

KARORI SANCTUARY TRUST

REVIEW OF 2010/11 ANNUAL REPORT

The Karori Sanctuary Trust (the Trust), trading as ZEALANDIA, presents its Annual Report for 2010/11, including audited financial statements.

Highlights for the year

- ZEALANDIA had its first full year of operation since the Visitor and Education Centre opened in 2010 and welcomed almost 90,000 visitors. This is an increase of 44% over last year. However, this is well below the 2010/11 target of 144,000 visitors (38% below target). The Trust attributes this to an unfavourable economic climate, optimistic targets and the Christchurch earthquakes.
- Although overall visitor numbers were well below target, local visitation exceeded target through membership and a range of specific events.
- Over 7,000 students participated in education programmes, including outreach. Teacher evaluation of the education programme continues to be extremely positive, with 99% of teachers rating the quality of the programme as excellent or very good.
- The conservation programme continued strongly with new additions of two takahe, eighty kakariki and bellbirds.
- ZEALANDIA achieved strong visitor satisfaction ratings.
- ZEALANDIA was awarded the prestigious Virgin Holidays Responsible Tourism: Best for Conservation of Wildlife and Habitats award.
- Over 400 volunteers participated in 23 different functions from office administration to delivering visitor experience.

Performance

1. Financial

A summary of the Karori Sanctuary Trust's financial statements is given below.

Statement of Comprehensive Income

\$ '000	2010/11 FY Actual	2010/11 FY Budget	2009/10 Actual
Income	3,099	4,337	3,015
Expenditure	3,098	4,114	2,939
Operating Surplus (before depreciation and government grant for the visitor centre)	1	223	76
Net deficit/surplus	(902)	(699)	(288)

Statement of Financial Position

\$ '000	2010/11 FY Actual	2010/11 FY Budget	2009/10 Actual
Current assets	1,927	374	2,316
Non current assets	18,757	19,670	19,540
Current liabilities	604	597	774
Non current liabilities	11,751	11,180	12,021
Equity	8,933	8,268	9,835
Current ratio	3.2 : 1	0.6 : 1	3.0:1
Equity ratio	43%	41%	45%

Statement of Cash Flows

\$ '000	2010/11 FY Actual	2010/11 FY Budget	2009/10 Actual
Operating	(25)	261	(153)
Investing	(120)	(447)	(9,395)
Financing	(100)	97	6,745
Net	(245)	(89)	(2,803)
Closing balance	1,793	224	2,038

Note: the Trust has taken advantage of the exemption provided by the Accounting Standard Review Board and the financial statements have not been prepared using NZ IFRS.

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

- The Trust recorded an operating surplus before depreciation of \$1k, compared to a budgeted surplus of \$223k and to last year's surplus of \$76k.
- After depreciation the overall deficit (excluding government grants for visitor centre) was (\$902k) compared to a budgeted deficit of (\$699k).
- The operating surplus includes the Council's grant of \$700k, without which there would have been an operating deficit of (\$700k) in 2010/11.
- Operating revenue was \$3.1m, which was \$1.2m (28%) below the budget of \$4.3 m. The lower than budget revenue is due to significantly lower visitor numbers and lower admission revenue per visitor than forecast. The reduction in revenue was offset to a large extent by lower operating expenses which were \$0.934m below budget.
- Cash reserves at 30 June 2011 were \$1.79m, which is significantly higher than the budgeted \$224k, resulting in a favourable cash position of \$1.57m compared to budget. This level of cash reserves is sufficient to fund ZEALANDIA through 2011/12 and well into the 2012/13 year.
- The strong cash position is reflected in the current ratio which is 3.2:1 and is actually better than the ratio at the same time last year (3.0:1) and significantly better than the budgeted ratio of 0.6:1.

2. KPIs

The table below sets out the KPIs for ZEALANDIA and the comparison to targets. Of the nine KPIs, five were achieved and four were not achieved.

