

Karori Sanctuary Trust
DRAFT Statement of Intent
2009-10

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1 STATUS

The Karori Reservoir Wildlife Sanctuary Trust (the Trust) is incorporated under the Charitable Trust Act 1957. This Statement of Intent is prepared in accordance with the Funding Deed signed between the Trust and the Council on 19th November 2007.

2 VISION

Our vision is to be a world-class conservation site portraying our natural heritage that captures people's imagination, understanding and commitment (Karori Sanctuary Strategic Planning Session 13 October 2004). - a 500 year journey to restore our forest and freshwater ecosystems, a leader in eco-restoration, a model for other conservation projects and a place where people's understanding of our biodiversity and environmental issues is enhanced through their involvement, enjoyment, learning and experience, and their behaviours are influenced in their own environment.

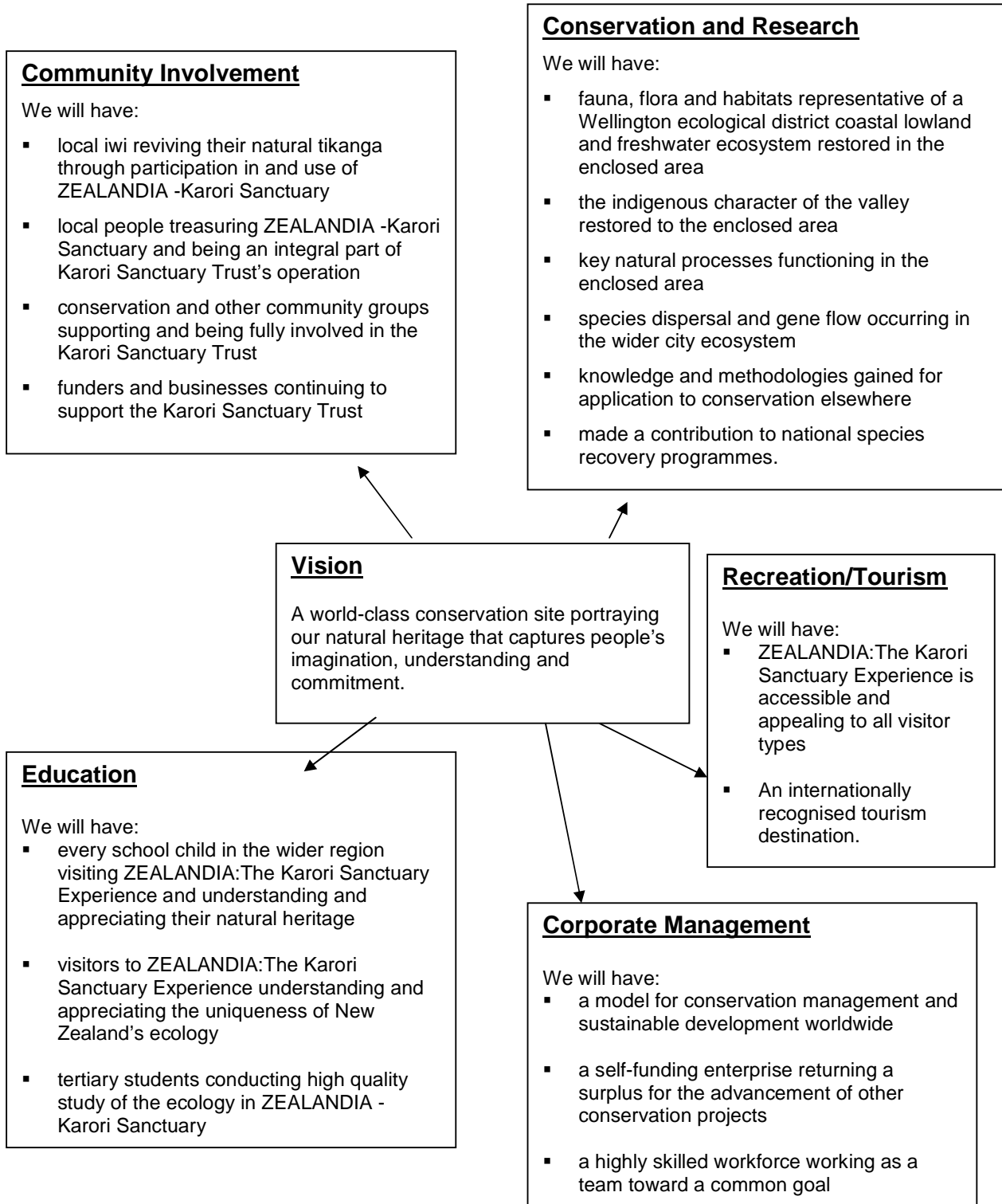
3 OBJECTIVES

The Karori Sanctuary Trust's Trust Deed (dated 1995, consolidated to 17 Oct 2007) states the objects of the Trust as follows:

