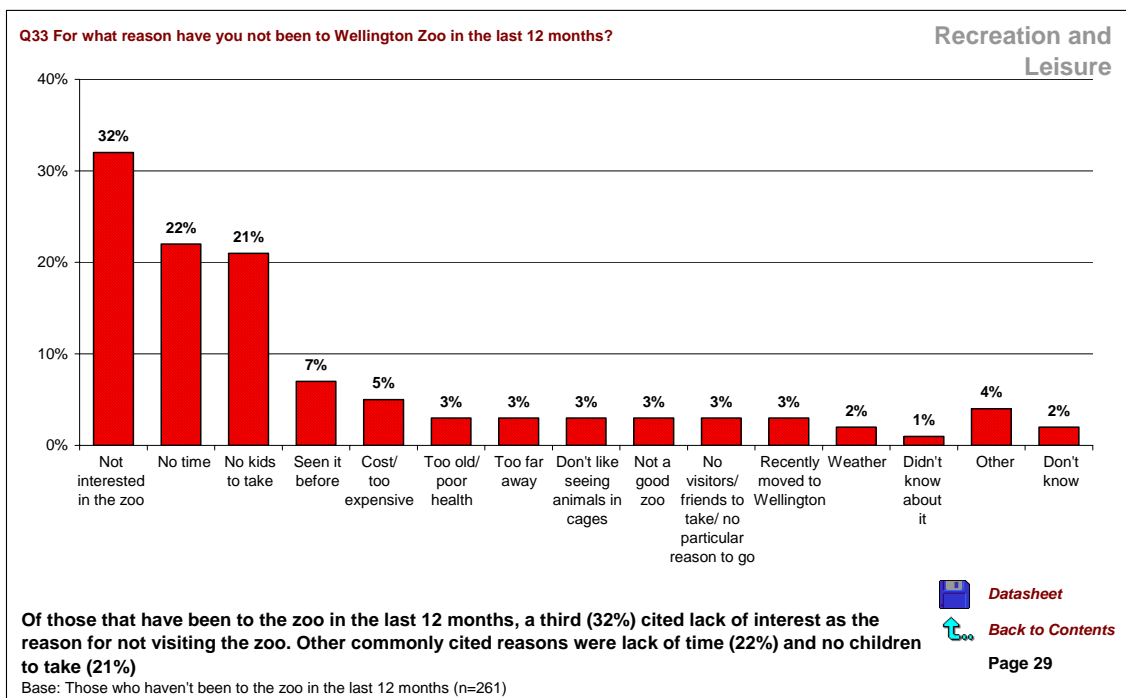
Rating of Zoo Experience (RSS May 2005)

Ratings of the experience at the zoo are now above the Annual Plan Target of 85% rating very good or good, with more than nine in ten rating their experience as very good (41%) or good (51%). This is an increase on the 85% rating recorded in May 2004.



Reasons why people haven't been to Zoo (RSS August 2004)

The most commonly cited reason for not visiting the zoo in the last 12 months is a lack of interest (32%). Other commonly cited reasons include; lack of time (22%) and that there are no children to take or that children are older and have left home (21%).



5. Strategic Alignment

5.1 Alignment to Council Outcomes and Priorities

The strategic link between the Zoo and the new council outcomes is not particularly strong. Nor has the Zoo been identified as a Strategic priority by councillors for the first three years (July 2006-June 2009) of the LTCCP 2006-2016.

However the Council has signalled through a series of decisions a desire to retain the Zoo and has recently requested a business case on the Zoo Capital Programme.

While the strategic alignment of the Zoo is not strong, Wellington Zoo biodiversity is listed as a facilitator of the Environmental Strategy despite biodiversity not explicitly being stated as a goal of the Zoo in its business plan.

However, a strategic priority with relevance is the biodiversity action plan which was ranked 17th out of 23 priorities listed.

Core Outcomes	Ancillary Outcomes
<p>The activity directly contributes to the following strategic outcome:</p> <p><i>Outcome 10: Healthier</i> (as outlined in the Environmental Strategy)</p> <p><i>Wellington will protect and restore its land and water-based ecosystems to sustain their natural processes, and provide habitats for a range of indigenous and non-indigenous animals.</i></p> <p>Biodiversity and the ecosystems that support this biodiversity are potentially valuable sources of genetic material for future medical and technological advances. Biodiversity is also important because it represents the complex interplay of biological and physical elements that supports a thriving environment – one that produces the natural resources we use and the natural amenities we view, experience and treasure.</p> <p>Protecting ecosystems and biodiversity will mean:</p> <ul style="list-style-type: none"> • Providing natural habitat for a range of species • Showcasing biodiversity at public facilities 	<p>The activity will also contribute to the following strategic outcomes:</p> <p><i>Outcome 1: More Liveable</i> (as outlined in the Environmental Strategy)</p> <p><i>Wellington’s natural environment will be accessible to all, for a wide range of social and recreational opportunities that do not compromise environmental values.</i></p>

- Planting appropriate species and controlling invasive pest plants
- Managing animal pests

Outcome 12: More competitive (as outlined in the Environmental Strategy)

Wellington’s high-quality natural environment will attract visitors, residents and businesses.

