

WELLINGTON ZOO TRUST

REVIEW OF 2008/09 ANNUAL REPORT

The Wellington Zoo Trust (WZT) presents its Annual Report including unqualified audited financial statements.

Highlights for the year

- In October 2008 the Zoo's Wild Theatre was packed with over 300 people to see internationally-renowned primatologist Jane Goodall
- The Wellington Zoo was the first visitor attraction in Wellington (and one of only 11 attractions nationwide) to win the Qualmark Enviro-Gold certification
- The Zoo's cumulative sponsorship funding grew to \$2.3 million against a target of \$1.8 million
- The construction of the Nest, the new animal hospital continued on budget, and on schedule for completion in November 2009
- Projects completed during the year include the African Unity project (improved links between the African Savannah exhibits and introduction of interpretative elements), the Power Project (future-proofing the Zoo through increased power capacity) and a refurbishment of the Living Room to enhance the Zoo's formal learning experiences.

Performance

1. Financial

A review of the Zoo's financial statements highlights the following points:

- A reported deficit of \$507k and a normalised surplus (which removes the timing differences created through receipt of sponsorship funding and vesting of this funding to Council) of \$166k against a budgeted \$9k surplus. The surplus comprises \$270k additional unbudgeted revenue and \$104k higher than budgeted expenditure, split as follows:
 - admissions revenue \$150k ahead of budget
 - operating grant income \$50k ahead of budget
 - interest received \$92k ahead of budget
 - café income \$22k under budget
 - personnel costs \$104k ahead of budget
- With the exception of the personnel costs, all the above variances are positive; the total personnel costs in 2008/09 were \$3,111k against a budget of \$3,007k, giving an adverse variance of 3.5%
- The above surplus has further increased the Zoo's balance sheet reserves, with retained earnings of \$234k (excludes sponsorship / donations tagged for capital projects) which compares favourably to the negative equity in the opening years of the Trust's existence
- The Zoo received interest of \$120k during the year, due to the investment of its sponsorship funding prior to its being vested, and to a lesser extent, the receipt of its \$2.7 million operating grant in two 6-

monthly instalments. In the 2009/10 year the interest receivable is likely to be much less given that the Zoo has vested a significant amount of the sponsorship received to date

- From a Council perspective, the Zoo overspent against its CX340 capex budget by \$191k in 2008/09 and consequently will have a reduced CX340 budget in 2009/10, down from \$2,574k to \$2,383k
- As at 30 June 2009, \$8.036m has been spent on the Zoo Capital Plan, of which the Zoo has funded 25%, or \$2.009m

Statement of Financial Performance

\$ '000	FY Actual	FY Budget	2007/08 Actual
Income	5,981	5,180	5,278
Expenditure	6,488	5,170	4,634
Surplus / (Deficit)	(507)	10	644
Operating surplus	166	9	204

Statement of Financial Position

\$ '000	FY Actual	FY Budget	2007/08 Actual
Current assets	2,397	72	1,721
Non current assets	151	75	129
Current liabilities	2,060	281	861
Non current liabilities	45	-	39
Equity	443	(134)	950
Current ratio	1.2 : 1	0.3 : 1	2 : 1
Equity ratio*	17%	(91%)	51%

**Note: the equity ratio is significantly affected by the levels of unvested sponsorship funding held by the Zoo*

Statement of Cash Flows

\$ '000	FY Actual	FY Budget	2007/08 Actual
Operating	263	687	76
Investing	(31)	-	(71)
Financing	-	-	-
Net	232	687	5
Closing balance	1,651	667	1,419

Note: the Trust's financial statements have been prepared using NZ IFRS.

2. KPIs

A full report of the 2008/09 KPIs for the year is given below, showing that the Zoo met or exceeded 19 of its 23 targets set against its six strategic elements of visitor experience, financial sustainability, staff development, community support, conservation outcomes and industry leadership.

The KPIs that the Zoo didn't achieve include the two key, related visitor numbers target (98.8% of target achieved) and the number of Wellingtonians visiting the Zoo (44% against a target of 49%) annually. These results will have been due in part to the global recession and also poor weather during key holiday and weekend periods.

While aggregate performance improved on last year for staff related KPIs, another target that the Zoo didn't achieve was staff turnover, with an actual turnover of 17.20% against a target of 15.0%, and a prior year figure of 24%. However, a recent JRA Best Workplaces survey saw the Zoo place 26 out of a total of 216 demonstrating the improved performance in this critical area.