- (a) 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.
- (b) To establish and maintain a secure native wildlife sanctuary in the Karori Reservoir in the City of Wellington.
- (c) To restore the reservoir area as closely as possible to its presumed pre-human state but allowing for construction of specific habitats to enhance its diversity and conservation values.
- (d) To provide facilities for recreation and tourism activities.
- (e) To seek and foster community support and participation.
- (f) To manage and manipulate such ecosystems as may be necessary to maintain requisite populations.

4 STRATEGIC GOALS/OUTCOMES

Our long term goals over the 500 year journey cover five strategic achievement areas as follows.



5. GOVERNANCE

The Trust was established in 1995 to establish a secure native wildlife sanctuary in the Karori Reservoir in the City of Wellington.

5.1 ROLE OF THE BOARD

The Trust Board is responsible for:

- Setting the strategic direction for the Trust
- Monitoring the organisation's performance
- Ensuring effective risk management practices.

The Trust Board approves the Statement of Intent and Annual Business Plan and delegates the day to day management of the Trust to the Chief Executive and her management team who report regularly to the Board.

5.2 BOARD MEMBERSHIP

The Trust Board appoints new or additional board members to a maximum of twelve persons. Trustees are chosen based on their skills with representations from Conservation Non-Government Organisations, the Tangata Whenua, and the immediately adjacent community. As part of the financial assistance arrangements between the Wellington City Council (WCC) and the Trust, two board members are nominated by WCC to represent the interest of the Council.

Name	Term Expires
Richard Bentley (Chairperson)	24.4.2010
Peter Allport	7.7.2010
Noel Todd	5.12.2011
Prof. Charles Daugherty	7.06.2010
Catherine Judd (WCC nominee)	30.06.2009
Andy Foster (WCC nominee)	17.11.2010
Peter Love (Tangata whenua)	22.8.2009
Dr. Colin Miskelly	20.10.2010
Stephen Fuller	5.12.2011

All Board members are non-executive and non-remunerated.

5.3 BOARD OPERATIONS

The Board meets at least eight times a year.

5.4 BOARD COMMITTEES

The Board currently operates two Committees:

1. Audit and Risk Committee (permanent)

Chair: Noel Todd (Trustee)
 Members: Richard Bentley (Trust Chairman)
 Warren Allen, Partner, Ernst & Young
 David Clarke, Partner, Russell McVeagh

2. Visitor Centre Project steering committee (for the duration of the Project)

Chair:	Richard Bentley (Trust Chairman)
Members:	Peter Allport (Trustee) Nancy McIntosh-Ward (Chief Executive)
Council independent observer:	Tim Harrod
Council relationship manager	Allan Prangnell (Manager Council Controlled organisations)

The Board establishes committees as required.

5.5 BOARD PERFORMANCE

The Board undertakes an annual review of the Chief Executive's performance.

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

- the chair by the board
- the board as a whole by the board.

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

5.6 COUNCIL'S REVIEW OF TRUST'S GOVERNANCE

In November 2008, Council agreed to provide additional funding to the Trust, subject to a number of conditions including a review of the current governance arrangements. The Trust acknowledged that it needs to take into account and implement any changes approved as a result of this review if it wishes to accept the additional \$1.9m loan funding from the Council.

6. NATURE AND SCOPE OF THE TRUST'S ACTIVITIES

6.1 CORE BUSINESS

The Trust's core business can be summarised as follows:

- Progressively restore the forest and freshwater ecosystems as much as possible to its pre human state.
- Develop self sustaining populations of wildlife that support natural dispersal or transfer to improve conservation outcomes elsewhere
- Carry out research in conjunction with partners to enable the delivery of its eco-restoration outcomes and to contribute to the national conservation outcomes.
- Provide opportunities for a range of visitors to enhance their understanding of conservation and environment issues and to influence their behaviour in their own environment.
- Provide a quality experience that will contribute to learning and to generate sufficient revenue to be self sustaining in the long term
- Provide curriculum linked education programme
- Provide opportunities for community involvement to enhance social and environmental outcomes.
- Fundraising from various sources to contribute to funding the operating costs of the organisation.