Wellington has a competitive advantage in the quality of the natural environment that it offers tourists, potential residents, and potential businesses. This advantage is based not on resource extraction, but on the ample opportunities for appreciating and engaging with the natural environment while preserving it for future generations.

High-profile, public facilities that support the eco-tourism industry are particularly important in attracting short-term visitors. Additionally, many other Council activities such as parks and gardens, walkways, and sewage treatment contribute to Wellington’s quality natural environment. These basic environmental services, as well as valued amenities like the open space network, are particularly important in attracting and retaining residents and businesses.

Fostering the competitive advantage offered by Wellington’s superior and accessible natural environment will mean:

- showcasing biodiversity at public facilities
- marketing Wellington’s natural environment to tourists, potential residents, and potential businesses
- continuing to provide an accessible open space network
- continuing to provide the other environmental services that make Wellington’s natural environment special.

APPENDIX F

As seen above, the Zoo has links to several of the current Council outcomes and strategies. The table below gives an assessment of the strength of these links.

Outcome	Strategy	Strength of link
Healthier	Environmental	Strong/Moderate
More Competitive	Environmental	Moderate
More Liveable	Environment	Moderate
Stronger sense of Place	Economic Development	Weak

5.2 Local government/Council involvement

The Council has no legislative obligations to provide the blend of services and objectives (around the areas of recreation/leisure, conservation and education) that the Zoo provides. Although, historically, the Council has chosen to take a role in the provision of these types of services/activities in the City and specifically at the Zoo.

The Zoo is one of a group of ‘goods’ where exclusion is possible (and practised) but also characterised by non-rivalry in consumption, characteristics of marketable public goods. Because exclusion is economically feasible, a private supplier may come forward to provide the good. Many non-rivalrous, excludable public goods are produced by private firms.

The leisure aspect of the Zoo delivers private benefit to those who avail themselves of the service. However, some public benefit occurs through the Zoo’s ability to attract visitors to the city, and its conservation and recreation activities. Such benefits are not confined to the residents of Wellington – presumably among the beneficiaries are not only the “enlightened” visitor but also the residents of countries or regions whose native animal species are being conserved. The Zoo school also delivers both private and public benefit.

While examples of zoo’s operating privately as a non-public entity exist (e.g., Orana Park in Christchurch) there are very few zoos, particularly in Australasia, that do not require some form of public subsidy or other financial support. In fact, without this support, provision of a zoo by the private sector has failed e.g. Kapiti’s Lion Safari Park.

If the Council chooses to cease funding and exit from the activity, the likely result would be the eventual closure of the Zoo.

6. Delivery Options

As mentioned earlier, the Council’s expectations of the Zoos focus is primarily that of developing and maintaining the zoo as a quality facility for promoting animal conservation and education to Wellington region residents. A secondary objective is that of any tourism benefit should only be considered in the context of minimising reliance on Council funding. In this way the Zoo can be viewed as a community asset.

APPENDIX F

As stated in the performance section earlier in the report the Zoo has by and large achieved the financial and non-financial performance measures for the 2004/05 year, agreed by the Council in relation to the Council's desired focus for the Zoo.

While the Zoo has predominantly met its financial performance measures, there is the likelihood that the Zoo will never be self-sufficient in the way that the Karori Wildlife Sanctuary or the Marine Education Trust are hoped to do. This is because of the point of difference these attractions are able to have that attracts more national and international visitors. Realistically the Zoos' funding should be considered alongside the funding provided to these similar organisations and within the context of a council policy on visitor attractions and/or a policy on biodiversity or conservation.

- Sponsorship – the sponsorship market is tight with a small pool of money available. Even a smaller amount of funding is available for an organisation such as the Zoo. The Zoo received just \$155k of private grants and donations in 2005 down from \$406k in 2004.
- Local & Central government – most zoos are primarily funded by local authorities as the benefit brought from a zoo is seen to be primarily locally based. This is especially the view if the zoo is primarily seen as a visitor attraction or community asset. If the focus or view of the zoo is more concerned with biodiversity or conservation the potential benefit widens to beyond the immediate locality. If this benefit is seen to be national or international the option of central government funding becomes a possibility. As does the potential for different Zoos' around the country combining to position themselves as more desirable funding options for regional TLA's or central government agencies.
- If Council sees the primary purpose of the Zoo to be that of visitor attraction money would have to be spent on making the Zoo attractive to international and national visitors and returning local visitors. In order for this to be done the right 'focus' of visitor attractions i.e. animals must be considered. This opens up the possibility of a niche Zoo whether it be focused on exotic animals that act as a point of difference both within the region and nationally or that of an attraction that builds on and complements the activities of existing similar operations already present in an area such as the Karori Wildlife Sanctuary.