- As referred to previously the KPIs around visitor numbers were not achieved with a total of 89.6k visitors compared to the target of 144.2k, a shortfall of 54.5k (38%) visitors.
- The Trust attributes this shortfall in visitor numbers to a worse than expected economic climate, optimistic visitor projections in the business plan and the impact of the Christchurch earthquakes.
- The main shortfall in visitor numbers was in the areas of domestic and international visitors whereas the number of visitors to Wellington actually held up quite well during 2010/11 as evidenced by the KPIs being reported by PWT: Australian visitor numbers up 8.4%; international visitors to Wellington up 1.8%; international visitor room nights up 4%; and weekend hotel rooms sold up 3.9%; this suggests the challenge is converting these visitors to Wellington into visitors to ZEALANDIA.
- Membership numbers were also below target, mainly due to the economic climate and lower-than-budget membership renewals.
- The Trust exceeded its targets in education and most conservation programme areas.

	Actual	Target	Status
Visitor numbers	89,643	144,201	Not achieved
Membership numbers	5,149	5,800	Not achieved
No of school student including Outreach	7068	6,000	Exceeded
Total native plant species in the sanctuary	182	172	Exceeded
Total number of species to be planted	58	30	Exceeded
Total adventives plant species in the sanctuary	212	212	Achieved
Number of exotic plant species targeted for control/monitoring	34	44	Not achieved
Total native fauna species in the sanctuary	43	43	Achieved
Number of native fauna species released	3	4	Not achieved

3. Contribution to Council Strategies

ZEALANDIA contributed to a number of Council strategies during 2010/11, with the primary ones being:

Environment – During the year 35 female bellbirds were introduced into the sanctuary as part of a programme to increase the breeding population which will see a further 35 females introduced under the programme. 80 kakariki were transferred in from Kapiti Island and 6 breeding pairs were confirmed to have bred since the transfer; a pair of takahe was transferred to the sanctuary in January. They have proved a popular addition and will serve to raise awareness of the endangered nature of the takahe, and ZEALANDIA also won the Virgin Holidays Responsible Tourism award for Best for Conservation of Wildlife and Habitats.

Economic Development – ZEALANDIA contributes to the diverse and changing range of attractions that showcase Wellington. While visitor numbers were disappointing compared to target, ZEALANDIA recorded close to 90k visitors, an increase of 44% on the previous year. ZEALANDIA is a living laboratory that supports an extensive range of research and during the year the relationship with Victoria University's Centre for Biodiversity & Restoration Ecology was cemented through a MOU. On the education front ZEALANDIA has excelled, delivering the country's conservation story to around 7k students.

Social & Recreational and Cultural Well-being – ZEALANDIA continues to contribute strongly to Wellington's sense of place, local identity and history. The urban sanctuary on the doorstep is unique and adds to the range of amenities that make Wellington a great place to live.

Governance

The Trustees during the year were:

Catherine Isaac, Chair

Prof. Paul Callaghan

Dr. Russell Ballard

Graeme Mitchell

Don Huse

Prof. Charles Daugherty

George Hickton

Key issues going forward

1. Financial sustainability

With visitor numbers significantly lower than the Trust's Business plans, the Trust is focusing on strategies that enable it to be financially sustainable in the future. The Trust has sufficient funding available to it to operate through 2011/12 and into 2012/13. However, unless visitor numbers and revenues can be increased through these periods, alternative funding providers identified, or the operating cost structure better aligned to the future revenue stream, then ZEALANDIA will require funding assistance.

The Trust has indicated some of the key strategies that they are or have initiated including: the introduction of a branded minibus to transport visitors from the CBD to ZEALANDIA; improved signage; closer working relationships with other organisations; and improvements to the visitor experience.

The Trust is working on a long term strategy for ZEALANDIA which will include these activities and an assessment of any operational shortfall and how any shortfall is intended to be funded. It is expected that this may include an approach to Council for funding assistance as part of the Council's 2012-22 Long Term Plan.

Conclusion

On the whole ZEALANDIA has contributed strongly to the delivery of Council's key strategy areas. The Trust conservation, research and education programmes performed well and community involvement remained high.

However, visitor numbers were significantly down on forecast (38%) and raises concerns as to whether ZEALANDIA is going to be financially sustainable as originally planned. While it has sufficient funding to maintain operations through 2011/12 and into 2012/13 its future viability depends on the success of the strategic actions undertaken and planned by the Trust to improve visitor numbers. The Trust has signalled that it will be seeking operational funding support from a range of sources, including the Council for consideration as part of the 2012/22 Long Term Plan.