6.2 MEDIUM TERM FOCUS & STRATEGIES

The Karori Sanctuary Trust's focus for the next three years is to manage the transition of the current operations to a successful international conservation attraction within the current allocated Council funding. Key strategies to achieve this include the following.

- Complete the visitor centre and exhibitions and manage the risks to ensure the project is delivered on time, on budget and to a good quality
- Develop a integrated visitor experience and package new and existing products to meet targeted market needs
- Market and position ZEALANDIA - The Karori Sanctuary Experience to local, domestic and international targeted visitors, including working closely and in conjunction with Positively Wellington Tourism to ensure the potential of ZEALANDIA is fully realised in terms of visitor numbers while manage the local community expectations
- Establish capability and capacities at governance and management level to ensure strategies are delivered and change is managed
- Maintain its leadership in conservation management and sustainable development within an urban environment
- Continue fundraising programme to ensure the completion of the visitor centre project and to provide working capital during transition

7. CONTRIBUTION TO COUNCIL'S VISION AND OUTCOMES

The Karori Sanctuary Trust's Vision and Objectives align strongly with the Council's Vision Creative Wellington – Innovation Capital. It is the first fenced sanctuary of its kind in an urban environment and has developed ground-breaking efforts in conservation and restoration, and is now a model for other conservation projects and fenced sanctuaries in New Zealand and overseas and a much supported community asset of Wellington. Its next stage of development – the Visitor & Education Centre, will develop the sanctuary into an internationally recognised tourist attraction, further contributing to the vibrancy and competitiveness of the capital, increasing environmental awareness and community participation and enhancing the local sense of place, and help Council to achieve its vision of carbon neutrality.

The Karori Sanctuary Trust contributes specifically to the Environmental, Economic Development, Social and Recreation, and Cultural Well Being Strategic Areas as follows:

Council Strategic Area: Environment (2006/7- 20015/16 LTCCP)
<ul style="list-style-type: none"> • Increase promotion of water and energy efficiency and use of renewable energy sources. • Improve protection of streams • Address Biodiversity issues • Strengthen partnerships with stakeholders to increase environmental awareness, community participation, and the achievement of environmental goal

1. The Karori Sanctuary Trust's 500 year Restoration strategy has and will continue to directly contribute to Wellington protecting and restoring its land and water based ecosystems, to sustain their natural processes, and to provide habitats for a range of indigenous and non indigenous plants and animals. It contributes significantly to the region's biodiversity and eco-systems recovery.

For 2009/10 financial year, we aim to further release four native fauna species, plant 30 species of natives and target 44 exotic plant species for control and monitoring. We will work with DoC to address the removal of exotic fish in the Lake and with Waikato University and Niwa in respect of Algal Bloom Management.

2. The Karori Sanctuary Trust has strong partnerships with other stakeholders to increase environmental awareness:

- We work closely with Te Atiawa Tenth's Trusts and Te Puni Kokiri in promoting environmental awareness
- With schools, we aim to continue to develop our curriculum linked environmental education programme and to achieve 5,500 school children in 2009/10

- We work with organisations such as Forest & Bird, Rotary, Lions, DoC, TePapa, the Zoo, Otari and community at large via involvement in special events, promotion and projects. For example, Forest & Bird works with our community to provide plant nursery for us. Lions maintain the Upper Wetland area.
- We work closely with Council's Parks and Gardens Unit on various initiatives to enhance biodiversity including planting trees in school communities on Council's reserves
- We work with Regional Council in addressing plant pests, stream testing and environmental education programme
- Corporates and sponsors participates in events and corporate volunteer days directly contributing to conservation work
- With our members we share information and encourage participation through events, member seminars and specific campaigns
- With our volunteers we share information and provide opportunity for involvement at grassroots
- With Universities (both New Zealand and overseas) and Industry partners we work together via research projects and as a site for research and teaching

3. ZEALANDIA: The Karori Sanctuary Experience

- Will tell a New Zealand Conservation story which will further enhance visitors understanding of biodiversity and environmental issues and help influence their behaviour in their own communities
- Will provide financial sustainability which allows the Karori Sanctuary Trust to continue its ground breaking research and restoration programmes and further increase natural biodiversity.