If Council sees the primary purpose of the Zoo as a venue of, or organisation for, biodiversity or conservation the Zoo should be encouraged to form partnerships or merge with other Zoos around the country and attempt to seek central government funding. Again this option lends itself to the development of a niche Zoo in terms of providing 'biodiversity' for indigenous or non-indigenous animals.

6.1 Status Quo

The Council has asked for a business case to be prepared on the \$20 million Zoo Capital Programme. On this basis the assumption has been made that Council will continue to be involved in the Zoo.

6.2 The Zoo is re-established as a Wellington City Council Business Unit

The core service review undertaken in 1996 when the Zoo was an internal business unit of Council commented that the existing governance arrangements were not conducive to the Zoo developing its potential. This was because, as a business unit in Council, the Zoo has to compete with other larger (and core) services and is tied to the Council's annual planning and funding cycle. It cannot independently source capital, and is constrained in its ability to win corporate sponsorship or access grant money. Wellington Zoo would be in a better position and be more customer focused if it were able to act more entrepreneurially.

It was the conclusion of the 1996 core service review of the Zoo that

“It appears that current Council involvement in the Zoo, both in terms of reporting and accountability frameworks and business development opportunities, is not assisting the Zoo to realise its potential and enhance its strategic value.”

6.3 Change of the Zoo Trust's governance structure

A change to the Zoo's governance structure may provide the Council with more control over projects and budgets at the Zoo if this is desired. A possible option is to emulate the structure of Auckland Zoo.

Prior to local body reorganisation the Auckland Zoo was a Council department; the Director reported directly to the Deputy Town Clerk and business matters were referred to the appropriate Council committee. When reviewed, this process was found to be unsatisfactory; minimal time was devoted in committee to Zoo items, obtaining funding for long term capital works or funding from sources outside of Council was difficult, and it was difficult to enlist the assistance of community expertise.

When the Auckland City Council was reorganised, a Zoo Enterprise Board was formed within Council. The Board has authority to manage Zoo projects and budget, after the budget has been approved by Council. The Board reports directly to Council. (Hillsdale Zoo in Hamilton is also run by a Board of Management). The Council's involvement is limited to setting objectives, budgeting its own financial input and providing staff support services. The Board operated separately and is expected to increase efficiency, reduce costs to the ratepayer and remove the service from political influence.

An Auckland Zoo Trust was also established that is responsible for raising and receiving sponsorship

It should be noted that in a recent report to the Auckland Zoo Enterprise board it is stated that the future governance of the Zoo will be further investigated over the next year. The Auckland Zoo Charitable Trust has suggested that in order to increase funding from the corporate sector, the Zoo needs some autonomy from Auckland City.

It is also noted that over the past three years in order to sufficiently fund and resource Auckland Zoo, numerous new revenue streams have been developed making the Zoo's team far more focused on running a business than ever before. It was reported that this has been a significant change from what was previously viewed as more as a community service and staff have been challenged to run each revenue stream as a

business with bottom line reporting showing not only gross but focusing more on net figures which capture all overheads and expenses.

6.1 Investigate the option for a combined approach or governance structure across existing “conservation” CCO’s and CO’s

A combined and collaborative approach amongst organisations such as the Karori Wildlife Sanctuary and the Marine Education Centre could provide benefits to the Council and the city in relation to conservation and education while providing a tourism visitor attraction package at minimal cost to Council.

Merging of these organisations may result in some cost savings in relation to overheads and potentially marketing campaigns. It may also simplify the funding relationships between Council and the trusts.

This option is favoured by officers over the alternative delivery options outlined above, because of the potential benefits that could be obtained via the combined packaging of these activities.

Officers will look at this option in more detail if councillors believe it is worth investigating further.

7. Service Levels and Efficiency and Effectiveness

Naturally the service levels of the Zoo must be considered alongside the proposed Zoo’s Capital Projects Programme. The Council has provided the Zoo with funding to complete a business case on the following proposed programme.

A commitment to deliver ultimately on the 10 year ZCP by providing for completion of the projects scheduled in the first 5 years (dealing with the major animal welfare and health and safety concerns while at the same time securing some enhancement) and then subsequently agreeing the scope, content and phasing of further work to be undertaken from year 6 onwards.

With this in mind, it is recommended that a decision on funding or continued provision of the Zoo be deferred until the business case for the Zoo’s Capital Programme has been completed and analysed in mid 2006.

9. Conclusion

While the Zoo is meeting the performance targets agreed to by the Council, it is worthwhile examining potential changes to the structure of how it is delivered. A detailed financial analysis is required to quantify the cost of the options outlined as ultimately this may be the biggest driver of a decision. There is no overwhelming reason to change from the current governance structure.

Contact Officer: *Gavin Armstrong – Strategic Research Advisor - PPR*