Measure	Target 2008/09	Actual 2008/09	Narrative
<i>Outstanding, intimate & unique visitor experiences</i>			
ZCP Projects delivered on time, on budget- Hospital built within 10 to 15 months	Yes	Yes	Hospital Project completion date has not changed – November 2009. Expected to be completed within budget.
Collection Plan developed by September 08	Yes	Yes	Collection Plan was completed September 2008 and presented to the Trust Board 10th September 2008
Projects to assess visitor learning	>2	5	Projects to assess visitor learning – Edy MacDonald's research assessed visitor learning at Zoo – Market research undertaken by Commercial Development team to assess satisfaction with visitor experience
School learning outcomes-effectiveness	>97% teachers agree learning was effective	100% teachers agree learning was effective	100% teachers rated the learning programmes as having met or exceeded expectations
Number of school visits (students)	>14,700	15,549	15,549 students visited the Zoo
<i>Industry Leadership</i>			
Staff involved with ARAZPA Committees or positions	>5	12	12 Committees / positions achieved
<i>Financial sustainability</i>			
Fundraising targets for ZCP met	\$569,150	\$488,152	Fund-raising target for the first three years of the ZCP was \$1,756,900 and we have achieved \$2,287,750.
Average retail income per visitor	>\$8.60	\$9.04	Average retail income per visitor = \$9.04
Increase total admissions by 2% each year on base year 2005/06 (170,116 visitors)	180,560	178,386	Final visitor numbers for the year were 178,386 with budget of 180,560 – 98.8% of target
Average income per visitor (excluding WCC grant)	\$11.71	\$13.29	Average income per visitor = \$13.29
Ratio of Trust generated income as % of WCC grant	79%	88%	Ratio of WZT generated income as 75% of WCC grant total = 88%
Average WCC subsidy per visitor	\$14.88	\$15.07	Average visitor subsidy per year = \$15.07
Zoo Crew memberships by June 2009	3,000	2,718	Final Zoo Crew members are 2,718 – 90% of target – the target was very ambitious and, despite best efforts, we didn't meet it
<i>Valued and motivated staff</i>			
All staff have PDP review	July 2008	Yes	All PDPs for permanent staff were in

			place and / or had been reviewed by September 2008
Staff Survey conducted	October 2008	March 2009	Staff survey conducted in March 2009
Staff turnover (permanent staff)	<15%	17.20%	Staff turnover was 17.20% for the year
<i>Lead or participate in conservation and research programmes</i>			
Conservation Programme Managed Species (% of total Collection)	>38%	44.1%	44.1% of collection linked to ASMP
Participation in conservation programmes	>2	5	5 conservation programmes participated in
<i>Lasting Community support and participation</i>			
Partnerships formed with written MOUs	>6	8	8 Partnerships with MOUs achieved
Volunteer hours (FTE)	>5 FTE	5.05 FTE	Volunteer hours 5.05 FTE – 9,708 total hours for the year
Wellingtonians visiting the zoo	>49%	44%	44% of Wellingtonians said that they had visited the Zoo in the past 12 months

3. Operations

The Zoo continues to care for the welfare of its animals and the health and safety of staff and visitors by maintaining and upgrading the animal exhibits and by continually researching and understanding optimal and best practice methods of animal care and husbandry. The Zoo works regionally and globally to ensure the maintenance of healthy and genetically diverse animal populations, with over 44% of the Zoo's collection being linked to the Australasian Species Management Programme.

Significant changes to the Zoo's animal collection during the year included the transfer of two lions to Orana Park for breeding, the arrival of two pure-bred dingoes (who are now sociable and leash-trained and walk around the Zoo), the arrival of two pygmy marmosets from the UK and unfortunately the euthanasia of the Zoo's last zebra