4. The Visitor & Education Centre adopts environmentally sustainable design practices and seeks to contribute to the City's aim of sustainable development.

5. The Karori Sanctuary Trust participates in the restoration of the Kaiwharawhara Stream catchment.

Economic Development (2006/7- 20015/16 LTCCP)
<ul style="list-style-type: none"> • Contribute significantly to the completion and successful implementation of the Wellington Regional Strategy • Strengthen and further develop the city's status as a centre of creativity and innovation

1. As the first urban fenced sanctuary in New Zealand and a leader in eco-restoration, Karori Sanctuary Trust has gained knowledge and developed technology that will be applicable to eco-restoration and conservation projects elsewhere. It is now a blue print for many other conservation projects and fenced sanctuaries around New Zealand, contributing to Wellington's goal as an innovative and creative capital and to the Wellington Regional Strategy.

2. The Karori Sanctuary Trust partners with Victoria and other Universities and provides an excellent facility for innovative research which will benefit conservation and environmental outcomes. Over 100 research projects have been undertaken at the Sanctuary.

3. ZEALANDIA: The Karori Sanctuary Experience will tell a comprehensive New Zealand conservation story via immersive interactive exhibitions alongside a live example of conservation in action. It will develop into a leading international attraction that fits with the brand positioning of Tourism New Zealand and two of Positively Wellington Tourism's (PWT) key brand elements – accessible nature and nationhood. It is the first priority of PWT in the development of additional commissionable tourism products within the region. The project aims to achieve up to 190,000 visitors per annum. An independent study has indicated the estimated economic benefits to Wellington are \$4.3m pa.

4. The Karori Sanctuary Trust also strongly aligns with the Wellington Regional Strategy in the areas of sustainability and creating international links.

Cultural Wellbeing (2006/7- 20015/16 LTCCP)
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|---|
| <ul style="list-style-type: none"> • Take a more pro-active role in protecting and enhancing a local sense of place |
|---|

1. The Karori Sanctuary Trust contributes to both the quality and variety of the experience of living in the city. It is a defining area for Wellington locals as well as a visitor destination, helping in the recognition of New Zealand and Wellington's history and creating stronger links to its distinctive landforms, defining features, history, heritage, places and spaces. The Visitor & Education Centre project will further enhance the environmental values that the area holds and will help in the education of young and old of our important terrestrial ecosystems. It will provide a sense of pride and identities as Wellingtonians and as New Zealanders.

2. The Karori Sanctuary Trust has strong relationships with Te Atiawa the Wellington Tenth Trust.

Social and Recreation(2006/7- 20015/16 LTCCP)
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| <ul style="list-style-type: none"> • Work harder to increase the value of community facilities to their communities • Increase our efforts to promote in sport and recreation, particularly for youth |
|---|

1. The Karori Sanctuary Trust is a community based organisation. It has strong community support from over 400 volunteers, 15,000 individual members, community groups, and businesses big or small. It connects people towards a common goal and enriches the quality of life.

2. Communities are encouraged to join as members who pay an annual subscription and are entitled to free visits to the sanctuary valley and other benefits such as discounted tours for them and accompanying families and friends. Over 15,000 visits a year come from members.
3. A gold coin donation day is run each year to provide opportunities for those who could not afford to pay to come into the sanctuary.
4. A 10% discount is also offered for weekday visits to those who have a SuperGold card.
5. The Karori Sanctuary Trust has an ongoing volunteering and intern programme to provide active involvement opportunities. It also works with businesses to provide opportunity for involvement. The Visitor Centre project will further provide additional opportunities to get involved. Other community organisations also work closely with the Sanctuary.
6. Themed public event days are held regularly to encourage the community to participate in learning and experiential activities.

Other Council Objectives (as outlined in the letter of 9th February from the Chair of Council Controlled Organisations Performance Subcommittee)

- Partnership approach with Council and CCO's
- Regional Focus, where this is appropriate
- Acknowledgement of contribution of Council
- Achieve maximum effectiveness and efficiency of, and concentrated focus on service delivery
- Access alternative sources of funding and endeavour to reduce reliance on ongoing Council funding
- Operate at breakeven after depreciation expense

1. The Trust relies on a wide range of partners to deliver its objectives. It has a wide network of partners nationally and internationally. In recognition of the Trust's contribution to the Council's environmental and social outcomes, the Council has provided ongoing grants (average around 35% of the Trust total income) to the Trust since 2002/3. It is the objective of the Trust to be financially self sustaining in the long term and to reduce its reliance on Council funding. To this end, the Council has agreed to a \$9.9m interest free loan contributing to the capital costs of the Visitor & Education Centre. The Trust is committed to work with Council in a partnership to achieve Council's outcomes and to be self sustaining in the long term. It has and will continue to acknowledge the Council as a major funder.

2. The Trust currently works with Te Papa (Education and Tourism), the Wellington Zoo Trust (Education and Conservation), Wellington Cable Car Company (Tourism), Otari (Conservation), Capital E, PWT, St James Theatre and Council's internal units such as Parks & Gardens. The Trust will work with a range of CCO's where it is mutually beneficial for both organisations and for the city as a whole.

3. The Trust aims to be a leader in eco-restoration and to position itself as a national organisation both in the conservation area and as a tourism attraction. Its ultimate goal is to generate surplus funds for reinvestment in advancing other conservation projects. As the first fenced sanctuary which has achieved significant milestones, it has already provided and will continue to provide assistance to other projects within NZ and overseas – it is a model for others. The Visitor & Education Centre will further provide opportunities for the Trust to build on its leadership via education, experience and enjoyment, and further community participation.

8 MEASURES

8.1 HIGH LEVEL OUTCOME MEASURES

Measure	2009/10 Target (April opening)	2010/11 Target	2011/12 Target
Total Visitation numbers	60,660*	144,448	172,425
Members units	5,400	5,400	5,400
No of school student visits	5,500	6,000	6,500
Total native plant species in the Sanctuary	171	172	172
Total number of species to be planted	30	30	30
Total adventives plant species in the Sanctuary	212	212	212
Number of exotic plant species targeted for control/monitoring	44	44	44
Total native fauna species in the Sanctuary	43	43	43
Number of native fauna species released	4	4	4
Major New capex	New Visitor Centre		

*Reason for lower visitor numbers: With the Visitor & Education Centre schedules to open in early April, it is anticipated the Trust will close its visitor operations for a period to prepare for the opening.

8.2 COST EFFECTIVENESS MEASURES

Measure	2009/10 Target	2010/11 Target	2011/12 Target
Average subsidy per visitation	\$16.48	\$4.15	None
Average revenue per visitation (excludes Council & Government grants)	\$20.05	\$24.09	\$24.24

8.3 ORGANISATIONAL HEALTH AND CAPABILITY MEASURES

Measure	2008/9 Target	2009/10 Target	2010/11 Target
% of visitors surveyed rate their visit as being good to excellent	>95%	>95%	>95%
Volunteer numbers	>400	>400	>400
% of School visits rate their overall satisfaction as being good to excellent	>98%	>98%	>98%
Performance appraisals completed	100%	100%	100%
Qualmark accredited	Achieved	Achieved	Achieved

9 RISK MANAGEMENT

The Karori Sanctuary Trust has a robust risk management process which is monitored by an Audit and Risk committee. This committee reports to the main Trust Board.

The Trust divides its risk management into; new capital works, conservation, natural disasters, health and safety, and reputation. For each risk that is identified control systems and management strategies are established. The Audit and Risk committee is responsible for reviewing these. Sanctuary management is responsible for their implementation.

The current risk matrix and assessment of the Trust is detailed below. This assessment is continually revised to reflect the updated position and should be read in conjunction with the following supporting information.

The Visitor & Education Centre project has a robust governance structure as follows:

- The Board has established a steering committee with clear terms of reference and delegations to oversee the capital project. The steering committee includes the Chair and one other board member and the chief executive. The Committee meets monthly. Formal agenda and minutes are kept and the minutes are circulated to the Board.
- There is an independent Council observer who attends the steering committee and reports directly to the Council Controlled Organisation Monitoring Committee. A Council relationship manager also attends the steering committee.
- A professional project manager RCP is engaged for project management. The project manager reports to the Project Director (the Chief Executive) and to the steering committee.
- A Content Committee is established to oversee the development of content for the exhibitions to ensure credibility and quality for the content of our exhibits. This Committee comprises of expert scientists and specialists and report to the steering committee.
- As part of the Funding Deed with the Council, a robust monitoring and reporting structure is in place including regular meeting with Council officials.
- As part of the Funding Agreement with the Government, all expenditure is certified independently by the Project Manager as work completed before passing onto the Trust for payment.