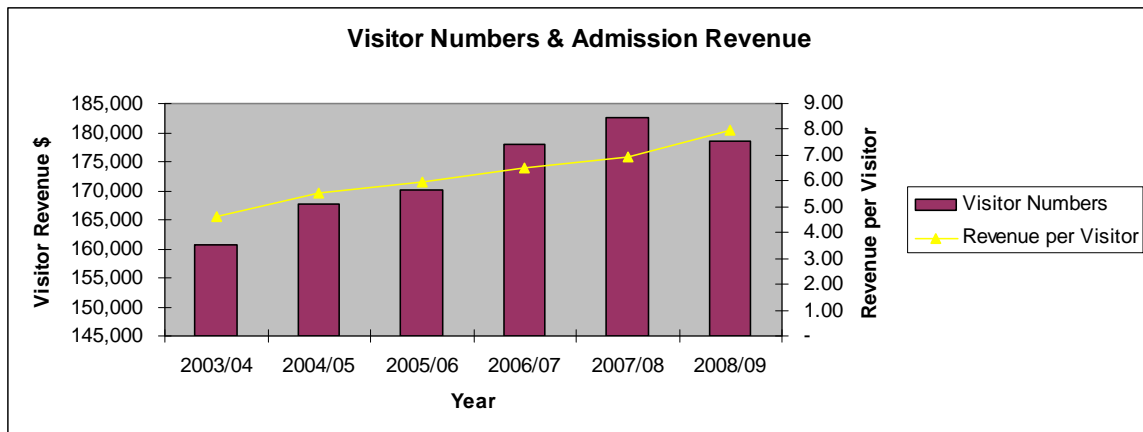
Highlights included the development of a Conservation Strategy and the establishment of a Conservation Steering Group to provide leadership for the Zoo's conservation efforts.

In addition to fund-raising activities, the Zoo has hosted a range of events, including 1,028 Close Encounters, over 15,000 LEOTC student visits, School Holiday programmes for 930 children, a Neighbours Barbecue for 628 people and the worldwide launch of the WotWots.

The Zoo continues to fine tune the Zoo Capital Plan in response to changing circumstances and more information coming to light; importantly each iteration does not result in an increase on the original cost of \$20.6 million. Projects underway include the Nest, Meet the Locals, the Hub, redesign and construction of the aviaries and the Monkey House project.

4. Trends

The below graph highlights the trends of growing visitor numbers (in spite of a small decline in 2008/09 compared to the previous year) and the revenue per visitor trend which has grown consistently year-on-year, giving comfort that significant revenue isn't sacrificed at the expense of visitor numbers. It should be noted that the 2008/09 revenue per visitor was substantially impacted by the price increase during the year, with adult admissions moving from \$15.00 to \$18.50.



Governance

The Trustees during the year were:

Denise Church (Chair)
Philip Meyer
Frances Russell
Lee Parkinson (expired 30 June 2009)
Celia Wade-Brown
Ross Martin

Linda Meade was appointed as a trustee for a 3 year term commencing 1 July 2009, replacing Lee Parkinson whose term expired on 30 June 2009, and thus maintaining the minimum of 6 trustees required by its Trust Deed.

Both Denise Church's and Philip Meyer's terms end on 31st December 2009, and as founder members of the Trust their departures would result in a significant loss of experience and knowledge. Officers continue to work with the Trust to secure appropriate and timely replacement and ensure minimum disruption to the Zoo's operations.

Key issues going forward

As noted above, the Zoo's reserves and its working capital have improved significantly in recent years due to 3 years of operating surpluses however the Zoo and the Council are yet to reach agreement on the appropriate level of working capital for the Zoo to hold.

As noted above, performance against staff related KPIs has improved noticeably from the previous year, the significant investment by the Zoo reflecting the ongoing scarcity of capable zoo staff and vulnerability to poaching from the much higher paid Australian zoos.

There is a risk that the current economic climate will impact the Trust's ability to generate sufficient operating revenue as well as donations and sponsorship. Forecast operating results are somewhat dependent on achieving visitor number targets although approx 50% of WZT's revenue is from Council grants. If WZT is not able to source sufficient donations this will have an impact on the capex programme as the maximum \$15.6m that will be funded by the Council is contingent on \$5.2m being funded by the Zoo.

There is a risk that if this funding cannot be sourced externally the WZT may approach Council for funding in order to complete the upgrade programme. However, we note that the WZT are currently ahead of target for fundraising and their visitor numbers look strong for the year to date. That said, it is entirely possible that the WZT will come back to Council requesting additional funding, for new capex projects.

While the Zoo has had another good year, it is important for officers to continue regular monitoring.

5. Conclusion

2008/09 has been another good year for the Zoo, with continued momentum on its capital upgrade program, strong visitation, high and extensively positive media profile and further replenishment of its financial reserves.

The range and quantity of partners that the Zoo works with, in tandem with its innovative approach, enthusiasm and expertise means that the Zoo continues to promote Wellington very positively to residents and visitors alike.