The Karori Sanctuary Trust has insurance policies for Material Damage, Business Interruption, Combined Liability (Public, Employer, Statutory, Fidelity Guarantee and

Lawsafe) and Trustee Liability.

The Karori Sanctuary Trust has robust fit for purpose systems and processes and financial delegations. There were no issues raised in the Management Letter issued by the external auditor during the last external audit.

Risks	Likelihood ratings	Impact ratings	Overall ratings	Control system/mitigation strategies
VISITOR CENTRE PROJECT (Construction of the Centre and marketing of the visitor experience)				
Overall assessment of the risks to the visitor centre project is <u>Low to Medium</u>				
Encounter technical issues resulting in project delay with <ul style="list-style-type: none"> - higher capital costs - increased transitional costs - loss of credibility with Council 	Unlikely	Major	Low	<ul style="list-style-type: none"> • The bank stabilisation and piling have already been completed so risks are significantly reduced • Continue monitoring • Ensure competent project team
Encounter adverse weather over what has already been allowed for in the programme, resulting in project delay with <ul style="list-style-type: none"> - higher capital costs - increased transitional costs 	Unlikely	Major	Low	<ul style="list-style-type: none"> • Potential delays are being actively managed by accelerating where applicable
Inability to secure additional money from fundraising and deferrals of items to provide for contingency sum	Unlikely	Major	Low	<ul style="list-style-type: none"> • Control spending with robust delegation process • Robust project management and governance
Failure to achieve required quality experience because of visitor experience does not appeal to market needs and hence non achievement of visitor numbers and/or revenue	Unlikely	Major	Low	<ul style="list-style-type: none"> • Understanding of our market • Ensure quality exhibitions expert • PWT/TNZ input • Content experts
Negative market environment (fuel, climate change, currency etc) resulting in non achievement of visitor numbers/ revenue	Possible	Major	Medium	<ul style="list-style-type: none"> • Reduce costs to compensate loss of revenue • Fundraising • Innovative and aggressive promotion packages
Fierce market competition and hence inability to achieve visitor nos and revenue	Possible	Major	Medium	<ul style="list-style-type: none"> • Product innovation • Effective marketing campaign – all marketing mix • Reduce costs

				<ul style="list-style-type: none"> • Fundraising
Failure to market the organisation to targeted audience and hence non achievement of visitor numbers and/or revenue	Unlikely	Major	Low	<ul style="list-style-type: none"> • Ensure sufficient marketing expenditure • Ensure robust marketing and communication plan • Ensure competencies in place • Ensure PWT/TNZ partner with the Sanctuary to market
CONSERVATION Overall assessment of risks in this area is <u>Medium</u>				
Failure to maintain its position as a leading fenced sanctuary	Possible	Severe	Medium	<ul style="list-style-type: none"> • Ensure competent staff • Ensure conservation work is not compromised • Proactively maintaining a wide network of experts and partners • Stakeholders management
Failure to develop self sustaining population of wildlife	Possible	Major	Medium	<ul style="list-style-type: none"> • Ensure competent staff • Ensure conservation work is not compromised • Proactively maintaining a wide network of experts and partners to assist
NATURAL DISASTERS/BIOSECURITY Overall assessment of risks in this area is <u>Low</u>				
Biosecurity breach, ecoterrorism resulting in significant loss of wildlife, additional costs above what has been allowed for, and loss of credibility	Unlikely	Major	Low	<ul style="list-style-type: none"> • Ensure robust biosecurity strategy and programme • Proactively maintaining a wide network of experts and partners to assist
Fire, earthquake, bird flu, resulting in significant loss of wildlife, additional costs above what has been allowed for, closure for long period	Unlikely	Severe	Low	<ul style="list-style-type: none"> • Emergency plan in place to deal with natural disaster • Business continuity plan will be developed • Proactively maintaining a wide network of experts and partners to assist • Ensure adequate insurance cover
HEALTH & SAFETY Overall assessment of risks in this area is <u>Low</u>				
Potential legal issues which may affect the Trust reputation and additional costs to deal	Possible	Moderate	Low	<ul style="list-style-type: none"> • A comprehensive health and safety plan is in place and regularly reviewed • Clear communication to visitors

with issues				of safety rules <ul style="list-style-type: none"> • Clear communication to staff and volunteer • Event management process
REPUTATION				
Overall assessment of risks in this area is <u>Low</u>				
Failure to maintain relationships with key stakeholders <ul style="list-style-type: none"> • Loss of Credibility • Loss of support 	Unlikely	Low	Low	<ul style="list-style-type: none"> • Ensure strong stakeholders management

RISK LIKELIHOOD RATINGS		
Unlikely	10%	1
Possible	25%	2
Likely	55%	3
Highly likely	90%	4

RISK CONSEQUENCE/IMPACT	
Minor	1
Moderate	2
Major	3
Catastrophic	4

Highly likely (4)	Low (4)	Medium (8)	High (12)	High (16)
Likely (3)	Low (3)	Medium (6)	Medium (9)	High (12)
Possible (2)	Low (2)	Low (4)	Medium (6)	Medium (8)
Unlikely (1)	Low (1)	Low (2)	Low (3)	Low (4)
	Minor(1)	Moderate(2)	Major(3)	Catastrophic (4)

10 RELATIONSHIPS WITH COUNCIL

10.1 RELATIONSHIPS, REPORTING AND MONITORING REGIME

The Council is a strategic partner and major funder of the Karori Sanctuary Trust. The Funding Deed between the Council and the Trust sets out the Council's reporting and monitoring regime and the conditions when major transactions required Council approval.

The Trust will report quarterly to the Council through the Council Controlled Organisations Monitoring Sub-Committee on the measures as agreed which will include a Statement of Financial Performance, Statement of Financial Position, Cash Flow Statement and Cash Flow Reconciliation Statement.

The Strategic Plan/ Business Plan will be forwarded to Council for approval by the 20 May 2009.

The Trust's Statement of Financial Performance and audited accounts will be presented to Council by 4th September 2009.

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.

10.2 THE PRINCIPLES

- 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 view points 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 have to the other and to those for the benefit of whom services are provided
- Encourage new and creative ways to achieve the outcomes required under this document.

11 STATEMENT OF ACCOUNTING POLICIES

BASIS OF REPORTING

The financial statements presented here are for the reporting entity, the Karori Reservoir Wildlife Sanctuary Trust (Inc.). The Trust is a charitable trust registered under the Charitable Trusts Act 1957, established to develop a secure native wildlife sanctuary in the Karori Reservoir valley in the city of Wellington.

The Trust is a qualifying entity within the differential reporting framework issued by the Institute of Chartered Accountants of New Zealand. The Trust qualifies on the basis that it has no public accountability (that is: not an issuer as defined under the Financial Reporting Act 1993 nor does it have coercive power to tax, rate or levy to obtain public funds) and is not considered large as defined by the framework. The Trust has taken advantage of all differential reporting concessions available to it except for FRS10 Statement of Cash Flows.

The financial statements have been prepared in accordance with generally accepted accounting practice. The Trust has chosen not to adopt the NZ equivalent to International Financial Reporting Standards (NZ IFRS). The decision not to adopt is consistent with the exemption provided by the Accounting Standard Review Board ("ASRB") Release 9, issued September 2007. ASRB Release 9 provides a choice on certain qualifying entities to either adopt NZ IFRS or to continue to apply NZ Financial Reporting Standards (NZ FRS).

The measurement base adopted is that of historical cost.

Reliance is placed on the assumption that the Trust continues to receive sufficient income to fund ongoing operations.

RECOGNITION OF INCOME

Grants for special projects **ARE** recognised as income 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.

Income 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.

Other income is accounted for on a cash basis.

In the accounts, there is no financial recognition of support given in the form of donated labour and materials.

FIXED ASSETS

Fixed Assets are recorded at cost less accumulated depreciation.

DEPRECIATION

Depreciation of fixed assets is calculated on a straight-line basis so as to allocate the cost of the assets over their useful lives as follows:

Predator Fence	25 years
Buildings/Infrastructure	10 - 67 years
Leasehold Improvements	20 – 50 years
Exhibitions	10 years
Fixtures Plant and Equipment	3-5 years
Boat	15 years
Vehicles	5-10 years
Other Assets	3 – 5 years

RECEIVABLES

Receivables are stated at anticipated realisable value.

STOCK ON HAND

Stock on hand is stated at the lower of cost and net realisable value. Cost is determined on a first in, first out basis.

GOODS AND SERVICES TAX

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.

INCOME TAX

The Trust being a charitable organisation, is income tax exempt under the Income Tax Act 2004.

CHANGES IN ACCOUNTING POLICIES

There have been no changes in accounting policies. All policies have been applied on a basis consistent with the prior year.

12 ACTIVITIES FOR WHICH COMPENSATION FROM COUNCIL IS SOUGHT

It is the objective of the Trust to be financially self sustaining in the long term and to reduce its reliance on Council funding. The Council agreed in 2005 to an \$8m interest free loan and transitional funding to assist the development of the Visitor & Education Centre.

Due to a delay in securing Government funding, geotechnical issues and consents process, the Visitor & Education Centre Project has experienced cost increases and delay. The Council has agreed to provide an additional loan of \$1.9m and additional transitional funding of \$300,000 and \$600,000 in 2009/10 and 2010/11 respectively.

13. FORECAST SURPLUS FUNDS PAYMENT TO WCC

The Trust's first full year of operations with the Visitor Centre operating is 2010/11 with both 2010/11 and 2011/12 being transition years. It is expected to build up its visitor numbers to over 190,000 in 2012/13.

Based on the forecast financials as presented to the Council in November's Council meeting, the Trust will commence loan repayment in 2012/13 at \$396,000 per annum over 25 years.

14 FINANCIAL INFORMATION

While CCO's are not permitted to make a loss before depreciation, the Trust is forecasting a loss after depreciation in 2010/11, 2011/12, and 2012/13 due to the impact of a full year depreciation relating to the Visitor Centre Project while visitor numbers are growing still.

KARORI SANCTUARY TRUST

STATEMENT OF FINANCIAL PERFORMANCE

	Forecast			
	2008/09	2009/10	2010/11	2011/12
	\$	\$	\$	\$
Trading income	828,874	895,003	3,222,176	4,021,605
WCC grants	353,000	1,000,000	600,000	0
Other grants	452,761	50,000	50,000	50,000
Sponsorships & Donations	70,000	200,000	200,000	200,000
Crown Funding	1,681,774	3,565,758	0	0
Investment income	203,547	63,861	0	0
Other Income	17,500	7,545	7,545	7,545
Total revenue	3,607,456	5,782,167	4,079,721	4,279,150
Personnel costs	1,227,441	1,619,980	2,200,800	2,200,800
Other operating expenses	1,062,656	1,379,041	1,539,954	1,661,736
Depreciation	209,510	381,665	898,131	898,131
Interest	95,020	91,300	83,000	74,700
Total expenditure	2,594,627	3,471,986	4,721,885	4,835,367
Surplus/(deficit)	1,012,829	2,310,181	-642,164	-556,217

STATEMENT OF FINANCIAL POSITION		Forecast			
Financial year		2008/09	2009/10 Apr opening	2010/11	2011/12
Equity		\$	\$	\$	\$
Accumulated funds bf		4,766,047	5,778,876	8,089,057	7,446,893
Profit / Loss for year		1,012,829	2,310,181	-642,164	-556,217
Accumulated funds cf		5,778,876	8,089,057	7,446,893	6,890,676
Current Assets					
Bank Account		3,503,383	133,776	36,693	250,114
Accounts receivable		5,505	8,804	30,227	38,003
Stock on hand		22,826	20,680	71,121	90,513
Total current assets		3,531,714	163,260	138,041	378,630
Non Current Assets					
Existing Assets		3,001,404	2,881,894	2,672,384	2,462,874
Visitor centre		8,333,824	16,370,249	15,878,225	15,189,603
Total non-current assets		11,335,228	19,252,143	18,550,609	17,652,477
Total Assets		14,866,942	19,415,403	18,688,650	18,031,107
Current Liabilities					
Unearned income		123,624	154,549	154,549	154,549
Holiday pay		87,059	114,857	156,037	156,037
Creditors		767,306	146,862	121,093	119,770
GST to pay		1,745	1,745	1,745	1,745
Community Trust Loan repayment current portion		108,333	108,333	108,333	108,333
Total Current Liabilities		1,088,067	526,346	541,757	540,434
Term Liabilities					
Limited recourse WCC loan		7,000,000	9,900,000	9,900,000	9,900,000
Community Trust Loan		1,000,000	900,000	800,000	700,000
Total Term Liabilities		8,000,000	10,800,000	10,700,000	10,600,000
Total Liabilities		9,088,067	11,326,346	11,241,757	11,140,434
Net Assets		5,778,875	8,089,057	7,446,893	6,890,673